



The Alta Group

Good Afternoon:

Today's long anticipated lease accounting rules from the Financial Accounting Standards Board (FASB) will not only affect the way leases are reported; they will drive fundamental changes to core business processes and systems in our industry--from asset tracking to customer engagement.

Recognizing this, some clients have already expressed concerns about not being ready for the scope of changes with little time to prepare. They are asking for our guidance regarding systems, processes and preparing for their customers' likely reactions to the new regulations.

We at The Alta Group are available to work with you as your clients move forward now to address compliance and implementation rules as they pertain to system and operational modifications.

Suffice to say, the operational burden faced by lessors is more significant than many realized. For example, under the Performance Obligation Approach included in the new rules, the Performance Obligation (a new concept and liability) must be linked to the leased asset and receivable. This will require new system capabilities. We can certainly delve into further detail at your convenience.

I wanted you to be aware of The Alta Group's new accounting implementation team and about the articles and resources we are publishing that can be found online at <http://www.thealtagroup.com/articles/articles-presentations-on-accounting-rules/articles-presentations>

We also will be covering the new lease accounting rules in Alta's September issue of *Decision Points Brief*.

I will send you a copy and look forward to discussions with you.

Sincerely,

John Deane
Shawn Halladay