



# ADOPTING THE FASB ASC 842 LEASE ACCOUNTING STANDARD USING **iLeasePro**



Making It Easier To Comply  
to the FASB ASC 842 Lease  
Accounting Standard Changes

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# ADOPTING THE FASB ASC 842 LEASE ACCOUNTING STANDARD USING iLeasePro

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## Key Lease Accounting Features include;

- Day 1 Automatically build **ASC 840** Adjustment Journal Entries
- Setup Individual Leases According to the **ASC 842** standard requirements
- Generate Amortization Schedule for a lease or the entire portfolio of leases
- Generate **ASC 842** Compliant Journal Entries for a lease or the entire portfolio of leases
- Journal Entries and Amortization Schedules can be exported or uploaded to your accounting system
- **ASC 842** Financial Reporting Disclosure reports
- Automated Journal Entries for Variable Payments and Operating Sublease



When you are ready to adopt the new changes, enter in the **ASC 840** adjustments and automatically create the initial adjustment journal entries for your Operating and Finance Leases.

**FIGURE 1 - INITIAL TRANSITION & ADOPTION TO THE ASC 842 LEASE ACCOUNTING STANDARD**

HMS Bank & Trust

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### Initial Transition to FASB Topic ASC 842

The Transition feature allows you to perform the one time transition to begin accounting under the FASB ASC 842 standards. Enter in the amount fields under the appropriate columns for each lease. This is a scrollable table to allow you to scroll right and left to access each required field. In order to apply the adjustments, select a valid transition date and click on the Apply Transition Net Adjustments button. Modifications will not be allowed once the initial adjustments are applied. Please refer to the [iLeasePro Transition Help Guide](#) for step by step guidance.

