

Post-Implementation Review
Topic 842: Leases
Survey – Private Companies and Not-For-Profit Organizations

Purpose of this Survey

The objective of the Post-Implementation Review process is to determine whether a standard is accomplishing its stated purpose, to evaluate the standard's implementation and continuing compliance costs and related benefits, and to provide feedback to improve the standard-setting process. Feedback from preparers on implementation and the ongoing application of new standards is critical to the FASB's efforts to improve financial reporting in the most cost-effective manner.

Topic 842, *Leases*, became effective for private companies and most not-for-profit organizations (referred to as nonpublic entities) for annual reporting periods beginning after December 15, 2021. All references to the “new standard” in this survey refer to Topic 842, including amendments responding to private company stakeholder concerns, such as related party arrangements between entities under common control. Because adoption of the new standard has concluded for private entities and subsequent application is ongoing, the FASB seeks to understand preparers' experiences implementing and subsequently applying the new standard.

Objective of Topic 842, *Leases*

The objective of the new standard was to provide users of financial statements with a more faithful representation of an entity's rights and obligations by recognizing lease assets (right-of-use assets) and lease liabilities for all leases on the balance sheet of lessees and disclosing key information about lease transactions. In addition, the legacy lessor accounting model was largely retained but certain aspects were amended to more closely align lessor accounting for with the comparable guidance in Topic 606, Revenue from Contracts with Customers, and Topic 610, Other Income. In addition, the new standard requires new disclosures about a lessors' risk management activities associated with the residual value of the assets it leases to customers.

Survey Instructions

To collect feedback from nonpublic entity preparers, the FASB created the following survey that asks about implementation and ongoing activities related to applying Topic 842. Survey questions cover the following topics:

- Accounting Personnel (employees or external personnel)

- Departments Other Than Accounting and IT (e.g., Human Resources, Legal, Tax)
- IT Systems
- Preparation Costs
- Audit Costs
- Investor/Lender Education
- Practical Expedients

Most of the questions approach the implementation and ongoing application of Topic 842 from the perspective of a lessee. However, you may also respond from the perspective of a lessor, or both a lessee or a lessor, as applicable.

The complete list of questions is available for download. We anticipate that the survey will take approximately 40 minutes to complete. You may pause and complete your survey at a later session provided you are using the same computer and browser.

If you are not a preparer of financial statements and received this survey by mistake, please do not complete the survey. If you have completed the survey already, please do not complete the survey again.

Accounting Personnel

1. From which perspective are you answering the questions in this survey?
 - a. A Lessee
 - b. A Lessor
 - c. Both – Lessee and Lessor

2. Has your entity adopted Accounting Standards Update No. 2016-02, *Leases (Topic 842)*?
 - a. Yes
 - b. No (please explain why your entity did not adopt the standard)

If you answer “no” to #2, you may end the survey.

3. Are you involved with the financial reporting preparation and/or compliance associated with Topic 842?
 - a. Yes
 - b. No (please explain your role)

4. When did your entity adopt the new standard?
 - a. Before the effective date (for example, prior to calendar year 2022 if an entity uses calendar year as its fiscal year)
 - b. At the effective date (for example, calendar year 2022 if an entity uses calendar year as its fiscal year)

5. Which transition method did your entity use in adopting the new standard?
 - a. Cumulative-effect adjustment at the beginning of the earliest comparative period presented
 - b. Cumulative-effect adjustment at the beginning of the period of adoption

6. How many months did your entity spend on implementation activities, beginning with assessment or diagnostic activities specific to your entity?
[line of text]

7. Did your entity set a budget for implementation costs for the new standard?
 - a. Yes
 - b. No

If you answer “no” to #7, #'s 8, 9, 10 will not appear in the live survey.

