



netlease

by netgain

Built for

ORACLE®
NETSUITE



Native SuiteApp

SOLUTION GUIDE—FOR END USERS

NETLEASE LEASE ACCOUNTING & MANAGEMENT SOLUTION—FOR LESSEES

Solution Version 2020.3

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1 SOLUTION OVERVIEW

Welcome to NetLease! NetLease by Netgain is your Native NetSuite lease management tool to ease your compliance with the lease accounting standards under IFRS 16 and ASC 842.

With NetLease, you have:

- Support for lease accounting prior to adoption, and easy transition to the new standard
- Automated Operating versus Financing lease classification support and documentation
- Full automation for finance and operating leases
- Automated determination of your right of use assets and lease liabilities
- Detailed lease amortization schedules
- System-generated journal entries for originating and periodic transactions
- Full integration with NetSuite AP and Vendor Bills
- Easy Lease Management to AP reconciliations
- A robust end-to-end audit trail
- Automated assistance with lease modifications and terminations
- Key details and documents for each lease record stored and easily accessible
- Push-button reporting to support disclosures for ASC 842, IFRS 16 and GASB 87
- Comprehensive lease reporting and dashboarding capabilities
- Decision making dashboards and reminders—never miss a key date!
- NetLease benefits from being a Verified Native SuiteApp “Built for NetSuite” (“BFN”)
- The entire solution resides on the SuiteCloud platform
- SuiteApp is deployed to customers' accounts via the SuiteBundler
- All components are within the scope of BFN review
- SOC 1 Report as well as the ability to leverage NetSuite’s existing SOC 1 Report
- Maximize the benefit of your NetSuite investment!

2 USER GUIDE INTRODUCTION

This User Guide has been developed to provide valuable information on the setup, administration, and ongoing use of the NetLease Lease Management Solutions.

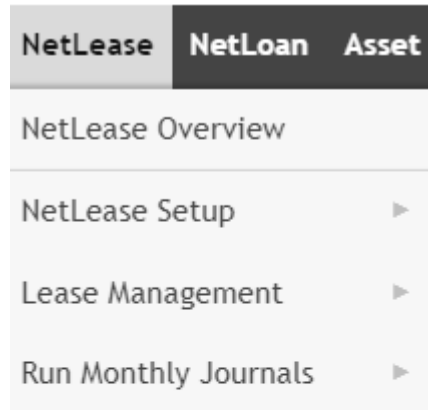
The intended audience includes the following:

- NetSuite Administrators & Technical Users
- Financial accounting management and decision makers
- Lease Administrators responsible for day-to-day lease accounting and disclosures
- All other professionals responsible for lease management and administration

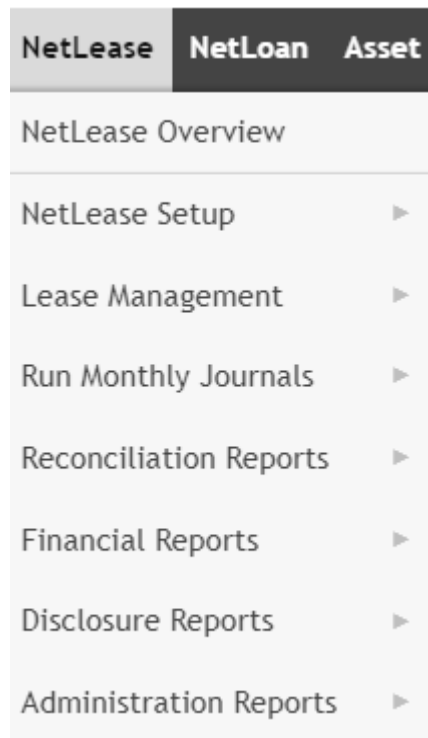
This user guide is intended to support each of the users above with the information and tools they need to perform their day-to-day activities within NetLease. For additional details or support beyond those captured in this guide, please reach out to your Netgain Products team.

3 NETLEASE NAVIGATION WITHIN NETSUITE

With the installation of NetLease, a new NetLease drop-down menu will be deployed along the center tab within each user's NetSuite environment. The native drop-down schedule will appear as follows upon installation:



With standard configuration of NetLease, you will have additional menu items added. Please note, however, that the menu items and reports shown below are included with our standard implementation but can be configured differently by your administrator as desired to best meet your specific needs.



Each of the standard menu items have corresponding functionality:

Main Menu	Menu Sublist Item	Navigation Description
NetLease Overview	N/A	NetLease dashboard home page, which can be configured to display your most important lease reports, links, and other defined details
NetLease Setup	System Setup	Lease Global Setting Page for initial setup details and documentation of accounting decisions <i>Note that only one global settings record should be configured for NetLease</i>
	Manage Lease Types	Set each of the lease type and default GL accounts to be used for each balance and transaction type
	Mass Lease Schedule Generation	For all lease in pending status, generate or regenerate the lease schedules as one batch process
	Mass Commence Leases	For all leases in pending status with a schedule generated, update the status to Commenced as a single batch process
	Run Transition Journals	For all commenced leases with amortization occurring prior to NetLease transition date, generate a transition journal entry putting the lease on the GL at the transition date
	Mass Terminate Leases	Page to initiate the mass termination of leases
Lease Management	New Lease	Create New Lease Record
	Lease List	Review a listing of all existing leases
	Mass Commence Leases	For all leases in pending status with a schedule generated, update the status to Commenced as a single batch process
	Mass Terminate Leases	Page to initiate the mass termination of leases
Run Monthly Journals	Monthly Lease Journals	Post Journal Page to initiate journal entries, which can be filtered by JE type, subsidiary, lease type, or specific lease

Main Menu	Menu Sublist Item	Navigation Description
	Monthly Reclass Journals	Option to initiate 2 types of reclass journals: 1. Reclass of Short-Term lease liability balances from Long Term accounts to Short Term reclass (optional process) 2. Reclass of unpaid interest payable balances embedded in the Lease Liability into Interest Payable (optional process) <i>Note: These reclass journals should be produced after all subledger activity is completed</i>
	Approve Lease Journals	Page to initiate the approval of all journals produced by NetLease
Ledger Reconciliation Reports	Amortization Schedule Details	Detailed listing of all leases and corresponding lease amortization schedules
	Subledger Period Details	Detailed listing of subledger balances for a specific period (from amortization schedules)
	ROU Ledger Transaction Summary	Transaction reconciliation support to compare the ROU Asset Account against the ROU amounts per the NetLease subledger
	Lease Liability Transaction Summary	Transaction reconciliation support to compare the Lease Liability Account against the Lease Liability amounts per the NetLease subledger
	ROU Clearing Account Reconciliation	Reconciliation report to highlight end-of-period balances in the ROU Clearing Account by Lease
	Lease Payable Clearing Account Reconciliation	Reconciliation report to highlight end-of-period balances in the Lease Payable Clearing Account by Lease
Financial Reports	Lease Balance Roll-Forward Report	Netgain scripted historical report to roll forward lease balances from one period to the next, highlighting additions, terminations, and other adjustments
	Lease Expense Waterfall Report	Netgain scripted future-looking report to forecast future expense amounts on existing leases
	Lease Payment Waterfall Report	Netgain scripted future-looking report to forecast future payments amounts on existing leases

Main Menu	Menu Sublist Item	Navigation Description
	Lease Costs Report	Condensed income statement financial report for costs associated with lease transactions for a given period, including Rent Expense, Amortization Expense, Interest Expense, Gain/Loss on Lease Modifications, and Sublease Revenue
	Leased Asset Balances	Condensed balance sheet financial report for lease balances at a given point in time, including ROU Asset Balances, ROU Accumulated Amortization, and ST/LT Lease Liabilities
	Undiscounted Lease Maturity Analysis	Detailed schedule of future payments to calculate undiscounted lease payments by quarter
	Weighted Average Discount Rate Report	Detailed schedule to support the calculation of the weighted average discount rate
	Weighted Average Term Report	Detailed schedule to support the calculation of the weighted average term
Disclosure Reports	Lease General Description Disclosure	General summary of ROU & LL balances and counts of leases broken out by Subsidiary, Lease Type, Lease Classification, and Currency Types
	Variable Lease Terms	Listing of Variable Lease Terms including Non-Lease Payments and Variable Rate Index
	Lease Renewal Options	Listing of leases with lease renewal options and indication whether likely to exercise
	Lease Expansion Options	Listing of leases with lease expansion options and indication whether likely to exercise
	Lease Termination Options	Listing of leases with lease termination options and indication whether likely to exercise
	Lease Purchase Options	Listing of leases with lease purchase options and indication whether likely to exercise
	Residual Value Guarantees	Summarization of Residual Guarantees
	Short Term Lease Census	Listing of leases designated as Short-Term
Administration Reports	Lease Additions	Detailed listing of new lease additions in the defined period
	Expirations – 90 Days	Detailed listing of leases expiring in the in the next 90 days

Main Menu	Menu Sublist Item	Navigation Description
	Lease Payments	Detailed listing of lease payments made during the defined period
	Lease Terminations	Detailed listing of leases terminated during the defined period
	Renewals Due in 90 days	Detailed listing of leases with renewals becoming due in the next 90 days
	Lease Guarantors	Detailed listing of leases with guarantors identified on the lease record
	Other Lease Contract Provisions	Detailed listing of other contract provisions and key details associated with each

4 ADMINISTRATOR GUIDE

4.1 PRE-INSTALLATION/CONFIGURATION ACCOUNTING DECISIONS

Prior to the installation and configuration of NetSuite, there are several key accounting and configuration decisions management should make with the assistance of the technical accounting team, including the following:

- Leasing Landscape and Key Accounting Decisions
 - Applicable Standards (ASC 842, IFRS 16, or GASB 87)
 - New Lease Standard Transition Date
 - Transition Method
 - Practical Expedients to Adopt
 - What lease types to use to segregate your lease portfolio
 - Present Value Calculation Decisions (Payment In Advance or In Arrears)
 - The lease liability present value within NetLease can be set to calculate based on both in advance payments (beginning of month) or in arrear payments (end of month)
 - Note that in advance or in arrears payments can be set separately for each lease type as well as on the underlying lease. For example, Real Estate lease payments are frequently due at the beginning of the month (in advance) while equipment leases are paid at the end of the month (in arrears)
- Chart of Accounts Decisions

- Note that the NetLease will be set up to map each separate transaction types to an account in your chart of accounts
- The listing below should be reviewed to identify which accounts will be needed under the new standard
- **NOTE:** Netgain strongly recommends that the key lease accounts listed below are set up as single-purpose accounts (i.e., for NetLease system-generate lease transactions only). This allows for complete segregation of activities between lease and non-lease accounting transactions to improve reporting and reconciliations between NetLease (as the subledger) and the general ledger.

NetLease setup utilizes the following accounts:

Account	Account Type	Description	Example Account #
ROU Asset	Other Asset	Long Term Asset account where Right of Use Assets will be recorded to for each lease	1600
ROU Accumulated Amortization	Other Asset	Contra-account to Right of Use Asset that records reductions to ROU asset. This should be set up as a subaccount of ROU Asset	1601
ROU Clearing	Other Current Asset	Current Asset clearing account to record initial direct costs, prepayments, and incentives prior to commencement, as well as amounts receivable upon termination of a lease. ROU clearing reconciliations review activity between vendor bill payments and lease payment schedules running through this account	1200
Interest Payable	Other Current Liability	Current Liability Account where interest payable amounts embedded in Lease Liability can be reclassified. Note that this only applies when interest is accrued in the current period, but no payments are made (e.g., when quarterly payments or rent holidays).	2090
Lease Liability (Short-Term)	Other Current Liability	The Short-Term lease liability account. Amounts are in this account are populated through a monthly auto-reversing reclass journal entry	2100
Lease Payable Clearing Account	Other Current Liability	A child of the Lease Liability (Short-Term) account. This account is where lease vendor bills and monthly payments from the subledger amortization entries are recorded. Lease Payable Clearing reconciliations review activity between vendor bill payments and lease payment schedules running through this account	2110
Deferred Rent	Other Current Liability	Deferred rent account for Short Term Leases (or Low Value leases under IFRS) to record to deferred rent any differences between the	2120

		monthly single expense over the entire lease period and the monthly payment for that month	
Lease Liability (Long-term)	Long Term Liability	Long Term liability account. This is the PRIMARY lease account where all lease activity on the lease record is recorded.	2600
Lease Liability Contra (ST Reclass)	Long Term Liability	Child account Lease Liability (LT). The monthly ST/LT reclass entry pulls amounts from this account to record into the current section of the balance sheet	2610
Transition Entry Equity Account	Equity	Equity account where net balances of transition journal entries are to be recorded. These amounts can be recorded directly to Retained Earnings, unless a separate account is preferred	3030
Lease Expense Account (Operating)	Expense	The expense account that operating leases will book to as a single expense <i>Note this is applicable for US GAAP ONLY</i>	6200
Interest Expense	Expense	Expense account to record interest charges for lease liability accretion <i>Note this is for all IFRS leases and only Financing leases for US GAAP</i>	6110
ROU Amortization Expense	Expense	Amortization Account where periodic amortization of the ROU asset will be recorded. <i>Note this is for all IFRS leases and only Financing leases for US GAAP</i>	6065
Loss (Gain) on Lease Termination	Other Expense	The gain/loss account where the net impacts of lease changes are recorded, including from full or partial terminations (scope reductions)	8045
ROU Impairment Charge Account	Other Expense	The loss account where impairment charges for ROU impairments are to be recorded	8050

- Updates to your chart of accounts to reflect the accounts above will be made via **Setup → Accounting → Chart of Accounts**

4.2 NETLEASE INSTALLATION & INITIAL CONFIGURATION

To begin using NetLease, you will need to enable custom features and install the NetLease bundle into your NetSuite Sandbox or Production environment. During this process, you will perform initial configuration steps to ensure NetLease is properly configured to interact with your local NetSuite setup, chart of accounts, accounting preferences, and user roles & permissions. This section of the user guide will walk you through those one-time setup activities.

4.2.1 ENABLING CUSTOM RECORDS AND CUSTOM TRANSACTIONS

As a prerequisite to using NetLease for NetSuite, you must ensure that custom records and custom transactions are enabled in your NetSuite Environment.

A user with the administrator role can navigate to the Enable Features page and ensure custom records and transactions are enabled as follows:

STEP BY STEP PROCESS

- Navigate to **Setup** → **Company** → **Enable Features**
- Select the **SuiteCloud** tab
- Check the box for “**Custom Records**” and “**Custom Transactions**”
 - You will need to accept NetSuite terms and conditions to continue for both types
 - Click **Save**

4.2.2 KEY ACCOUNTING PREFERENCES IMPACTING NETLEASE

CLOSED PERIODS & POSTING DATE ALIGNMENT

As a native SuiteApp, NetLease transactions follow your NetSuite global settings. When NetLease generates transaction journals, the transaction date from the lease schedule entry is used.

If a period is closed, unless the accounting settings are configured appropriately, the transactions will error and lease journals will not be created. For these scenarios, there are two required settings to allow those transactions to post:

- Allow Transaction Date Outside of Posting Period
 - Must be set to **Warn** or **Allow**
- Default Posting Period when Transaction Date in Closed Period
 - Either setting (**First Open Period** or **Current Period**) will not prevent the journals from recording

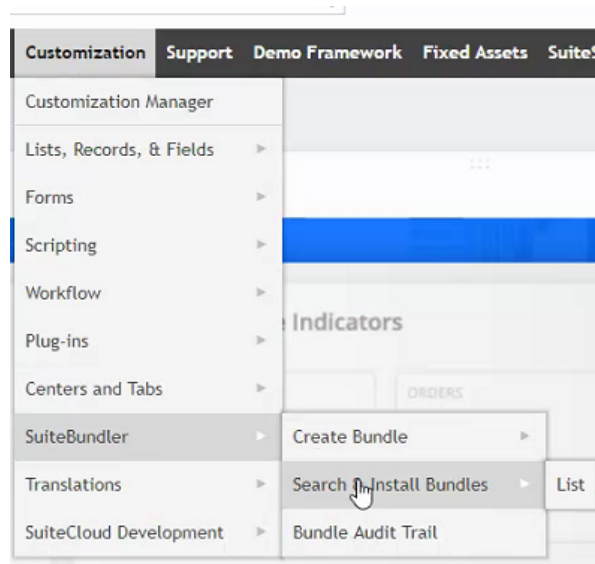
STEP BY STEP PROCESS

- Navigate to **Setup → Accounting → Accounting Preferences**
- The page opens to the **General** tab
- Review and/or update the selections for the two settings impacting
 - Allow Transaction Date Outside of Posting Period → this is required if recording historical transactions from closed periods)
 - Default Posting Period when Transaction Date in Closed Period
 - If settings have been updated, click **Save**

4.2.3 NETLEASE BUNDLE INSTALLATION

STEP BY STEP PROCESS

- Navigate to the bundle installation page:
Customization → SuiteBundler → Search & Install Bundles



- Using the **Keywords** field, search for Bundle ID **259598** and click the Search button
Netgain | **NetLease for Lessees**

Search & Install Bundles

Search

Basic | [Advanced](#)

LEAVE THE KEYWORDS BOX BLANK AND CLICK SEARCH TO VIEW THE MOST POPULAR SUITEAPPS

KEYWORDS

259598

Installation Terms of Service

NAME	BUNDLE ID	VERSION	MANAGED	COMPANY NAME
Netgain NetLease for Lessees	259598	2019.1		Netgain Release [TSTDV2024392]

- When the Bundle Details page is brought up, select **Install**

Bundle Details

[Netgain](#) | [NetLease for Lessees](#)

[Back](#)

[Install](#)

NAME
Netgain | NetLease for Lessees

ID
259598

COPIED FROM
255693 Account:TSTDV2003626

VERSION
2019.1

COMPANY
Netgain Release [TSTDV2024392]

☐ MANAGED

AVAILABLE SINCE
11/27/2018

NO. INSTALLS
42

PRODUCT
NetSuite OneWorld
VERTICAL

LANGUAGES
English (U.S.)

AVAILABILITY
Shared

ADMIN DOCUMENTATION

[Overview](#) [Components](#) [SuiteApp Info](#)

ABSTRACT
NetLease Lease Accounting Solution by Netgain

DESCRIPTION
Lease accounting solution for NetSuite. NetLease Management Tool will allow NetSuite customers to manage, operationalize and comply with ASC 842 and IFRS 16 lease accounting requirements.

- A secondary Bundle Update Page will appear as follows. Select **Update Bundle**.

Preview Bundle Update

Cancel Update Bundle

Name: Netgain | NetLease for Lessees Current Version: 2019.1 New Version: 2019.1

BUNDLE CONTENTS	SCRIPT ID	ACTION	PREFERENCE	INTERNAL ID	LOCK ON INSTALL
Custom Fields					
Transaction Body Fields					
NG Lessee Schedule Entry	custbody_laa_schedule_entry	Update		1151	
NG Lessee Lease	custbody_laa_lease	Update		1152	
NG Lessee Task Key	custbody_laa_task_key	Update		2299	
Transaction Line Fields					
NG Lessee Schedule Entry (Line)	custcol_laa_schedule_entry	Update		2297	
NG Lessee Lease (Line)	custcol_laa_lease	Update		2298	
Custom Lists/Records					
Lists					
NG Lessee Transaction Type	customlist_laa_lease_transaction_type	Update	Merge Data ▾	168	
NG Lessee NPV Calculation Time	customlist_laa_list_npv_calc_time	Update	Merge Data ▾	177	
NG Lessee Lessor/Lessee	customlist_laa_lease_term_opt_essor	Update	Merge Data ▾	172	
NG Lessee Processing Status	customlist_laa_lp_status	Update	Merge Data ▾	173	

- After the installation is complete, a new **NetLease** tab should be available on the NetSuite menu
- If the **NetLease** tab is not available, log out and then back into NetSuite

4.2.4 CONFIGURE GLOBAL SETTINGS FOR THE NETLEASE BUNDLE

As part of the initial setup, a user must navigate and set the global accounting preferences. Those preference selections serve two important functions:

1. Dictate how NetLease will perform its calculations and record lease transition entries, transactions, and modifications
2. Serves as an audit trail and indicator of elections made at conversion to the new standard and subsequent accounting under that standard

STEP BY STEP PROCESS

- Once the NetLease bundle is installed, navigate to NetLease setup page. **NetLease → NetLease Setup → System Setup**

NetLease	Sales	Knowledge Base
NetLease Overview		
NetLease Setup ▶	System Setup	
Lease Management ▶	Manage Lease Types ▶	
Run Monthly Journals ▶	Mass Lease Schedule Generation	

- The navigation will bring you to the General tab for NetLease Setup which constitutes your global settings

NetLease Setup

Save

General

System Features

Transition Selections

ACCOUNTING STANDARD *
GASB 87

TRANSITION DATE *
01/01/2019

TRANSITION METHOD *
Modified Retrospective

COMPARATIVE PERIODS
DO NOT Adjust Comparative Periods

Accounting Settings

DEFAULT LEASE TRANSACTION STATUS *
Pending Approval

DEFAULT LEASE TRANSACTION BOOKING DAY *
15th

System Settings

DEFAULT MASS PROCESSING EMAIL AUTHOR *
Michael Draper

RECLASS TRANSACTION FORM
Standard Journal Entry

BOOK-SPECIFIC TRANSACTION FORM
Standard Journal Entry

- Select the appropriate settings under both the General tab described in more detail below

Field Name	Required	Description	Example
Accounting Standard	Yes	The accounting standard to apply to all lease schedules and transactions for your instance, whether IFRS and US GAAP.	US GAAP
Transition Date	Yes	The beginning day of the period in which the new lease accounting standard IFRS 16 or ASC 842 is effective for your company. <i>Note that no journal entries will be recorded to the GL prior to the date indicated in this field.</i>	Jan 1, 2019
Transition Method	Yes	The method to be applied to implement the transition to the new standard. <i>Note that for US GAAP, modified retrospective must be selected; IFRS allows both Modified Retrospective and Full Retrospective.</i>	Modified Retrospective
Comparative Periods	No	Documentation Only. Whether comparative reporting will be adjusted to be view as if the standard was always applied.	DO NO Adjust Comparative Periods

		<i>Note that NetLease does not separately support comparative reporting.</i>	
Default Lease Transaction Status	Yes	Indicates the default lease transaction status for journal entries created by NetLease. Our recommendation is "Approved" as the entries are system-generated. Many journal entries are created on a lease by lease basis, which may require a more extensive approval process.	Approved
Default Lease Transaction Booking Day	Yes	Indicate the default day of the month to book all transactions created by NetLease. For 4-4-5 (or similar) calendars a mid-month day (e.g. 15th) is recommended to ensure that the transaction books to the correct accounting period. Note that reclass journals will still book to the last day of the accounting period.	1st
Default Mass Processing Email Author	Yes	The author of the email sent out detailing the results of mass schedule generation.	Jane Administrator
Reclass Transaction Form	No	Specify the form to use when generating reclass journal entries.	- Preferred Form -
Book-Specific Transaction Form	No	Specify the form to use when generating book-specific journal entries.	Standard Journal Entry

- Next, move to the System Features tab to select the NetLease features to enable, described in more detail below

NetLease Setup

Save

General **System Features**

System Feature Selections

- ☐ DO NOT AUTOMATE JOURNAL ENTRY DELETION
- ☒ GENERATE BOOK-SPECIFIC JOURNALS
- ☒ AUTOMATE FINAL PERIOD JOURNALS
- ☒ ENABLE LEASE PROPOSALS

Field Name	Required	Description	Example
Do Not Automate Journal Entry Deletion	No	Check this box to disable the system from deleting any NetLease journal entries. This is currently done when reversing out a modification. Note that if this setting is turned on, journals	✓

		generated from reversed modifications will have to manually deleted or reversed out.	
Generate Book-Specific Journals	No	Check this box to enable the book-specific journals system feature. This feature activates the ability to create Book Specific Journal entries for Leases. Note that Multi-book Accounting must be enabled to activate this feature.	✓
Automate Final Period Journals	No	Check this box to enable the creation of a Final Period Entry that clears out accumulated amortization.	✓
Enable Lease Proposals	No	Check this box to enable the use of lease proposals which separates out the creation of a lease into two steps and automates the determination of the lease classification.	✓

- *NOTE: The NetLease Setup is required only during initial setup, and it is not expected that any of the selections should be updated subsequently*

4.2.5 CONFIGURE LEASE TYPES

NetLease enables users to set up multiple lease types for your operating (ASC 842 only) and financing leases. Each lease type allows for separate mapping of transactions to your chart of accounts.

The most common lease types include the following:

- Real Estate
- Equipment
- Vehicles

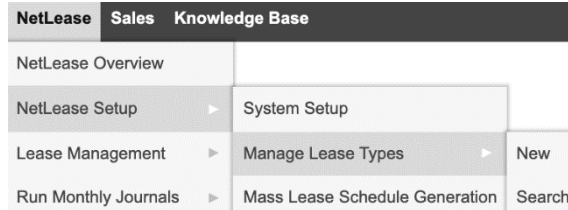
Additionally, lease types can be set up to calculate present value based on payments being made at the beginning of the month (in advance) or end of month (in arrears)

NOTE: NetLease reports are already designed to segregate between Operating and Financing as well as across all your lease types. Therefore, separate accounts are not required; however, your accounting team may still elect to create and use separate accounts across varying lease types to support additional reporting requirements.

Prerequisite: All required accounts should already be set up and configured in the chart of accounts

STEP BY STEP PROCESS

- Navigate to the lease type setup page by accessing **NetLease → NetLease Setup → Manage Lease Types**



- Select the **New NG Lessee Lease Type** button to bring up the lease type setup page

NG Lessee Lease Type ← → List Search Customize

Vehicle - Operating

Save **Cancel** **Reset** **Change ID** **Actions**

Primary Information

NAME *
Vehicle - Operating

DEFAULT LEASE CLASSIFICATION
Operating

DEFAULT PAYMENT TIMING (NPV CALC) *
In Arrears

☐ INACTIVE

Account Information

RIGHT OF USE ASSET ACCOUNT * 1600 Right of Use Asset	LEASE PAYABLE CLEARING ACCOUNT * 2100 Lease Liability Payable (Clearing)	TRANSITION ENTRY EQUITY ACCOUNT * 3004 Lease Transition Adjustment	IMPAIRMENT EXPENSE ACCOUNT * 6015 Amortization Expense
RIGHT OF USE ASSET ACCUMULATED AMORTIZATION ASSET ACCOUNT * 1601 ROU - Accum. Amortization	LEASE LIABILITY SHORT TERM ACCOUNT * 2150 Current Portion Lease Liability	LEASE EXPENSE ACCOUNT (OPERATING) * 6020 Automobile Expense	GAIN/LOSS ON LEASE TRANSACTIONS ACCOUNT * 8040 Loss (Gain) on Lease Modification
ROU CLEARING ACCOUNT * 1200 ROU Clearing	LEASE LIABILITY LONG-TERM ACCOUNT (PRIMARY) * 2400 Lease Liability (LT)	INTEREST EXPENSE ACCOUNT * 6110 Interest Expense	DEFERRED RENT ACCOUNT * 2700 Deferred Rent
INTEREST PAYABLE ACCOUNT * 2090 Interest Payable	LEASE LIABILITY LONG TERM CONTRAACCOUNT * 2410 Lease Liability LT Reclass	RIGHT OF USE ASSET AMORTIZATION EXPENSE ACCOUNT * 6015 Amortization Expense	

- Input the following Primary Information into the form:
 - Name for the lease type, such as equipment, real estate, vehicles, or software
 - The default lease classification (Operating or Financing)
 - NOTE: IFRS 16 and GASB 87 customers will always select “Financing”
 - The default payment timing (In Arrears or In Advance) which can be overridden at the lease level
- Complete the **Account Information** section by mapping each account to the corresponding or appropriate account in your chart of accounts
 - Refer to the [Pre-Installation/Configuration Accounting Decisions](#) section above for additional details related to each account type.

4.2.6 NETLEASE USER ROLE & PERMISSION SETUP

The utilization of roles across organizations using NetSuite can vary significantly. NetLease is built to allow full customization and alignment to a user’s existing strategy for roles, permissions, and corresponding segregation of duties.

Generally, for the most complex organizations, we would expect up to four categories of users within NetLease, and each role would have varying levels of access and permissions.

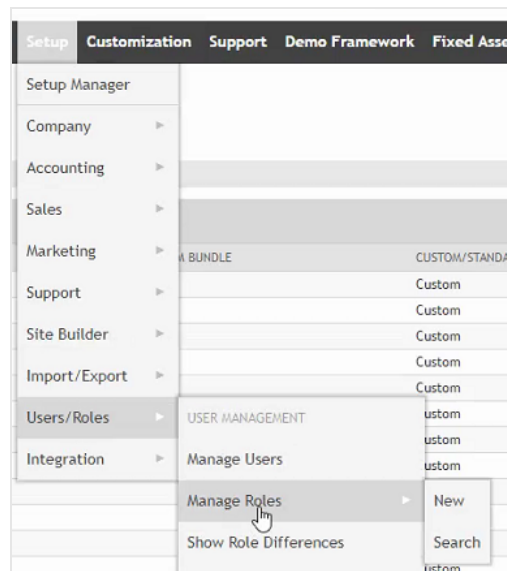
1. *AP Clerk*: Limited access user with ability process AP transactions and code payments against the Lease Liability Clearing Account; limited ability to edit lease information or generate/approve lease transactions
2. *Lease Specialist*: Medium access user with ability to create new leases, generate schedules, propose entries, and view reporting
3. *Lease Accounting Manager*: Same access as specialist plus the ability to approve journal entry transactions
4. *Lease/System Administrator*: Full access user with ability to access and edit configuration, transaction processing, and full reporting

The roles identified above are illustrative; for organizations with smaller teams that may own both lease administration and accounting, a single user role may be sufficient, while in many larger companies, there may be just two roles—one for lease administration and another for AP and Vendor Bill entry.