**Initial Transition** ?

Select Accounting Classification  Operating Leases  Finance Leases

Enter Transition Date  APPLY TRANSITION NET ADJUSTMENTS

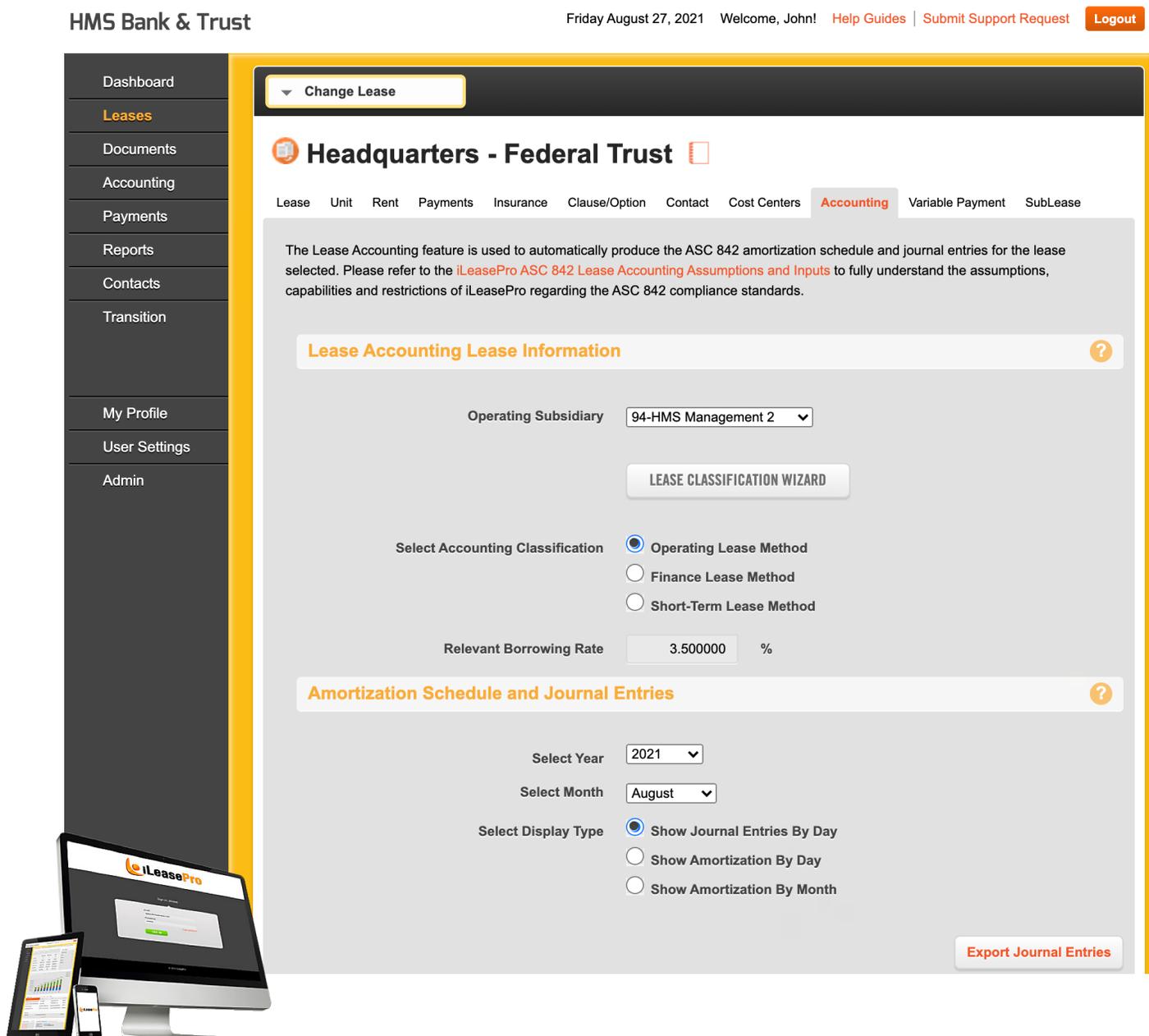
Lease	Prep	January 2022							Le Incentives	Straightline Rent Deferral	Unamortized In Direct Cost
		Su	Mo	Tu	We	Th	Fr	Sa			
I Trust Altamonte Springs	200.00	2	3	4	5	6	7	8	1.00	100.00	100.00
I Trust Annapolis	800.2	9	10	11	12	13	14	15		0.00	0.00
I Trust Ashburn ATM	100.00	16	17	18	19	20	21	22		0.00	0.00
I Trust Atlanta	5000.00	23	24	25	26	27	28	29		0.00	0.00
I Trust Atlantic Beach ATM	0.00	30	31							0.00	0.00
I Trust Augusta	0.00									0.00	0.00
I Trust Augusta ATM	1500.00									100.00	100.00
I Trust Belle Chasse	1663.66									0.00	0.00
I Trust Chesapeake	0.00									0.00	0.00

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**Lease Level Accounting.** Setting up each lease is a simple and quick. Use the Lease Classification Wizard to help determine which classification method to use and enter your Relevant Borrowing Rate to automatically generate the lease amortization schedule and journal entries.

FIGURE 2 - LEASE ACCOUNTING



The screenshot displays the iLeasePro web application interface. On the left is a dark sidebar with navigation options: Dashboard, Leases (highlighted), Documents, Accounting, Payments, Reports, Contacts, Transition, My Profile, User Settings, and Admin. The main content area is titled 'HMS Bank & Trust' and shows the user 'John!' on 'Friday August 27, 2021'. The 'Change Lease' dropdown is set to 'Headquarters - Federal Trust'. A navigation bar includes 'Lease', 'Unit', 'Rent', 'Payments', 'Insurance', 'Clause/Option', 'Contact', 'Cost Centers', 'Accounting' (active), 'Variable Payment', and 'SubLease'. A text block explains the Lease Accounting feature. Below, the 'Lease Accounting Lease Information' section shows 'Operating Subsidiary' as '94-HMS Management 2' and a 'LEASE CLASSIFICATION WIZARD' button. The 'Select Accounting Classification' section has three radio buttons: 'Operating Lease Method' (selected), 'Finance Lease Method', and 'Short-Term Lease Method'. The 'Relevant Borrowing Rate' is set to '3.500000 %'. The 'Amortization Schedule and Journal Entries' section includes 'Select Year' (2021), 'Select Month' (August), and 'Select Display Type' with three radio buttons: 'Show Journal Entries By Day' (selected), 'Show Amortization By Day', and 'Show Amortization By Month'. An 'Export Journal Entries' button is at the bottom right. An inset image in the bottom left shows a desktop monitor, a tablet, and a smartphone displaying the iLeasePro interface.