8. How did total implementation costs compare to the budgeted amount?
 - a. More than budgeted amount
 - b. Approximately equal to budgeted amount
 - c. Less than budgeted amount

9. Which types of costs, if any, exceeded budgeted amounts? Select all that apply.
 - a. Accounting personnel (employees or external personnel)
 - b. Personnel in functional processes other than Accounting (e.g., Human Resources, Legal, Tax)
 - c. IT systems
 - d. Audit costs
 - e. Investor/Lender education
 - f. Other (please specify)
 - g. None

10. Which types of costs, if any, were less than budgeted amounts? Select all that apply.
 - a. Accounting personnel (employees or external personnel)
 - b. Personnel in functional processes other than Accounting (e.g., Human Resources, Legal, Tax)
 - c. Process, including IT systems
 - d. Audit costs
 - e. Investor/lender/grantor/regulatory agencies education
 - f. Other (please specify)
 - g. None

11. Were your lease management operations centralized (the financial reporting for leases was managed by the US head office) or decentralized (the financial reporting was managed by local offices) before the adoption of Topic 842?
 - a. Centralized
 - b. Decentralized

12. Did your lease management operations change after the adoption of Topic 842?
 - a. Yes
 - b. No

If you answer “no” to #12, #13 will not appear in the live survey.

13. How has that change impacted your organization in terms of benefits and costs?

14. What were the key internal control changes made to your financial reporting systems as a result of implementing Topic 842?

15. Before beginning any Topic 842 implementation activities specific to your entity, how many employees did you have in your accounting department, including employees responsible for accounting policy and interpretation?

16. Did your entity make any accounting personnel changes to accommodate implementation activities? Select all that apply.
- a. Hire new employees
 - b. Hire external personnel (e.g., consultants, contractors, software vendors)
 - c. Redeploy current personnel
 - d. Other (please specify)
 - e. No changes

If you answer “no changes” to #16, #'s 17, 18 will not appear in the live survey.

17. What was the reason for the accounting personnel change? Select all that apply.
- a. Technical accounting expertise
 - b. Contract review
 - c. Process or system changes (including internal controls)
 - d. External reporting (disclosures)
 - e. Project management
 - f. Other (please specify)

18. Have any accounting personnel changes persisted beyond the transition period?
- a. Yes
 - b. No

If you answer “no” to #18, #'s 19, 20 will not appear in the live survey.

19. What percentage of the accounting personnel changes have persisted beyond the transition period?

20. Which of the following describe the nature of these persistent personnel changes? Select all that apply.
- a. Ongoing compliance with leases standard (including internal controls)
 - b. Refining leases standard implementation
 - c. Other (please specify)

21. How many employees did you hire or redeploy from another department to your entity's accounting department for implementation activities?

22. Please provide any additional information you would like to share about your entity's accounting personnel changes related to implementing the new standard.

Departments Other Than Accounting and IT

23. What departments, other than Accounting and IT, incurred additional costs because of the new standard (e.g., change in processes, additional education)? Select all that apply.
- a. Human Resources
 - b. Legal
 - c. Procurement
 - d. Tax
 - e. Internal Audit
 - f. Finance
 - g. Other (please specify)
 - h. None

If you answer “none” to #23, # 24 will not appear in the live survey.

24. For the departments selected, what were the additional costs?
- a. Additional education or training for internal staff
 - b. Contract renegotiations
 - c. External specialists
 - d. IT systems (updates or new systems)
 - e. Changes in processes
 - f. Other (please specify)

25. Did reviewing contracts (including contracts not specifically titled as lease contracts) as part of implementing the new standard lead to any of the following? Select all that apply.
- a. Significantly more leases
 - b. Significantly fewer leases
 - c. Improvements to internal controls over contracts
 - d. Other (please specify)
 - e. None

If “a. Significantly more leases” is not included in #25, #26 will not appear in the live survey.

If “b. Significantly fewer leases” is not included in #25, #27 will not appear in the live survey.

26. Please explain why reviewing contracts (including contracts not specifically titled as lease contracts) as part of implementing the new standard led to **significantly more leases**.
27. Please explain why reviewing contracts (including contracts not specifically titled as lease contracts) as part of implementing the new standard led to **significantly fewer leases**.

