Webinar Logistics | CPE Accounting Credit

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Today’s Agenda

1. Principles of the new GASB 87 lease accounting rules
2. Policy decisions required to adopt the new standard
3. Key decisions: critical data required to start your implementation
4. Common implementation pitfalls to avoid
5. Budget, plan and staff to achieve Day 1 compliance
6. Considerations for ensuring Day 2 and beyond compliance

Joni Noel
Sr. Vice President
RGP | Healthcare
Today’s Panelists

Dennis Carey  
Solutions Consultant

Tim Tickle  
Director
1. PRINCIPLES OF GASB 87 LEASE ACCOUNTING RULES
Section 1 | Panelist Questions

1. What is the scope of GASB 87?

2. What are the key differences from prior lease accounting?

3. What periods are impacted by this new standard?

4. When do I need to begin reporting under this new standard?

PRINCIPLES OF GASB 87 LEASE ACCOUNTING RULE
Key Takeaways: Principles of the new GASB 87 lease accounting rules

1. Virtually all leases will be on the balance sheet
2. New disclosure requirements
3. Effective first fiscal year beginning after December 15, 2019
4. Applied retroactively by restating financial statements for all prior periods presented

Dennis Carey
Solution Consultant
LeaseAccelerator
Key Takeaways: Principles of the new GASB 87 lease accounting rules

1. All of the challenges that public and private entities have encountered are applicable for GASB 87
2. No practical expedients have been afforded to simplify the adoption as with public and private entities
3. Significant challenges created around data collection due to the full respective presentation requirement
What is Your Greatest Challenge with Lease Accounting?

a) Processes, policies and controls
b) Talent, staffing and training
c) Systems and automation
d) Accounting complexity
e) Embedding leasing into monthly close process
2. POLICY DECISIONS REQUIRED TO ADOPT THE NEW STANDARD
Section 2 | Panelist Questions

1. How do I determine the term of a lease?
2. How do I determine the appropriate discount rate?

POLICY DECISIONS REQUIRED TO ADOPT THE NEW STANDARD
Key Takeaways: Policy decisions required to adopt the new standard

1. Consider all options in order to identify the term of the lease
2. A short-term lease has a **maximum possible term** of 12 months or less
3. Entities may need to assess the reasonably certain holding periods to accurately reflect their leases in the financial statements
Key Takeaways: Policy decisions required to adopt the new standard

1. Discount rate is provided by the lessor, implicit in the lease, or the lessee’s incremental borrowing rate
2. A remeasurement may require a change in the discount rate
3. KEY DECISIONS/DATA REQUIRED TO START YOUR IMPLEMENTATION
Section 3 | Panelist Questions

1. How are most Entities managing the transformative scope of the new standard?

2. What types of data can be gathered immediately to simplify the process of adoption?

3. What type of internal resources are required to be involved in a typical implementation?

KEY DECISIONS/DATA REQUIRED TO START YOUR IMPLEMENTATION
Key Takeaways: Critical data required to start your implementation

1. Identify all parts of the organization who should be involved (procurement, legal, operations, etc.)
2. Take advantage of the knowledge gained from public companies who have implemented the new standards
3. Make sure the implementation timeline is realistic

Dennis Carey
Solution Consultant
LeaseAccelerator
Key Takeaways: Critical data required to start your implementation

1. Start early and allocate the appropriate internal resources
2. Engage an implementation partner to provide resource and experience
3. Begin gathering and storing known contracts in a central repository

Tim Tickle
Director
RGP Healthcare
Where are You Currently in Your Lease Implementation Project?

#2. POLL

Section 3

a) Discovery (data gathering)
b) Assessment (calculating impact)
c) Implementation (new policies / procedures / disclosures)
d) My project is completed
e) Looking to replace current system to one with more automation
4. COMMON IMPLEMENTATION PITFALLS TO AVOID
Section 4 | Panelist Questions

1. In your experience, what factors have caused implementation projects to start badly?

2. In your experience, what factors have caused implementation projects to get sidetracked during the project?

COMMON IMPLEMENTATION PITFALLS TO AVOID
Key Takeaways: Common implementation pitfalls to avoid

1. Ensure Executive Sponsorship – “Tone from the Top”
2. Stay on Track - Dedicated Project Management
3. Start Early – Avoid last minute implementation risk
Key Takeaways: Common implementation pitfalls to avoid

1. It’s true – “if you fail to plan, you plan to fail”
2. Involve all the right people early in the project
3. Have dedicated resources
4. Look at your calendar – avoid any ‘blackout dates’

Dennis Carey
Solution Consultant
LeaseAccelerator
5. BUDGET, PLAN AND STAFF TO ACHIEVE DAY 1 COMPLIANCE
Section 5 | Panelist Questions

1. What are the costs associated with a lease accounting project?
2. Can lease accounting be done by using Excel?

BUDGET, PLAN AND STAFF TO ACHIEVE DAY 1 COMPLIANCE
Key Takeaways: Budget, plan and staff to achieve Day 1 compliance

1. One-time implementation cost as well as ongoing software cost
2. Consulting costs for lease discovery, lease abstraction, and lease policy
3. “Microsoft’s Excel is the most dangerous software on the planet” – Forbes, 2013
Key Takeaways: Budget, plan and staff to achieve Day 1 compliance

1. What is the cost of failure? Do it right the first time.
2. Understand the “hidden costs”. Day 2 and Beyond.
3. Plan for the Future – Will your accounting solution grow with you?

Tim Tickle
Director
RGP Healthcare
Which of These Areas is Your BIGGEST Implementation Concern?

a) Data – have we found all our leases and can we get the required data?

b) Software – will it be implemented and work on time?

c) People – relying on manual intervention to maintain complete and accurate data and to consistently apply our accounting policies

d) Budget – we are having difficulty getting approval or are going over budget

e) Audit – will the auditors agree with our conclusions and calculations?
6. CONSIDERATIONS FOR ENSURING DAY 2 AND BEYOND COMPLIANCE
Section 6 | Panelist Questions

1. How do different software packages differ in ongoing management of leases?
2. What are the important considerations for ongoing compliance?

CONSIDERATIONS FOR ENSURING DAY 2 AND BEYOND COMPLIANCE
Key Takeaways: Considerations for ensuring Day 2 and beyond compliance

1. Think End-to-End – What happens when things change?

2. Don’t skimp on Change Management – Communicate early and often

3. Document, Document, Document – Make sure people know their roles and responsibilities

Tim Tickle
Director
RGP Healthcare
Key Takeaways: Considerations for ensuring Day 2 and beyond compliance

1. Look for automation – bulk changes, email notifications, etc.
2. Is there an Accounting Close process – how are retroactive adjustments managed?
3. Make sure you have policies in place to manage changes on leases
What are You Planning to do from a Technology Perspective?

#4. POLL
Section 6

a) Purchase a lease accounting system
b) Hire people to manage in Excel
c) Outsource lease accounting
d) Unsure at this time
Questions and Answers

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New GASB 87 Lease Accounting Standard

Walk away with an understanding of how the implementation of this standard will impact your existing policies, procedures, systems and disclosures related to leases.

- Significant impacts of the new standards
- Developing a timeline to implement the new standard
- Developing a project plan
- Technology considerations (LeaseAccelerator demo)
- Anticipating implementation challenges.

Contact Us: partner@rgphealthcare.com
Evaluation Form | 1 CPE Accounting Credit

View survey in the upper right of your console.
THANK YOU

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