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# Professional Service Firms - Are You Ready for the Implementation of the New Lease Standard? What Are the Five Key Questions to Ask?

[AUDIT, PROFESSIONAL SERVICES](#)  
BY [PATTI GIUDICI](#)

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Professional service firms will be required to adopt Accounting Standards Update (ASU) 2016-02 *Topic 842 - Leases* (ASU 2016-02) in the upcoming years. ASU 2016-02 is effective for periods beginning after December 15, 2019 for nonpublic entities and after December 15, 2018 for public entities and nonprofit entities that are conduit bond obligors in over-the-counter markets.

Ask yourself the following five questions in order to prepare for the implementation of ASU 2016-02:

1. Does the company have a complete population of the leases that the company has entered into?
2. Does the company have the system or tracking capabilities to capture the various components of each lease?
3. Has the company begun to have conversations with outside third-parties and users of the financial statements?
4. Has the company considered the effect on debt covenants once the standard has been implemented?
5. Has the company begun to evaluate the practical expedients available during implementation?

ASU 2016-02 may have a significant impact on professional service firms. Companies should consider the impact by starting to address the five questions above to determine the impact on their financial statements.

After the questions have been asked and answered you might want to take a look at [simpleLEASE Accounting](#), a tool developed by Schneider Downs that has been specifically designed to help companies manage leases under ASU 2016-02.

For more information, please contact the Schneider Downs audit department and download a copy of the [Schneider Downs lease accounting whitepaper](#).

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### PITTSBURGH

One PPG Place, Suite 1700  
Pittsburgh, PA 15222

[contactsd@schneiderdowns.com](mailto:contactsd@schneiderdowns.com)  
p:412.261.3644 f:412.261.4876



### COLUMBUS

65 East State Street, Suite 2000  
Columbus, OH 43215

[contactsd@schneiderdowns.com](mailto:contactsd@schneiderdowns.com)  
p:614.621.4060 f:614.621.4062



### WASHINGTON, D.C.

1660 International Drive, Suite 600  
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[contactsd@schneiderdowns.com](mailto:contactsd@schneiderdowns.com)  
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