IT Systems

28. Did implementation activities for the new standard include acquiring a new accounting IT system or modifying an existing accounting IT system?
- Acquire a new accounting IT system
 - Modify an existing accounting IT system
 - No; utilized Excel or other spreadsheet solution

If you do not answer “c. no; utilized Excel or other spreadsheet solution” to #28, #30 will not appear in the live survey.

If you do not answer “a. acquire a new accounting IT system” OR “b. modify an existing accounting IT system” to #28, #31 will not appear in the live survey.

29. How did you develop your IT changes?
- Internally developed
 - Relied on third party for development (e.g., software provider)
 - Other (please specify)
30. Please explain why your entity needed to acquire a new accounting IT system or modify an existing system to comply with the new standard.
31. How did you develop your spreadsheet?
- Internally developed
 - Relied on third party (e.g., auditors, consultants)
 - Other (please specify)
32. When was your entity’s accounting IT system ready to implement the standard?
- Before the effective date (i.e., prior to January 1, 2022 for a calendar year end entity)
 - At the effective date (i.e., on January 1, 2022 for a calendar year end entity)
 - After the effective date (i.e., after January 1, 2022 for a calendar year end entity)
33. What, if any, new data are now captured by your entity’s accounting IT systems under the new leases standard, other than lease assets and lease liabilities related to operating leases, that was not previously captured
34. Please provide any additional information you would like to share about your entity’s accounting IT system changes related to implementing the new standard.

Preparation Costs

35. How did your employees, including management, educate themselves to prepare for the adoption of Topic 842? Select all that apply.
- a. Implementation resources on FASB's website
 - b. AICPA's audit and accounting guidance on lessee accounting
 - c. Education provided by external personnel (e.g., consultants, auditors)
 - d. Public companies' lease reporting (i.e., SEC filings)
 - e. Third party lease publications (such as accounting firms guides)
 - f. Other (please specify)
36. Did your entity spend significant time **determining** any of the following? Select all that apply.
- a. Whether a contract is or contains a lease arrangement
 - b. The discount rate
 - c. The lease term
 - d. The fair value of the underlying asset
 - e. The separation of lease components from nonlease components
 - f. The allocation of the consideration to the lease and nonlease components
 - g. Whether an arrangement qualifies for sale-leaseback accounting (a successful sale)
 - h. Whether a change in a lease contract should be accounted for as a lease modification
 - i. Whether a right of use asset is impaired
 - j. Other (please specify)
 - k. None of the above
37. Are there any other judgments not included in the previous question that your entity spent significant time deciding either during implementation or on an ongoing basis?
- a. Yes
 - b. No

If you answer "no" to #37, #38 will not appear in the live survey.

38. Please explain any other judgment(s) that your entity spent significant time making and identify whether the issue was at implementation or is an ongoing issue.

Preparation Costs: Lessees

39. Did your entity spend significant time **preparing** any of the following *disclosure requirements*? Select all that apply.
- a. Information about the nature of leases (ASC 842-20-50-3a)
 - b. Information about leases not yet commenced but that create significant rights and obligations (ASC 842-20-50-3b)
 - c. Information about significant assumptions and judgments (ASC 842-20-50-3c)
 - d. Quantitative disclosures (for example, weighted average remaining lease term, weighted average discount rate, short-term lease cost)

e. None of the above

If option a. is not included in #39, #'s 40, 41 will not appear in the live survey.

If option b. is not included in #39, #'s 42, 43 will not appear in the live survey.

If option c. is not included in #39, #'s 44, 45 will not appear in the live survey.

If option d. is not included in #39, #'s 46, 47 will not appear in the live survey.

If you select “e. none of the above” in #39, #'s 40-47 will not appear in the live survey.