The NetSuite administrator should work with the Accounting Team to determine what roles and permissions are appropriate for their organization's lease management activities.

STEP BY STEP PROCESS

- Navigate to Manage Roles by accessing **Setup → Users/Roles → Manage Roles**



- Select an existing role to edit by accessing **Setup → Users/Roles → Manage Roles** and selecting **Edit** next to the role

VIEW: Default Customize View New Role						
FILTERS						
SHOW INACTIVES						
EDIT	INTERNAL ID	NAME A	FROM BUNDLE	CUSTOM/STANDARD	CENTER TYPE	
Edit	1014	V/P: Shipping		Custom	Shipping Center	
Edit	1070	10: Cost Acctg		Custom	Cost Accounting	
Edit	1057	11: A/R Clerk		Custom	Accounting Center	
Edit	1048	12: A/P Clerk		Custom	Accounting Center	
Edit	1013	13: Controller		Custom	Accounting Center	
Customize	4	A/P Clerk		Standard	Accounting Center	
Customize	5	A/R Clerk		Standard	Accounting Center	
Customize	1	Accountant		Standard	Accounting Center	
Customize	2	Accountant (Reviewer)		Standard	Accounting Center	
Edit	1023	Adv. Partner Center		Custom	Advanced Partner Center	
Customize	29	Advanced Partner Center		Standard	Advanced Partner Center	
Customize	50	Buyer		Standard	Accounting Center	
Customize	8	CEO		Standard	Executive Center	
Customize	7	CEO(Hands Off)		Standard	Executive Center	
Customize	41	CFO		Standard	Accounting Center	
Customize	49	Chief People Officer (CPO)		Standard	Accounting Center	
Customize	46	Consultant		Standard	Project Center	
Edit	1022	Controller - Basic		Custom	Accounting Center	
Customize	1067	Custom EFT Role	23103	Custom	Accounting Center	
Customize	14	Customer Center		Standard	Customer Center	
Edit	1055	Customer Center - Containers	2202	Custom	Customer Center	
Edit	1018	Customer Portal		Custom	Customer Center	
Edit	1039	Customer Service Rep		Custom	Support Center	
Edit	1028	Customer Service Rep - Sales		Custom	Sales Center	
Edit	1025	E-commerce Manager		Custom	E-Commerce Management Center	
Edit	1025	E-commerce Manager - Old		Custom	E-Commerce Management Center	
Customize	15	Employee Center		Standard	Employee Center	
Edit	1056	Employee Center		Custom	Employee Center	

- The Role details are brought up as noted below

Role

Save
Cancel
Reset
Change ID
Actions

General

NAME
12: A/P Clerk

ID
customrole1048

CENTER TYPE
Accounting Center

SUBSIDIARIES

- Honeycomb Holdings Inc.
- Honeycomb Holdings Inc. : Euro Based Subsidiary
- Honeycomb Holdings Inc. : Honeycomb Mfg.
- Honeycomb Holdings Inc. : test sub
- Honeycomb Holdings Inc. : test sub : Test Sub Child

No subsidiary selection causes role to restrict by subsidiary of user.

EMPLOYEE RESTRICTIONS
none - no default

DO NOT RESTRICT EMPLOYEE FIELDS

ALLOW CROSS-SUBSIDIARY RECORD VIEWING

RESTRICT TIME AND EXPENSES

SALES ROLE

SUPPORT ROLE

PARTNER ROLE

INACTIVE

Authentication

SINGLE SIGN-ON ONLY

WEB SERVICES ONLY ROLE

RESTRICT THIS ROLE BY DEVICE ID

TWO-FACTOR AUTHENTICATION REQUIRED
Not required

DURATION OF TRUSTED DEVICE
Per session

Permissions

Transactions • Reports • Lists • Setup • Custom Record

RECORD

Insurance Requirements

Lease

Lease Accounting Standard

Lease Classification

Lease Expansion Option

Lease Global Settings

Lease Guarantor

Lease Incremental Borrowing Rate Audit

Remove

Change ID

Actions

- Edit the Role by selecting the **Permissions subtab** and **Custom Record** sublist within to add the desired Permissions for the identified role within Lease Accounting and Reporting.

Note that companies may want to set up permissions that are more or less restrictive for users than what is shown below.

Role Area	Category	Lease / System Administrator	Lease Accounting Specialist / Manager	AP Clerk
Permissions: Custom Records	NG Lessee Contract Provisions	Full	Full	View
	NG Lessee Global Settings	Full	Full	View
	NG Lessee Lease	Full	Full	View
	NG Lessee Accounting Standard	Full	Full	View
	NG Lessee Lease Classification	Full	Full	View
	NG Lessee Lease Component Payments	Full	Full	View
	NG Lessee Schedule Entry	Full	Full	View
	NG Lessee Lease Type			
	NG Lessee Mass Schedule Processing	Full	Full	View
	NG Lessee Modification	Full	Full	View
	NG Lessee Monthly Journal Processing	Full	Full	View
	NG Lessee Monthly Reclass Processing	Full	Full	View
	NG Lessee Non-Lease Component Payments	Full	Full	View
	NG Lessee Saved Report	Full	Full	View
	NG Lessee Amortization	Full	Full	View
Permission: Custom Transactions	NG Lessee Initial Balance	Full	Full	View
	NG Lessee Modification	Full	Full	View
	NG Lessee Termination	Full	Full	View
	NG Lessee Transition	Full	Full	View
	NG Lessee Final Period	Full	Full	View

You may want to edit or customize a form for your environment, especially if you have additional requirements for journal entries and/or field usage. *For example, if Department, Class, and/or Location are required fields, you can edit the template to make those fields mandatory on the lease record.*

STEP BY STEP PROCESS

- | Customization | Documents | Setup | Support | Fixed Assets |
|-------------------------------------|-----------|---------------------------------|---------|--------------|
| Customization Manager | | | | |
| Lists, Records, & Fields ▶ | | Lists | | |
| Forms ▶ | | Record Types ▶ | | |
| Scripting ▶ | | Custom Segments ▶ | | |
| Workflow ▶ | | Transaction Types ▶ | | |
| Plug-ins ▶ | | Entity Fields ▶ | | |
| Centers and Tabs ▶ | | Item Fields | | |
| SuiteBundler ▶ | | CRM Fields ▶ | | |
| SuiteCloud Development ▶ | | Transaction Body Fields | | |
| customrecord_eperform_ez_review_for | | Transaction Line Fields ▶ | | |
| customrecord_laa_elcst | | | | |
| customrecord_ncfar_altdepreciation | | Transaction Item Options ▶ | | |
| customrecord_ncfar_allmethods | | | | |
| customrecord_ncfar_asset | | Item Number Fields ▶ | | |
| customrecord_ncfar_assetproposal | | | | |
| customrecord_ncfar_transferaccounts | | Other Record Fields ▶ | | |
| customrecord_ncfar_assettype | | Custom Help for Standard Fields | | |

- ## Record Types

New Type

FILTERS

OWNER

FROM BUNDLE

☐ SHOW INACTIVES

EDIT	FROM BUNDLE	ID
NG Lessee Lease	259598	customrecord_iaa_lease

- NetLease Solution Guide 23

Netgain form is not recommended if you plan on doing any customization as changes will get erased upon bundle update.

Custom Record Type

Copy to Account (Beta) More

NG Lessee Lease

Save

Cancel

Reset

Change ID

Actions

NAME *

NG Lessee Lease

ID

customrecord_1aa_lease

INTERNAL ID

157

OWNER

Zack Larsen

DESCRIPTION

DO NOT EDIT OR DELETE ANY FIELDS BEGINNING WITH ID "custrecord_1aa_..."

☒ INCLUDE NAME FIELD
 ☒ SHOW ID

SHOW CREATION DATE ☐ ON RECORD ☐ ON LIST

☐ SHOW LAST MODIFIED ☐ ON RECORD ☐ ON LIST

☐ SHOW OWNER ☐ ON RECORD ☐ ON LIST ☐ ALLOW CHANGE

ACCESS TYPE

Use Permission List

☒ ALLOW UI ACCESS
 ☐ ALLOW MOBILE ACCESS
 ☒ ALLOW ATTACHMENTS
 ☒ SHOW NOTES
 ☐ RECORDS ARE ORDERED
 ☒ SHOW REMOVE LINK
 ☒ ALLOW CHILD RECORD EDITING
 ☐ ALLOW DELETE

☐ ALLOW QUICK SEARCH
 ☒ ALLOW QUICK ADD
 ☒ ENABLE SYSTEM NOTES
 ☒ INCLUDE IN GLOBAL SEARCH
 ☒ INCLUDE IN SEARCH MENU
 ☒ ENABLE OPTIMISTIC LOCKING
 ☒ ENABLE INLINE EDITING
 ☐ HIERARCHY
 ☐ INACTIVE

Fields

Subtabs

Sublists

Icon

Numbering

Forms

Online Forms

Permissions

Links

Managers

Child Records

Parent Records

History

System Notes

☐ SHOW INACTIVES

EDIT	NAME	PREFERRED
Customize	Standard NG Lessee Lease Form	<input type="radio"/>
Edit	Netgain Default Lease Form	<input checked="" type="radio"/>

4.2.8 SET UP VENDOR BILL & ITEMS

All vendor bills for lease transactions need to be tagged to the corresponding lease in NetLease. The vendor bill record can be updated to tag the lease at either the line level or the for the entire vendor bill.

STEP BY STEP PROCESS

- Navigate to the Vendor Bill Form by accessing **Customization → Forms → Transaction Forms**

Customization Documents Setup Support Fixed Assets

Customization Manager

Lists, Records, & Fields

Forms

Scripting

Workflow

Plug-ins

Centers and Tabs

SuiteBundler

SuiteCloud Development

Bill Payment

Subtabs

Entry Forms

Transaction Forms

Advanced PDF/HTML Templates

Transaction Form PDF Layouts

Transaction Form HTML Layouts

Address Forms

Sublists

- Select **Edit** next to the existing customized and preferred vendor Bill you need to edit.
NOTE: If you are using a locked Vendor Bill record, you can select “Customize” next to the bill, provide it a preferred name and id, and mark it as preferred.

Custom Transaction Forms

Submit

SHOW INACTIVES

Bill — Lease Modification TOTAL: 112

Upgrade Checklist

EDIT	NAME	TYPE	SCRIPT	LIBRARY SCRIPT	PREFERRED
Customize	Standard Vendor Bill	Bill			<input type="checkbox"/>
Edit	Z - Vendor Bill	Bill			<input checked="" type="checkbox"/>

- **OPTION A: Add a single Lease field to the body of the Vendor Bill** (when there are NOT instances of a single payment covering multiple leases)
 - Select **Page Fields**, within the Main tab scroll down to **NG Lessee Lease**, and mark the box in the **Show** column
USER TIP: You will likely want to rename and reorder the location of the NG Lessee Lease field on the vendor bill record so that the Vendor Bill Form has a clean layout and placed in a logical location on the form

Tab

Field Groups

Screen Fields

Actions

Sublists

Sublist Fields

Custom Code

Roles

Linked Forms

History

Main • Billing • System Information • Custom • Expenses •

Move To Top

Move To Bottom

New Field

	LABEL	SHOW	MANDATORY	DISPLAY TYPE	CHECK BOX DEFAULT	DESCRIPTION	FIELD GROUP
⋮	SuiteSucc	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Normal		SuiteSuccess Help	Primary Information
⋮	Lease	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Normal		NG Lessee Lease	Primary Information

- **OPTION B: Add a Lease field to each expense line of the Vendor Bill** (when there are MULTIPLE leases that are paid with a single Vendor Bill)
 - Select **Page Fields**, select the **Expenses** tab, scroll down to **NG Lessee Lease (Line)**, and mark the box in the **Show** column
USER TIP: You will likely want to rename and reorder the column location of the NG Lessee Lease (Line) field on the vendor bill record so that the table has a clean layout and placed in a logical location in the expense table

Tab

Field Groups

Screen Fields

Actions

Sublists

Sublist Fields

Custom Code

Roles

Linked Forms

History

Main • Billing • System Information • Custom • Expenses •

Move To Top

Move To Bottom

New Field

	LABEL	SHOW	DESCRIPTION
⋮	Category	<input checked="" type="checkbox"/>	Category
⋮	Account	<input checked="" type="checkbox"/>	Account
⋮	Amount	<input checked="" type="checkbox"/>	Amount
⋮	Lease	<input checked="" type="checkbox"/>	NG Lessee Lease (Line)

4.3 NETLEASE DATA UPLOAD (MIGRATION AND BULK UPLOAD)

Use Case: As part of the initial upload, it may be beneficial to upload lease details in bulk, rather than one by one. This is especially true when there are a large number of leases, and/or leases with large changes to payment schedules, including quarterly payments or rent holidays.

NetLease uses NetSuite's native .csv upload process and it is broken out into a two-step process:

1. Upload Lease Header Details → This is necessary to input all the required fields so that the lease can be saved and a Lease ID can be generated
2. Upload Sublist Detail → Once a Lease ID is generated, additional sublist details can be uploaded and tied to a specific Lease by linking to the Lease ID. Example sublists include the following (although NG Lessee Lease Payments is by far the most common to be uploaded in bulk):
 - a. NG Lessee Lease Component Payments
 - b. NG Lessee Non-Lease Component Payments
 - c. NG Lessee Contract Provisions

4.3.1 UPLOAD TEMPLATES

Use Case: Netgain has developed basic .csv upload templates that can be used to upload lease details in batch. These steps can be followed to review and obtain information on an existing lease or as a starting point to create a new lease. This can be especially helpful when there is a high volume of leases needing update and loading.

4.3.2 LEASE HEADER DATA UPLOAD (STEP 1)

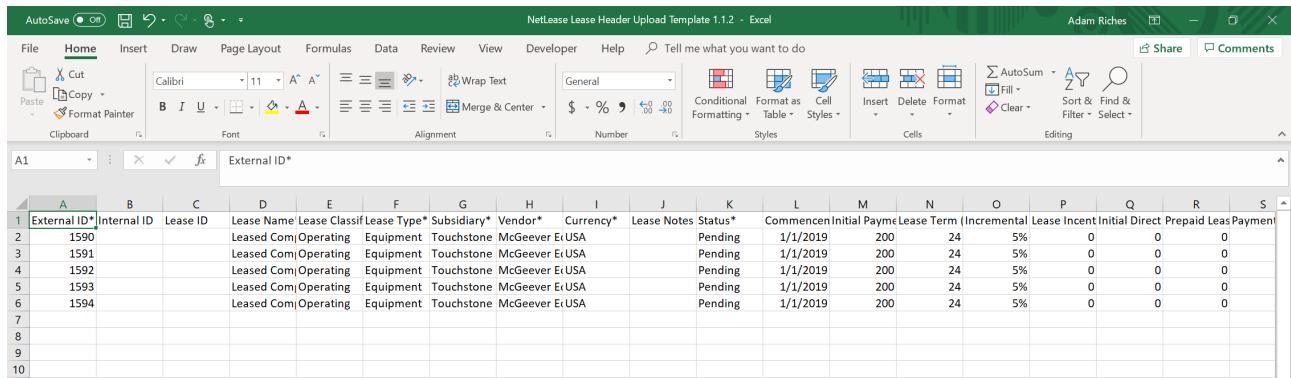
Use Case: These steps can be followed to review and obtain information on an existing lease or as a starting point to create a new lease. Note that the following fields are always required with data uploads:

- Lease Name
- Lease Classification
- Lease Type
- Subsidiary
- Vendor
- Currency
- Status
- Commencement Date
- Initial Payment Amount
- Lease Term (Months)
- Incremental Borrowing Rate %
- Lease Incentives
- Initial Direct Costs

- Prepaid Lease Payment

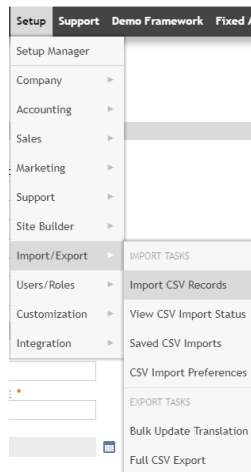
STEP BY STEP PROCESS

- Open the lease header upload Excel template and fill out the lease details for the required header fields prior to attempting to upload
- Note that **Internal ID** should be left blank



External ID*	Internal ID	Lease ID	Lease Name	Lease Classification	Lease Type*	Subsidiary*	Vendor*	Currency*	Lease Notes	Status*	Commencement	Initial Payment	Lease Term	Incremental	Lease Incent	Initial Direct	Prepaid Lease	Payment
1590			Leased Com	Operating	Equipment	Touchstone	McGeever E	USA		Pending	1/1/2019	200	24	5%	0	0	0	
1591			Leased Com	Operating	Equipment	Touchstone	McGeever E	USA		Pending	1/1/2019	200	24	5%	0	0	0	
1592			Leased Com	Operating	Equipment	Touchstone	McGeever E	USA		Pending	1/1/2019	200	24	5%	0	0	0	
1593			Leased Com	Operating	Equipment	Touchstone	McGeever E	USA		Pending	1/1/2019	200	24	5%	0	0	0	
1594			Leased Com	Operating	Equipment	Touchstone	McGeever E	USA		Pending	1/1/2019	200	24	5%	0	0	0	

- When finished updating the Excel File, save it in a known location as a .csv file
- Navigate to the **Import Assistant** by accessing **Setup → Import/Export → Import CSV Records**



- With the Import Assistant open, update the **Import Type** to **Custom** and the **Record Type** drop-down to **NG Lessee Lease**
- Under the CSV files section, click on the **Select** button and upload the .csv file you saved

Import Assistant

STEPS

1 Scan & Upload CSV File

2 Import Options

3 File Mapping

4 Field Mapping

5 Save mapping & Start Import

Scan & Upload CSV File

IMPORT TYPE
Custom Records

Choose the category of data to import.

RECORD TYPE
NG Lessee Lease

Choose the record type of data to import.

CHARACTER ENCODING
Western (Windows 1252)

Choose another character encoding format if you use an international or Macintosh version of Microsoft Excel, or if you typically use special characters.

CSV COLUMN DELIMITER
Comma

Select the symbol to be used as a column separator in the CSV files you import. This setting overrides the column separator preference specified at Home > Set Preferences.

CSV File(s)

☒ ONE FILE TO UPLOAD

☐ MULTIPLE FILES TO UPLOAD

Choose whether to import data from a single file or multiple files, and click the Select button(s) to browse to the file(s) to be uploaded.

Select...

- Select **Next** to progress to the Step 2 Import Options
- Within the Import Options section, make sure **Add** is selected

Import Assistant

More

STEPS

✓ 1 Scan & Upload CSV File

2 Import Options

3 File Mapping

4 Field Mapping

5 Save mapping & Start Import

Import Options

Data Handling

☒ ADD

☐ UPDATE

☐ ADD OR UPDATE

Select the appropriate option depending on whether you are importing new data or updating existing data.

Advanced Options

☐ LOG SYSTEM NOTES FOR CUSTOM FIELDS

Enable this option to create system notes during import of custom field data. Impacts performance; recommended only when custom fields require an audit trail.

☐ OVERWRITE MISSING FIELDS

For updates, enable this option to clear NetSuite fields mapped to CSV file fields that do not contain data.

☒ VALIDATE MANDATORY CUSTOM FIELDS

Enable this option to require mandatory custom field data to be present for records to be created.

☐ OVERWRITE SUBLISTS

For updates, enable this option to cause imported sublist data to completely replace existing sublist data, instead of selectively updating or being appended. ... [more](#)

☒ IGNORE READ-ONLY FIELDS

This option, enabled by default, allows you to import CSV files containing values for read-only fields without causing errors.

CSV DECIMAL DELIMITER
Period

Select the symbol to be used as a decimal mark in the CSV files you import. This setting overrides the decimal mark preference specified at Home > Set Preferences.

CUSTOM FORM
Netgain Default Lease Form

By default, your preferred form determines NetSuite fields that can be mapped for importing. To vary these fields, select a different form.

☐ RUN SERVER SUITESCRIPT AND TRIGGER WORKFLOWS

Check to specify that any server-side SuiteScripts and workflows should be triggered for the current CSV import. Note that running server SuiteScript slows the save p... [more](#)

- After progressing through File Mapping you will be prompted for **Field Mapping**
- Note that NetSuite tries to directly map all the fields it can recognize. When fields are not recognized, they must be manually matched between the .csv upload file and NetSuite fields. As noted above, ensure that all required fields are properly mapped.

- If the fields are mapped correctly and the field contents match the field values in NetSuite, the upload will show complete and the leases will be available to view in NetSuite.

DATE	JOB NAME	STATUS	PERCENT COMPLETE	MESSAGE	CSV RESPONSE	TOTAL: 5
3/18/2019 3:59 pm	Lease - LeaseList240 csv - ariches@netgain.tech	Complete	100.0%	0 of 100 records imported successfully	CSV Response	CANCEL
3/18/2019 4:02 pm	Lease - LeaseList240 csv - ariches@netgain.tech	Complete	100.0%	100 of 100 records imported successfully	CSV Response	
3/18/2019 8:27 am	Lease - External ID List csv - ariches@netgain.tech	Complete	100.0%	100 of 100 records imported successfully	CSV Response	
3/18/2019 8:38 am	Lease - LeaseList240 csv - ariches@netgain.tech	Complete	100.0%	100 of 100 records imported successfully	CSV Response	
3/26/2019 8:41 pm	Lease - Laptop Test upload csv - ariches@netgain.tech	Complete	100.0%	5 of 5 records imported successfully	CSV Response	

- In the event of a failed upload, review the logs for the specific reasons for the failed load and repeat the steps above.

4.3.3 VARIABLE PAYMENT UPLOADS (STEP 2)

Use Case: The most common type of sublist uploads for lease records is for payment schedule where amounts to be paid on a monthly basis for a lease vary from month to month.

STEP BY STEP PROCESS

- Open the Excel file with column headers for the relevant fields to upload.

- Complete the Excel file with all relevant content to upload
- The Lease ID will be the system-generated ID assigned with the first upload (or via manual Lease Record creation)

AutoSave ☐ Off

Payment Upload CSV

File Home Insert Draw Page Layout Formulas Data Review View Developer Help

Clipboard Font Alignment Number

C2 =CONCATENATE(A2," ",B2)

	A	B	C	D	E	F	G	H
1	Lease ID	Lease Name	Concatenated Name	Payment Date	Payment Amount			
2	LA00126	Leased Com	LA00126 Leased Computer 1	1/1/2019	600			
3	LA00126	Leased Com	LA00126 Leased Computer 1	2/1/2019	0			
4	LA00126	Leased Com	LA00126 Leased Computer 1	4/1/2019	600			
5	LA00126	Leased Com	LA00126 Leased Computer 1	5/1/2019	0			
6	LA00126	Leased Com	LA00126 Leased Computer 1	7/1/2019	600			
7	LA00126	Leased Com	LA00126 Leased Computer 1	8/1/2019	0			
8	LA00126	Leased Com	LA00126 Leased Computer 1	10/1/2019	600			
9	LA00126	Leased Com	LA00126 Leased Computer 1	11/1/2019	0			
10	LA00126	Leased Com	LA00126 Leased Computer 1	1/1/2020	600			
11	LA00126	Leased Com	LA00126 Leased Computer 1	2/1/2020	0			
12	LA00126	Leased Com	LA00126 Leased Computer 1	4/1/2020	600			
13	LA00126	Leased Com	LA00126 Leased Computer 1	5/1/2020	0			
14	LA00126	Leased Com	LA00126 Leased Computer 1	7/1/2020	600			
15	LA00126	Leased Com	LA00126 Leased Computer 1	8/1/2020	0			
16	LA00126	Leased Com	LA00126 Leased Computer 1	10/1/2020	600			
17	LA00126	Leased Com	LA00126 Leased Computer 1	11/1/2020	0			
18	LA00127	Leased Com	LA00127 Leased Computer 2	1/1/2019	600			
19	LA00127	Leased Com	LA00127 Leased Computer 2	2/1/2019	0			
20	LA00127	Leased Com	LA00127 Leased Computer 2	4/1/2019	600			
21	LA00127	Leased Com	LA00127 Leased Computer 2	5/1/2019	0			
22	LA00127	Leased Com	LA00127 Leased Computer 2	7/1/2019	600			
23	LA00127	Leased Com	LA00127 Leased Computer 2	8/1/2019	0			
24	LA00127	Leased Com	LA00127 Leased Computer 2	10/1/2019	600			
25	LA00127	Leased Com	LA00127 Leased Computer 2	11/1/2019	0			
26	LA00127	Leased Com	LA00127 Leased Computer 2	1/1/2020	600			
27	LA00127	Leased Com	LA00127 Leased Computer 2	2/1/2020	0			
28	LA00127	Leased Com	LA00127 Leased Computer 2	4/1/2020	600			
29	LA00127	Leased Com	LA00127 Leased Computer 2	5/1/2020	0			
30	LA00127	Leased Com	LA00127 Leased Computer 2	7/1/2020	600			

- Create a column that concatenates the Lease ID and Lease Name
(=concatenate(A2," ",B2) → this formula brings the two field values together with a space in between
- When the formula has been copied down to all lines of the upload template, those fields and paste as values

AutoSave ☐ Off

File Home Insert Draw Page Layout Formulas Data Review View Developer

Paste Values

Other Paste Options

Paste Special...

Font: Calibri, 11

Alignment: Merge & Center

Formula Bar: =CONCATENATE(A2," ",B2)

	B	C	D	E	F
	Name	Concatenated Name	Payment Date	Payment Amount	
1	LA00126	Leased Computer 1	1/1/2019	600	
2	LA00126	Leased Computer 1	2/1/2019	0	
3	LA00126	Leased Computer 1	4/1/2019	600	
4	LA00126	Leased Computer 1	5/1/2019	0	
5	LA00126	Leased Computer 1	7/1/2019	600	
6	LA00126	Leased Computer 1	8/1/2019	0	
7	LA00126	Leased Computer 1	10/1/2019	600	
8	LA00126	Leased Computer 1	11/1/2019	0	
9	LA00126	Leased Computer 1	1/1/2020	600	
10	LA00126	Leased Computer 1	2/1/2020	0	
11	LA00126	Leased Computer 1	4/1/2020	600	
12	LA00126	Leased Computer 1	5/1/2020	0	
13	LA00126	Leased Computer 1	7/1/2020	600	
14	LA00126	Leased Computer 1	8/1/2020	0	
15	LA00126	Leased Computer 1	10/1/2020	600	
16	LA00126	Leased Computer 1	11/1/2020	0	
17	LA00127	Leased Computer 2	1/1/2019	600	
18	LA00127	Leased Computer 2	2/1/2019	0	
19	LA00127	Leased Computer 2	4/1/2019	600	
20	LA00127	Leased Computer 2	5/1/2019	0	
21	LA00127	Leased Computer 2	7/1/2019	600	
22	LA00127	Leased Computer 2	8/1/2019	0	
23	LA00127	Leased Computer 2	10/1/2019	600	
24	LA00127	Leased Computer 2	11/1/2019	0	
25	LA00127	Leased Computer 2	1/1/2020	600	
26	LA00127	Leased Computer 2	2/1/2020	0	
27	LA00127	Leased Computer 2	4/1/2020	600	
28	LA00127	Leased Computer 2	5/1/2020	0	
29	LA00127	Leased Computer 2	7/1/2020	600	
30	LA00127	Leased Computer 2	8/1/2020	0	

- Once complete updating the Excel File, save it in a known location as a .csv file
- Navigate to the **Import Assistant** by accessing **Setup → Import/Export → Import CSV Records**
- With the Import Assistant open, update the **Import Type** to **Custom** and the **Record Type** drop-down to **NG Lessee Lease Component Payments**
- Under the CSV files section, click on the Select button and upload the .csv file you saved

Import Assistant

STEPS

- 1 Scan & Upload CSV File
- 2 Import Options
- 3 File Mapping
- 4 Field Mapping
- 5 Save mapping & Start Import

Scan & Upload CSV File

IMPORT TYPE
Custom Records

Choose the category of data to import.

RECORD TYPE
NG Lessee Lease Component Payments

Choose the record type of data to import.

CHARACTER ENCODING
Western (Windows 1252)

Choose another character encoding format if you use an international or Macintosh version of Microsoft Excel, or if you typically use special characters.

CSV COLUMN DELIMITER
Comma

Select the symbol to be used as a column separator in the CSV files you import. This setting overrides the column separator preference specified at Home > Set Preferences.

