

FASB CLARIFIES IMPLEMENTATION GUIDANCE AND DISCLOSURE REQUIREMENTS IN LEASES STANDARD

Norwalk, CT, March 5, 2019—The Financial Accounting Standards Board (FASB) today issued an Accounting Standards Update (ASU) that addresses two lessor implementation issues and clarifies that lessees and lessors are exempt from a certain interim disclosure requirement associated with adopting the new leases standard.

“The new ASU clarifies areas identified by our stakeholders as they prepared to implement the leases standard,” noted FASB Chairman Russell G. Golden. “The changes will help ensure a smoother transition to the standard without affecting the quality of information provided to investors and other financial statement users.”

The new ASU aligns the guidance for fair value of the underlying asset by lessors that are not manufacturers or dealers in Topic 842, with that of existing guidance. As a result, the fair value of the underlying asset at lease commencement is its cost, reflecting any volume or trade discounts that may apply. However, if there has been a significant lapse of time between when the underlying asset is acquired and when the lease commences, the definition of *fair value* (in Topic 820, Fair Value Measurement) should be applied.

The ASU also requires lessors within the scope of Topic 942, Financial Services—Depository and Lending, to present all “principal payments received under leases” within investing activities.

Finally, the ASU exempts both lessees and lessors from having to provide certain interim disclosures in the fiscal year in which a company adopts the new leases standard.

The ASU is available at www.fasb.org.

About the Financial Accounting Standards Board

Established in 1973, the FASB is the independent, private-sector, not-for-profit organization based in Norwalk, Connecticut, that establishes financial accounting and reporting standards for public and private companies and not-for-profit organizations that follow Generally Accepted Accounting Principles (GAAP). The FASB is recognized by the Securities and Exchange Commission as the designated accounting standard setter for public companies. FASB standards are recognized as authoritative by many other organizations, including state Boards of Accountancy and the American Institute of CPAs (AICPA). The FASB develops and issues financial accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to investors and others who use financial reports. The Financial Accounting Foundation

(FAF) supports and oversees the FASB. For more information, visit www.fasb.org.