FIGURE 3 - AUTOMATICALLY GENERATE LEASE JOURNAL ENTRIES

My Profile

User Settings

Admin

Operating Subsidiary 94-HMS Management 2

**LEASE CLASSIFICATION WIZARD**

Select Accounting Classification

Operating Lease Method

Finance Lease Method

Short-Term Lease Method

Relevant Borrowing Rate 3.500000 %

**Amortization Schedule and Journal Entries**

Select Year 2021

Select Month August

Select Display Type

Show Journal Entries By Day

Show Amortization By Day

Show Amortization By Month

[Export Journal Entries](#)

Journal Entries					
Date	GL Account	Description	Debit	Credit	Reference/Payee
2021-08-05	1800	Operating Rent Expense Implied Interest	93.63	0.00	Headquarters - Federal Trust
2021-08-05	1300	Operating Lease Liability	0.00	93.63	Headquarters - Federal Trust
2021-08-05	1300	Operating Lease Liability	5,000.00	0.00	Headquarters - Federal Trust
2021-08-05	2000	Clearing Account	0.00	5,000.00	AT&T Communications
2021-08-05	1900	Operating Rent Expense Implied ROU Amortization	546.89	0.00	Headquarters - Federal Trust
2021-08-05	2000	Operating ROU Asset Accumulated Amortization	0.00	546.89	Headquarters - Federal Trust
2021-08-31	1800	Operating Rent Expense Implied Interest	620.19	0.00	Headquarters - Federal Trust
2021-08-31	1300	Operating Lease Liability	0.00	620.19	Headquarters - Federal Trust
2021-08-31	1900	Operating Rent Expense Implied ROU Amortization	3,703.36	0.00	Headquarters - Federal Trust
2021-08-31	2000	Operating ROU Asset Accumulated Amortization	0.00	3,703.36	Headquarters - Federal Trust



FIGURE 4 - AUTOMATICALLY GENERATE LEASE AMORTIZATION SCHEDULE

### Amortization Schedule and Journal Entries ?

Select Year: All Years ▼

Select Month: August ▼

Select Display Type:

Show Journal Entries By Day

Show Amortization By Day

Show Amortization By Month

[Export Table](#)

Amortization Schedule								
Date	Right of Use Asset			Lease Liability				Total Expense
	BOP	Implied Amort.	EOP	BOP	Implied Interest	Payment	EOP	
2021-01-31	0.00	4,179.58	263,927.05	0.00	784.49	0.00	268,891.13	4,964.08
2021-02-28	263,927.05	3,773.13	260,153.92	268,891.13	710.54	0.00	269,601.67	4,483.68
2021-03-31	260,153.92	4,187.95	255,965.97	269,601.67	776.13	5,000.00	265,377.80	4,964.08
2021-04-30	255,965.97	4,064.79	251,901.18	265,377.80	739.16	5,000.00	261,116.95	4,803.95
2021-05-31	251,901.18	4,212.78	247,688.40	261,116.95	751.30	5,000.00	256,868.25	4,964.08
2021-06-30	247,688.40	4,088.89	243,599.52	256,868.25	715.06	5,000.00	252,583.31	4,803.95
2021-07-31	243,599.52	4,237.74	239,361.77	252,583.31	726.33	5,000.00	248,309.64	4,964.08
2021-08-31	239,361.77	4,250.25	235,111.52	248,309.64	713.82	5,000.00	244,023.46	4,964.08
2021-09-30	235,111.52	4,125.25	230,986.27	244,023.46	678.68	5,000.00	239,702.15	4,803.95
2021-10-31	230,986.27	4,275.44	226,710.83	239,702.15	688.64	5,000.00	235,390.79	4,964.08
2021-11-30	226,710.83	4,149.70	222,561.13	235,390.79	654.25	5,000.00	231,045.03	4,803.95
2021-12-31	222,561.13	4,300.76	218,260.36	231,045.03	663.31	5,000.00	226,708.34	4,964.08
2022-01-31	218,260.36	4,313.58	213,946.78	226,708.34	650.49	5,050.00	222,308.83	4,964.08
2022-02-28	213,946.78	3,907.67	210,039.11	222,308.83	576.02	5,050.00	217,834.84	4,483.68
2022-03-31	210,039.11	4,339.55	205,699.56	217,834.84	624.53	5,050.00	213,409.37	4,964.08
2022-04-30	205,699.56	4,212.06	201,487.50	213,409.37	591.88	5,050.00	208,951.25	4,803.95



**Portfolio Lease Accounting.** Automatically generate monthly **ASC 842** compliant journal entries for the entire portfolio of leases. At the click of a button you can either export or upload the batch of journal entries into your accounting system.