CSV File(s)

☒ ONE FILE TO UPLOAD

☐ MULTIPLE FILES TO UPLOAD

Choose whether to import data from a single file or multiple files, and click the Select button(s) to browse to the file(s) to be uploaded.

Select...

- Select the **Add or Update** button under **Import Options**

Import Assistant

More

STEPS

- ✓ 1 Scan & Upload CSV File
- 2 Import Options
- 3 File Mapping
- 4 Field Mapping
- 5 Save mapping & Start Import

Import Options

Data Handling

☒ ADD

☐ UPDATE

☐ ADD OR UPDATE

Select the appropriate option depending on whether you are importing new data or updating existing data.

Advanced Options

☐ LOG SYSTEM NOTES FOR CUSTOM FIELDS

Enable this option to create system notes during import of custom field data. Impacts performance; recommended only when custom fields require an audit trail.

☐ OVERWRITE MISSING FIELDS

For updates, enable this option to clear NetSuite fields mapped to CSV file fields that do not contain data.

☒ VALIDATE MANDATORY CUSTOM FIELDS

Enable this option to require mandatory custom field data to be present for records to be created.

☐ OVERWRITE SUBLISTS

For updates, enable this option to cause imported sublist data to completely replace existing sublist data, instead of selectively updating or being appended. ... [more](#)

☒ IGNORE READ-ONLY FIELDS

This option, enabled by default, allows you to import CSV files containing values for read-only fields without causing errors.

CSV DECIMAL DELIMITER
Period

Select the symbol to be used as a decimal mark in the CSV files you import. This setting overrides the decimal mark preference specified at Home > Set Preferences.

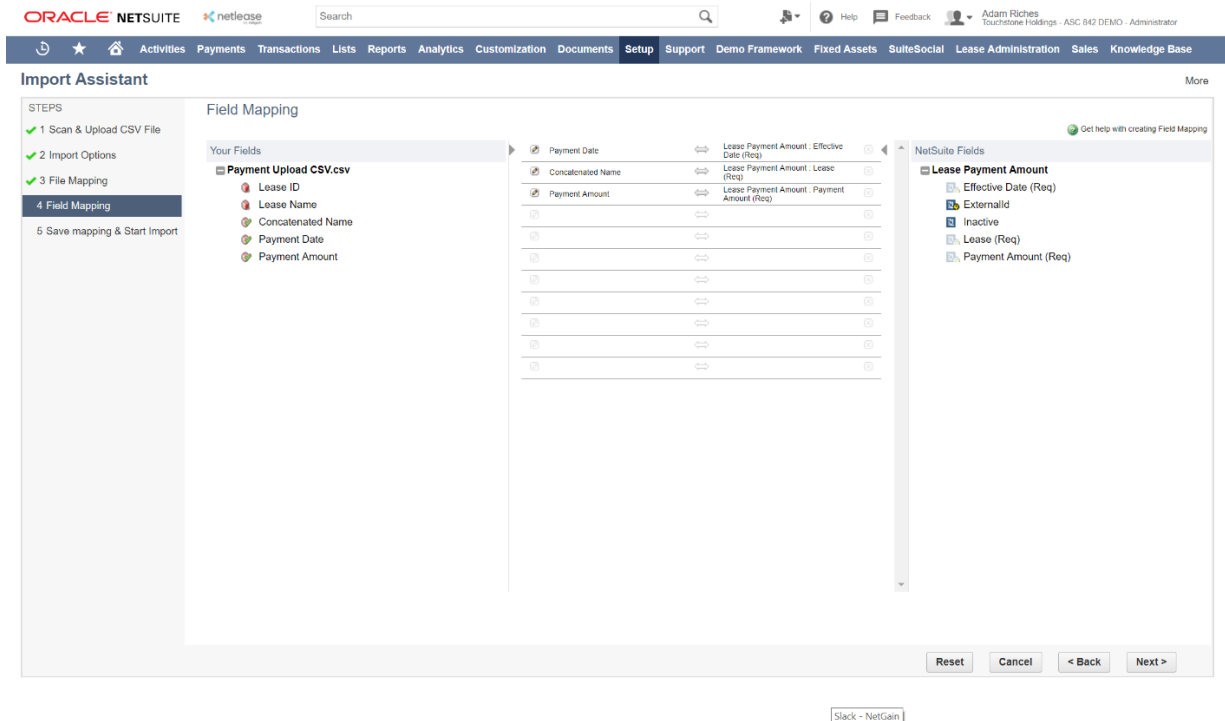
CUSTOM FORM
Netgain Default Lease Form

By default, your preferred form determines NetSuite fields that can be mapped for importing. To vary these fields, select a different form.

☐ RUN SERVER SUITESCRIPT AND TRIGGER WORKFLOWS

Check to specify that any server-side SuiteScripts and workflows should be triggered for the current CSV import. Note that running server SuiteScript slows the save p... [more](#)

- After progressing through File Mapping you will be prompted for **Field Mapping**
- Note that NetSuite tries to directly map all the fields it can recognize. When fields are not recognized, they must be manually matched between the .csv upload file and NetSuite fields. The fields should map from the .csv file as follows:
 - Concatenated Name (Lease ID + Lease Name) → Lease Payment Amount: Lease
 - Payment Date → Lease Payment Amount: Effective Date
 - Payment Amount → Lease Payment Amount: Payment Amount



- If the fields are mapped correctly and the field contents match the field values in NetSuite, the upload will show complete and the leases will be available to view in NetSuite with Lease Payment Amounts on the Payments subtab.
- In the event of a failed upload, review the logs for the specific reasons for the failed load and repeat the steps above.

4.3.4 MASS LEASE SCHEDULE GENERATION

NetLease has the ability to generate lease schedules in bulk or as a single batch process. This step is especially useful for users after lease data uploads with high volume lease activity or during initial setup.

STEP BY STEP PROCESS

- Navigate to the Mass Lease Schedule Generation page by selecting **NetLease → NetLease Setup → Mass Lease Schedule Generation**

NetLease	Sales	Knowledge Base
NetLease Overview		
NetLease Setup	▶	System Setup
Lease Management	▶	Manage Lease Types ▶
Run Monthly Journals	▶	Mass Lease Schedule Generation

- Select **Save** to initiate the mass schedule generation. Depending on the lease volume and lease durations, the processing job can range from less than a minute to 30 minutes or more.

NG Lessee Mass Schedule Processing

List Search Customize More

[Save](#)
[Cancel](#)
[Reset](#)

Processing Information

STATUS

BATCH RESULT FILE

<Type then tab>

Filters

LEASE

<Type then tab>

- You will receive a notification email when the job has completed, which will include a detail listing of the leases for which the schedule generation was completed.
- You can monitor the status on the subsequent page, periodically refreshing until the status has change to Complete and a .csv file is saved with the processing results.

NG Lessee Mass Schedule Processing

← → List Search

[Edit](#)
[Back](#)
[Actions](#)

Processing Information

ID

2

DATE CREATED

12/3/2019 10:59 am

OWNER

Chris Simon

STATUS

Complete

BATCH RESULT FILE

preview LeaseScheduleGenerationResults_12_3_2019_2.csv [download](#) [Edit](#)

Filters

LEASE

- To generate schedules in a more targeted fashion, which may be necessary if volumes exceed 10,000 leases, navigate to the Generate Amortization Schedules page by selecting **NetAsset** → **Mass Update Leases** → **Mass Lease Schedule Generation**

NetLease	Sales	Knowledge Base
NetLease Overview		Edit Custom
NetLease Setup	▶	
Lease Management	▶	
Mass Update Leases	▶	Mass Lease Schedule Generation
Process Monthly Journals	▶	Mass Commence Leases
		Mass Terminate Leases

- Enter any desired filters and click Filter Results if you would only like a subset of pending leases to have amortization schedules generated (or re-generated). Once you're happy with the leases displaying in the sublist, click the **Mark All** button then click the **Generate Schedules** button.

Generate Amortization Schedules More

[Generate Schedules](#) [Filter Results](#) [Reset](#)

Filters

SUBSIDIARY LEASE TYPE FROM COMMENCEMENT DATE

LOCATION LEASE TO COMMENCEMENT DATE

☐ FLAGGED FOR MASS UPDATE

Leases •

[Mark All](#) [Unmark All](#) [<< First Page](#) [< Previous Page](#) [Next Page >](#) [Last Page >>](#)

SELECT	LEASE	STATUS	COMMENCEMENT DATE	LEASE TERM	END DATE	INITIAL PAYMENT AMOUNT	INCREMENTAL BORROWING RATE %	PREPAID LEASE PAYMENTS	INITIAL DIRECT COSTS	INITIAL INCENTIVES
<input type="checkbox"/>	LA1002 Warehouse Forklift	Pending	01/01/2019	6	06/30/2019	2,000.00	5.0%	1000.00	0.00	0.00
<input type="checkbox"/>	LA1024 No Required Fields Test	Pending	01/01/2019	6	06/30/2019	50.00	5.0%	1.00	2.00	3.00

Page 1 of 1

- You will be redirected to a status page where you can refresh periodically to see the leases with updated amortization schedules

Generate Amortization Schedules More

[Back](#) [Export](#)

STATUS
COMPLETE

Schedule Generated •

[<< First Page](#) [< Previous Page](#) [Next Page >](#) [Last Page >>](#)

LEASE	STATUS	COMMENCEMENT DATE	LEASE TERM	END DATE	INITIAL PAYMENT AMOUNT	INCREMENTAL BORROWING RATE %	PREPAID LEASE PAYMENTS	INITIAL DIRECT COSTS	INITIAL INCENTIVES	SCRIPT EXECUTION LOG
LA1002 Warehouse Forklift	Pending	01/01/2019	6	06/30/2019	2,000.00	5.0%	1000.00	0.00	0.00	
LA1024 No Required Fields Test	Pending	01/01/2019	6	06/30/2019	50.00	5.0%	1.00	2.00	3.00	

Page 1 of 1

- Once the status is **Complete** you can click the **Export** button to save the processed results as a .csv file

4.4 NETLEASE REPORTING CONFIGURATION

Overview & User Case:

NetLease is bundled with an assortment of reports to support monthly reconciliations, financial reporting, disclosures, and lease administration.

These reports provide practically all of the standard reports customers need to support required disclosures under ASC 842 and IFRS 16, as well as additional reports to support lease management and compliance with key lease terms.

Each of the included reports are briefly described below. Most reports rely on the custom fields within NetLease and therefore do not require additional configuration after being loaded to your NetSuite account. Note however, that additional reports are dependent on GL accounts and therefore require customization. Reports details and customization steps are outlined in this section.

4.4.1 NETLEASE STANDARD REPORTS

Overview & User Case:

NetLease comes packaged with an assortment of standard reports designed to meet most of your day-to-day needs relative to Lease Accounting and Administration. In addition to the standard reports loaded, NetLease users may find the need to further customize and configure reporting to meet your specific needs.

The standard reports available are listed below with a short description.

Ledger Reconciliation Reports: Reports designed to reconcile balances between the subledger (lease schedules tied to each record) and the general ledger, as well as details within each clearing account by each lease.

- **ROU Clearing Account Reconciliation** → Reconciliation report to highlight end-of-period balances in the ROU Clearing Account by Lease
- **Lease Payable Clearing Account Reconciliation** → Reconciliation report to highlight end-of-period balances in the Lease Liability Clearing Account by Lease
- **ROU Subledger Reconciliation** → Detailed reconciliation support between the subledger and GL for all lease GL accounts
- **Lease Liability Subledger Reconciliation** → Reconciliation support between the subledger and GL for all lease GL accounts
- **Subledger Period Schedule Details** → Asset & Liability balances for all leases at a defined period (must be filtered by a single period)
- **New Leases Commenced** → Subledger search that sums initial balances for newly-commenced leases for the defined period range

- **Lease Expense, Depreciation, Payments & Interest** → Subledger search that sums payment and expense details across leases for the defined period range
- **Lease Modifications** → Subledger search that provides details of modifications completed during the defined period range along with pre- and post-modification balances
- **Lease Terminations** → Subledger search that provides details of terminated leases during the defined period range along with associated termination details
- **Full Amortization Schedule Details** → Detailed subledger to provide amortization line items across all leases in the system

Lease Financial Reports: Reports designed to support required financial reporting and disclosures, both for ASC 842 and IFRS 16

- **Lease Balance Roll-Forward Report (Operating or Financing)** → Report that rolls historical lease balances forward from one period to the next, indicating beginning balances, additions, deletions, and other adjustments. This is a Netgain-scripted report bundled with NetLease
- **Lease Expense Waterfall Report (Operating or Financing)** → Report that projects future lease expenses (lease expense if operating or interest/depreciation if financing) period by period and thereafter for the defined period range. This is a Netgain-scripted report bundled with NetLease
- **Lease Payment Waterfall Report (Operating or Financing)** → Report that projects future lease payments period by period and thereafter for the defined period range. This is a Netgain-scripted report bundled with NetLease

Lease Disclosure Reports: To support reporting and disclosures as required per ASC 842 and IFRS 16 required disclosures

- **Lease General Description Disclosure** → Provides a report highlighting all active leases by a few key attributes, including Subsidiary, Type, Classification, Currency, Total Lease Liability (contract currency), Count of Leases, Total ROU Asset Balance (contract currency)
- **Undiscounted Lease Maturity Analysis** → Detailed schedule of future payments to calculate undiscounted lease payments by quarter
 - NOTE: Access to an undiscounted lease maturity template can be helpful to highlight how to aggregate the report details and pivot into the format required for reporting. Access is obtained through the following:
Documents → Templates → Template Files → Lease Templates → UndiscountedLeaseMaturityAnalysis.xlsx

- **Weighted Average Discount Rate Table** → Detailed schedule to calculate weighted average discount rates
 - NOTE: Access to a weighted average Excel template is required to complete the calculation for the required disclosure. Access is obtained through the following: **Documents** → **Templates** → **Template Files** → **Lease Templates** → **Template for Weighted Average Discount Rate.xlsx**
- **Weighted Average Term Table** → Detailed schedule to calculate weighted average term
- **Variable Lease Term Disclosure** → Provides a detailed listing of all leases marked as having variable lease payment terms by Lease Classification, Variable Non-Lease Payment Type (if applicable), Variable Rate Index type, Original NPV (contract currency), Currency, and # of leases meeting each category
- **Lease Renewal Option Disclosure** → Provides a detailed listing of all leases with lease renewal options captured on the lease records, with additional details such as Subsidiary, Option Date, Likely To Renew Indicator (reflected in ROU & LL), Option Term, Exercise Date (if applicable), Lease Paragraph, Renewal Option End Date, and Renewed indicator
- **Lease Expansion Option Disclosure** → Provides a detailed listing of all leases with lease expansion options captured on the lease records, with additional details such as Subsidiary, Option Date, Exercise Date (if applicable), Lease Paragraph, Expansion Option End Date, and Expansion indicator
- **Lease Termination Option Disclosure** → Provides a detailed listing of all leases with lease termination options captured on the lease records, with additional details such as Subsidiary, Option Date, Likely To Terminate Indicator, Exercise Date (if applicable), Lease Paragraph, and Lease Status
- **Residual Value Guarantees** → Provides a detailed listing and summation of all lease residual value guarantees captured on the lease records by subsidiary, classification, and currency
- **Short Term Lease Census Results** → Provides a detailed listing of all leases indicated as Short Term in the lease record

Lease Administration Reports: To support management and reporting of lease transactions and abstract data

- **Lease Additions** → Detailed listing of new lease additions for the selected period range
- **Lease Expirations – 90 Days** → Detailed listing of leases expiring in the in the next 90 days
- **Lease Payments** → Detailed listing of lease payments made during the defined period

- **Lease Terminations** → Detailed listing of leases terminated during the defined period
- **Renewals Due in 90 days** → Detailed listing of leases with renewals becoming due in the next 90 days
- **Lease Guarantors** → Detailed listing of leases with guarantors identified on the lease record
- **Other Contract Provisions** → Detailed listing of all other contract provisions with key information

4.4.2 NETLEASE REQUIRED REPORT CUSTOMIZATIONS

Required One-Time Configuration Updates for Reporting:

All subledger reporting comes in NetLease as preconfigured as possible, but additional customization is required for any GL account-specific reporting, as the chart of accounts is custom for each user's NetSuite environment.

NOTE: Any time you configure a bundled report, it is best practice to save a copy of the report renamed with a custom name and ID for your account. See the next section for instructions on customizing the "Lease Administration" or "Reports" drop-down menu to include existing and configured reports.

Additionally, please note that certain reports can only be configured by an account administrator.

The following reports must be configured to reflect your GL accounts (and renamed):

- **ROU Clearing Account Reconciliation—Configuration Updates:**
 - Once you have selected this report, click on "**Customize**"
 - Select the **Filters** tab and locate **Account (Line)** in the **Choose Filters** section

Report Builder More

ROU CLEARING ACCOUNT RECONCILIATION TH

☐ Edit Columns
 ☒ Filters
 ☐ Sorting
 ☐ More Options

NAME *

ROU Clearing Account Reconciliation TH

SEARCH FIELDS

ADD FIELDS

Transaction

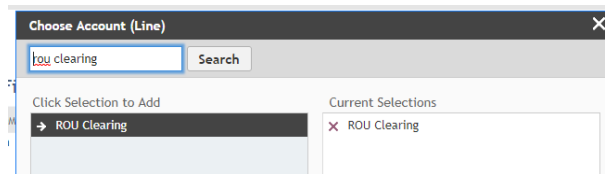
Choose Filters

REPORT COMPONENT*	FIELD*	VALUE	SHOW IN FILTER REGION
Transaction	Date	Filter: between Date Range: (Custom) From: 3/1/2018 To: 4/30/2018	Yes <input type="checkbox"/>
Transaction	Subsidiary	Filter: Subsidiary Context Touchstone Holdings - US Subsidiary	Yes <input type="checkbox"/>
Transaction	Account (Line)	Filter: equal to ROU Clearing	Yes <input checked="" type="checkbox"/>
Transaction	Class	Filter: equal to	Yes <input checked="" type="checkbox"/>
Transaction	Department	Filter: equal to	Yes <input checked="" type="checkbox"/>
Transaction	Location	Filter: equal to	Yes <input checked="" type="checkbox"/>
			<input type="checkbox"/>

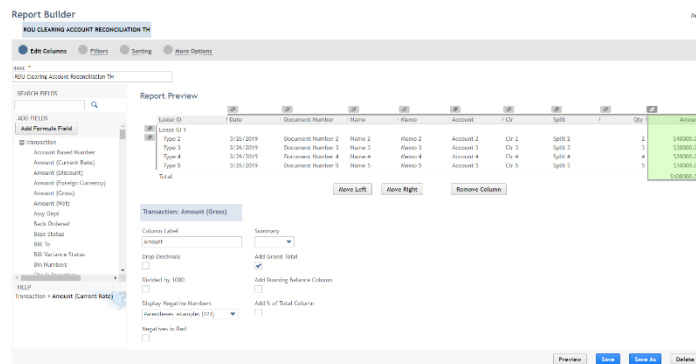
Add
 Cancel
 Insert

Preview
 Save
 Save As
 Delete

- Select the **Equal to** filter for **Account (Line)** at the Value column and select the two down arrows to select multiple



- From the Choose Account (Line) pop-up box, select the green arrows next to your **ROU Clearing Account** (however named in your account) to update the current selection and click **Done**
- Update the Report Name (e.g., "ROU Clearing Account Reconciliation TH" where TH represents your company)
- If your company operates with a single currency, you can remove the last two columns within the **Edit Columns** section for Currency: Name and Amount (Foreign Currency)



- Click **Save As** to create and finalize the customization and creation of the new version of the report
- **Lease Payable Clearing Account Reconciliation—Configuration Updates:**
 - Once you have selected this report, click on "**Customize**"
 - Select the **Filters** tab and locate **Account (Line)** in the **Choose Filters** section

Report Builder

More

LEASE PAYABLE CLEARING ACCOUNT RECONCILIATION TH

NAME *
Lease Payable Clearing Account Reconciliation TH

SEARCH FIELDS
[Search Box]

ADD FIELDS
Transaction

Choose Filters

REPORT COMPONENT *	FIELD *	VALUE	SHOW IN FILTER REGION
Transaction	Date	Filter: between Date Range: (Custom) From: 3/1/2018 To: 4/30/2018	Yes
Transaction	Subsidiary	Filter: Subsidiary Context Touchstone Holdings - US Subsidiary	Yes
Transaction	Account (Line)	Filter: equal to Lease Liability (ST) : Lease Payable Clearing Account	
Transaction	Class	Filter: equal to	Yes
Transaction	Department	Filter: equal to	Yes
Transaction	Location	Filter: equal to	Yes

Buttons: Add, Cancel, Insert

Buttons: Preview, Save, Save As, Delete

- Select the **Equal to** filter for **Account (Line)** at the Value column and select the two down arrows to select

Choose Account (Line)

Exchange - Office

[Search Box]

Click Selection to Add

- Lease Gain (Loss)
- Lease Liability (LT)
- Lease Liability (LT) : Lease Liability Contra (LT)
- Lease Liability (ST)
- Lease Liability (ST) : Lease Payable Clearing Account
- Leasehold Improvements
- Less Long-Term Portion
- Line of Credit Payable
- Loan Payable-Short-Term
- Machinery & Equipment
- Manufacturing Expenses
- Manufacturing Expenses : Labor

Current Selections

- × Lease Liability (ST) : Lease Payable Clearing Account

Buttons: Done, Cancel

- From the Choose Account (Line) pop-up box, select the green arrow next to **Lease Liability Payable (Clearing)** (or how you have named the account in your environment) to bring them to current selections
- Update the Report Name (e.g., "Lease Payable Clearing Account Reconciliation TH" where TH represents your company)
- If your company operates with a single currency, you can remove the last two columns within the **Edit Columns** section for Currency: Name and Amount (Foreign Currency)
- Click **Save As** to create and finalize the customization and creation of the new version of the report

• ROU Ledger Transaction Summary—Configuration Updates:

- Once you have selected this report, click on **“Edit this Search”**
- On the **Criteria** subtab, update the **Standard** Criteria to **Filter Account** to “is any of” (1) **ROU Asset Account**, (2) **ROU Accum Amort Account** per your chart of accounts and as set up in your lease type configurations

Saved Transaction Search
ROU Ledger Reconciliation by Lease TH

Save Reset Cancel Preview New Template Pivot Report Change ID Actions

SEARCH TITLE *
ROU Ledger Reconciliation by Lease TH

ID
customsearch_laa_rou_recon_th

OWNER
Zach Nelson

☒ PUBLIC

☒ AVAILABLE AS LIST VIEW

☒ AVAILABLE AS DASHBOARD VIEW
☒ AVAILABLE AS SUBLIST VIEW
☒ AVAILABLE FOR REMINDERS
☒ SHOW IN MENU

Criteria Results Highlighting Available Filters Audiences Roles Email Audit Trail Execution Log Search Title Translation

Use this tab to specify criteria that narrow down your search.

☐ USE EXPRESSIONS

Standard Summary

FILTER *	DESCRIPTION *
Account	Is any of 1600 ROU Asset, 1650 ROU Asset : ROU Accumulated Amortization

Add Cancel Insert Remove

Save Reset Cancel Preview New Template Pivot Report Change ID Actions

- Rename the Search Title (e.g., “ROU Ledger Reconciliation by Lease TH” where TH represents your company)
- Then click **Save As** to create the new version of the report
- Search for the report on the menu bar and select **Edit**

rou ledger

Search: ROU Ledger Reconciliation by Lease

Search: ROU Ledger Reconciliation by Lease TH [Edit](#)

- Click **Change ID** to update the ID (e.g., to “customsearch_laa_rou_recon_th”)
- Click **Save** to finalize the customization of the report
- **Lease Liability Ledger Reconciliation—Configuration Updates:**
 - Once you have selected this report, click on **“Edit this Search”**
 - On the **Criteria** subtab, update the **Standard** Criteria to **Filter Account** is “xxxx Lease Liability (LT)” for your primary Lease Liability account per your chart of accounts

Saved Transaction Search

Lease Liability Ledger Reconciliation by Lease

[Save As](#) [Preview](#) [New Template](#) [Pivot Report](#) [Actions](#)

SEARCH TITLE *

Lease Liability Ledger Reconciliation by Lease TH

ID

customsearch_laa_liability_reconlt

OWNER


Michael Draper

☒ PUBLIC

☒ AVAILABLE AS LIST VIEW

- ☒ AVAILABLE AS DASHBOARD VIEW
- ☒ AVAILABLE AS SUBLIST VIEW
- ☒ AVAILABLE FOR REMINDERS
- ☒ SHOW IN MENU

[Criteria](#) [Results](#) [Highlighting](#) [Available Filters](#) [Audience](#) [Roles](#) [Email](#) [Audit Trail](#) [Execution Log](#) [Search Title Translation](#)

 Use this tab to specify criteria that narrow down your search.

☐ USE EXPRESSIONS

Standard • Summary

FILTER *

Account


DESCRIPTION *

Is 2600 Lease Liability (LT)

[Add](#) [Cancel](#) [Insert](#) [Remove](#)

[Save As](#) [Preview](#) [New Template](#) [Pivot Report](#) [Actions](#)

- NOTE: If you elect to NOT use a separate lease liability contra account for reclasses from long-term to current liabilities, you will want to include your short term lease liability account as well
- Rename the Search Title (e.g., “Lease Liability Ledger Reconciliation by Lease TH” where TH represents your company)
- Click **Save As** to create the new version of the report
- Search for the report on the menu bar and select **Edit**



Search: Lease Liability Ledger Reconciliation by Lease

Search: Lease Liability Ledger Reconciliation by Lease TH [Edit](#)

- Click **Change ID** to update the ID (e.g., to “customsearch_laa_leas_lia_recon_th”)
- Click **Save** to finalize the customization of the report

4.4.3 UPDATING YOUR CENTER TABS

Overview & User Case:

The reports referred to in the previous section are available with the NetLease bundle, but need to have a one-time setup to directly access from the user’s center. NetLease users should decide from which drop-down center tab they would like to access their reports. The most common options for NetLease reports are the following:

- Create additional categories within the NetLease center tab
- Create additional categories within the Reports center tab

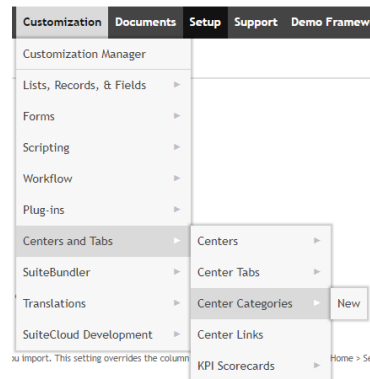
Although NetLease has pre-configured reports loaded in NetSuite, most customers consistently rely on navigating to the **Reports** menu for their reporting needs. Additionally, any edits made to the NetLease tab would be overwritten with subsequent NetLease bundle updates as they are loaded to your NetSuite environment.

NOTE: Netgain did NOT natively set up reports on to the NetLease tab so that users can self-define which reports should be available via the center tabs. Any changes to default center categories within the NetLease center tab would be overwritten in subsequent updates. However, the additional center categories added to the NetLease center tab will be unimpacted by future updates.

Prerequisite: Any report customizations or changes, as well as configuration of reports reliant on the GL, should be updated prior to being added or set up on the center tabs.