40. Please explain why your entity spent significant time preparing the disclosure about the nature of leases (ASC 842-20-50-3a) **during implementation.**

41. Please explain why your entity spends significant time preparing the disclosure about the nature of leases (ASC 842-20-50-3a) on an **ongoing basis.**

42. Please explain why your entity spent significant time preparing the disclosure about leases not yet commenced but that create significant rights and obligations (ASC 842-20-50-3b) **during implementation.**

43. Please explain why your entity spends significant time preparing the disclosure about leases not yet commenced but that create significant rights and obligations (ASC 842-20-50-3b) on an **ongoing basis.**

44. Please explain why your entity spent significant time preparing the disclosure about significant assumptions and judgments (ASC 842-20-50-3c) **during implementation.**

45. Please explain why your entity spends significant time preparing the disclosure about significant assumptions and judgments (ASC 842-20-50-3c) on an **ongoing basis.**

46. Please specify which quantitative disclosure(s) your entity spent a significant time preparing **during implementation**, and why.

47. Please specify which quantitative disclosure(s) your entity spends a significant time preparing on an **ongoing basis**, and why.

Preparation Costs: Lessors

48. Did your entity spend significant time **preparing** any of the following *disclosure requirements*?

- a. Information about the nature of leases (ASC 842-30-50-3a)
- b. Information about significant assumptions and judgments (ASC 842-20-50-3b)
- c. Quantitative disclosures
- d. Information about how your entity manages its risk associated with the residual value of its leased assets (ASC 842-30-50-7)
- e. None of the above

If option a. is not included in #48, #'s 49, 50 will not appear in the live survey.

If option b. is not included in #48, #'s 51, 52 will not appear in the live survey.

If option c. is not included in #48, #'s 53, 54 will not appear in the live survey.

If option d. is not included in #48, #'s 55, 56 will not appear in the live survey.

If you select "e. none of the above" in #48, #'s 49-56 will not appear in the live survey.

49. Please explain why your entity spent significant time preparing the disclosure about the nature of leases (ASC 842-30-50-3a) **during implementation.**

50. Please explain why your entity spends significant time preparing the disclosure about the nature of leases (ASC 842-30-50-3a) on an **ongoing basis.**

51. Please explain why your entity spent significant time preparing the disclosure about significant assumptions and judgments (ASC 842-30-50-3b) **during implementation.**

52. Please explain why your entity spends significant time preparing the disclosure about significant assumptions and judgments (ASC 842-30-50-3b) on an **ongoing basis.**

53. Please specify which quantitative disclosure(s) your entity spent significant time preparing **during implementation**, and why.

54. Please specify which quantitative disclosure(s) your entity spends significant time preparing on an **ongoing basis**, and why.

55. Please explain why your entity spent significant time preparing the disclosures Information about how your entity manages its risk associated with the residual value of its leased assets (ASC 842-30-50-7) **during implementation.**

56. Please explain why your entity spent significant time preparing the disclosures about how your entity manages its risk associated with the residual value of its leased assets (ASC 842-30-50-7) on an **ongoing basis.**

Audit Costs

57. Did your entity spend significant time **discussing with auditors** any of the following? Select all that apply.
- Whether a contract is or contains a lease arrangement
 - The discount rate
 - The lease term
 - The fair value of the underlying asset
 - The separation of lease components from nonlease components
 - The allocation of the consideration to the lease and nonlease components
 - Whether an arrangement qualifies for sale-leaseback accounting (a successful sale)
 - Whether a change in a lease contract should be accounted for as a lease modification
 - [option only visible if you identify as a “lessee” in Question #1]** Lessee Only: Whether a right of use asset is impaired
58. Are there any other judgments not included in the previous question that your entity spent significant time discussing with auditors either during implementation or on an ongoing basis?
- Yes
 - No

If you answer “no” to #58, #59 will not appear in the live survey.

59. Please explain any other judgment(s) that your entity spent significant time discussing with auditors and identify whether the issue was at implementation or is an ongoing issue.

Audit Costs: Lessees

60. Did your entity spend significant time **discussing with auditors** any of the following *disclosure requirements*? Select all that apply.
- Information about the nature of leases (ASC 842-20-50-3a)
 - Information about leases not yet commenced but that create significant rights and obligations (ASC 842-20-50-3b)
 - Information about significant assumptions and judgments (ASC 842-20-50-3c)
 - Quantitative disclosures
 - None of the above

If option a. is not included in #60, #'s 61, 62 will not appear in the live survey.

