



PRIVATE COMPANY
LEASE ACCOUNTING

Project Checklist



There is no one-size-fits-all timeline for implementing the new lease accounting standard. Many factors must be considered, including the size and complexity of the organization, the number of leases in place, and the resources available. In general, larger organizations with more leases—or the potential of several embedded leases—will need more time to implement the new standard.

Other important factors such as the use of accounting software and current accounting schedules also play a role in how fast your organization can adopt ASC 842. No matter the situation, all organizations must put in the time and effort to ensure a successful transition to the new standard.

Implementing the new standard before your annual audit is key to successful adoption. Doing so will help avoid any last-minute complications and ensure you have all the available resources at your disposal. Waiting until the last minute jeopardizes your chances of successfully meeting the deadline and may negatively impact your audit.

The following checklist will help ensure your organization stays on track and has all its bases covered as you prepare for the switch.

For More Information

If you're interested in learning more, visit cbiz.com/leaseaccounting

Project Step

STAGE 1: DEFINE THE LEASES TO TRANSITION

- ☐ Determine the complete lease population, including embedded leases
- ☐ Define the earliest comparative period presented or the effective date

STAGE 2: SET YOUR ASC 842 POLICIES

- ☐ Document the selection of practical expedients and adoption methodology
- ☐ Determine short-term lease and capitalization threshold policies
- ☐ Select which lease discount rates to use

STAGE 3: DOCUMENT ADOPTION

- ☐ Read and document the key terms of the lease agreements
- ☐ Calculate the right-of-use asset and lease liability at adoption
- ☐ Quantify overall impact in moving from current literature to ASC 842
- ☐ Document whitepaper positions and review with external auditors
- ☐ Determine disclosure and reporting requirements

STAGE 4: OPERATIONALIZE ASC 842

- ☐ Identify key controls to manage ASC 842 and resolve any gaps in design controls
- ☐ Operationalize ASC 842 requirements, including lease inventorying and impairment analysis
- ☐ Develop and deliver communication plan to educate key partners

This timeline is merely a guideline. It is neither meant to be exhaustive nor meant to be construed as legal advice. The reader is advised to contact a risk management professional prior to taking any action based upon this information.

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