STEP BY STEP PROCESS

- Select **Customization → Centers and Tabs → Center Categories → New**



- On the Center Category page, select the desired details
 - Label: Text that appears in the drop-down
 - ID: Custom ID for that center category
 - Center Type: The role center type that will be able to view the reports
 - NOTE: The center type must be the same center of the NetLease User. For example, many NetLease users may be aligned to the Accounting Center rather than Classic Center
 - Insert Before: Indicates the placement on the drop-down menu

Center Category

Copy to Account (Beta) More

Save

Cancel

Change ID

Actions

LABEL *

Lease Reconciliations

ID

custcentercategory_laa_reports_recons_th

CENTER TYPE

Classic Center

CENTER TAB

Reports

INSERT BEFORE

Lease Administration

Values

Translation

Remove all

Add Multiple

LINK *	LABEL	TRANSLATION	SHORT LIST
:: Lease Amortization Schedule Results	Lease Amortization Schedules		
:: Lease Subledger Period Detail Results	Subledger Period Balances		
:: ROU Ledger Reconciliation by Lease TH Results	ROU Ledger Balances		
:: Lease Liability Ledger Reconciliation by Lease TH Results	Lease Liability Ledger Balances		
:: ROU Clearing Account Reconciliation TH	ROU Clearing Account Reconciliation		
:: Lease Payable Clearing Account Reconciliation TH	Lease Payable Clearing Account Reconciliation		

<Type then tab>

✓ Add

✕ Cancel

✚ Insert

🗑 Remove

⬆ Move Up

⬇ Move Down

⬆ Move To Top

⬇ Move To Bottom

Save

Cancel

Change ID

Actions

- Once the desired details are input for link and label and the tabs and reports are also linked and labeled, select save to populate to the Menu Bar.
- Note that the reports identified here are completely dependent on what you would like to have access to. The following table highlights a potential setup utilizing the standard NetLease reports as well as those customized for client-specific GL

Report Category	Bundled Report Link	Menu Label	Customized (GL-Dependent)
Reconciliation Reports	NG Lessee ROU Clearing Recon	ROU Clearing Account Reconciliation	Yes
	NG Lessee Payable Clearing Recon	Lease Payable Clearing Account Reconciliation	Yes
	NG Lessee ROU Ledger Detail by Lease	ROU Ledger Transaction Summary	Yes
	NG Lessee Liability Ledger Detail by Lease	Lease Liability Transaction Summary	Yes
	NG Lessee Subledger Period Detail	Subledger Period Schedule Details	No
	NG Lessee New Leases Commenced	New Leases Commenced	No
	NG Lessee Expense and Amort Activity	Lease Expense, Depreciation, Payments & Interest	No
	NG Lessee Modifications	Lease Modifications	No
	NG Lessee Terminations	Lease Terminations	No
	NG Lessee Amortization Schedule	Full Amortization Schedule Details	No

Report Category	Bundled Report Link	Menu Label	Customized (GL-Dependent)
Lease Financials	NG Lessee - Roll Forward Report (Operating) SL LINK	Lease Balance Roll-Forward Report (Operating)	No
	NG Lessee - Roll Forward Report (Financing) SL LINK	Lease Balance Roll-Forward Report (Financing)	No
	NG Lessee - Waterfall Expense Report (Operating) SL LINK	Lease Expense Waterfall Report (Operating)	No
	NG Lessee - Waterfall Expense Report (Financing) SL LINK	Lease Expense Waterfall Report (Financing)	No
	NG Lessee - Waterfall Payment Report (Operating) SL LINK	Lease Payment Waterfall Report (Operating)	No
	NG Lessee - Waterfall Payment Report (Financing) SL LINK	Lease Payment Waterfall Report (Financing)	No
	NG Lessee - Waterfall Payment Report SL LINK	Lease Payment Waterfall Report (All)	No
Disclosure Reports	NG Lessee General Description Disclosure	Lease General Description Disclosure	No
	NG Lessee Undiscounted Lease Maturity	Undiscounted Lease Maturity Analysis	No
	NG Lessee Weighted Average Discount Rate Calc	Weighted Average Discount Rate Report	No
	NG Lessee Weighted Average Term Report	Weighted Average Term Report	No
	NG Lessee Variable Terms Disclosure	Variable Lease Terms	No
	NG Lessee Renewal Option Listing	Lease Renewal Options	No
	NG Lessee Expansion Option Listing	Lease Expansion Options	No
	NG Lessee Termination Option Listing	Lease Termination Options	No
	NG Lessee Purchase Option Listing	Lease Purchase Options	No
	NG Lessee Residual Guarantees	Residual Value Guarantees	No
	NG Lessee Short Term Lease Census	Short Term Lease Census	No
Administration Reports	NG Lessee Current Year Additions	Lease Additions	No
	NG Lessee Lease Expirations - 90 Days	Expirations – 90 Days	No

Report Category	Bundled Report Link	Menu Label	Customized (GL-Dependent)
	NG Lessee Lease Payments	Lease Payments	No
	NG Lessee Terminations	Terminations	No
	NG Lessee Renewal Options - 90 Days	Renewals Due in 90 Days	No
	NG Lessee Guarantor Listing	Lease Guarantors	No
	NG Lessee Other Contract Provisions Listing	Other Lease Contract Provisions	No

4.5 ADDITIONAL NETLEASE SETUP OPTIONS

NetLease provides additional pages within the NetLease Setup center category for users to customize or access as desired. These sections are optional for NetLease users, but the detail of functionality is highlighted below.

4.5.1 MANAGE INDEX RATE TYPES

When variable lease payments are dependent on an index or rate, NetLease can capture the index or rate upon which the lease rate is dependent. The list of rates available for selection is managed within NetLease setup center category.

STEP BY STEP PROCESS

- Create a new index or rate by navigating to the Index Rate List page through **Customization → Lists, Records, & Fields → Lists** and select the NG Lessee Index Rates list
- Inactivate any current index rates or add new as desired and select **Save**

Custom List Copy to Account (Beta)

NAME *

NG Lessee Index Rates

ID

customlist_laa_index_rates

OWNER

Michael Draper

DESCRIPTION

SHOW OPTIONS IN: ☒ THE ORDER ENTERED ☐ ALPHABETICAL ORDER

☐ CONVERT TO CUSTOM RECORD

☐ INACTIVE

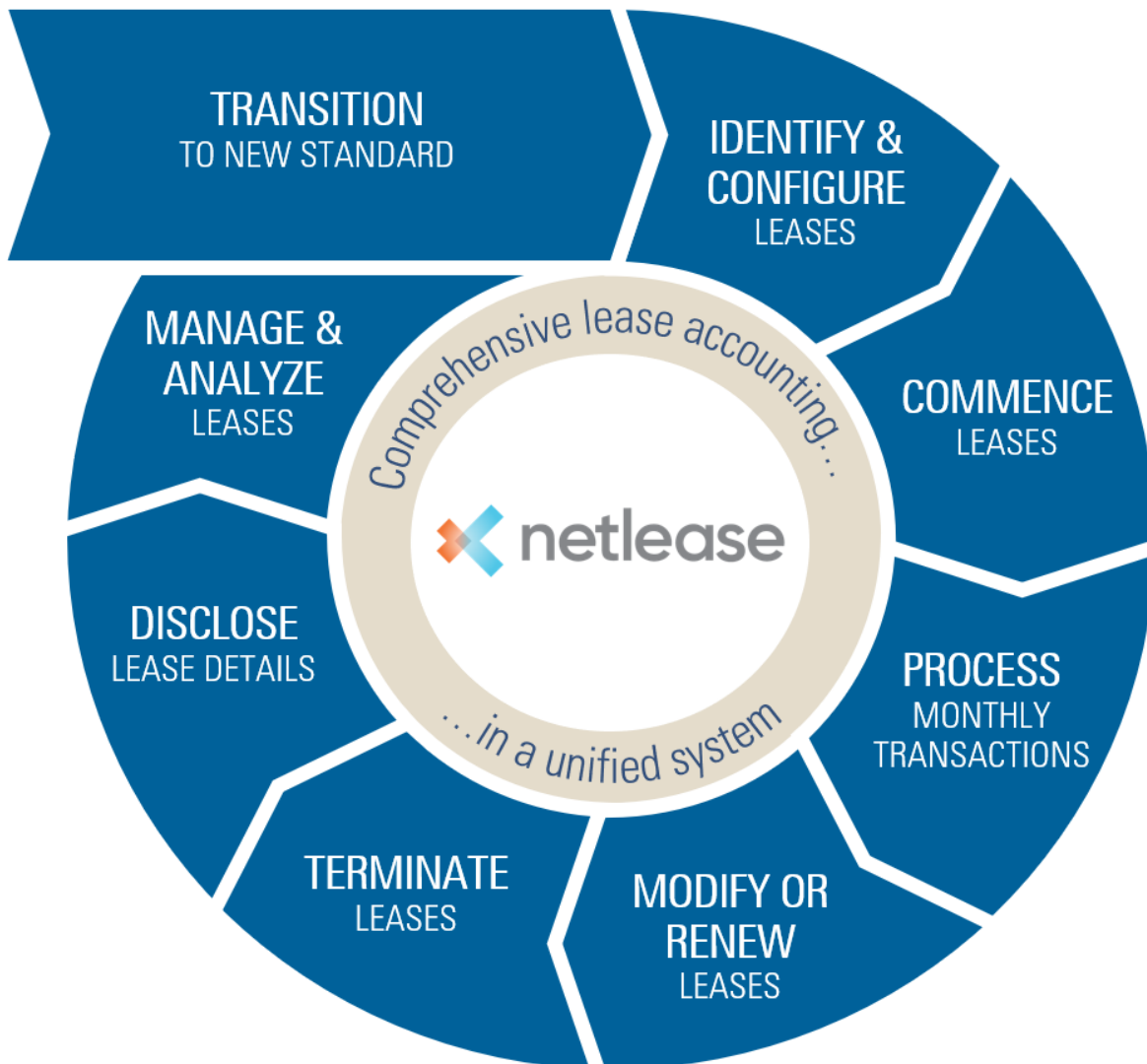
Values • Translation • History • System Notes •

VALUE *	TRANSLATION	INACTIVE
BOND	<input checked="" type="checkbox"/> French (France): LIAISON	
CPI	<input checked="" type="checkbox"/> French (France): IPC	
LIBOR	<input checked="" type="checkbox"/> French (France): LIBOR	
PRIME	<input checked="" type="checkbox"/> French (France): PREMIER	
TREASURY RATE	<input checked="" type="checkbox"/> French (France): TAUX DE TRÉSORERIE	

5 USER GUIDE

5.1 THE LEASE ACCOUNTING LIFECYCLE OVERVIEW & KEY PROCESSES

NetLease has been purpose-built to support each phase within the lease accounting lifecycle and to help support compliance with the new lease accounting standards.



Each step in the lease accounting lifecycle shown above is covered separately in the subsequent user guide. A brief description of each steps is included below:

- **Transition To New Standard** → Represents the activities and corresponding journal entries required on the date of transition to the new accounting standard (whether IFRS 16 or ASC 842). The corresponding journal entries establish the beginning ROU Asset balance and Lease Liability balance at the transition date, with any differences recorded against retained earnings (utilizing the modified retrospective method).

- **Identify & Configure Leases** → Represents the activities required to set up a new lease in the NetLease module and enter the required calculation inputs. The lease amortization table is created in this phase of the lifecycle (no journal entries are recorded yet for the lease).
- **Commence Leases** → Represents the activities required at lease commencement to initiate the lease, resulting in the establishment of the lease liability and corresponding Right of Use Asset.
- **Process Monthly Transactions** → Represents the activities required monthly to recognize the amortization of the right of use asset as well as accounting for the corresponding lease payments and reductions in the Lease Liability for each leased asset.
- **Modify or Renew Leases** → Represents the activities required to modify a lease, whether the change in scope or terms of the release were part of the original agreement or subsequent agreement.
- **Terminate Leases** → Represents the activities involved to close or terminate a lease record, write off all balances, and lock the lease for further activity.
- **Disclose Lease Details** → Represents the activities and reports available to support lease disclosure requirements under the new accounting standards.
- **Manage & Analyze Leases** → Represents the additional functionality within NetLease to support the ongoing management and analysis of the lease population, including renewal dates, capturing key data, & other lease management activities.

5.2 IDENTIFY & CONFIGURE LEASES

Background for Identifying Contracts with Lease and Non-Lease Components:

The first requirement in using NetLease is to identify what are actual leases as defined under the new accounting standards. Although this may seem intuitive, determining what constitutes a lease may be less than straightforward. The general approach is to (1) identify contracts that contain a lease, and (2) determine the various components of the contract to segregate between the lease and non-lease components.

NetLease is primarily focused on the recording and compliance for the lease components of a contract; however, we also provide tools to support the tracking and management of non-lease components of a contract. When establishing a lease in NetLease, it is important to segregate and carry forward only the lease components to the primary header and payment fields for the lease.

Netgain can support you with common questions and research around technical lease accounting, and specifically how to perform activities within NetLease, but for more comprehensive support, we would recommend partnering with an established accounting and consulting firm experienced in adoption and interpretation of ASC 842 and IFRs 16. We would be happy to provide recommendations.

Lease Definitions under both Standards:

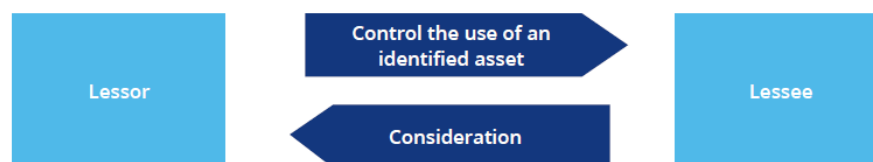
ASC 842-10-15-3 defines a lease as follows:

A contract — or part of a contract — in which a supplier conveys to a customer “the right to control the use of identified [PP&E / Asset] for a period of time in exchange for consideration.”

IFRS 16:Appendix A similarly defines a lease as follows:

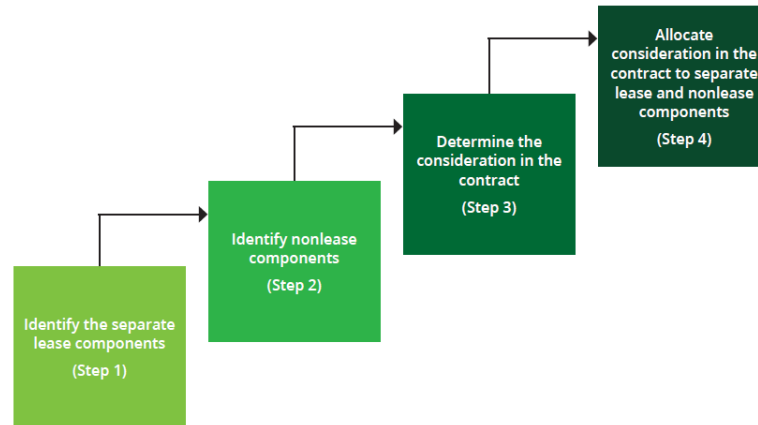
A contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration

The relationship between a lessor and lessee is illustrated below (from Deloitte’s ASC 842 Roadmap)



Lease and Non-Lease Components:

Many contracts may contain both Lease and Non-Lease components (e.g., rent of office space plus monthly CAM charges). Deloitte provides the following 4-step process to separate lease and non-lease components:



Note that the Lease components you identify in a contract are the amounts that should be carried forward and set up specifically within NetLease in the payment schedules, while additional actual and/or estimated non-lease expenses can be captured separately within the Abstract Data subtab under the Expected Lease Costs sublist.

NOTE: Both ASC 842 and IFRS 16 allow a practical expedient to not separate components. In those instances, we would NOT need to capture payments separately in the Abstract date subtab within NetLease. The FASB did note, however, that it would not expect lessees (even though allowed) to elect this expedient when non-lease components are significant.

ASC 842: As a practical expedient, a lessee may, as an accounting policy election by class of underlying asset, choose not to separate non-lease components from lease components and instead to account for each separate lease component and the nonlease components associated with that lease component as a single lease component [ASC 842-10-15-37]

IFRS 16: As a practical expedient, a lessee may elect not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. This election should be made by class of underlying asset [IFRS 16:15]

5.2.1 CREATE A NEW LEASE RECORD

Use Case: These steps can be followed to review and obtain information on an existing lease or as a starting point to create a new lease

Prerequisite: All setup & configuration activities need to be complete

STEP BY STEP PROCESS

- Select **NetLease → Lease Management → New Lease**

NetLease	Sales	Knowledge Base
NetLease Overview		
NetLease Setup		
Lease Management	New Lease	
Run Monthly Journals	Lease List	

- A blank New NG Lessee Lease Form appears, from which you can create a new lease

NG Lessee Lease List Search Customize More

[Save](#) [Cancel](#) [Reset](#)

Primary Information

LEASE ID To Be Generated ☒ AUTO

LEASE NAME

LEASE TYPE

LEASE CLASSIFICATION

SUBSIDIARY

VENDOR

CURRENCY

LEASE NOTES

ASSET PHOTO

Schedule Information

STATUS

COMMENCEMENT DATE

LEASE TERM (MONTHS)

PROCESSING STATUS

END DATE

INITIAL PAYMENT AMOUNT

INCREMENTAL BORROWING RATE %

PREPAID LEASE PAYMENT

INITIAL DIRECT COSTS

LEASE INCENTIVES

Amortization Schedules **Accounting** **Documents** **System Notes**

Lease Payments **Non-Lease Payments**

LEASE COMPONENT PAYMENT EFFECTIVE DATE

LEASE COMPONENT PAYMENT AMOUNT

[Add](#) [Cancel](#) [Insert](#) [Remove](#)

- In order to review an existing lease, you can select the **List** link in the top right to search for or select an existing lease record.
- Manually update the Primary Information form section and fields as indicated below

Field Name	Required	Description	Example
Lease ID	Auto-generated	A unique ID for the lease and the primary identifier within NetLease for the lease record.	LA00370
Lease Name	Yes	Free form input for NetLease users. This can be used for the lessor's contract # or other identifying information for the leased asset.	17 Cherry Tree Lane, London KY
Lease Type	Yes	Assign the lease type from the drop-down list, which are defined as part of global settings.	Real Estate
Lease Classification	Yes	US GAAP Companies select from Operating or Financing; IFRS Companies always select Financing.	Financing
Subsidiary	Yes	The subsidiary where the ROU asset and Lease Liability will reside.	Company, Inc.
Vendor	Yes	The Lessor for the leased asset. This is the vendor to whom lease vendor bills will be paid.	McGeever Properties

Currency	Yes	The contract currency for the lease, typically the currency in which payments will be made. This defaults to the Vendor's primary currency.	US Dollar
Lease Notes	No	A text area field to include any relevant notes or lease-related information.	NNN; no renewal
Asset Photo	No	Optional file field to upload a picture of the leased asset.	Building.jpg

- Also update the Lease Details form section and fields as indicated below

Field Name	Required	Description	Example
Status	Yes	<u>Pending</u> = tables can be created, but transition or amortization journals will not. <u>Commenced</u> = the lease is ready for postings. <u>Complete</u> = the lease has reached termination date. <u>Terminated</u> = the lease was terminated early	Commenced
Commencement Date	Yes	The date on which a lessor makes an underlying asset available for use by a lessee NOTE: NetLease uses a full month convention to generate schedules; i.e., mid-month dates will not result in partial month calculations.	01-Jan-2019
Lease Term	Yes	The anticipated duration (in months) of the lease (i.e., noncancelable period adjusted for options the lessee is reasonably certain to exercise).	36
End Date	Calculated	The anticipated ending date of the lease, which is calculated (commencement date + lease term).	31-Dec-2021
Initial Payment Amount	Yes	Payments made by a lessee for the leased asset. For fixed payment leases, this represents the monthly payment for the duration of the lease. For variable payments (any NOT paid monthly at a fixed rate), this represents the first payment following commencement.	\$8,000.00
Incremental Borrowing Rate	Yes	The annual discount rate used to determine the present value of the lease liability calculations (i.e., implicit rate of lease or incremental borrowing rate).	5.0%
Prepaid Lease Payment	No	Any lease payments made before the commencement date (increases ROU asset; offset to ROU clearing).	\$8,000.00
Initial Direct Costs	No	Incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained (increases ROU asset; offset to ROU clearing).	\$500.00
Lease Incentives	No	Payments made by a lessor to a lessee associated with a lease, or the reimbursement or	\$1,000.00

		assumption by a lessor of costs of a lessee (reduces ROU asset; offset to ROU clearing).	
Asset Balance	Calculated	The ROU Asset Balance of the current period.	\$274,425.61
Liability Balance	Calculated	The Liability Balance of the current period.	\$266,925.61
Net Balance	Calculated	Asset Balance – Liability Balance	\$7,500.00

- Click **Save** to establish the lease and generate a Lease ID
- The completed lease record header details may appear as follows

NG Lessee Lease

LA1002

[Edit](#) [Back](#) [Generate Schedule](#) [Print](#) [Actions](#)

Primary Information

LEASE ID ☒
LA1002
LEASE NAME ☒
Warehouse Forklift
LEASE TYPE
Equipment - Financing
LEASE CLASSIFICATION
Financing

SUBSIDIARY
Honeycomb Holdings Inc. : Honeycomb Mfg.
VENDOR
Chris Simon
CURRENCY
USA
LEASE NOTES

ASSET PHOTO



Schedule Information

STATUS
Pending
COMMENCEMENT DATE
01/01/2019
LEASE TERM (MONTHS)
12
PROCESSING STATUS

END DATE
12/31/2019
INITIAL PAYMENT AMOUNT
2,000.00
INCREMENTAL BORROWING RATE %
5.0%

PREPAID LEASE PAYMENT
1,000.00
INITIAL DIRECT COSTS
0.00
LEASE INCENTIVES
0.00

Current Balance Information

ASSET BALANCE
35,897.96

LIABILITY BALANCE
34,897.96

NET BALANCE
1,000.00

5.2.2 ESTABLISH PAYMENT DETAILS

Use Case: By default, NetLease assumes a monthly payment and carries forward the Initial Payment Amount to each period throughout the entire Lease Term. If any variability exists in the timing or amounts of lease payments (including rent holidays, escalating rents, or non-monthly payments), that variability needs to be documented and reflected in the **Payments** sublist on the Amortization subtab of the lease record.

STEP BY STEP PROCESS

- During initial lease setup or in edit mode of any existing lease record, indicate the initial lease payment amount during the month of commencement in the **Initial Payment Amount** field within the Schedule Information header section.
- To edit future payments, navigate to the **Payment Schedule** sublist on the Amortization Schedules subtab

Amortization Schedules Accounting Documents System Notes

Lease Payments Non-Lease Payments

LEASE COMPONENT PAYMENT EFFECTIVE DATE *	LEASE COMPONENT PAYMENT AMOUNT *	LEASE COMPONENT PAYMENT FREQUENCY
		Monthly

- Select the effective date field of the change in lease payments and input the first date of the period that a payment is due.
- Input the amount and indicate the frequency of the payment. Each future period entry will override all previous payment inputs
 - One-Time → The payment will be captured for that period, but not in subsequent months, which will default to zero unless another payment is entered
 - Monthly → The amount will carry forward each month with the amount input
 - Bi-Monthly → The amount will be applied every two months starting from the effective date, with zero for the months between payments
 - Quarterly → The amount will be applied every three months starting from the effective date, with zero for the months between payments
 - Semi-Annually → The amount will be applied every six months starting from the effective date, with zero for the months between payments
 - Annually → The amount will be applied every 12 months starting from the effective date, with zero for the months between payments
- An example payment schedule is shown below:

Amortization Schedules Accounting Documents System Notes

Lease Payments Non-Lease Payments

LEASE COMPONENT PAYMENT EFFECTIVE DATE *	LEASE COMPONENT PAYMENT AMOUNT *	LEASE COMPONENT PAYMENT FREQUENCY
01/01/2020	0.00	Monthly
04/01/2020	12,500.00	Quarterly
04/01/2021	14,000.00	Quarterly
03/01/2021	5,000.00	One-Time
		Monthly

- Also, any restoration costs or other expected outflows of cash at the end or likely to be near the exercise termination date of a lease can be input as a higher amount on this schedule, as represented in the March 2021 final payment

5.2.3 ASSIGN ACCOUNTING INFORMATION TO THE LEASE RECORD

Use Case: NetLease allows flexibility in the accounting for a lease. The **Accounting** subtab captures key information that is used to properly account for the lease over time.

Amortization Schedules	Related Records	Accounting	Contract Provisions	Documents	Modifications	Termination	System Notes
Segmentation Data							
DEPARTMENT Engineering		CLASS Hardware		LOCATION 02: Boston			
ASSIGNED TO Chris Simon		PARENT LEASE LA1001 Office Building					
Disclosure Information							
VARIABLE RATE INDEX LIBOR		RESIDUAL VALUE ESTIMATE 20,000.00					
VARIABLE NON-LEASE PAYMENTS Usage		RESIDUAL VALUE GUARANTEE 10,000.00					
Multi-Book Adjustments							
SECONDARY CLASSIFICATION BOOK		<input type="checkbox"/> POST TO OPPOSITE CLASSIFICATION					
Accounting Overrides							
PAYMENT TIMING (NPV CALC) In Arrears		<input type="checkbox"/> NO GL IMPACT		<input type="checkbox"/> SHORT TERM OR LOW VALUE LEASE		<input type="checkbox"/> 840 LEASE; TO CONVERT AT ADOPTION	
System Controls (Do Not Edit)							
<input type="checkbox"/> LEASE LOCKED (TRANSACTIONS RECORDED)				<input type="checkbox"/> FLAGGED FOR MASS UPDATE			

KEY DATA CAPTURED WITHIN THE ACCOUNTING SUBTAB

- The **Segmentation Data** section of the Accounting subtab captures key tracking data for the lease.

Field Name	Description	Example
Department	Select the appropriate DEPARTMENT where all lease transactions should be recorded to. This list references the existing accounting structure.	Finance
Class	Select the appropriate CLASS where all lease transactions should be recorded to. This list references the existing accounting structure.	Services
Location	Select the appropriate LOCATION where all lease transactions should be recorded to. This list references the existing accounting structure.	US: Denver
Assigned To	Indicate the owner this lease is assigned to (optional)	Zach Nelson
Parent Lease	Select this field to link this lease to a parent lease. This should only be used to connect multiple leases that have a parent-child relationship (e.g., separate lease components under a single lease or modification resulting in a separate lease)	LA0042

- The **Disclosure Information** section of the Accounting subtab captures information to assist with disclosures as well as additional functionality as indicated in the field descriptions.

Field Name	Description	Example
Variable Rate Index	<p>If the Variable Rate Lease box is checked, select the variable rate index the variable payments of the lease are dependent on. (e.g., Bond, CPI, Libor, Prime, etc.)</p> <p>Lease payments in the payments schedule should include variable lease payments that depend on an index or a rate (such as the CPI or a market interest rate), initially measured using the index or rate at the commencement date. (ASC 842-10-30-5 & IFRS 16-27).</p> <p><i>Note that this field is currently informational to support reporting & disclosures.</i></p>	Libor
Variable Non-Lease Payments	<p>Select any additional variable amounts payable associated with a lease (e.g., % of sales, index, usage)</p> <p><i>Note that the non-lease components identified here are NOT to be included in calculation of the lease payments impacting ROU Asset & Lease Liability, but are to be included in the Vendor Bill and expensed as incurred.</i></p>	% of Sales
Residual Value Estimate	<p>Input the estimated residual value of the leased asset. This field is informational to capture information for disclosure reporting.</p> <p><i>Note that the lease payment schedule below should include in the final month of the lease any estimated payments for the shortfall between the estimated residual value and the residual value guarantee.</i></p>	\$20,000.00
Residual Value Guarantee	<p>This field is informational; any residual value guarantees expected to be incurred should be included in the lease payment schedule.</p> <p>A lessee must include the amount it is probable it will owe to a lessor under a residual value guarantee as lease payments.</p> <p>Lease Payments include: ASC 842: For a lessee only, amounts probable of being owed by the lessee under residual value guarantees (see paragraphs 842-10-55-34 through 55-36). IFRS 16:27 (c) amounts expected to be payable by the lessee under residual value guarantees</p>	\$10,000.00

- The **Multi-Book Adjustments** section is only visible if the NetLease System Feature, **Generate Book-Specific Journals**, is enabled. It is to be used if there are multi-book requirements for the given lease.

Field Name	Description	Example
Secondary Book	Input the accounting book to reverse the transaction entries into.	NA: Canada
Post To Opposite Classification	Check this box to post the opposite lease classification entry to the secondary book.	✓

- The **Accounting Overrides** section includes fields that are

Field Name	Description	Example
Payment Timing (NPV Calc)	For the Net Present Value calculation - select whether the lease payments will be made at the beginning of period (In Advance) or at the end of period (In Arrears).	In Arrears
No GL Impact	Check this box if the lease should NOT have any GL activity applied to it (e.g., for tracking purposes only as it is on a custom record with no connection to a NetSuite ledger) This field prevents recording of journal entries against the lease. As a further control, the lease record can be kept with the status as PENDING on the lease header.	✓
Short Term or Low Value Lease	Check this box if the lease qualifies as Short-Term (<12 months). If the box is checked, the asset will be accounted for under the old method of Lease Accounting as a straight line rent with any differences captured in deferred rent. See the ST/Low Value Schedule on the Amortization Schedule subtab.	✓
840 Lease; To Convert At Adoption	Check this box if this lease is to be tracked under ASC 840 currently, then subsequently transitioned to ASC 842 at the transition date. Note this feature will be added by the second half of the calendar 2020 year.	✓

- The **System Control Fields** section includes fields that are used to help enable NetLease to run smoothly. These fields should not be adjusted without a complete understanding of the functionality.

Field Name	Description	Example
Lease Locked (JEs Recorded)	This field will typically NOT be manually adjusted by NetLease users. This box is checked when journal entry transactions have been recorded against the lease, preventing the system from allowing changes to the lease schedule. Future adjustments to the Lease Schedule should be performed via lease modifications.	✓
Flagged for Mass Update	Check this box to facilitate isolating a lease to be picked up in a batch processing job.	✓

- At the bottom of the Accounting subtab, the account mappings are listed for the corresponding lease type.

5.2.4 CAPTURING CONTRACT PROVISIONS

Use Case: Users can realize significant value from having their leases tracked within a single unified system—well beyond the benefits of streamlining accounting processes. NetLease allows users to capture additional information related to the lease record, including lease Contract Provisions. Each contract provision is captured as a child record of the lease and NetLease users can aggregate and report on those contract provisions across their entire lease portfolio, allowing for simplified disclosure reporting as well as lease management.

Users can capture as many contract provisions for a lease as they would like.