If option b. is not included in #60, #'s 63, 64 will not appear in the live survey.

If option c. is not included in #60, #'s 65, 66 will not appear in the live survey.

If option d. is not included in #60, #'s 67, 68 will not appear in the live survey.

If you select “e. none of the above” in #60, #'s 61-68 will not appear in the live survey.

61. Please explain why your entity spent significant time discussing the disclosure about the nature of leases with auditors (ASC 842-20-50-3a) **during implementation**.
62. Please explain why your entity spends significant time discussing the disclosure about the nature of leases with auditors (ASC 842-20-50-3a) on an **ongoing basis**.
63. Please explain why your entity spent significant time discussing the disclosure about leases not yet commenced but that create significant rights and obligations with auditors (ASC 842-20-50-3b) **during implementation**.
64. Please explain why your entity spends significant time discussing the disclosure about leases not yet commenced but that create significant rights and obligations with auditors (ASC 842-20-50-3b) on an **ongoing basis**.
65. Please explain why your entity spent significant time discussing the disclosure about significant assumptions and judgments with auditors (ASC 842-20-50-3c) **during implementation**.
66. Please explain why your entity spends significant time discussing the disclosure about significant assumptions and judgments with auditors (ASC 842-20-50-3c) on an **ongoing basis**.
67. Please specify which quantitative disclosure(s) your entity spent significant time discussing with auditors **during implementation**, and why.
68. Please specify which quantitative disclosure(s) your entity spends significant time discussing with auditors on an **ongoing basis**, and why.

Audit Costs: Lessors

69. Did your entity spend significant time **discussing with auditors** any of the following *disclosure requirements*? Select all that apply.
 - a. Information about the nature of leases (ASC 842-30-50-3a)
 - b. Information about significant assumptions and judgments (ASC 842-20-50-3b)
 - c. Quantitative disclosures
 - d. Information about how your entity manages its risk associated with the residual value of its leased assets (ASC 842-30-50-7)
 - e. None of the above

If option a. is not included in #69, #'s 70, 71 will not appear in the live survey.

If option b. is not included in #69, #'s 72, 73 will not appear in the live survey.

If option c. is not included in #69, #'s 74, 75 will not appear in the live survey.

If option d. is not included in #69, #'s 76, 77 will not appear in the live survey.

If you answer "e. none of the above" in #69, #'s 70-77 will not appear in the live survey.

70. Please explain why your entity spent significant time discussing the disclosure about the nature of leases with auditors (ASC 842-30-50-3a) **during implementation**.
71. Please explain why your entity spends significant time discussing the disclosure about the nature of leases with auditors (ASC 842-30-50-3a) on an **ongoing basis**.
72. Please explain why your entity spent significant time discussing the disclosure about significant assumptions and judgments with auditors (ASC 842-30-50-3b) **during implementation**.
73. Please explain why your entity spends significant time discussing the disclosure about significant assumptions and judgments with auditors (ASC 842-30-50-3b) on an **ongoing basis**.
74. Please specify which quantitative disclosure(s) your entity spent significant time discussing with auditors **during implementation**, and why.
75. Please specify which quantitative disclosure(s) your entity spends significant time discussing with auditors on an **ongoing basis**, and why.
76. Please explain why your entity spent significant time discussing the disclosures Information about how your entity manages its risk associated with the residual value of its leased assets with auditors (ASC 842-30-50-7) **during implementation**.
77. Please explain why your entity spent significant time discussing the disclosures Information about how your entity manages its risk associated with the residual value of its leased assets with auditors (ASC 842-30-50-7) on an **ongoing basis**.

Audit Costs: Everyone

78. How did implementing the new standard affect your entity's audit fees?
- Higher fees
 - Lower fees
 - No change
- If you answer "c. no change" in #78, #79 will not appear in the live survey.**
79. By your estimate, what percentage of the change in fees was related to the transition period only, i.e., was a one-time occurrence?
80. Please provide any additional information you would like to share about audit costs related to implementing the new standard.

