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The new standard for leases became effective for nonpublic entities after December 15, 2021. This will require businesses who have leasing transactions to change their financial reporting. It also includes contracts for assets such as vehicles, equipment and real estate.

Here are 5 things you need to know about how this will affect your businesses financial reporting.

- You will want to identify all leases and contractual arrangements and have your accounting team review them for compliance with the new standard.
- The implementation of the new standards may require new procedures, policies and controls for your operations and accounting departments.
- Training on new policies and procedures should be held for staff.
- To prepare for your next audit, document how you have handled the compliance for the new standards.
- Your financial statements will be impacted by lease-related assets and additional financial statement disclosures will be needed.

There is a lot that is impacted by this Accounting Standards Update. The key is understanding how it applies to your business, to document what changes you have made, and to have polices and procedures updated to maintain compliance. If you need assistance, SVA is here to help guide you through the process.

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