KEY CONTRACT PROVISIONS DETAILS

Contract provisions represent legal provisions that make up certain clauses or conditions within a lease contract. The most common contract provisions requiring disclosure include the primary types in the **Contract Provision Type** field:

- Lease Renewal Option
- Lease Expansion Option
- Lease Termination Option
- Lease Purchase Options

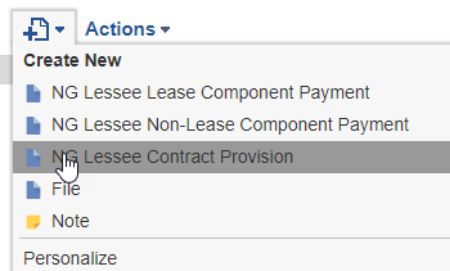
Additionally, other contract types can be captured within the Other category, which include the following (this list can be expanded within the **NG Lessee Other Clause Type** list):

- % Rent Clause
- Alterations
- Assignment
- Guarantor
- Holdover
- HVAC
- Insurance
- Late Charges
- Notice Period
- Notices
- Other
- Parking Rights
- Permitted Use
- Price Increase Caps
- Relocation
- Repairs & Maintenance
- Right of First Offer
- Right of First Refusal
- Security Deposit
- Sub-Leasing
- Tenant Estoppel
- Tenant Improvement Credit

Once a contract provision is created it can then be reported upon with searches, dashboards, email reminders and any other native NetSuite reporting. That way, you can ensure you never miss a key date

STEP BY STEP PROCESS

- After navigating to a lease record for which you would like to add a contract provision, select the create new icon at the top of the screen and select **NG Lessee Contract Provision** (alternatively you can create new contract provision from the Contract Provisions tab on the far right subtab: NG Lessee Contract Provisions)



- Within the new NG Lessee Contract Provision record, complete the fields as appropriate:

Field Name	Description	Example
Contract Provision Key Information		
Contract Provision Type	Indicates whether the contract renewal is one of the primary disclosed provisions under the new lease accounting standard. These selected types are separately grouped within the Contract Provisions sublist on the standard NetLease form and included within the NetLease standard reports	Lease Renewal Option
Sub-Type (If "Other Contract Provision")	Provides a more comprehensive listing of the other contract provisions that may be relevant for a lease contract. Note that this list is sourced from the bundled list NG Lessee Other Clause Type. If a type is not included in the listing, it can be subsequently added by an administrator.	% Rent Clause
Contract Paragraph / Reference	Refers to the specific section of the Lease Contract where the provision details are located	Section 2.a.(1)
Key Provision Date (Exercise by / Release Date)	The date by which the provision must be exercised. This is the date most commonly reported upon as it represents the final chance to exercise a provision	30-June-2021
Key Provision Amount (Purchase, Penalty, etc.)	The sum of any amounts associated with the contract provision, whether for purchase, penalty, incentive, etc. If the amount is formula, it is typically captured in the Clause Detail/Notes section	\$25,000
Clause Detail / Notes	Long-text field to capture any relevant information about the clause not captured elsewhere	Clause must be exercised in writing
Exercised Provision Details (to be completed upon exercise or when becomes effective)		
Provision Exercised Date	The date on which the clause is exercise or the clause conditions are met	30-Nov-2020
Provision Exercised Notes	Long-text field to capture any relevant information about the exercise of the provision	Submitted & confirmed by Ray
Option Additional Terms (to be completed if type is option)		
Option Available Date	The earliest date at which the option can be exercised	1-Jan-2020
Option Term, If Renewal (Full Months)	Additional term to be provided for under the option agreement	24
New Lease End Date After Exercise	The update lease end date after exercise of the option agreement	31-Jun-2023
Likely to Exercise	Yes/No checkbox to indicate whether the option is likely to be renewed. Note that while this is necessary for disclosure reporting, adjustments to the primary lease schedule term and dates must be manually	No

Field Name	Description	Example
	adjusted; selecting this box will not trigger adjustment to the lease record terms	
Auto-Renewal / Evergreen Contract	Yes/No checkbox to indicate whether the option represents an auto-renewal or evergreen contract	No
Guarantor Additional Terms (to be completed when "Guarantor" sub-type is selected)		
Guarantor Name	Sources from contact list and represents the guarantor of the lease; a new contact can be created directly from this record	Rick James
Guarantor Release Date	Indicates the date at which the Guarantor is released from their obligation	1-Apr-2025
Guarantor Released	Yes/No checkbox to indicate that the guarantor has been released from their obligations	No

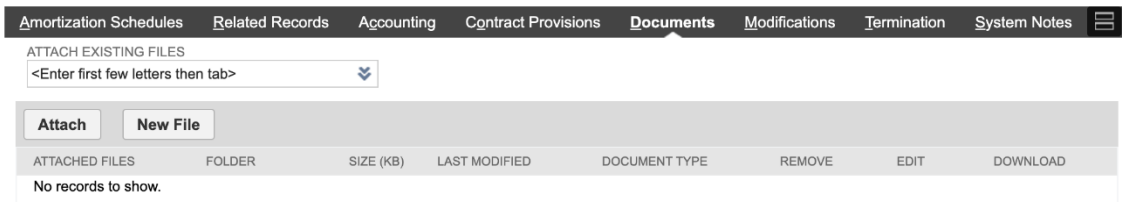
- Additional documents or relevant information for the contract provision can also be entered or uploaded to the documents tab
- Select **Save** to save the record associated with the lease

5.2.5 UPLOAD CONTRACT DOCUMENTS & OTHER FILES

Use Case: NetLease can capture and associate any relevant documents or contracts related to a lease and store/link to the lease record

STEP BY STEP PROCESS

- During initial lease creation or in edit mode of any existing lease record, select the **Documents** subtab



- Press the **New File** button to upload contracts or other files that you would like associated with the lease to the NetSuite file cabinet or press the **Attach** button to attach a file that already exists in the file cabinet to the lease.

5.2.6 CAPTURING MODIFICATION OPTION DETAILS

The section is not used during the initial lease setup. Modifications that are made during the lease term are displayed on this tab. Modifications cannot be triggered prior to lease commencement and monthly journals have been run. Modifications should be performed

using the Modify Lease button on the lease record.

Amortization Schedules	Related Records	Accounting	Documents	Modifications	Termination	System Notes
EDIT	MODIFICATION TYPE	EFFECTIVE DATE ▲	EFFECTIVE PERIOD NUMBER	INCREMENTAL BORROWING RATE %		
Edit		9/1/2019	6	5.0%		

5.2.7 CAPTURING TERMINATION OPTION DETAILS

The section is not used during the initial lease setup. Terminations that are made during the lease term are displayed on this tab. Terminations cannot be triggered prior to lease commencement and monthly journals have been run. Terminations should be performed using the Terminate Lease button on the lease record.

Amortization Schedules	Related Records	Accounting	Contract Provisions	Documents	Modifications	Termination	System Notes
EDIT	END DATE	TERMINATION REASON	TERMINATION NOTE	CASH PAID	CASH RECEIVED		
Edit	01/31/2020	Moved Offices		10,000.00	0.00		

5.2.8 ESTABLISH THE AMORTIZATION SCHEDULE

Use Case: Once initial information related to a lease is saved and a lease record is created, the lease amortization schedule can be generated, which highlights what future balances and activity is expected to record as lease payments, ROU Asset, Lease Liability, Amortization/Expense, etc.

Prerequisite: Ensure that all variable payments are entered and that the lease terms reflect the likelihood of exercising any options.

NOTE: A lease table can be re-generated multiple times and is NOT locked until journal entries have been recorded against the table. Once recorded, adjustments can only be made via modification or termination.

STEP BY STEP PROCESS

- After saving required data for a lease record, select the **Generate Schedule** button at the top of the lease record to initiate the generation of the lease schedule for that record
- Once clicked, the **Generate Lease Schedule** script will typically take well under a minute to generate the lease schedules.
- While the schedules are being generated, the **Processing Status** indicator on the lease header will highlight "Processing Amortization Schedules..."

Confirmation
The job has been scheduled. Please refresh periodically to see updated status.

NG Lessee Lease

LA1002

[Edit](#) [Back](#) [Refresh](#) [Print](#) [Actions](#)

Primary Information

LEASE ID [LA1002](#)
LEASE NAME [Warehouse Forklift](#)
LEASE TYPE
Equipment - Financing
LEASE CLASSIFICATION
Financing

SUBSIDIARY
Honeycomb Holdings Inc. : Honeycomb Mfg.
VENDOR
Chris Simon
CURRENCY
USA
LEASE NOTES

ASSET PHOTO



Schedule Information

STATUS Pending	END DATE 12/31/2019	PREPAID LEASE PAYMENT 1,000.00
COMMENCEMENT DATE 01/01/2019	INITIAL PAYMENT AMOUNT 2,000.00	INITIAL DIRECT COSTS 0.00
LEASE TERM (MONTHS) 12	INCREMENTAL BORROWING RATE % 5.0%	LEASE INCENTIVES 0.00
PROCESSING STATUS Processing Amortization Schedules...		

Current Balance Information

ASSET BALANCE 35,897.96	LIABILITY BALANCE 34,897.96	NET BALANCE 1,000.00
----------------------------	--------------------------------	-------------------------

- Refresh the page until the **Processing Status** is blank again, indicating that the schedule generation is complete
- To review the lease schedule, navigate to the **Financing Schedule** sublist on the **Amortization Schedules** subtab

EDIT	PERIOD NUMBER	PERIOD START DATE	PAYMENT	ALLOCATED TO PRINCIPAL	ALLOCATED TO INTEREST	RIGHT OF USE ASSET BALANCE	LEASE LIABILITY BALANCE	NET BALANCE	AMORTIZATION AMOUNT
Edit	0	01/01/2019	0.00	0.00	0.00	35,897.96	34,897.96	1,000.00	0.00
Edit	1	01/01/2019	2,000.00	1,854.59	145.41	32,906.46	33,043.37	(136.91)	2,991.50
Edit	2	02/01/2019	2,000.00	1,862.32	137.68	29,914.96	31,181.05	(1,266.09)	2,991.50
Edit	3	03/01/2019	2,000.00	1,870.08	129.92	26,923.46	29,310.97	(2,387.51)	2,991.50
Edit	4	04/01/2019	2,000.00	1,877.87	122.13	23,931.96	27,433.10	(3,501.14)	2,991.50
Edit	5	05/01/2019	2,000.00	1,885.70	114.30	20,940.46	25,547.40	(4,606.94)	2,991.50
Edit	6	06/01/2019	2,000.00	1,893.55	106.45	17,948.96	23,653.85	(5,704.89)	2,991.50
Edit	7	07/01/2019	4,000.00	3,901.44	98.56	14,957.46	19,752.41	(4,794.95)	2,991.50
Edit	8	08/01/2019	4,000.00	3,917.70	82.30	11,965.96	15,834.71	(3,868.75)	2,991.50
Edit	9	09/01/2019	4,000.00	3,934.02	65.98	8,974.46	11,900.69	(2,926.23)	2,991.50
Edit	10	10/01/2019	4,000.00	3,950.41	49.59	5,982.96	7,950.28	(1,967.32)	2,991.50
Edit	11	11/01/2019	4,000.00	3,966.87	33.13	2,991.46	3,983.41	(991.95)	2,991.50
Edit	12	12/01/2019	4,000.00	3,983.41	16.59	0.00	0.00	0.00	2,991.46

- Note that the Period 0 line establishes the ROU Asset and Lease Liability at the commencement date; any net differences at commencement are due to Lease Incentives, Initial Direct Costs, or Prepaid Lease Payments input on the header
- Periods 1-### correspond to subsequent month activity, which includes the following, depending on lease type
 - Financing (All IFRS) → Payments, ROU Amortization, Lease Liability Accretion, and Interest Expense
 - Operating (US Only) → Payments, Single Lease Expense, Lease Liability Accretion, and ROU Adjustments

- Note that all monthly periods have activity, even if no payment is made in that month
- An Operating Lease (US GAAP only) schedule is highlighted below

Amortization Schedules Related Records Accounting Contract Provisions Documents Modifications Termination System Notes											
Operating Schedule • Financing Schedule ST/Low Value Schedule 840 Schedule Multi-Classification Schedule • Lease Payments Non-Lease Payments											
EDIT	PERIOD NUMBER	PERIOD START DATE	LEASE PAYMENT	LIABILITY REDUCTION	LIABILITY ACCRETION	RIGHT OF USE ASSET BALANCE	LEASE LIABILITY BALANCE	NET BALANCE	ASSET REDUCTION	LEASE EXPENSE	
Edit	0	01/01/2020	0.00	0.00	0.00	274,425.81	266,925.61	7,500.00	0.00	0.00	
Edit	1	01/01/2020	8,000.00	6,887.81	1,112.19	267,329.47	260,037.80	7,291.67	(7,096.14)	8,208.33	
Edit	2	02/01/2020	8,000.00	6,916.51	1,083.49	260,204.63	253,121.29	7,083.34	(7,124.84)	8,208.33	
Edit	3	03/01/2020	8,000.00	6,945.33	1,054.67	253,050.97	246,175.96	6,875.01	(7,153.66)	8,208.33	
Edit	4	04/01/2020	8,000.00	6,974.27	1,025.73	245,868.37	239,201.69	6,666.68	(7,182.60)	8,208.33	
Edit	5	05/01/2020	8,000.00	7,003.33	996.67	238,656.71	232,198.36	6,458.35	(7,211.66)	8,208.33	
Edit	6	06/01/2020	8,000.00	7,032.51	967.49	231,415.87	225,165.85	6,250.02	(7,240.84)	8,208.33	
Edit	7	07/01/2020	8,000.00	7,061.81	938.19	224,145.73	218,104.04	6,041.69	(7,270.14)	8,208.33	
Edit	8	08/01/2020	8,000.00	7,091.23	908.77	216,846.17	211,012.81	5,833.36	(7,299.56)	8,208.33	
Edit	9	09/01/2020	8,000.00	7,120.78	879.22	209,517.06	203,892.03	5,625.03	(7,329.11)	8,208.33	
Edit	10	10/01/2020	8,000.00	7,150.45	849.55	202,158.28	196,741.58	5,416.70	(7,358.78)	8,208.33	
Edit	11	11/01/2020	8,000.00	7,180.24	819.76	194,769.71	189,561.34	5,208.37	(7,388.57)	8,208.33	
Edit	12	12/01/2020	8,000.00	7,210.16	789.84	187,351.22	182,351.18	5,000.04	(7,418.49)	8,208.33	
Edit	13	01/01/2021	8,000.00	7,240.20	759.80	179,902.69	175,110.98	4,791.71	(7,448.53)	8,208.33	
Edit	14	02/01/2021	8,000.00	7,270.37	729.63	172,423.99	167,840.61	4,583.38	(7,478.70)	8,208.33	
Edit	15	03/01/2021	8,000.00	7,300.66	699.34	164,915.00	160,539.95	4,375.05	(7,508.99)	8,208.33	
Edit	16	04/01/2021	8,000.00	7,331.08	668.92	157,375.59	153,208.87	4,166.72	(7,539.41)	8,208.33	
Edit	17	05/01/2021	8,000.00	7,361.63	638.37	149,805.63	145,847.24	3,958.39	(7,569.96)	8,208.33	
Edit	18	06/01/2021	8,000.00	7,392.30	607.70	142,205.00	138,454.94	3,750.06	(7,600.63)	8,208.33	
Edit	19	07/01/2021	8,000.00	7,423.10	576.90	134,573.67	131,031.84	3,541.73	(7,631.43)	8,208.33	
Edit	20	08/01/2021	8,000.00	7,454.03	545.97	126,911.21	123,577.81	3,333.40	(7,662.36)	8,208.33	

5.2.9 LEASE PROPOSALS

Use Case: To automate the calculation of the Lease Classification and/or facilitate the segregation of duties between creating a new lease and proposing a new lease.

Prerequisite: Make sure the System Feature, Enable Lease Proposals, is checked. If the Accounting Standard is ASC 842 also make sure Classification Thresholds are as desired (saving the NetLease Setup the proper accounting standard and Enable Lease Proposals checked will reveal the Classification Thresholds subtab). The following are the default thresholds:

NetLease Setup

Save

General System Features Classification Thresholds

Thresholds

THRESHOLD % FOR MAJOR PORTION OF ECONOMIC LIFE

75.0%

THRESHOLD % FOR PRESENT VALUE AS A SUBSTANTIAL PORTION OF FAIR VALUE

90.0%

STEP BY STEP PROCESS

- Select NetLease → Lease Management → Lease Proposals → New

NetLease	Sales	Knowledge Base
NetLease Overview		
NetLease Setup ▶		
Lease Management ▶	New Lease	
Mass Update Leases ▶	Lease List ▶	
Process Monthly Journals ▶	Lease Proposals ▶	New

- A blank New NG Lessee Lease Form appears, from which you can create a new lease
 - Netgain ASC842 Lease Proposal Form
 - Calculated Lease Classification is dynamically update in real-time as the criteria (1-5) for determining lease classification is entered in

NG Lessee Lease Proposal

Save + Cancel Reset

Primary Information

LEASE NAME *	SUBSIDIARY	ASSET PHOTO
LEASE	VENDOR	<Type then tab>
LEASE TYPE	CURRENCY	
CALCULATED LEASE CLASSIFICATION	LEASE NOTES	
Operating		
CARRY FORWARD LEASE CLASSIFICATION		

Schedule Information

STATUS	END DATE	PREPAID LEASE PAYMENTS
Approved		0.00
COMMENCEMENT DATE	INITIAL PAYMENT AMOUNT	INITIAL DIRECT COSTS
	0.00	0.00
LEASE TERM	INCREMENTAL BORROWING RATE %	LEASE INCENTIVES
		0.00

Criteria #1: Does the lease transfer ownership of the underlying asset by the end of the lease term?

☐ TRANSFER OF OWNERSHIP?

Criteria #2: Does the lease grant an option to purchase that lessee is reasonably certain to exercise?

☐ REASONABLY CERTAIN PURCHASE OPTION?

Criteria #3: Is the lease term for the major part of the remaining economic life of the underlying asset?

REMAINING ECONOMIC LIFE (MONTHS)	PERCENTAGE OF REMAINING ECONOMIC LIFE
<input type="checkbox"/> COMMENCEMENT DATE NEAR END OF LIFE?	<input type="checkbox"/> MAJOR PART OF REMAINING ECONOMIC LIFE?

Criteria #4: Does the present value equal or exceed substantially all of the fair value of the underlying asset?

<input checked="" type="checkbox"/> PRACTICAL TO DETERMINE THE ASSET FAIR VALUE?	PV OF PAYMENTS & GUARANTEED RESIDUAL VALUE
FAIR VALUE OF THE UNDERLYING ASSET	
0.00	
GUARANTEED RESIDUAL VALUE NOT REFLECTED IN PAYMENTS	PV OF PAYMENTS & GUARANTEED RESIDUAL VALUE AS % OF FAIR VALUE
0.00	
	<input type="checkbox"/> PV EQUALS OR EXCEEDS SUBSTANTIALLY ALL OF THE FAIR VALUE?

Criteria #5: Is the underlying asset so specialized that it has no use to the lessor?

☐ SPECIALIZED ASSET

Payment Schedules Accounting Documents System Notes

NG Lessee Lease Component Payment NG Lessee Non-Lease Component Payment

- Netgain IFRS16/GASB87 Lease Proposal Form
 - Lease Classification is always calculated to be Financing given the global accounting standard is set to IFRS 16 or GASB 87

NG Lessee Lease Proposal

List Search Customize More

Save Cancel Reset

Primary Information

NAME *	SUBSIDIARY	ASSET PHOTO
LEASE	VENDOR	<Type then tab>
LEASE TYPE	CURRENCY	
CALCULATED LEASE CLASSIFICATION	LEASE NOTES	
Financing		
CARRY FORWARD LEASE CLASSIFICATION		

Schedule Information

STATUS	END DATE	PREPAID LEASE PAYMENTS
Approved		0.00
COMMENCEMENT DATE	INITIAL PAYMENT AMOUNT	INITIAL DIRECT COSTS
	0.00	0.00
LEASE TERM	INCREMENTAL BORROWING RATE %	LEASE INCENTIVES
		0.00



Payment Schedules Accounting Documents System Notes

NG Lessee Lease Component Payment NG Lessee Non-Lease Component Payment

- Once you are satisfied with the values entered on the lease proposal, click Save
- If the status is approved, a "Create Lease" button will be added to the Lease Proposal record on view
 - A workflow can be configured to the lease proposal to drive a proper approval process should one be required

NG Lessee Lease Proposal

Fax Machine

Edit Back Create Lease   Actions

Primary Information

LEASE PROPOSAL ID	SUBSIDIARY
1	Honeycomb Holdings Inc. : Honeycomb Mfg.
LEASE NAME	VENDOR
Fax Machine	Amazon
LEASE	CURRENCY
	USA
LEASE TYPE	LEASE NOTES
Equipment - Financing	Lease notes
CALCULATED LEASE CLASSIFICATION	
Financing	
CARRY FORWARD LEASE CLASSIFICATION	
Financing	

Schedule Information

STATUS	END DATE
Approved	11/30/2019

- Clicking "Create Lease" will generate a new lease with the values entered on the lease proposal copied onto the lease
- The Lease Proposal will be updated with the newly created Lease

NG Lessee Lease Proposal

Fax Machine

[Edit](#)
[Back](#)


[Actions](#)

Primary Information

LEASE PROPOSAL ID 1	SUBSIDIARY Honeycomb Holdings Inc. : Honeycomb Mfg.
LEASE NAME Fax Machine	VENDOR Amazon
LEASE LA1030 Fax Machine	CURRENCY USA
LEASE TYPE Equipment - Financing	LEASE NOTES Lease notes
CALCULATED LEASE CLASSIFICATION Financing	
CARRY FORWARD LEASE CLASSIFICATION Financing	

Schedule Information

STATUS Approved	END DATE 11/30/2019
--------------------	------------------------

5.3 COMMENCE LEASES

5.3.1 COMMENCE INDIVIDUAL LEASE

Use Case: The lease commencement date is the date on which a lessor makes an underlying asset available for use by a lessee. At this date, the associated accounting will need to be triggered to establish that the entity has the right to use an asset and corresponding liability for future lease payments

Prerequisite: All lease details and the generated schedule should be double checked to ensure amounts and data is correct—specifically lease payment amounts and discount rates. Note that any desired changes to lease schedules after a lease has been commenced and journals have been recorded will need to take place via a lease modification.

STEP BY STEP PROCESS

- Navigate to the desired lease record
- Perform a final review to validate the following information is correct:
 - Payment details, including prepayments, last month payments, etc.
 - Discount rate
 - Ensure the lease table and balances/amortization activity is correct
- Click the **Commence Lease** button at the top of the page to update the status of the lease record to Commenced.

NG Lessee Lease

LA1001



- The status of the lease will update to **Commenced**

5.3.2 MASS COMMENCE LEASES

Use Case: Multiple leases need to be commenced at the same time or segregation of duties requires a separate person to validate newly created lease and commence them.

STEP BY STEP PROCESS

- Navigate to the Commence Leases page by selecting **NetLease** → **NetLease Setup** → **Mass Commence Leases**

NetLease	Sales	Knowledge Base
NetLease Overview		
NetLease Setup	▶	System Setup
Lease Management	▶	Manage Lease Types ▶
Run Monthly Journals	▶	Mass Lease Schedule Generation
		Mass Commence Leases
		Run Transition Journals
		Mass Terminate Leases

- Enter any desired filters and click Filter Results if you would only like a subset of pending leases to be commenced. Once you're happy with the lease displaying in the sublist, click the **Mark All** button then click the **Commence** button.

Commence Leases

More

Commence
Filter Results
Reset

Filters

SUBSIDIARY

LEASE TYPE

FROM COMMENCEMENT DATE

LOCATION

LEASE

<Type then tab>

TO COMMENCEMENT DATE

☐ FLAGGED FOR MASS UPDATE

Pending Leases •

Mark All
Unmark All
<< First Page
< Previous Page
Next Page >
Last Page >>

SELECT	LEASE ▼	SUBSIDIARY	VENDOR	LEASE CLASSIFICATION	LEASE TYPE	COMMENCEMENT DATE	INITIAL PAYMENT AMOUNT
<input checked="" type="checkbox"/>	LA1001 Office Building	Honeycomb Holdings Inc. : Honeycomb Mfg.	Charles Schwab	Operating	Real Estate	01/01/2020	8,000.00
<input checked="" type="checkbox"/>	LA00929 2038	Honeycomb Holdings Inc.	New York City : New York	Operating	Equipment	01/01/2019	1,000.00

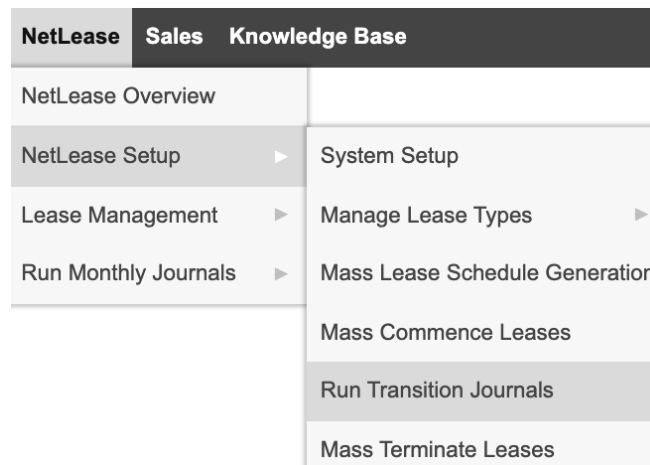
- You will be redirected to a status page where you can refresh periodically to see the newly commenced leases
- Once the status is **Complete** you can click the **Export** button to save the processed results as a .csv file

5.4 MASS CREATE GO-LIVE TRANSITION JOURNALS

Once all leases commenced, they are ready for transition entries, a one-time setup task which books the leases to the general ledger.

STEP BY STEP PROCESS

- Navigate to the Run Transition Journals page by selecting **NetLease** → **NetLease Setup** → **Run Transition Journals**



- The period filter will default to the period containing the transition date set on the NetLease System Setup page. All other filters are optionally available to run on a subset of leases. When you're ready, click **Run Transition Journals** to initiate the journal creation process.

Run Transition Journals



Run Transition Journals

Processing Information

PROCESSING STATUS

Filters

PERIOD *
FY 2019 : Q1 2019 : Jan 2019

SUBSIDIARY

- You can monitor the status on the subsequent page, periodically refreshing until the status has changed to **Complete**. Any journals generated will appear on the **Batch Summary** sublist.

NG Lessee Monthly Journal Processing

← → List Search

[Edit](#) [Back](#) [Actions](#)

Processing Information

ID 634 DATE CREATED 12/04/2019 11:48 am OWNER Chris Simon PROCESSING STATUS Complete

Filters

PERIOD
FY 2019 : Q1 2019 : Jan 2019
☐ SUBSIDIARY
☐ LEASE
RUN ALL MONTHS UP TO AND INCLUDING
TRANSACTION TYPE
Transition

Batch Summary System Information

EDIT	PERIOD START DATE	LEASE	JOURNAL ENTRY	PROCESSING STATUS	EXECUTION LOG
Edit	01/01/2019	LA1003	NG Lessee Transition #LSTRAN-0738	SUCCESS	

- Click the link to the **NG Lessee Transition** entry in the **Journal Entry** column of the **Batch Summary** to reveal the GL impact
 - Operating or Financing Lease**
 - Debit** Lease Type's "**Right of Use Asset Account**" for the NG Lessee Lease Schedule Entry's prior period "**Right of Use Asset Balance**"
 - Credit** Lease Type's "**Lease Liability Long Term Account (Primary)**" for the NG Lessee Lease Schedule Entry's prior period "**Lease Liability Balance**"
 - Credit** Lease Type's "**Transition Entry Equity Account**" for the NG Lessee Lease Schedule Entry's prior period "**Net Balance**"
 - Short-Term, Low Value, or ASC840 Lease**
 - Debit** Lease Type's "**Deferred Rent Account**" for the NG Lessee Lease Schedule Entry's prior period "**Deferred Rent Balance**"
 - Credit** Lease Type's "**Transition Entry Equity Account**" for the NG Lessee Lease Schedule Entry's prior period "**Deferred Rent Balance**"

NG Lessee Transition

← → List Search Customize

LSTRAN-0738 **PENDING APPROVAL**

[Edit](#) [Back](#) [Print](#) [Share](#) [Actions](#)

Primary Information

ENTRY NO.
LSTRAN-0738
CURRENCY
USA
EXCHANGE RATE
1.00
DATE
01/01/2019
POSTING PERIOD

MEMO
LA1003 - Transition Entry
STATUS
Pending Approval
LEASE
[LA1003 Office Building](#)
SCHEDULE ENTRY
[LSE39132](#)

Classification

SUBSIDIARY
Honeycomb Mfg.