Transition

81. Did your entity spend significant time **applying** the transition requirements in Topic 842?
- No
 - Yes (please explain)

Investor/Lender Education

82. Aside from required disclosures in the notes to financial statements, how did your entity educate investors/lenders/grantors/regulatory agencies about the effects of the new standard on your entity's financial statements? Select all that apply.
- Discussions focused on leases
 - Additional lease materials
 - Pro forma financial information
 - Other (please specify)
 - No other education needed

[#83 only visible if you identify as a "lessee" in #1]

83. As a lessee, do you think that the new standard provided users of your financial statements with more decision-useful information about your leasing activities (by recognizing lease assets and lease liabilities for all leases on the balance sheet and through the related disclosures)?
- Yes
 - No

[#84 only visible if you identify as a "lessor" in #1]

84. As a lessor, do you think that the new standard provides users of your financial statements with more decision-useful information?
- Yes
 - No
85. Has your entity realized any in-house benefits from applying the new standard (for example, enhanced internal controls around leasing activities)?
- No
 - Yes (please explain)

86. Please provide any additional information you would like to share about your entity's activities to educate investors about the effects of the new standard on its financial statements.

Practical Expedients and Accounting Policy Elections

Practical Expedients and Accounting Policy: Lessees

87. Does your entity elect the practical expedient to combine lease and nonlease components to account for them as a single lease component?
- a. No
 - b. Yes (please specify what underlying class(es) of assets you made to the election)
88. Does your entity make an accounting policy election to use a risk-free discount rate instead of an incremental borrowing rate, as permitted for nonpublic business entities?
- a. Yes
 - b. No

If you answer “b. no” in #88, #89 will not appear in the live survey.

89. Did you make the accounting policy election at the entity level or by underlying classes of assets?
- a. Entity level
 - b. Underlying classes of assets

Everyone

90. Does your entity enter into lease-type arrangements with entities under common control?
- a. Yes
 - b. No

If you answer “b. no” in #90, #91 will not appear in the live survey.

91. Does your entity elect to apply the practical expedient that permits private companies and most not-for-profit entities to use the written terms and conditions of a common control arrangement to determine whether a lease exists?
- a. No
 - b. Yes (please describe)

Practical Expedients and Accounting Policy: Lessors

92. Does your entity elect the practical expedient to combine lease and nonlease components?
- a. Yes
 - b. No

If you answer “b. no” in #92, #93 will not appear in the live survey.

93. How does your entity account for the combined components:
- a. Under Topic 606 (if the combined component is the “predominant component)
 - b. As an operating lease in accordance with the leases standard

Demographic Questions

94. Which industry best describes your entity?

- a. Accommodation and Food Services
- b. Agriculture/Forestry/Fishing
- c. Arts/Entertainment/Recreation
- d. Biotech and Pharma
- e. Communications
- f. Construction
- g. Educational Institutions and Services
- h. Finance and Insurance
- i. Healthcare
- j. Information/Publishing/Broadcasting/
Data Processing
- k. Management/Holding Company
- l. Manufacturing
- m. Mining/Oil/Gas
- n. Other Services
- o. Professional/Scientific/Technical
Services
- p. Public Administration
- q. Real Estate/Rental/Leasing
- r. Retail Trade
- s. Technology
- t. Transportation and Warehousing
- u. Utilities
- v. Wholesale Trade
- w. Other (please specify)

95. What was your entity's reported revenue for the fiscal year ending in 2023?

- a. Less than \$10 Million
- b. \$10 Million-\$25 Million
- c. \$25 Million-\$50 Million
- d. \$50 Million-\$100 Million
- e. \$100 Million-\$250 Million
- f. \$250 Million-\$1 Billion
- g. More than \$1 Billion

96. Did your entity previously provide the FASB with feedback on the new leases standard (Topic 842), for example, through outreach calls, roundtables, or any other method?

- a. Yes
- b. No

97. If you would be willing to discuss your responses with a FASB staff member, please provide the following contact information:

- a. First and Last Name
- b. Company Name
- c. Position
- d. Email
- e. Phone Number