Lease Accounting Transitioning - Post Implementation

CONFIGURATION/SETUP

Purpose

This document outlines the steps that need to be taken within your VL platform prior to your Transition date. The below checklist will assist you in ensuring the appropriate steps are taken to effectively execute your calculations.

Administrator Settings

Once guidance on your Business Requirements has been established, the following areas within the Administrator should be confirmed by your Company's designated Administrator.

1. System Settings

Navigational tips: Tools>Administrator>Settings>System Settings

- ☐ Confirm Fiscal Year is correctly reflected
- ☐ Accounting Transition Date is correct
- ☐ Default Corp Interest Rate has been entered
- ☐ If applicable, Track Short Term and Long Term Liabilites has been selected
- ☐ If applicable, Track Interest and Amortization for Operating Leases has been selected
- ☐ NPV Calculation Method confirmed
- ☐ If applicable, enable Short Term in Record Type
- ☐ If applicable, enable Low Value in Record Type
- ☐ If any changes have been made to your System Settings click Save

2. Accounting Discount Rates

Navigational tips: Tools>Administrator>Accounting Discount Rate

- ☐ If using multiple Discount Rates, ensure these have been entered accordingly

  Additional Resources
  https://visuallease.force.com/support/s/article/Understanding-Discount-Rates

3. Journal Entries

Navigational tips: Tools>Administrator>Financial Categories>Journal Entries

☐ Ensure all necessary Journal Entries have been configured

☐ Confirm Journal Entries are appropriately broken out by Lease Type, Acct. Standard & Record Type

Additional Resources

https://visuallease.force.com/support/s/article/Standard-Accounting-Exports-Overview

4. Chart of Accounts

Navigational tips: Tools>Administrator>Financial Categories>Chart of Accounts

☐ All GL Accounts have been established for each Journal Entry and either Added or Edited

Data Updates

Prior to executing your calculations, you will want to identify and update any Lease Options that you are likely to exercise.

5. Update Lease Options

Navigational tips: Clause tab of a specific lease>Options Section

☐ Update existing options, if applicable, by selecting "Likely to Exercise"

☐ Confirm/Add details to the "If Exercised, Update Key Lease Fields To…" section

- When running a calculation manually in the platform, the system will utilize the details in this section to populate the suggested end date of the calculation.

Delete/Execute Calculations

During your implemenation project you may have tested several leases to confirm acceptance of your configured platform. These test calculations will need to be removed prior to executing your live schedules and can be accomplished en masse, by way of the Import Lease Information templates. Import templates can be accessed by users with administrator rights as well as those who have been granted access to the import templates. If necessary, your Company's designated Administrator can grant the appropriate access to applicable users via the Administrator>Manage Users.

Follow the below checklist to accomplish executing calculations for accurate accounting reports.

6. Importing Accounting

Navigational tips: Tools>Import Lease Information>Import Accounting>Download Template

☐ Delete Test Calculations

- Steps to execute deleting calculations

  o In the downloaded Template, click on tab titled "Existing Calculations-Lessee"

  o Copy Column A *'Lease ID'* and Column K *'Calculation Name'*

  o Paste this information in Column A *'Lease ID'* and Column C *'Calculation Name to Action'* on tab titled "Accounting-Lessee"

  o In Column B *'Action'* on "Accounting-Lessee" tab enter "Delete"

  o All columns to the right of column D on the "Accounting-Lessee" tab should be left blank

  o Save and Load template in Visual Lease

☐ Create actual calculations

Additional Resources

https://visuallease.force.com/support/s/article/Import-FASB-IASB

https://visuallease.force.com/support/s/article/Import-FASB-IASB-Considerations-and-Best-Practices

☐ Generate Reports for Validation of schedules

☐ Lease Accounting

☐ Disclosure Report

☐ General Ledger Export

7. User Management

Navigational tips: Tools>Adminstrator>Manage Users

☐ Are all the users set up appropriately in VL and do they have the correct access level?

Additional Resources

https://visuallease.force.com/support/s/article/Managing-Users-in-Visual-Lease

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Additional Tools

✓ **Disclosure Validation**

    o <u>How to Validate the Disclosure Report</u>

    o <u>Step by Step – Disclosure Report Validation</u>

✓ **Training Webinars**

    o <u>https://visuallease.com/vluniversity/</u>

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