Lines	Communication	System Information	Custom	GL Impact					
ACCOUNT	DEBIT	CREDIT	DEPARTMENT	CLASS	LOCATION	LEASE	SCHEDULE ENTRY	HISTORY	
1600 Right of Use Asset	77,212.33					LA1003 Office Building	LSE39132	History	
2400 Lease Liability (LT)		70,522.63				LA1003 Office Building	LSE39132	History	
3004 Lease Transition Adjustment		6,689.70				LA1003 Office Building	LSE39132	History	

- The lease itself will have the period containing the transition date split out into two to NG Lessee Schedule Entries to record the NG Lessee Transition Entry and the normally scheduled NG Lessee Amortization Entry

Current Balance Information										
ASSET BALANCE 102,949.78				LIABILITY BALANCE 93,449.78				NET BALANCE 9,500.00		
Amortization Schedules Related Records Accounting Contract Provisions Documents Modifications Termination System Notes										
Operating Schedule Financing Schedule • ST/Low Value Schedule #40 Schedule Multi-Classification Schedule • Lease Payments Non-Lease Payments										
EDIT	PERIOD NUMBER •	PERIOD START DATE	PAYMENT	ALLOCATED TO PRINCIPAL	ALLOCATED TO INTEREST	RIGHT OF USE ASSET BALANCE	LEASE LIABILITY BALANCE	NET BALANCE	AMORTIZATION AMOUNT	JOURNAL ENTRY
Edit	0	10/01/2018	0.00	0.00	0.00	102,949.78	93,449.78	9,500.00	0.00	
Edit	1	10/01/2018	8,000.00	7,610.63	389.37	94,370.63	85,839.15	8,531.48	8,579.15	
Edit	2	11/01/2018	8,000.00	7,642.34	357.66	85,791.48	78,196.81	7,594.67	8,579.15	
Edit	3	12/01/2018	8,000.00	7,674.18	325.82	77,212.33	70,522.63	6,689.70	8,579.15	
Edit	4.1	01/01/2019	0.00	0.00	0.00	77,212.33	70,522.63	6,689.70	0.00	NG Lessee Transition #LSTRAN-0738
Edit	4.2	01/01/2019	8,000.00	7,706.16	293.84	68,633.18	62,816.47	5,816.71	8,579.15	
Edit	5	02/01/2019	8,000.00	7,738.26	261.74	60,054.03	55,078.21	4,975.82	8,579.15	

5.5 MONTHLY LEASE TRANSACTIONS

Use Case: On a monthly basis and throughout the month, transactions impacting the lease population need to be identified and tagged to each lease. Once a lease is saved and created, transactions can be posted to the lease. The most common transactions impacting leases are the payments to the lessors and then monthly amortization and close entries.

This section focuses on recording each of those common lease transactions: (1) Lease Payments to Vendors, (2) Amortization Journals, and (3) Reclass Entries

5.5.1 RUN MONTHLY JOURNALS

Use Case: On a monthly basis, the activity associated with leased assets needs to be recorded to the GL. The following process applies for both new leases and establishing new balances as well as monthly payment and amortization on existing leases

Prerequisite: All lease transactions that impact the lease subledger details (setup, modifications, impairments, terminations, etc.) should be completed prior to processing monthly lease journals. Additionally, the status for commenced leases should be updated to reflect a commenced status

STEP BY STEP PROCESS

- Open to the Journal Entry Posting Page by navigating to **NetLease → Run Monthly Journals → Monthly Lease Journals**

NetLease	Sales	Knowledge Base
NetLease Overview		
NetLease Setup ▶		
Lease Management ▶		
Run Monthly Journals ▶		Monthly Lease Journals Monthly Reclass Journals Approve Lease Journals

- The “NG Lessee Monthly Journal Processing” page as shown as follows:

NG Lessee Monthly Journal Processing List Search Customize More

Save **Cancel** **Reset**

Processing Information

PROCESSING STATUS ▼

Filters

PERIOD ^{*}
FY 2019 : Q4 2019 : Dec 2019 ▼

☒ RUN ALL MONTHS UP TO AND INCLUDING

TRANSACTION TYPE ▼

SUBSIDIARY ▼


LEASE
<Type then tab> ▼

- Select the desired Transaction Details to post

Field	Description	Example
Period	Highlight the period for which you would like to record transactions	Mar 2019
Run all Months Up To And Including	Select this checkbox to review the entire lease schedules for required journal entries NOTE: This will not be needed if performed on a monthly basis, but assists with initial setup and catch up periods	✓
Transaction Type	Indicate what journal transaction type you would like to run journal entries for (Amortization, Transition, or Initial Balance), or keep the field blank to run all entries	Blank
Subsidiary	Select the Subsidiary for whom lease entries will be recorded. Leaving blank will run for all Subsidiaries	Company, Inc.
Lease	If a subsidiary is selected, you can filter for ONLY a specific lease. Leaving blank will run for all leases meeting the other criteria	LA00370

- Once filters are identified and recorded, select **Save**

- You will be redirected to a status page where the status field in the top right is listed as "In Progress"

 **Confirmation**
The job has been scheduled. Please refresh periodically to see updated status.

NG Lessee Monthly Journal Processing ← → List Search

[Edit](#)
[Back](#)
[Refresh](#)
[Actions ▾](#)

Processing Information

ID 631	DATE CREATED 12/04/2019 9:07 am	OWNER Chris Simon	PROCESSING STATUS In Progress
-----------	------------------------------------	----------------------	----------------------------------

Filters

PERIOD FY 2020 : Q1 2020 : Feb 2020 <input checked="" type="checkbox"/>	SUBSIDIARY Honeycomb Holdings Inc. : Honeycomb Mfg.
RUN ALL MONTHS UP TO AND INCLUDING	LEASE LA1001 Office Building
TRANSACTION TYPE	

Batch Summary [System Information](#) ☰

EDIT	PERIOD START DATE	LEASE	JOURNAL ENTRY	PROCESSING STATUS	EXECUTION LOG
No records to show.					

- Continue to refresh this page until the journal entry processing is complete
- All journal entries arising from the job will be listed within the Batch Summary subtab

NG Lessee Monthly Journal Processing ← → List Search

[Edit](#)
[Back](#)
[Actions ▾](#)

Processing Information

ID 631	DATE CREATED 12/04/2019 9:07 am	OWNER Chris Simon	PROCESSING STATUS Complete
-----------	------------------------------------	----------------------	-------------------------------

Filters

PERIOD FY 2020 : Q1 2020 : Feb 2020 <input checked="" type="checkbox"/>	SUBSIDIARY Honeycomb Holdings Inc. : Honeycomb Mfg.
RUN ALL MONTHS UP TO AND INCLUDING	LEASE LA1001 Office Building
TRANSACTION TYPE	

Batch Summary [System Information](#) ☰

EDIT	PERIOD START DATE ▲	LEASE	JOURNAL ENTRY	PROCESSING STATUS	EXECUTION LOG
Edit	01/01/2020	LA1001	NG Lessee Initial Balance #LSIB-0511	SUCCESS	
Edit	01/01/2020	LA1001	NG Lessee Amortization #LSA7454	SUCCESS	
Edit	02/01/2020	LA1001	NG Lessee Amortization #LSA7455	SUCCESS	

- Once complete, click on the direct link to the Lease within the page or navigate to the lease record to review the lease schedule and identify the links to the completed journal entries, which are shown on the far right

NG Lessee Lease

← → List Search

LA1001

[Edit](#) [Back](#) [Terminate Lease](#) [Modify Lease](#) [Print](#) [Actions](#)

Primary Information

LEASE ID ☒
LA1001

LEASE NAME ☒
Office Building

LEASE CLASSIFICATION
Operating

LEASE TYPE
Real Estate

SUBSIDIARY
Honeycomb Holdings Inc. : Honeycomb Mfg.

VENDOR
Charles Schwab

CURRENCY
USA

LEASE NOTES

ASSET PHOTO



Schedule Information

STATUS
Commenced

END DATE
12/31/2022

PREPAID LEASE PAYMENT
8,000.00

COMMENCEMENT DATE
01/01/2020

INITIAL PAYMENT AMOUNT
8,000.00

INITIAL DIRECT COSTS
500.00

LEASE TERM (MONTHS)
36

INCREMENTAL BORROWING RATE %
5.0%

LEASE INCENTIVES
1,000.00

PROCESSING STATUS

Current Balance Information

ASSET BALANCE
260,204.63

LIABILITY BALANCE
253,121.29

NET BALANCE
7,083.34

[Amortization Schedules](#) [Related Records](#) [Accounting](#) [Contract Provisions](#) [Documents](#) [Modifications](#) [Termination](#) [System Notes](#)

Operating Schedule • Financing Schedule ST/Low Value Schedule 840 Schedule Multi-Classification Schedule • Lease Payments Non-Lease Payments										
EDIT	PERIOD NUMBER *	PERIOD START DATE	LEASE PAYMENT	LIABILITY REDUCTION	LIABILITY ACCRETION	RIGHT OF USE ASSET BALANCE	LEASE LIABILITY BALANCE	NET BALANCE	ASSET REDUCTION	LEASE EXPENSE
Edit	0	01/01/2020	0.00	0.00	0.00	274,425.61	266,925.61	7,500.00	0.00	0.00
Edit	1	01/01/2020	8,000.00	6,887.81	1,112.19	267,329.47	260,037.80	7,291.67	(7,096.14)	8,208.33
Edit	2	02/01/2020	8,000.00	6,916.51	1,083.49	260,204.63	253,121.29	7,083.34	(7,124.84)	8,208.33
Edit	3	03/01/2020	8,000.00	6,945.33	1,054.67	253,050.97	246,175.96	6,875.01	(7,153.66)	8,208.33

1 to 25 of 37

[JOURNAL ENTRY](#)

NG Lessee Initial Balance #LSIB-0511

NG Lessee Amortization #LSA7454

NG Lessee Authorization #LSA7455

- Select the Hyperlink for the initial balance journal entry to see the recorded journal entry
- Note that the initial balance entry establishes the ROU Asset, Lease Liability, and records the net of Prepaid Lease Payments, Lease Incentives, and Initial Direct Costs to the ROU Clearing Account
 - Operating or Financing Lease
 - Debit Lease Type's "Right of Use Asset Account" for the NG Lessee Lease Schedule Entry's "Right of Use Asset Balance"
 - Credit Lease Type's "Lease Liability Long Term Account (Primary)" for the NG Lessee Lease Schedule Entry's "Lease Liability Balance"
 - Credit Lease Type's "ROU Clearing Account" for the NG Lessee Lease Schedule Entry's "Net Balance"
 - Short-Term, Low Value, or ASC840 Lease
 - Debit Lease Type's "Deferred Rent Account" for the NG Lessee Lease Schedule Entry's "Deferred Rent Balance"
 - Credit Lease Type's "ROU Clearing Account" for the NG Lessee Lease Schedule Entry's "Deferred Rent Balance"

NG Lessee Initial Balance [NG Lessee Initial Balance](#)

LSIB-0511 **PENDING APPROVAL**

[Edit](#) [Back](#) [Print](#) [Actions](#)

Primary Information

ENTRY NO. LSIB-0511	MEMO LA1001 - Initial Balance Entry
CURRENCY USA	STATUS Pending Approval
EXCHANGE RATE 1.00	LEASE LA1001 Office Building
DATE 01/01/2020	SCHEDULE ENTRY LSE39069
POSTING PERIOD	

Classification

SUBSIDIARY
Honeycomb Mfg.

Lines	Communication	System Information	Custom	GL Impact
ACCOUNT	DEBIT	CREDIT	DEPARTMENT	CLASS
1600 Right of Use Asset	274,425.61			LA1001 Office Building
2400 Lease Liability (LT)		266,925.61		LA1001 Office Building
1200 ROU Clearing		7,500.00		LA1001 Office Building

- Select the Hyperlink for the **NG Lessee Amortization** transaction to see the recorded GL impact
- For an Operating Lease, the **NG Lessee Amortization** records the Lease Expense as a debit to the Lease Expense Account (Operating), the Lease Liability is debited by the Liability Reduction, the ROU Asset Accumulated Amortization is debited by the Asset Reduction, and the Payment is accrued to the Lease Payable Clearing Account at that month's payment amount.
 - **Operating Lease**
 - **Debit** Lease Type's "**Lease Expense Account (Operating)**" for the NG Lessee Lease Schedule Entry's "**Lease Expense**"
 - **Debit** Lease Type's "**Lease Liability Long-Term Account (Primary)**" for the NG Lessee Lease Schedule Entry's "**Liability Reduction**"
 - **Debit** Lease Type's "**Right Of Use Asset Accumulated Amortization Asset Account**" for the NG Lessee Lease Schedule Entry's "**Asset Reduction**"
 - **Credit** Lease Type's "**Lease Payable Clearing Account**" for the NG Lessee Lease Schedule Entry's "**Payment**"
 - **Financing Lease**
 - **Debit** Lease Type's "**Right of Use Asset Amortization Expense Account**" for the NG Lessee Lease Schedule Entry's "**Amortization Amount**"
 - **Debit** Lease Type's "**Lease Liability Long-Term Account (Primary)**" for the NG Lessee Lease Schedule Entry's "**Allocated To Principal**"
 - **Debit** Lease Type's "**Interest Expense Account**" for the NG Lessee Lease Schedule Entry's "**Allocated To Interest**"

- **Credit** Lease Type's "**Right Of Use Asset Accumulated Amortization Asset Account**" for the NG Lessee Lease Schedule Entry's "**Amortization Amount**"
- **Credit** Lease Type's "**Lease Payable Clearing Account**" for the NG Lessee Lease Schedule Entry's "**Payment**"
- **Short-Term, Low Value, or ASC840 Lease**
 - **Debit** Lease Type's "**Lease Expense Account (Operating)**" for the NG Lessee Lease Schedule Entry's "**Lease Expense (Short Term)**"
 - **Credit** Lease Type's "**Lease Payable Clearing Account**" for the NG Lessee Lease Schedule Entry's "**Payment**"
 - **Debit** Lease Type's "**Deferred Rent Account**" for the NG Lessee Lease Schedule Entry's "**Allocated To Deferred Rent**"

NG Lessee Amortization

[←](#)
[→](#)
[List](#)
[Search](#)
[Customize](#)

LSA7454
PENDING APPROVAL

[Edit](#)
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[Actions](#)

Primary Information

ENTRY NO.
LSA7454
CURRENCY
USA
EXCHANGE RATE
1.00
DATE
01/01/2020

POSTING PERIOD
MEMO
LA1001 - Monthly Amortization Entry
STATUS
Pending Approval
LEASE
LA1001 Office Building
SCHEDULE ENTRY
LSE39068

Classification

SUBSIDIARY
Honeycomb Mfg.

Lines	Communication	System Information	Custom	GL Impact				
ACCOUNT	DEBIT	CREDIT	DEPARTMENT	CLASS	LOCATION	MEMO	LEASE	SCHEDULE ENTRY
6200 Rent Expense	8,208.33					LA1001 - Monthly Amortization Entry	LA1001 Office Building	LSE39068
2400 Lease Liability (LT)	6,887.81					LA1001 - Monthly Amortization Entry	LA1001 Office Building	LSE39068
1601 ROU - Accum. Amortization		7,096.14				LA1001 - Monthly Amortization Entry	LA1001 Office Building	LSE39068
2100 Lease Liability Payable (Clearing)		8,000.00				LA1001 - Monthly Amortization Entry	LA1001 Office Building	LSE39068

- For a Financing Lease, the **NG Lessee Amortization** records the monthly straight-line amortization of the ROU Asset against Accumulated Amortization. Interest is recognized against the Initial Lease Liability Balance, the Payment is accrued to the Lease Payable Clearing Account at that month's payment amount, and the Lease Liability is brought down under the effective interest method.

NG Lessee Amortization NG Lessee Amortization ← → List Search Customize

LSA7456 **PENDING APPROVAL**

[Edit](#) [Back](#) [Print](#) [Actions](#)

Primary Information

ENTRY NO. LSA7456	POSTING PERIOD
CURRENCY USA	MEMO LA1002 - Monthly Amortization Entry
EXCHANGE RATE 1.00	STATUS Pending Approval
DATE 01/01/2019	LEASE LA1002 Office Building
	SCHEDULE ENTRY LSE39105

Classification

SUBSIDIARY
Honeycomb Mfg.

Lines [Communication](#) [System Information](#) [Custom](#) [GL Impact](#)

ACCOUNT	DEBIT	CREDIT	DEPARTMENT	CLASS	LOCATION	MEMO	LEASE	SCHEDULE ENTRY
6015 Amortization Expense	8,412.48					LA1002 - Monthly Amortization Entry	LA1002 Office Building	LSE39105
2400 Lease Liability (LT)	7,610.63					LA1002 - Monthly Amortization Entry	LA1002 Office Building	LSE39105
6110 Interest Expense	389.37					LA1002 - Monthly Amortization Entry	LA1002 Office Building	LSE39105
1601 ROU - Accum. Amortization		8,412.48				LA1002 - Monthly Amortization Entry	LA1002 Office Building	LSE39105
2100 Lease Liability Payable (Clearing)		8,000.00				LA1002 - Monthly Amortization Entry	LA1002 Office Building	LSE39105

- Via the NetLease System Setup setting, **Automate Final Period Journals**, the last schedule entry of the lease term can be optionally setup to generate an **NG Final Period** transaction in addition to the normally scheduled **NG Lessee Amortization** transaction

Amortization Schedules											
Related Records Accounting Contract Provisions Documents Modifications Termination System Notes											
Operating Schedule Financing Schedule ST/Low Value Schedule B40 Schedule Multi-Classification Schedule Lease Payments Non-Lease Payments											
EDIT	PERIOD NUMBER	PERIOD START DATE	PAYMENT	ALLOCATED TO PRINCIPAL	ALLOCATED TO INTEREST	RIGHT OF USE ASSET BALANCE	LEASE LIABILITY BALANCE	NET BALANCE	AMORTIZATION AMOUNT	JOURNAL ENTRY	
Edt	0	01/01/2019	0.00	0.00	0.00	100,949.78	93,449.78	7,500.00	0.00	NG Lessee Initial Balance #LSIB-0512	
Edt	1	01/01/2019	8,000.00	7,610.63	389.37	92,537.30	85,839.15	6,698.15	8,412.48	NG Lessee Amortization #LSA7456	
Edt	2	02/01/2019	8,000.00	7,642.34	357.66	84,124.82	78,196.81	5,928.01	8,412.48	NG Lessee Amortization #LSA7457	
Edt	3	03/01/2019	8,000.00	7,674.18	325.82	75,712.34	70,522.63	5,189.71	8,412.48	NG Lessee Amortization #LSA7460	
Edt	4	04/01/2019	8,000.00	7,706.16	293.84	67,299.86	62,816.47	4,483.39	8,412.48	NG Lessee Amortization #LSA7461	
Edt	5	05/01/2019	8,000.00	7,738.26	261.74	58,887.38	55,078.21	3,809.17	8,412.48	NG Lessee Amortization #LSA7467	
Edt	6	06/01/2019	8,000.00	7,770.51	229.49	50,474.90	47,307.70	3,167.20	8,412.48	NG Lessee Amortization #LSA7462	
Edt	7	07/01/2019	8,000.00	7,802.88	197.12	42,062.42	39,504.82	2,557.60	8,412.48	NG Lessee Amortization #LSA7463	
Edt	8	08/01/2019	8,000.00	7,835.40	164.60	33,649.94	31,669.42	1,980.52	8,412.48	NG Lessee Amortization #LSA7464	
Edt	9	09/01/2019	8,000.00	7,868.04	131.96	25,237.46	23,801.38	1,436.08	8,412.48	NG Lessee Amortization #LSA7465	
Edt	10	10/01/2019	8,000.00	7,900.83	99.17	16,824.98	15,900.55	924.43	8,412.48	NG Lessee Amortization #LSA7466	
Edt	11	11/01/2019	8,000.00	7,933.75	66.25	8,412.50	7,966.80	445.70	8,412.48	NG Lessee Amortization #LSA7458	
Edt	12.1	12/01/2019	8,000.00	7,966.80	33.20	0.00	0.00	0.00	8,412.50	NG Lessee Amortization #LSA7459	
Edt	12.2	12/01/2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00	NG Lessee Final Period #LSFINAL-10	

- The **NG Final Period** transaction has the effect of clearing out what remains in accumulated amortization for the leased asset
 - **Financing Lease**
 - **Debit** Lease Type's "**Right Of Use Asset Accumulated Amortization Asset Account**" for the sum of the "**Asset Reduction**" recorded to date
 - **Credit** Lease Type's "**Right of Use Asset Account**" for the sum of the "**Asset Reduction**" recorded to date
 - **Operating Lease**
 - **Debit** Lease Type's "**Right Of Use Asset Accumulated Amortization Asset Account**" for the sum of the "**Amortization Amount**" recorded to date

- **Credit** Lease Type's "**Right of Use Account**" for the sum of the "**Amortization Amount**" recorded to date
- **Short-Term, Low Value, or ASC840 Lease**
 - N/A

NG Lessee Final Period

LSFINAL-10 **PENDING APPROVAL** ← → List Search Customize

[Edit](#) [Back](#) [Actions](#)

Primary Information

ENTRY NO. LSFINAL-10	MEMO LA1002 - Final Period Entry
CURRENCY USA	STATUS Pending Approval
EXCHANGE RATE 1.00	LEASE LA1002 Office Building
DATE 12/01/2019	SCHEDULE ENTRY LSE39118
POSTING PERIOD	

Classification

SUBSIDIARY
Honeycomb Mfg.

Lines [Communication](#) [System Information](#) [Custom](#) [GL Impact](#)

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	DEPARTMENT	CLASS	LOCATION	LEASE	SCHEDULE ENTRY
1601 ROU - Accum. Amortization	100,949.78		LA1002 - Final Period Entry					LA1002 Office Building	LSE39118
1600 Right of Use Asset		100,949.78	LA1002 - Final Period Entry					LA1002 Office Building	LSE39118

5.5.2 RUN MONTHLY SHORT-TERM/LONG-TERM RECLASS

Use Case: All lease liability transactions are recorded within NetLease against the Primary Lease Liability account set up during configuration. This Lease Liability should be classified on the balance sheet as a long-term liability. On a monthly basis, a reversing journal entry is recorded and tagged to each lease reclassing the short-term portion of the lease liability from long-term to the defined short-term lease liability.

Prerequisite: All lease transactions that impact the lease subledger details (setup, modifications, impairments, terminations, etc.) should be completed prior to processing monthly lease journals. Additionally, the status for commenced leases should be updated to reflect a commenced status. The reclass of ST/LT lease liabilities typically also takes place AFTER the amortization entries.

STEP BY STEP PROCESS

- Open to the Reclass Journal Entry Posting Page by navigating to **NetLease → Run Monthly Journals → Monthly Reclass Journals**

NetLease	Sales	Knowledge Base
NetLease Overview		
NetLease Setup ▶		
Lease Management ▶		
Run Monthly Journals ▶		
		Monthly Lease Journals
		Monthly Reclass Journals
		Approve Lease Journals

- You are navigated to the NG Lessee Monthly Reclass Processing page

NG Lessee Monthly Reclass Processing

List Search Customize More

Processing Information

PROCESSING STATUS

Filters

PERIOD
FY 2019 : Q4 2019 : Dec 2019

LEASE
<Type then tab>

RECLASS JOURNAL TYPE *
Short Term/Long Term Reclass

SUBSIDIARY

- Select the appropriate filters to run the journal entries and select **Save**

Field	Description	Example
Period	Highlight the period for which you would like to record transactions	Jan 2019
Subsidiary	Select the Subsidiary for whom reclass entries will be recorded. Leaving blank will run for all Subsidiaries	Company, Inc.
Reclass Journal Type	The Reclass Journal type defaults to Short Term/Long Term Reclass. Keep the type unchanged from that setting.	Short Term/Long Term Reclass

- Refresh the page until the Processing Status indicates Complete and the journal entries are listed in the batch summary

NG Lessee Monthly Reclass Processing

← → List Search

[Edit](#)
[Back](#)
[Refresh](#)
[Print](#)
[Actions](#)

Processing Information			
ID 147	DATE CREATED 12/04/2019 12:53 pm	OWNER Chris Simon	PROCESSING STATUS Complete

Filters

PERIOD
FY 2020 : Q1 2020 : Feb 2020

LEASE
[LA1001 Office Building](#)


RECLASS JOURNAL TYPE
Short Term/Long Term Reclass

SUBSIDIARY
[Honeycomb Holdings Inc. : Honeycomb Mfg.](#)

[Batch Summary](#)
[Notes](#)

EDIT	PERIOD START DATE	LEASE	LT TO ST RECLASS JOURNAL ENTRY	INTEREST PAYABLE RECLASS JOURNAL ENTRY	PROCESSING STATUS
Edit	02/01/2020	LA1001	Journal #JOU00003307		SUCCESS

- You can select the Journal Entry link to review the journal entry


Journal

[JOU00003307](#)
[PENDING APPROVAL](#)

[Edit](#)
[Back](#)
[Approve](#)
[Print](#)
[Actions](#)

Primary Information			
ENTRY NO. JOU00003307	<input type="checkbox"/> APPROVED	REVERSAL # JOU00003308	
CURRENCY USA	DATE 02/28/2020	REVERSAL DATE 03/01/2020	
EXCHANGE RATE 1.00	POSTING PERIOD Feb 2020		
SUBSIDIARY Honeycomb Mfg.	MEMO LA1001 - Short Term/Long Term Reclass Entry	LEASE LA1001 Office Building	

[Lines](#)
[Communication](#)
[Related Records](#)
[System Information](#)
[Custom](#)

85,280.68 •											
ACCOUNT	DEBIT	CREDIT	MEMO	NAME	DEPARTMENT	CLASS	LOCATION	LEASE	SCHEDULE ENTRY	HISTORY	
2410 Lease Liability LT Reclass	85,280.68		LA1001 - Short Term/Long Term Reclass Entry					LA1001 Office Building	LSE39071	History	
2150 Current Portion Lease Liability		85,280.68	LA1001 - Short Term/Long Term Reclass Entry					LA1001 Office Building	LSE39071	History	

- With the reversal entry linked in the Reversal # Field on the main journal entry

Journal [JOU00003308](#) **REVERSAL PENDING APPROVAL**

[Actions](#)

Primary Information

ENTRY NO. JOU00003308	<input type="checkbox"/> APPROVED	REVERSAL # JOU00003307
CURRENCY USA	DATE 03/01/2020	REVERSAL DATE 02/28/2020
EXCHANGE RATE 1.00	POSTING PERIOD Mar 2020	
SUBSIDIARY Honeycomb Mfg.	MEMO LA1001 - Short Term/Long Term Reclass Entry	LEASE LA1001 Office Building

Lines Communication Related Records System Information Custom

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	DEPARTMENT	CLASS	LOCATION	LEASE	SCHEDULE ENTRY	HISTORY
2410 Lease Liability LT Reclass		85,280.68	LA1001 - Short Term/Long Term Reclass Entry					LA1001 Office Building	LSE39071	History
2150 Current Portion Lease Liability	85,280.68		LA1001 - Short Term/Long Term Reclass Entry					LA1001 Office Building	LSE39071	History

- Note that the reclass journal entries are tied to the lease record and can be viewed by navigating back to the lease record and looking at the **Other Related Transactions** sublist within the **Related Records** subtab

Amortization Schedules Related Records Accounting Contract Provisions Documents Modifications Termination System Notes									
Lease Bills & Payments Other Related Transactions									
EDIT	NG LESSEE LEASE (LINE)	DATE	PERIOD	TYPE	DOCUMENT NUMBER	NAME	ACCOUNT	MEMO	AMOUNT
Edit	LA1001	02/01/2020	Feb 2020	Journal	JOU00003307		2410 Lease Liability LT Reclass	LA1001 - Short Term/Long Term Reclass Entry	(85,280.68)
Edit	LA1001	02/01/2020	Feb 2020	Journal	JOU00003307		2150 Current Portion Lease Liability	LA1001 - Short Term/Long Term Reclass Entry	85,280.68
Edit	LA1001	02/29/2020	Feb 2020	Journal	JOU00003308		2410 Lease Liability LT Reclass	LA1001 - Short Term/Long Term Reclass Entry	85,280.68
Edit	LA1001	02/29/2020	Feb 2020	Journal	JOU00003308		2150 Current Portion Lease Liability	LA1001 - Short Term/Long Term Reclass Entry	(85,280.68)

- Reclass journals are also tagged to the NG Lessee Schedule Entry period they apply to under the Reclass Information field group

Reclass Information		
INTEREST PAYABLE AMOUNT	INTEREST PAYABLE RECLASS JOURNAL ENTRY	LT TO ST RECLASS JOURNAL ENTRY Journal #JOU00003307

5.5.3 RUN MONTHLY INTEREST PAYABLE RECLASS

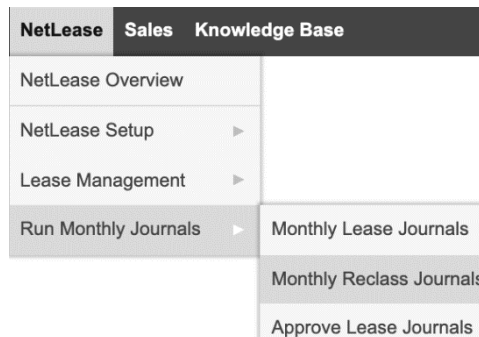
Use Case: NetLease records transactions on a monthly basis regardless of whether a payment was made. This is done in order to align with the matching principle. For Financing leases, in months where a payment is not made, interest expense will still be recorded within NetLease, and the offsetting interest payable is recorded as an increase (CR) to the Lease Liability account.