**FIGURE 5 - PORTFOLIO LEASE ACCOUNTING**

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## Portfolio Accounting

The Portfolio Lease Accounting feature is used to create a batch of journal entries for the leases within the portfolio. You can also display the consolidated amortization schedule. This data can be refined by selecting from the filters that are available. Please refer to the [iLeasePro ASC 842 Lease Accounting Assumptions and Inputs](#) to fully understand the assumptions, capabilities and restrictions of iLeasePro regarding the ASC 842 compliance standards.

**Portfolio Accounting** ?

Operating Subsidiary: All Operating Subsidiaries ▼

Select Accounting Classifications:  Operating,  Finance,  Short Term

Select Year: 2021 ▼

Select Month: August ▼

Select Display Type:  Show Journal Entries by Day,  Show Amortization By Month

[Export Journal Entries](#)

Journal Entries					
Date	GL Account	Description	Debit	Credit	Reference/Payee
2021-08-01	1300	Operating Lease Liability	8,998.35	0.00	Federal Trust Chesapeake
2021-08-01	2000	Clearing Account	0.00	8,998.35	BFP Management LLC
2021-08-31	1800	Operating Rent Expense Implied Interest	182.20	0.00	Federal Trust Chesapeake
2021-08-31	1300	Operating Lease Liability	0.00	182.20	Federal Trust Chesapeake
2021-08-31	1900	Operating Rent Expense Implied ROU Amortization	8,981.87	0.00	Federal Trust Chesapeake
2021-08-31	2000	Operating ROU Asset Accumulated Amortization	0.00	8,981.87	Federal Trust Chesapeake
2021-08-01	1300	Operating Lease Liability	295.00	0.00	Federal Trust Del Mar ATM
2021-08-01	2000	Clearing Account	0.00	295.00	Apex Realty Group LP

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## ASC 842 Financial Reporting Disclosures

Disclosure of quantitative lease information and the related significant judgments made in measuring leases and the amounts must be now recognized in your company's financial statements. **iLeasePro** provides the reporting for the required disclosure information.

**FIGURE 6 - FINANCIAL REPORTING ASC 842 DISCLOSURES**

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### Reports

- Account Reports
- Lease Accounting Reports
- Lease Accounting Financial Disclosure Reports
  - Finance Lease Report
  - New Lease Liability Report
  - Lease Liabilities Maturity Analysis
  - Operating Lease Report
  - Right of Use Asset Acquired Report
  - Short Term Lease Expense Report
  - Weighted Average Discount Rate Report
  - Weighted Lease Term Report
  - Current Versus Non Current Lease Liability Report
- Lease Accounting Activity Reports
- Lease Detail Reports
- Payment Reports
- Lease Audit Reports
- Administration Reports



## OTHER **iLeasePro** KEY FEATURES

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- Portfolio Dashboard
- Lease Groups and Sub Groups for enhanced data reporting and organization
- Tracks and manages both real estate and equipment leases
- Document Management - upload unlimited electronic documents
- Contact Management - enter unlimited contacts to associate to each lease
- Customizable Critical Date Monitoring and Notifications
- Over 50 Standard Reports

A grayscale photograph of a business meeting. Two people are looking at a large document with various charts and graphs. One person is pointing at a specific data point on the document. In the foreground, there is a laptop, a mouse, and a small potted cactus on a wooden desk. The document being reviewed has several 'Summary Report' sections with pie charts and bar graphs.

The iLeasePro features offer an intuitive, cost-effective and accurate cloud solution that simplifies the transition to and adoption of the ASC 842 Lease Accounting standard changes allowing you to focus on your other higher priorities.



**CONTACT INFORMATION**

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