



# Simplifying Lease Accounting

Even if you've heard about the new standards for lease accounting, you may not understand what it is exactly - or how it affects you. **Clients First Business Solutions** and **LeaseQuery** are here to answer all your questions and make sure you stay compliant.

## So, what is lease accounting?

Lease accounting is the method by which organizations account for their leasing contracts – whether lessors or lessees. The guidance for lease accounting is maintained by the Financial Accounting Standards Board (**FASB**) in the United States, the International Accounting Standards Board (**IASB**) internationally, and the Governmental Accounting Standards Board (**GASB**) for state and local entities in the United States.

## What are the different standards?



IFRS 16 was issued by the IFRS Foundation in 2016 for international organizations. Compliance to this new standard was required for annual reporting periods beginning after **December 15, 2018**. It introduces a single lessee accounting model which means all leases are treated as finance leases and lessees are required to record a right-of-use asset and liability for each.



In 2016, the FASB issued ASC 842, a new lease accounting standard. Public entities under ASC 842 have already complied, but private companies and not-for-profit entities must comply for annual reporting periods beginning after **December 15, 2021**. This new standard still uses a two-model approach, classifying each lease as either a finance (to replace the term capital) lease or an operating lease, but now both types are capitalized.



In 2017, the GASB issued a new standard: GASB Statement No. 87, Leases. Similar to IFRS, all leases are classified as finance leases and lessees are required to recognize an asset and a liability for each lease agreement. One difference with this standard is that it requires all lessors to recognize a deferred inflow of resources and a lease receivable. GASB is in effect for all reporting periods starting after **June 15, 2021**.

## How Clients First Business Solutions and LeaseQuery work together:

- We are the dynamic duo for ASC 842, IFRS 16, and GASB 87 compliance and lease management
- We ensure a seamless implementation of LeaseQuery software and ongoing support from lease accounting experts
- We offer a wealth of knowledge and best practices from both LeaseQuery and Clients First Business Solutions



## Complex Integrations *Simplified*

Plug into your existing tech stack with LeaseQuery Connect



Let us help you  
seamlessly handle all  
your accounting needs

### Integrate with any **ERP, accounting software, or BI tool:**

- Drive accounts payable
- Automate journal entries
  - Consolidate data
- Maximize return on investment