As an accounting election, customers may decide they would like to reclass those embedded interest payable amounts from Lease Liability to a separate Interest Payable account. NetLease supports this with the option to run an interest payable reclass.

Prerequisite: All lease transactions that impact the lease subledger details (setup, modifications, impairments, terminations, etc.) should be completed prior to processing monthly lease journals. Additionally, the status for commenced leases should be updated to reflect a commenced status. The reclass of interest payable typically also takes place AFTER the amortization entries and ST/LT Liability reclass.

STEP BY STEP PROCESS

- Open to the Reclass Journal Entry Posting Page by navigating to **NetLease → Run Monthly Journals → Monthly Reclass Journals**



- You are navigated to the NG Lessee Monthly Reclass Processing page

NG Lessee Monthly Reclass Processing List Search Customize More

Save **Cancel** **Reset**

Processing Information

PROCESSING STATUS

Filters

PERIOD
FY 2019 : Q4 2019 : Dec 2019

LEASE
<Type then tab>

RECLASS JOURNAL TYPE
Interest Payable Reclass

SUBSIDIARY

- Select the appropriate filters to run the journal entries and select **Save**

Field	Description	Example
Filter for Period	Highlight the period for which you would like to record transactions	Jan 2019
Subsidiary	Select the Subsidiary for whom reclass entries will be recorded. Leaving blank will run for all Subsidiaries	Company, Inc.
Reclass Journal Type	The Reclass Journal type defaults to Short Term/Long Term Reclass. Change the drop-down to Interest Payable Reclass	Interest Payable Reclass

- Refresh the page until the Process Status indicates Complete and the journal entries are listed in the batch summary

NG Lessee Monthly Reclass Processing

← → List Search

Edit **Back** **Refresh** **Actions** ▾

Processing Information

ID 148	DATE CREATED 12/04/2019 1:52 pm	OWNER Chris Simon	PROCESSING STATUS Complete
-----------	------------------------------------	----------------------	-------------------------------

Filters

PERIOD
FY 2019 : Q1 2019 : Feb 2019

LEASE
LA1004 Office Building (Quarterly Payments)

RECLASS JOURNAL TYPE
Interest Payable Reclass

SUBSIDIARY
Honeycomb Holdings Inc. :
Honeycomb Mfg.

Batch Summary **Notes**

EDIT	PERIOD START DATE	LEASE	LT TO ST RECLASS JOURNAL ENTRY	INTEREST PAYABLE RECLASS JOURNAL ENTRY	PROCESSING STATUS	EXECUTION LOG
Edit	02/01/2019	LA1004		Journal #JOU00003309	SUCCESS	

- You can select the Journal Entry link to review the journal entry

Journal

JOU00003309 **PENDING APPROVAL**

Edit **Back** **Approve** **Actions** ▾

Primary Information

ENTRY NO. JOU00003309	<input type="checkbox"/> APPROVED	REVERSAL # JOU00003310
CURRENCY USA	DATE 02/28/2019	REVERSAL DATE 03/01/2019
EXCHANGE RATE 1.00	POSTING PERIOD Feb 2019	
SUBSIDIARY Honeycomb Mfg.	MEMO LA1004 - Interest Payable Reclass Entry	LEASE LA1004 Office Building (Quarterly Payments)

Lines **Communication** **Related Records** **System Information** **Custom**

98.00 •

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	DEPARTMENT	CLASS	LOCATION	LEASE	SCHEDULE ENTRY	HISTORY
2150 Current Portion Lease Liability	98.00		LA1004 - Interest Payable Reclass Entry					LA1004 Office Building (Quarterly Payments)	LSE39135	History
2090 Interest Payable		98.00	LA1004 - Interest Payable Reclass Entry					LA1004 Office Building (Quarterly Payments)	LSE39135	History

- With the reversal entry linked in the Reversal # Field on the main journal entry

Journal JOU00003310 REVERSAL PENDING APPROVAL

Primary Information

ENTRY NO. JOU00003310	<input type="checkbox"/> APPROVED	REVERSAL # JOU00003309
CURRENCY USA	DATE 03/01/2019	REVERSAL DATE 02/28/2019
EXCHANGE RATE 1.00	POSTING PERIOD Mar 2019	
SUBSIDIARY Honeycomb Mfg.	MEMO LA1004 - Interest Payable Reclass Entry	LEASE LA1004 Office Building (Quarterly Payments)

Lines Communication Related Records System Information Custom

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	DEPARTMENT	CLASS	LOCATION	LEASE	SCHEDULE ENTRY	HISTORY
2150 Current Portion Lease Liability		98.00	LA1004 - Interest Payable Reclass Entry					LA1004 Office Building (Quarterly Payments)	LSE39135	History
2090 Interest Payable	98.00		LA1004 - Interest Payable Reclass Entry					LA1004 Office Building (Quarterly Payments)	LSE39135	History

- Note that the reclass journal entries are tied to the lease record and can be viewed by navigating back to the lease record and looking at the **Other Related Transactions** sublist within the **Related Records** subtab

Amortization Schedules Related Records Accounting Contract Provisions Documents Modifications Termination System Notes										
Lease Bills & Payments Other Related Transactions •										
EDIT	NG LESSEE LEASE (LINE)	DATE	PERIOD	TYPE	DOCUMENT NUMBER	NAME	ACCOUNT	MEMO	AMOUNT	
Edit	LA1004	02/01/2019	Feb 2019	Journal	JOU00003309		2150 Current Portion Lease Liability	LA1004 - Interest Payable Reclass Entry	(98.00)	
Edit	LA1004	02/01/2019	Feb 2019	Journal	JOU00003309		2090 Interest Payable	LA1004 - Interest Payable Reclass Entry	98.00	
Edit	LA1004	02/28/2019	Feb 2019	Journal	JOU00003310		2150 Current Portion Lease Liability	LA1004 - Interest Payable Reclass Entry	98.00	
Edit	LA1004	02/28/2019	Feb 2019	Journal	JOU00003310		2090 Interest Payable	LA1004 - Interest Payable Reclass Entry	(98.00)	

- Reclass journals are also tagged to the NG Lessee Schedule Entry period they apply to under the Reclass Information field group

Reclass Information		
INTEREST PAYABLE AMOUNT 97.54	INTEREST PAYABLE RECLASS JOURNAL ENTRY Journal #JOU00003309	LT TO ST RECLASS JOURNAL ENTRY

5.5.4 MULTI-BOOK LEASE JOURNALS

Use Case: User's utilizing NetSuite's multi-book functionality may desire to adjust a secondary book to record something different from what was recorded in the primary books. The most common cause of this is when a customer has dual reporting requirements: (1) US GAAP and (2) IFRS. In those instances, they may want the primary book to have one GAAP treatment while the secondary book has the alternate treatment. NetLease calculates and supports the posting of all lease types for US GAAP and IFRS with the NetLease System Setting, **Generate Book-Specific Journals**.

Custom Transaction: NetLease uses NetSuite's custom transactions, which are book-generic (i.e., the post across all NetSuite books). Therefore, for multibook customers, the

NetLease transactions post to all books. When a customer wants to adjust the secondary book, there are two options that NetLease provides:

1. Reverse NetLease journals with a book-specific journal tagged to the secondary book
2. Reverse NetLease journals and repost alternate classification with a book-specific journal tagged to the secondary book (all within the same journal)

Prerequisites: Enable **Full Multi-Book Accounting** in NetSuite's Enable Features. Turn on the System Feature, **Generate Book-Specific Journals**, in NetLease System Setup.

STEP BY STEP PROCESS

- Prior to running any journals, update the **Multi-Book Adjustments** section on the **Accounting** subtab of the desired lease

Amortization Schedules		Related Records		Accounting		Contract Provisions		Documents		Modifications	
Segmentation Data											
DEPARTMENT						CLASS					
ASSIGNED TO						PARENT LEASE					
Disclosure Information											
VARIABLE RATE INDEX						RESIDUAL VALUE ESTIMATE					
VARIABLE NON-LEASE PAYMENTS						RESIDUAL VALUE GUARANTEE					
Multi-Book Adjustments											
SECONDARY BOOK						<input checked="" type="checkbox"/> POST TO OPPOSITE CLASSIFICATION					
Secondary Accounting Book											
Accounting Overrides											
<input type="checkbox"/> NO GL IMPACT						<input type="checkbox"/> SHORT TERM OR LOW VALUE LEASE					

- Entering a **Secondary Book** causes any future transactions booked against the lease to also be booked into the secondary book as reversals
- Checking **Post to Opposite Classification** causes transactions booked against the lease to post the opposite lease classification (Financing/Operating) entry to the secondary book
- There is no GL Impact recorded to the main journal entry, the GL Impact for Multi-Book adjustments is instead split out onto a separate book specific journal entry tagged to the schedule entry record

NG Lessee Lease Schedule Entry

LSE39244

Save

Cancel

Reset

Change ID

Primary Information

ID
LSE39244

LEASE
LA1009 MultiBook Operating Lease

LEASE CLASSIFICATION
Operating

JOURNAL ENTRY
NG Lessee Amortization #LSA7511

BOOK SPECIFIC JOURNAL ENTRY
Journal #JOU00003317

- Note no changes to the normal amortization entry

NG Lessee Amortization

LSA7511

PENDING APPROVAL

Edit

Back



Actions

Primary Information

ENTRY NO.
LSA7511

CURRENCY
USA

EXCHANGE RATE
1.00

DATE
02/01/2019

POSTING PERIOD

MEMO
LA1009 - Monthly Amortization Entry

STATUS
Pending Approval

LEASE
LA1009 MultiBook Operating Lease

SCHEDULE ENTRY
LSE39244

Classification

SUBSIDIARY
Honeycomb Mfg.

Lines	Communication	System Information	Custom	GL Impact					
ACCOUNT	DEBIT	CREDIT	DEPARTMENT	CLASS	LOCATION	MEMO	LEASE	SCHEDULE ENTRY	
6200 Rent Expense	1,000.00					LA1009 - Monthly Amortization Entry	LA1009 MultiBook Operating Lease	LSE39244	
2400 Lease Liability (LT)	955.29					LA1009 - Monthly Amortization Entry	LA1009 MultiBook Operating Lease	LSE39244	
1601 ROU - Accum. Amortization		955.29				LA1009 - Monthly Amortization Entry	LA1009 MultiBook Operating Lease	LSE39244	
2100 Lease Liability Payable (Clearing)		1,000.00				LA1009 - Monthly Amortization Entry	LA1009 MultiBook Operating Lease	LSE39244	

- The Book Specific Journal lines being reversed are prefixed with "REV - " in the memo for ease of reporting with the opposite lease classification lines following the normal memo convention

Book Specific Journal ← → List Search Customize

JOU00003317 **PENDING APPROVAL**

[Edit](#) [Back](#) [Approve](#) [Print](#) [Actions](#)

Primary Information

ENTRY NO. JOU00003317	<input type="checkbox"/> APPROVED	REVERSAL #
CURRENCY USA	DATE 02/01/2019	REVERSAL DATE
EXCHANGE RATE 1.00	POSTING PERIOD Feb 2019	ACCOUNTING BOOK Secondary Accounting Book
SUBSIDIARY Honeycomb Mfg.	MEMO LA1009 - Monthly Amortization Entry	LEASE LA1009 MultiBook Operating Lease

Lines Communication Related Records System Information Custom

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	DEPARTMENT	CLASS	LOCATION	LEASE	SCHEDULE ENTRY
6200 Rent Expense		1,000.00	REV - LA1009 - Monthly Amortization Entry					LA1009 MultiBook Operating Lease	LSE39244
2400 Lease Liability (LT)		955.29	REV - LA1009 - Monthly Amortization Entry					LA1009 MultiBook Operating Lease	LSE39244
1601 ROU - Accum. Amortization	955.29		REV - LA1009 - Monthly Amortization Entry					LA1009 MultiBook Operating Lease	LSE39244
2100 Lease Liability Payable (Clearing)	1,000.00		REV - LA1009 - Monthly Amortization Entry					LA1009 MultiBook Operating Lease	LSE39244
6015 Amortization Expense	973.44		LA1009 - Monthly Amortization Entry					LA1009 MultiBook Operating Lease	LSE39244
2400 Lease Liability (LT)	955.29		LA1009 - Monthly Amortization Entry					LA1009 MultiBook Operating Lease	LSE39244
6110 Interest Expense	44.71		LA1009 - Monthly Amortization Entry					LA1009 MultiBook Operating Lease	LSE39244
1601 ROU - Accum. Amortization		973.44	LA1009 - Monthly Amortization Entry					LA1009 MultiBook Operating Lease	LSE39244
2100 Lease Liability Payable (Clearing)		1,000.00	LA1009 - Monthly Amortization Entry					LA1009 MultiBook Operating Lease	LSE39244

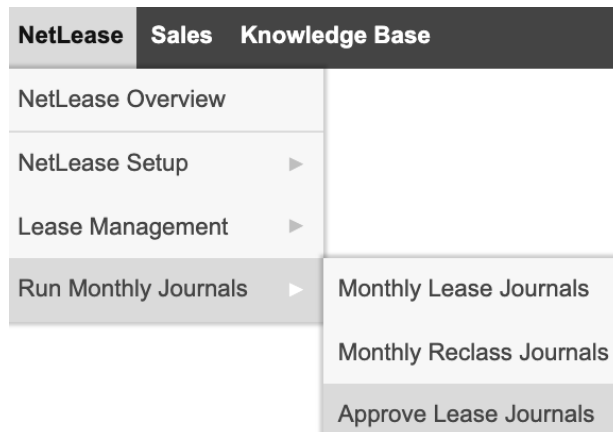
5.5.5 APPROVE MONTHLY LEASE JOURNALS

Use Case: When the NetLease Setup System Setting, **Default Transaction Status**, is set to **Pending Approval**, lease transactions will need to be manually approved or approved in bulk.

Prerequisites: Monthly Lease Journals have been run.

STEP BY STEP PROCESS

- Open to the Approve Lease Journals Page by navigating to **NetLease** → **Run Monthly Journals** → **Approve Lease Journals**



- Enter any desired filters and click Filter Results if you would only like a subset of transactions to be approved. Once you're happy with the transactions displaying in the sublist, select transactions individually or click the **Mark All** button then click the **Submit** button to initiate the approval process.

Approve Lease Transactions More

Filters

SUBSIDIARY
 TRANSACTION TYPE
 LEASE TYPE
 LEASE
 FROM DATE
 TO DATE

Unapproved Transactions •

SELECT	TRANSACTION	DATE	LEASE	SCHEDULE ENTRY	MEMO	AMOUNT
<input type="checkbox"/>	NG Lessee Amortization #L SA7458	01/01/2019	LA1004 Office Building (Quarterly Payments)	LSE39133	LA1004 - Monthly Amortization Entry	3,398.30
<input type="checkbox"/>	NG Lessee Initial Balance #L SIR-0513	01/01/2019	LA1004 Office Building (Quarterly Payments)	LSE39134	LA1004 - Initial Balance Entry	40,779.54
<input type="checkbox"/>	NG Lessee Transition #L STRAN-0738	01/01/2019	LA1003 Office Building	LSE39132	LA1003 - Transition Entry	77,212.33
<input type="checkbox"/>	NG Lessee Initial Balance #L SIR-0512	01/01/2019	LA1002 Office Building	LSE39106	LA1002 - Initial Balance Entry	100,949.78
<input type="checkbox"/>	NG Lessee Amortization #L SA7456	01/01/2019	LA1002 Office Building	LSE39105	LA1002 - Monthly Amortization Entry	8,412.48

- You will be redirected to a status page where you can refresh periodically to see the newly approved journals
- Once the status is **Complete** you can click the **Export** button to save the processed results as a .csv file

5.6 LEASE RENEWALS, MODIFICATIONS, & IMPAIRMENTS

Use Case: Through the duration of a lease, there may be events or changes related to the lease agreement or underlying leased assets that require an adjustment to the original classifications. These changes can cause a reassessment or change in multiple components related to the lease, such as the following:

- Payment amounts expected under the lease
- Duration of the lease contract
- Triggering of additional requirements under the original terms of the contract
- Reassessments of the original expectations relative to renewal or termination options within the contract
- Indicators of reduced value of the underlying leased assets

NetLease makes it easy for you to execute the requirements by automating the accounting under each type of renewals, modifications, and impairments. Modifications can be initiated while the lease is commenced with journals booking as well as at the end of the lease—appending the lease with an additional term. Modifications can also be initiated on non-GL impacting leases.

Modifications: A modification is a change in the terms of a contract that were not part of the original terms (this includes lease renewals).

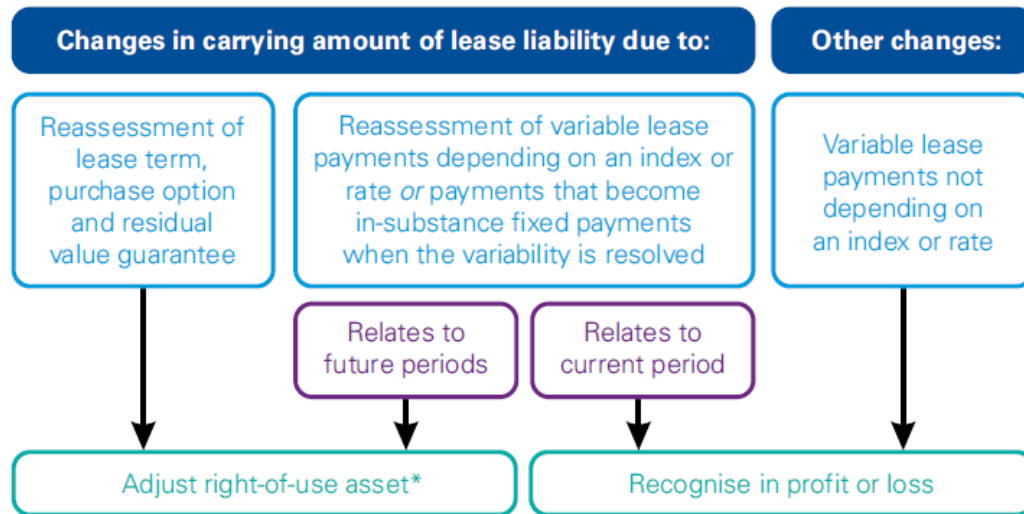
US GAAP (ASC 842 Glossary): A change to the terms and conditions of a contract that results in a change in the scope of or the consideration for a lease (for example, a change to the terms and conditions of the contract that adds or terminates the right to use one or more underlying assets or extends or shortens the contractual lease term).

IFRS (IFRS 16 Appendix A): A ‘lease modification’ is defined as “a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term.”

The resulting adjustment can trigger different types of modifications:

1. **Modification accounted for as a separate contract** → NetLease can create a separate lease contract and tag the original contract as a parent lease
2. **Modification resulting in a remeasurement of the lease liability** → NetLease handles this as a “Standard Lease Modification”, which remeasures the lease liability and any differences are recorded against the ROU asset
3. **Modification reducing the scope of the lease (partial termination)** → NetLease handles this as a “Decrease in Scope” modification, which both (1) remeasures the lease liability and (2) has a P&L impact for the reduction in scope

KPMG provides the following diagram highlighting the various modifications types:



* If the carrying amount of the right-of-use asset is reduced to zero, then any further reductions are recognised in profit or loss.

Source: KPMG—Lease Modifications—Accounting for changes to lease contracts - IFRS 16, September 2018

5.6.1 STANDARD LEASE MODIFICATIONS

Use Case: The standard lease modification is the most common modification type, which can arise from a simple lease renewal. In those instances, you must remeasure the lease liability with the adjustments being recorded against the ROU asset (no P&L impact).

Prerequisites: Lease modifications must be entered in NetLease within the month and prior to month-end amortization and reclass entries. Additionally, because a lease modification cannot be undone without significant effort, before running a lease modification, it is best practice to review the lease entries and confirm the changes you intend to make to the term, discount rate, and payment schedule.

Effective Date: Note that the effective date is the date when both parties agree to the lease modifications. Therefore, the month in which the agreement is obtained is most likely the date that it should be recorded within NetLease.

STEP BY STEP PROCESS

- Navigate to the lease record where the modification is to be recorded and select the **Modify Lease** button
- On the Lease Modification page, the **Modification Type** will default to **Standard Modification (LL Remeasure)**

Lease Modification

More

Modify Lease

Current Lease Information

LEASE LA1001 Office Building	COMMENCEMENT DATE 01/01/2020	LIABILITY BALANCE 253,121.29
INITIAL PAYMENT 8,000.00	LEASE TERM (MONTHS) 36	ASSET BALANCE 260,204.63
INCREMENTAL BORROWING RATE 5.0%	END DATE 12/31/2022	NET BALANCE 7,083.34

Modification Information

MODIFICATION TYPE *

Standard Modification (LL Remeasure) ▼

EFFECTIVE MODIFICATION DATE *

03/01/2020 ▼

MODIFIED LEASE END DATE *

12/31/2022

INCREMENTAL BORROWING RATE *

6.0%

MODIFICATION NOTE

Adjusted Payment Schedule •

EFFECTIVE DATE	PAYMENT AMOUNT
01/01/2020	8,000.00

✓ Add
✕ Cancel
✚ Insert
✚ Remove

- Note that the fields are prepopulated with the current lease attributes, including the payment schedule
- Update the following as necessary for the lease modification (refer to the guidance for appropriate adjustments per your modification type)

Field	Description	Example
Effective Modification Date	Defaults to the first period without amortization recorded. To update to a later period, monthly journals will have to be run up to that point – please consider carefully before skipping ahead.	03/01/2020
Modified Lease End Date	Adjust to the updated lease end date for any extensions or reductions in the lease term	03/31/2021
Incremental Borrowing Rate	Update the incremental borrowing rate to present value the lease liability going forward	5.0%
Adjusted Payment Schedule	Update the payment schedule for any changes to the expected lease payments causing the modification	11,000
Modification Note	Provide a brief description of the basis and adjustments made with the modification for subsequent support and reference	Exercised option for 1 year extension

- After double-checking updates and inputs for the modification and remeasurement, click **Modify Lease**
- You will be navigated back to the lease record and you can refresh and monitor the **Processing Modification...** notification until the modification is complete and you can see the modification and subsequent adjustment to the go-forward schedule entries

- The Effective Modification Date Period will be split into two entries, one to record the GL Impact of the Modification and one to record the normally scheduled amortization

Current Balance Information											
ASSET BALANCE 260,204.63			LIABILITY BALANCE 253,121.29				NET BALANCE 7,083.34				
Amortization Schedules		Related Records	Accounting	Contract Provisions	Documents	Modifications	Termination	System Notes			
Operating Schedule •		Financing Schedule	ST/Low Value Schedule	§40 Schedule	Multi-Classification Schedule •		Lease Payments	Non-Lease Payments			
											1 to 25 of 38
EDIT	PERIOD NUMBER •	PERIOD START DATE	LEASE PAYMENT	LIABILITY REDUCTION	LIABILITY ACCRETION	RIGHT OF USE ASSET BALANCE	LEASE LIABILITY BALANCE	NET BALANCE	ASSET REDUCTION	LEASE EXPENSE	JOURNAL ENTRY
Edit	0	01/01/2020	0.00	0.00	0.00	274,425.61	266,925.61	7,500.00	0.00	0.00	NG Lessee Initial Balance #LSIB-0511
Edit	1	01/01/2020	8,000.00	6,887.81	1,112.19	267,329.47	260,037.80	7,291.67	(7,096.14)	8,208.33	NG Lessee Amortization #LSA7454
Edit	2	02/01/2020	8,000.00	6,916.51	1,083.49	260,204.63	253,121.29	7,083.34	(7,124.84)	8,208.33	NG Lessee Amortization #LSA7455
Edit	3.1	03/01/2020	0.00	0.00	0.00	256,647.73	249,564.39	7,083.34	0.00	0.00	NG Lessee Modification #LSMODI-0277
Edit	3.2	03/01/2020	8,000.00	6,752.18	1,247.82	249,687.22	242,812.21	6,875.01	(6,960.51)	8,208.33	
Edit	4	04/01/2020	8,000.00	6,785.94	1,214.06	242,692.95	236,026.27	6,666.68	(6,994.27)	8,208.33	

- Click on hyperlink to the **NG Lessee Modification** entry to see the adjustment to the lease liability and offset to the ROU Asset

NG Lessee Modification [PENDING APPROVAL](#) [List](#) [Search](#) [Customize](#)

LSMODI-0277 [Edit](#) [Back](#) [Actions](#)

Primary Information

ENTRY NO. LSMODI-0277	MEMO LA1001 - Modification Entry
CURRENCY USA	STATUS Pending Approval
EXCHANGE RATE 1.00	LEASE LA1001 Office Building
DATE 03/01/2020	SCHEDULE ENTRY LSE39146
POSTING PERIOD	

Classification

SUBSIDIARY
Honeycomb Mfg.

Lines	Communication	System Information	Custom	GL Impact
ACCOUNT	DEBIT	CREDIT	DEPARTMENT	CLASS
1600 Right of Use Asset		3,556.90		LA1001 Office Building
2400 Lease Liability (LT)	3,556.90			LSE39146

- A historical record of the modification will be saved to the **Modifications** subtab of the **NG Lessee Lease** record with details from before and after the modification
- Clicking the **Edit** link will reveal the lease information both before and after the modification

NG Lessee Modification

← → List Search Customize More

☐ INACTIVE
☐ REVERSED
 MODIFICATION TYPE
 Standard Modification (LL Remeasure)
 LEASE
 LA1001 Office Building
 JOURNAL ENTRY
 NG Lessee Modification #LSMODI-0277
 BOOK SPECIFIC JOURNAL ENTRY

EFFECTIVE DATE
 03/01/2020
 EFFECTIVE PERIOD NUMBER
 3
 SCHEDULE ENTRY
 LSE39146
 SCOPE DECREASE
 0.0
 ROU IMPAIRMENT AMOUNT
 0.00

REVERSAL JOURNAL ENTRY
 NOTES
 Borrowing Rate Increase

Before Modification
 LEASE TERM
 36
 INCREMENTAL BORROWING RATE %
 5.0%
 LEASE END DATE
 12/31/2022

After Modification
 LEASE TERM
 36
 INCREMENTAL BORROWING RATE %
 6.0%
 LEASE END DATE
 12/31/2022

New Payment Schedule

System Notes

EDIT	LEASE	LEASE COMPONENT PAYMENT EFFECTIVE DATE	LEASE COMPONENT PAYMENT AMOUNT
No records to show.			

5.6.2 DECREASE IN SCOPE MODIFICATIONS (PARTIAL TERMINATION)

Use Case: A decrease in the scope of a lease can also be referred to as a partial termination—it removes the right to use one or more underlying assets or shortens the contractual lease term. This can happen, for example, by modifying a lease to reduce the amount of square footage in a building

Under a decrease in scope modification, the lease liability is remeasured, similar to the standard modification, but the lessee also recognizes a gain or loss arising from percentage reduction of the pre-modification ROU asset & Lease Liability (% of the net balance), with any remaining differences being recorded against the ROU asset.

Prerequisites: Lease modifications must be entered in NetLease within the month and prior to month-end amortization and reclass entries. Additionally, because a lease modification cannot be undone without significant effort, before running a lease modification, it is best practice to review the lease entries and confirm the changes you intend to make to the term, discount rate, and payment schedule.

Effective Date: Note that the effective date is the date when both parties agree to the lease modifications. Therefore, the month in which the agreement is obtained is most likely the date that it should be recorded within NetLease.

