



The Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) have introduced significant changes regarding how multi-unit operators identify their lease arrangements. Rather than simply stating lease expenses on the financial statement, as currently required by the U.S. Generally Accepted Accounting Principles (GAAP) standards, operators must soon include leased assets and liabilities on their balance sheets. This ranges from real estate to point of sale systems.

The new guidelines, which take effect **December 2018** for public companies and **December 2019** for private companies, place a huge burden on operators to retool their accounting processes. For most companies, there is still time to make the necessary adjustments to meet the deadline and avoid penalties by starting now.

Learn how Property Works' lease accounting tool can help you comply with the new standards for multi-unit operators. Schedule a demo today.

why PROPERTY WORKS?

- 1** ▶ Property Works' lease accounting tool is all you need to comply with the new accounting standards for multi-unit operators.
- 2** ▶ The tool is available at no extra charge to clients with a click of a button.
- 3** ▶ Property Works' standard abstracting process includes the necessary data to generate your lease accounting schedules.
- 4** ▶ Thanks to the advanced user interface, the tool is easy to use by internal audit teams and/or external consultants alike.
- 5** ▶ Experienced Property Works staff members are available to help you get the most out of your lease accounting tool.

If you don't have your lease accounting plan in place, review the key considerations below. Better yet, call Property Works.

Assemble a Lease Accounting Team

Recruiting internal personnel to assist with the lease accounting process can be critical for gathering the necessary information. While accounting representatives are obvious members of this group, don't forget the finance, real estate and legal departments.

Know the New Requirements

The new rules are far more complicated, so unless you have specialized software and expertise on hand, a few members of your team should study up on the requirements. If this is not possible, additional staff and/or a lease accounting consultant may be necessary.

Take Stock of What you Have

Begin by taking stock of your leased assets. Some important items to take note of in your leases include, lease terms, renewal options, variable rate payments, embedded leases, service elements like certain CAM expenses, purchase options and termination rights.

Gather the Lease and Property Data

The new standards require a more in-depth analysis of lease data, so operators must pay special attention to items like renewal options, purchase options and tenant improvement allowances. All documents relating to the leases, like amendments, correspondences and appendices, must be readily available.

Conduct a Lease Inventory

A signed lease implies you've purchased the right to use an asset, so everything must be accounted for—even non-real estate items like leased kitchen equipment. Appoint someone on your lease accounting team to ensure that all leases are on hand.

Review the Lease Terms

While most companies will not include lease renegotiations as part of preparation process, it does present a good opportunity to ensure that lease terms, particularly the options, are balance sheet-friendly. For example, consider whether it's in your best interest to convert two 10-year options into four 5-year options.

Evaluate Your Reporting Technology

Excel spreadsheets are simply not efficient for lease accounting reporting. If you're already using lease management software, now is the time to see if it's up to the challenge. A few software solutions include the necessary calculations, but the majority either do not include it or require you to upgrade to the next level of software at a significant cost.

If you need to make a software change, do it sooner rather than later so you can easily make the deadline and avoid costly late fees. Call Property works to get started today.



For more than two decades, Property Works has increased efficiency for companies and operators by streamlining the lease management process.

Using the most powerful software platform in the industry, Property Works helps clients around the world:

- ▶ Track critical dates and deadlines
- ▶ Redeploy valuable resources
- ▶ Make data-driven decisions
- ▶ Boost the bottom line

Whether you choose to manage the software in-house using **Property Works On-Demand** or opt for our full-service capabilities with **Property Works Full-Service**, all lease data is at your fingertips with more than 100 reports to choose from.

Our team can even handle your occupancy cost calculations, tax assessments, lease negotiations and more. Best of all, we save many of our clients thousands of dollars each year by analyzing the critical information hidden in the fine print.

- ▶ **Call or go online to schedule a demo today.**

Headquarters

Property Works
720 Church Street
Decatur, GA 30030