STEP BY STEP PROCESS

- Navigate to the lease record where the modification is to be recorded and select the **Modify Lease** button
- On the Lease Modification page update the **Modification Type** to **Decrease in Scope (LL Remeasure & Gain/Loss)**

Lease Modification

More

Modify Lease

Current Lease Information

LEASE	COMMENCEMENT DATE	LIABILITY BALANCE
LA1001 Office Building	01/01/2020	253,121.29
INITIAL PAYMENT	LEASE TERM (MONTHS)	ASSET BALANCE
8,000.00	36	260,204.63
INCREMENTAL BORROWING RATE	END DATE	NET BALANCE
6.0%	12/31/2022	7,083.34

Modification Information

MODIFICATION TYPE *	MODIFICATION NOTE
Decrease In Scope (...easure & Gain/Loss) ▼	
EFFECTIVE MODIFICATION DATE *	
03/01/2020 ▼	
MODIFIED LEASE END DATE *	
12/31/2022	
INCREMENTAL BORROWING RATE *	
6.0%	
SCOPE DECREASE *	
40.0%	

Adjusted Payment Schedule •

EFFECTIVE DATE	PAYMENT AMOUNT
01/01/2020	8,000.00
<input type="text"/>	

- Note that the fields are prepopulated with the current lease attributes, including the payment schedule
- Update the following as necessary for the lease modification (refer to the guidance for appropriate adjustments per your modification type)

Field	Description	Example
Effective Modification Date	Defaults to the first period without amortization recorded. To update to a later period, monthly journals will have to be run up to that point – please consider carefully before skipping ahead.	03/01/2020
Modified Lease End Date	Adjust to the updated lease end date for any extensions or reductions in the lease term	03/31/2021
Incremental Borrowing Rate	Update the incremental borrowing rate to present value the lease liability going forward	5.0%
Scope Decrease	Input the percentage scope reduction—note that this is the percentage that impacts the P&L for the pre-modification ROU & LL reduction percentages	40%
Adjusted Payment Schedule	Update the payment schedule for any changes to the expected lease payments causing the modification	11,000
Modification Note	Provide a brief description of the basis and adjustments made with the modification for subsequent support and reference	Exercised option for 1 year extension

- After double-checking updates and inputs for the modification and remeasurement, click **Modify Lease**

- You will be navigated back to the lease record and you can refresh and monitor the **Processing Modification...** notification until the modification is complete and you can see the modification and subsequent adjustment to the go-forward schedule entries

Current Balance Information

ASSET BALANCE
260,264.63

LIABILITY BALANCE
253,121.29

NET BALANCE
7,083.34

Amortization Schedules

Related Records

Accounting

Contract Provisions

Documents

Modifications

Termination

System Notes

Operating Schedule •

Financing Schedule

ST/Low Value Schedule

840 Schedule

Multi-Classification Schedule •

Lease Payments •

Non-Lease Payments

1 to 25 of 38

EDIT	PERIOD NUMBER	PERIOD START DATE	LEASE PAYMENT	LIABILITY REDUCTION	LIABILITY ACCRETION	RIGHT OF USE ASSET BALANCE	LEASE LIABILITY BALANCE	NET BALANCE	ASSET REDUCTION	LEASE EXPENSE	JOURNAL ENTRY
Edit	0	01/01/2020	0.00	0.00	0.00	274,425.61	266,925.61	7,500.00	0.00	0.00	NG Lessee Initial Balance #LSIB-0511
Edit	1	01/01/2020	8,000.00	6,887.81	1,112.19	267,329.47	260,037.80	7,291.67	(7,096.14)	8,208.33	NG Lessee Amortization #LSA7454
Edit	2	02/01/2020	8,000.00	6,916.51	1,083.49	260,204.63	253,121.29	7,083.34	(7,124.84)	8,208.33	NG Lessee Amortization #LSA7455
Edit	3.1	03/01/2020	0.00	0.00	0.00	253,814.39	249,564.39	4,250.00	0.00	0.00	NG Lessee Modification #LSMODI-0278
Edit	3.2	03/01/2020	8,000.00	6,752.18	1,247.82	246,937.21	242,812.21	4,125.00	(6,877.18)	8,125.00	
Edit	4	04/01/2020	8,000.00	6,785.94	1,214.06	240,026.27	236,026.27	4,000.00	(6,910.94)	8,125.00	

- Click on hyperlink to the **NG Lessee Modification** entry to see the adjustment to the lease liability and offset to ROU asset, as well as the gain/loss for the % reduction in pre-modification ROU Asset and Lease Liability.

NG Lessee Modification

LSMODI-0278
PENDING APPROVAL

Edit Back Actions

Primary Information

ENTRY NO.
LSMODI-0278
CURRENCY
USA
EXCHANGE RATE
1.00
DATE
03/01/2020
POSTING PERIOD

MEMO
LA1001 - Scope Decrease - Modification Entry
STATUS
Pending Approval
LEASE
LA1001 Office Building
SCHEDULE ENTRY
LSE39147

Classification

SUBSIDIARY
Honeycomb Mfg.

Lines	Communication	System Information	Custom	GL Impact				
ACCOUNT	DEBIT	CREDIT	DEPARTMENT	CLASS	LOCATION	LEASE	SCHEDULE ENTRY	HISTORY
1600 Right of Use Asset		6,390.24				LA1001 Office Building	LSE39147	History
2400 Lease Liability (LT)	3,556.90					LA1001 Office Building	LSE39147	History
8040 Loss (Gain) on Lease Modification	2,833.34					LA1001 Office Building	LSE39147	History

- A historical record of the modification will be saved to the **Modifications subtab** of the **NG Lessee Lease** record with details from before and after the modification
- Clicking the **Edit** link will reveal the lease information both before and after the modification

NG Lessee Modification

← → List Search Customize More

☐ INACTIVE
☒ REVERSED
 MODIFICATION TYPE
 Decrease In Scope (LL Remeasure & Gain/Loss)
 LEASE
 LA1001 Office Building
 JOURNAL ENTRY
 BOOK SPECIFIC JOURNAL ENTRY

EFFECTIVE DATE
 03/01/2020
 EFFECTIVE PERIOD NUMBER
 3
 SCHEDULE ENTRY
 SCOPE DECREASE
 40.0%
 ROU IMPAIRMENT AMOUNT
 0.00

REVERSAL JOURNAL ENTRY

 NOTES

Before Modification

LEASE TERM 36	INCREMENTAL BORROWING RATE % 6.0%	LEASE END DATE 12/31/2022
------------------	--------------------------------------	------------------------------

After Modification

LEASE TERM 36	INCREMENTAL BORROWING RATE % 6.0%	LEASE END DATE 12/31/2022
------------------	--------------------------------------	------------------------------

EDIT	LEASE	LEASE COMPONENT PAYMENT EFFECTIVE DATE ▲	LEASE COMPONENT PAYMENT AMOUNT
Edit	LA1001	01/01/2020	8,000.00

5.6.3 ROU IMPAIRMENTS

Use Case: A lessee is subject to the same asset impairment guidance previous to the new lease accounting standards (ASC 360 and IAS 36), which indicate that an impairment is to be recorded when an asset's carrying amount is not recoverable (US GAAP) or exceeds the higher of the asset's value in use and fair value less costs to sell (IFRS).

NetLease supports the accounting for impairments, whether for Financing Leases or Operating Leases:

1. **ROU Impairment for Financing Leases (all IFRS and US GAAP)** → Write down the ROU balance and record an impairment charge. The future amortization expense will be revised by calculating a new straight-line amortization based on the revised asset value
2. **ROU Impairment on Operating Leases (US GAAP only)** → Write down the ROU balance and record an impairment charge. The lease expense should no longer be recognized on a straight-line basis, but recorded monthly as the sum of (1) straight-line ROU amortization amount, plus (2) the effective interest of the lease liability.

Prerequisites: ROU impairments must be entered in NetLease within the month and prior to month-end amortization and reclass entries.

STEP BY STEP PROCESS FOR FINANCING LEASES (ALL IFRS AND US GAAP FINANCING)

- Navigate to the lease record where the modification is to be recorded and select the **Modify Lease** button
- On the Lease Modification page update the **Modification Type** to **ROU Impairment**

Lease Modification

[Modify Lease](#)

Current Lease Information

LEASE LA1001 Office Building	COMMENCEMENT DATE 01/01/2020	LIABILITY BALANCE 253,121.29
INITIAL PAYMENT 8,000.00	LEASE TERM (MONTHS) 36	ASSET BALANCE 260,204.63
INCREMENTAL BORROWING RATE 6.0%	END DATE 12/31/2022	NET BALANCE 7,083.34

Modification Information

MODIFICATION TYPE *	MODIFICATION NOTE
ROU Impairment	\$4,000 dollar impairment - not recoverable
EFFECTIVE MODIFICATION DATE *	
03/01/2020	
ROU IMPAIRMENT AMOUNT *	
4,000.00	

- Update the fields as necessary for the ROU Impairment

Field	Description	Example
Effective Modification Date	Defaults to the first period without amortization recorded. To update to a later period, monthly journals will have to be run up to that point – please consider carefully before skipping ahead.	04/01/2019
ROU Impairment Amount	Input the amount to impair (reduce) the existing ROU asset balance (carried forward from the prior period)	4,000
Modification Note	Provide a brief description of the basis and adjustments made with the ROU impairment for subsequent support and reference	Determined to not be recoverable

- After double-checking updates and inputs for the ROU impairment, click **Modify Lease**
- You will be navigated back to the lease record and you can refresh and monitor the **Processing Impairment...** notification until the modification is complete and you can see the modification and subsequent adjustment to the go-forward schedule entries

Current Balance Information											
ASSET BALANCE 260,204.63			LIABILITY BALANCE 253,121.29				NET BALANCE 7,083.34				
Amortization Schedules		Related Records	Accounting	Contract Provisions	Documents	Modifications	Termination	System Notes			
Operating Schedule • Financing Schedule ST/Low Value Schedule B40 Schedule Multi-Classification Schedule • Lease Payments • Non-Lease Payments											
1 to 25 of 38											
EDIT	PERIOD NUMBER	PERIOD START DATE	LEASE PAYMENT	LIABILITY REDUCTION	LIABILITY ACCRETION	RIGHT OF USE ASSET BALANCE	LEASE LIABILITY BALANCE	NET BALANCE	ASSET REDUCTION	LEASE EXPENSE	JOURNAL ENTRY
Edit	0	01/01/2020	0.00	0.00	0.00	274,425.61	266,925.61	7,500.00	0.00	0.00	NG Lessee Initial Balance #LSIB-0511
Edit	1	01/01/2020	8,000.00	6,887.81	1,112.19	267,329.47	260,037.80	7,291.67	(7,096.14)	8,208.33	NG Lessee Amortization #LSA7454
Edit	2	02/01/2020	8,000.00	6,916.51	1,083.49	260,204.63	253,121.29	7,083.34	(7,124.84)	8,208.33	NG Lessee Amortization #LSA7455
Edit	3.1	03/01/2020	0.00	0.00	0.00	256,204.63	253,121.29	3,083.34	0.00	0.00	NG Lessee Modification #LSMODI-0279
Edit	3.2	03/01/2020	8,000.00	6,734.39	1,265.61	248,669.20	246,386.90	2,282.30	(7,535.43)	8,801.04	
Edit	4	04/01/2020	8,000.00	6,768.07	1,231.93	241,133.77	239,618.83	1,514.94	(7,535.43)	8,767.36	

- Note how for an **Operating Lease** the **Lease Expense** column adjusts from the single expense pre-modification to the post-modification ROU Asset Reduction straight line + Liability Accretion

- Click on hyperlink to the ROU impairment entry to see the reduction in the ROU asset and impairment charge.

NG Lessee Modification ← → List Search Customize

LSMODI-0279 **PENDING APPROVAL**

[Edit](#) [Back](#) [Print](#) [Share](#) [Actions](#)

Primary Information

ENTRY NO. LSMODI-0279	MEMO LA1001 - ROU Impairment - Modification Entry
CURRENCY USA	STATUS Pending Approval
EXCHANGE RATE 1.00	LEASE LA1001 Office Building
DATE 03/01/2020	SCHEDULE ENTRY LSE39148
POSTING PERIOD	

Classification

SUBSIDIARY
Honeycomb Mfg.

Lines	Communication	System Information	Custom	GL Impact				
ACCOUNT	DEBIT	CREDIT	DEPARTMENT	CLASS	LOCATION	LEASE	SCHEDULE ENTRY	HISTORY
1600 Right of Use Asset		4,000.00				LA1001 Office Building	LSE39148	History
6015 Amortization Expense	4,000.00					LA1001 Office Building	LSE39148	History

- A historical record of the modification will be saved to the **Modifications subtab** of the **NG Lessee Lease** record with details from before and after the modification
- Clicking the **Edit** link will reveal the lease information both before and after the modification

NG Lessee Modification ← → List Search Customize More

[Save](#) [Cancel](#) [Reset](#) [Change ID](#) [Actions](#)

Primary Information

<input type="checkbox"/> INACTIVE	EFFECTIVE DATE 03/01/2020	REVERSAL JOURNAL ENTRY
<input type="checkbox"/> REVERSED	EFFECTIVE PERIOD NUMBER 3	Notes
MODIFICATION TYPE ROU Impairment	SCHEDULE ENTRY LSE39148	NOTES \$4,000 dollar impairment - not recoverable
LEASE LA1001 Office Building	SCOPE DECREASE 0.0	
JOURNAL ENTRY NG Lessee Modification #LSMODI-0279	ROU IMPAIRMENT AMOUNT 4,000.00	
BOOK SPECIFIC JOURNAL ENTRY		

Before Modification

LEASE TERM 36	INCREMENTAL BORROWING RATE % 6.0%	LEASE END DATE 12/31/2022
------------------	--------------------------------------	------------------------------

After Modification

LEASE TERM 36	INCREMENTAL BORROWING RATE % 6.0%	LEASE END DATE 12/31/2022
------------------	--------------------------------------	------------------------------

New Payment Schedule [System Notes](#)

EDIT	LEASE	LEASE COMPONENT PAYMENT EFFECTIVE DATE	LEASE COMPONENT PAYMENT AMOUNT
No records to show.			

5.6.4 MODIFICATION REVERSALS

Use Case: A lease modification has been made erroneously and needs to be reversed.

Prerequisites: A modification has been done on the lease and amortization has not yet been recorded on the effective modification date period.

STEP BY STEP PROCESS

- Navigate to an NG Lessee Lease record where the modification is to be recorded, click the **Reverse Modification** button and confirm your intent to reverse the modification
 - *NOTE: This button will only appear when there has been a recent modification and amortization has not yet been recorded on the effective modification date period.*
- The lease page will be refreshed with the Processing Status updated to read **Processing Modification Reversal**. Refresh the page periodically until the Processing Status is blank.
- Once complete, the schedule will be returned back to the state it was in prior to the modification

Depreciation Schedule							
Related Records Accounting Usage Maintenance Insurance Documents System Notes Revaluations Disposal Alt. 1 Alt. 2 Alt. 3							
EDIT	PERIOD NUMBER *	PERIOD START DATE	GROSS ASSET VALUE	DEPRECIATION AMOUNT	ACCUMULATED DEPRECIATION	NET BOOK VALUE	JOURNAL ENTRY
Edit	0	12/1/2018	9,600.00	0.00	0.00	9,600.00	
Edit	1	12/1/2018	9,600.00	200.00	200.00	9,400.00	
Edit	2.1	1/1/2019	9,600.00	0.00	200.00	9,400.00	NG Asset Go-Live Entry #22
Edit	2.2	1/1/2019	9,600.00	200.00	400.00	9,200.00	NG Asset Depreciation Entry #96
Edit	3	2/1/2019	9,600.00	200.00	600.00	9,000.00	NG Asset Depreciation Entry #97
Edit	4	3/1/2019	9,600.00	200.00	800.00	8,800.00	NG Asset Depreciation Entry #98
Edit	5	4/1/2019	9,600.00	200.00	1,000.00	8,600.00	NG Asset Depreciation Entry #99
Edit	6	5/1/2019	9,600.00	200.00	1,200.00	8,400.00	

- The **NG Lessee Modification** will be marked as **Reversed** to and left on the lease's **Modification subtab** to maintain the historical data.

NG Lessee Modification

← → List Search Customize More

☐ INACTIVE
☒ REVERSED
 MODIFICATION TYPE
 ROU Impairment
 LEASE
 LA1001 Office Building
 JOURNAL ENTRY

EFFECTIVE DATE
 03/01/2020
 EFFECTIVE PERIOD NUMBER
 3
 SCHEDULE ENTRY
 SCOPE DECREASE
 0.0
 ROU IMPAIRMENT AMOUNT
 4,000.00

REVERSAL JOURNAL ENTRY

 NOTES
 \$4,000 dollar impairment - not recoverable

- By default the journal entry will be automatically deleted, however, if the NetLease System Setup setting, **Do Not Automate Journal Entry Deletion**, is enabled then the journal entry linked to the **NG Lessee Modification** will need to manually deleted or reversed out with a reversal journal users can enter into the **Reversal Journal Entry** field

5.7 LEASE TERMINATIONS

5.7.1 TERMINATE INDIVIDUAL LEASE

Use Case: Circumstances may require an early termination to the lease. In these instances, a termination is required to remove the entire ROU Asset (and accumulated amortization), as well as any remaining lease liability, settling the final payments received, with an offset to the gain/loss account.


STEP BY STEP PROCESS

- Navigate to the lease record to be terminated. An example lease record to be terminated is shown here

NG Lessee Lease
LA1001

[Edit](#) [Back](#) [Terminate Lease](#) [Modify Lease](#) [Print](#) [Share](#) [Actions](#)

Primary Information

LEASE ID LA1001	SUBSIDIARY Honeycomb Holdings Inc. : Honeycomb Mfg.	
LEASE NAME Office Building	VENDOR Charles Schwab	
LEASE CLASSIFICATION Operating	CURRENCY USA	
LEASE TYPE Real Estate	LEASE NOTES	

Schedule Information

STATUS Commenced	END DATE 12/31/2022	PREPAID LEASE PAYMENT 8,000.00
COMMENCEMENT DATE 01/01/2020	INITIAL PAYMENT AMOUNT 8,000.00	INITIAL DIRECT COSTS 500.00
LEASE TERM (MONTHS) 36	INCREMENTAL BORROWING RATE % 6.0%	LEASE INCENTIVES 1,000.00
PROCESSING STATUS		

Current Balance Information

ASSET BALANCE 260,204.63	LIABILITY BALANCE 253,121.29	NET BALANCE 7,083.34
-----------------------------	---------------------------------	-------------------------

Amortization Schedules | Related Records | Accounting | Contract Provisions | Documents | Modifications | Termination | System Notes

Operating Schedule | Financing Schedule | ST/Low Value Schedule | R40 Schedule | Multi-Classification Schedule | Lease Payments | Non-Lease Payments

EDIT	PERIOD NUMBER	PERIOD START DATE	LEASE PAYMENT	LIABILITY REDUCTION	LIABILITY ACCRETION	RIGHT OF USE ASSET BALANCE	LEASE LIABILITY BALANCE	NET BALANCE	ASSET REDUCTION	LEASE EXPENSE	JOURNAL ENTRY
Edit	0	01/01/2020	0.00	0.00	0.00	274,425.61	266,925.61	7,500.00	0.00	0.00	NG Lessee Initial Balance #LSIB-0511
Edit	1	01/01/2020	8,000.00	6,887.81	1,112.19	267,329.47	260,037.80	7,291.67	(7,096.14)	8,208.33	NG Lessee Amortization #LSA7454
Edit	2	02/01/2020	8,000.00	6,916.51	1,083.49	260,204.63	253,121.29	7,083.34	(7,124.84)	8,208.33	NG Lessee Amortization #LSA7455
Edit	3	03/01/2020	8,000.00	6,734.39	1,265.61	253,261.91	246,386.90	6,875.01	(6,942.72)	8,208.33	
Edit	4	04/01/2020	8,000.00	6,768.07	1,231.93	246,285.51	239,618.83	6,666.68	(6,976.40)	8,208.33	
Edit	5	05/01/2020	8,000.00	6,801.91	1,198.09	239,275.27	232,816.92	6,458.35	(7,010.24)	8,208.33	

- Select **Terminate Lease** and confirm your intent to navigate to the lease termination page

Lease Termination

Terminate Lease

Current Lease Information

LEASE LA1001 Office Building	COMMENCEMENT DATE 01/01/2020	LIABILITY BALANCE 253,121.29
INITIAL PAYMENT 8,000.00	LEASE TERM (MONTHS) 36	ASSET BALANCE 260,204.63
INCREMENTAL BORROWING RATE 6.0%	END DATE 12/31/2022	NET BALANCE 7,083.34

Termination Information

EFFECTIVE TERMINATION DATE *	CASH PAID TO TERMINATE LEASE	TERMINATION REASON
03/01/2020	3,500.00	Hand back of equipment
	CASH RECEIVED TO TERMINATE LEASE	TERMINATION NOTE
	0.00	Excess supply in the warehouse. Negotiated return to lessor.

- Update the fields as necessary for the Lease Termination

Field	Description	Example
Effective Termination Date	Defaults to the first period without amortization recorded. To update to a later period, monthly journals will have to be run up to that point – please consider carefully before skipping ahead.	04/01/2019
Cash Paid to Terminate Lease	Input the amount to be paid in the lease termination month. Note that this amount should include both (1) standard lease payments, as well as (2) termination penalties or other consideration to be paid upon termination <i>Note: This amount will be recorded to the Lease Liability Payable Clearing Account</i>	3,500
Cash Received to Terminate Lease	Input the amount to be received from the termination. <i>Note: This amount will be recorded to the ROU Clearing Account</i>	0
Termination Reason	Provide a brief description of the reason for the termination.	Early termination
Termination Note	Provide any additional description or details for the termination	Excess supply and under-utilized; to return to lessor

- After double-checking updates and inputs for the Lease Termination, click **Terminate Lease**
- The lease page will be refreshed with the Processing Status updated to read **Processing Termination**. Refresh the page periodically until the Processing Status is blank and the Status is **Terminated**
- Once the termination is complete and you'll see the **NG Lessee Termination** transaction and removal of all subsequent amortization schedule lines

Current Balance Information											
ASSET BALANCE				LIABILITY BALANCE				NET BALANCE			
0.00				0.00				0.00			
Amortization Schedules Related Records Accounting Contract Provisions Documents Modifications Termination System Notes											
Operating Schedule • Financing Schedule ST/Low Value Schedule B40 Schedule Multi-Classification Schedule • Lease Payments • Non-Lease Payments											
EDIT	PERIOD NUMBER	PERIOD START DATE	LEASE PAYMENT	LIABILITY REDUCTION	LIABILITY ACCRETION	RIGHT OF USE ASSET BALANCE	LEASE LIABILITY BALANCE	NET BALANCE	ASSET REDUCTION	LEASE EXPENSE	JOURNAL ENTRY
Edit	0	01/01/2020	0.00	0.00	0.00	274,425.61	266,925.61	7,500.00	0.00	0.00	NG Lessee Initial Balance #LSB-0511
Edit	1	01/01/2020	8,000.00	6,887.81	1,112.19	267,329.47	260,037.80	7,291.67	(7,096.14)	8,208.33	NG Lessee Amortization #LSA7454
Edit	2	02/01/2020	8,000.00	6,916.51	1,083.49	260,204.63	253,121.29	7,083.34	(7,124.84)	8,208.33	NG Lessee Amortization #LSA7455
Edit	3	03/01/2020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	NG Lessee Termination #LSTER-0143

- Click on the hyperlink to the **NG Lessee Termination**

NG Lessee Termination

LSTER-0143

PENDING APPROVAL

Edit
Back
Actions

Primary Information

ENTRY NO.
LSTER-0143
CURRENCY
USA
EXCHANGE RATE
1.00
DATE
03/01/2020
POSTING PERIOD

MEMO
LA1001 - Termination Entry
STATUS
Pending Approval
LEASE
LA1001 Office Building
SCHEDULE ENTRY
LSE39073

Classification

SUBSIDIARY
Honeycomb Mfg.

Lines	Communication	System Information	Custom	GL Impact						
ACCOUNT	DEBIT	CREDIT	DEPARTMENT	CLASS	LOCATION	LEASE	SCHEDULE ENTRY	HISTORY		
1601 ROU - Accum. Amortization	14,220.98					LA1001 Office Building	LSE39073	History		
1600 Right of Use Asset		274,425.61				LA1001 Office Building	LSE39073	History		
2400 Lease Liability (LT)	253,121.29					LA1001 Office Building	LSE39073	History		
2100 Lease Liability Payable (Clearing)		3,500.00				LA1001 Office Building	LSE39073	History		
8040 Loss (Gain) on Lease Modification	10,583.34					LA1001 Office Building	LSE39073	History		

- Note that the journal entry reverses all cumulative balances in ROU Asset (Gross), Accumulated Amortization, Lease Liability (LT), and records the amount payable, with the offset to gain/loss on termination.
- Additionally, any Short-Term lease liabilities or interest payable amounts that were in the GL in the previous month will already have been eliminated due to auto-reversing status

5.7.2 MASS TERMINATE LEASES

Use Case: Multiple leases need to be terminated at the same time or segregation of duties requires a separate person handle lease termination.

STEP BY STEP PROCESS

- Navigate to the Terminate Leases page by selecting **NetLease** → **Lease Management** → **Mass Terminate Leases**

NetLease	Sales	Knowledge Base
NetLease Overview		
NetLease Setup	▶	
Lease Management	▶	New Lease
Run Monthly Journals	▶	Lease List ▶
		Mass Commence Leases
		Mass Terminate Leases

- Enter any desired filters and click Filter Results if you would only like a subset of leases to be terminated.
- Update the fields as necessary for the lease termination:

Field	Description	Example
Cash Paid Per Lease to Terminate	Input the amount to be paid in the lease termination month per lease to terminate. Note that this amount should include both (1) standard lease payments, as well as (2) termination penalties or other consideration to be paid upon termination <i>Note: This amount will be recorded to the Lease Liability Payable Clearing Account</i>	3,500
Cash Received Per Lease to Terminate	Input the amount to be received per lease to terminate. <i>Note: This amount will be recorded to the ROU Clearing Account</i>	0
Termination Reason	Provide a brief description of the reason for the termination.	Early termination
Termination Note	Provide any additional description or details for the termination	Excess supply and under-utilized; to return to lessor

- Once you're happy with the leases selected in the sublist, click the **Terminate Lease** button.

Lease Termination

Filters

SUBSIDIARY
LOCATION
☐ FLAGGED FOR MASS UPDATE

LEASE TYPE
LEASE
<Type then tab>

FROM COMMENCEMENT DATE
TO COMMENCEMENT DATE

Termination Information

CASH PAID PER LEASE TO TERMINATE
1,000.00

CASH RECEIVED PER LEASE TO TERMINATE
0.00

TERMINATION REASON
Closing Location

TERMINATION NOTE

Leases *

SELECT	LEASE	SUBSIDIARY	VENDOR	LEASE CLASSIFICATION	LEASE TYPE	NET BALANCE	END DATE
<input type="checkbox"/>	LA00377 Operating - Butler North MN	Honeycomb Holdings Inc. : Honeycomb Mfg.	McGeever Property Management	Operating	Real Estate		01/31/2023
<input type="checkbox"/>	LA00376 Operating - Burlingame CA	Honeycomb Holdings Inc. : Honeycomb Mfg.	McGeever Property Management	Operating	Real Estate		09/30/2022
<input checked="" type="checkbox"/>	LA00375 17 Cherry Tree Lane, London	Honeycomb Holdings Inc. : Honeycomb Mfg.	McGeever Property Management	Financing	Real Estate		12/31/2021

- You will be redirected to a status page where you can refresh periodically to see the newly terminated leases
- Clicking the link in the Lease column will reveal the same schedule and GL impacts covered in the previous section on individual lease termination

5.7.3 TERMINATION REVERSALS

Use Case: A lease termination has been made erroneously and needs to be reversed.

Prerequisites: A termination has been performed on the lease.

STEP BY STEP PROCESS

- Navigate to an NG Lessee Lease record where the termination has been performed and identify the associated termination record (selected from the Termination tab)
- Open the termination record in View mode (you may want to note the ID and pull from the List or search in the global search bar)
- Click the **Reverse Termination** button and confirm your intent to reverse the modification
- You will be navigated back to the lease record page with the Processing Status updated to read **Processing Termination Reversal**. Refresh the page periodically until the Processing Status is blank.
- Once complete, the schedule will be returned back to the state it was in prior to the termination
- The **NG Lessee Termination** record will be marked as **Reversed** and remain on the lease's **Termination subtab** to maintain the historical data.
- By default the journal entry will be automatically deleted, however, if the NetLease System Setup setting, **Do Not Automate Journal Entry Deletion**, is enabled then the journal entry linked to the **NG Lessee Termination** will need to manually deleted or reversed out with a reversal journal users can enter into the **Reversal Journal Entry** field

5.8 LEASE REPORTING AND DISCLOSURES

BACKGROUND AND USE CASE: NetLease was purpose-built to meet the reporting and disclosure requirements of ASC 842 and IFRS 16.

The following are a listing of the key **Financial Statement Reporting Requirements** and how NetLease supports each. Note that the initial account setup is important—especially when identifying where on the financials the lease accounting transactions should be reflected.

Requirement	Standard	How NetLease Supports
Statement of Financial Position Requirements:		
Finance and Operating Lease ROU Assets must be presented separately (or disclosed)	ASC 842-20-45 IFRS 16:47	<ul style="list-style-type: none"> The accounts for ROU Assets and Lease Liability are assigned in initial setup All NetLease reporting natively segregates Finance and Operating Leases Users can additionally elect to assign separate GL accounts to each Lease Type
Finance and Operating Lease Liabilities must be presented separately (or disclosed)	ASC 842-20-45	<ul style="list-style-type: none"> All NetLease reporting natively segregates Finance and Operating Leases Users can additionally elect to assign separate GL accounts to each Lease Type
Statement of Comprehensive Income		
A lessee must present both Finance Lease and Operating Lease expenses separately, and operating lease expense must be included in income from continuing operations	ASC 842-20-45	<ul style="list-style-type: none"> All NetLease reporting natively segregates Finance and Operating Leases Users assign GL accounts for each lease type and transaction category, and chart of account details and reporting hierarchies should be set for those accounts per the guidance
For Financing leases, Interest Expense on the Lease Liability and Amortization on the ROU Asset are not required to be presented as separate line items; presentation should be consistent with how they are handled for similar assets (same as previous capital lease treatment under the old standards)	ASC 842-20-45	<ul style="list-style-type: none"> Users assign GL accounts for each lease type and transaction category, and chart of account details and reporting hierarchies should be set for those accounts per the guidance NetLease also supports lease-specific reporting that segregates activity
	IFRS 16:	<ul style="list-style-type: none"> Each lease expense is assigned an account separately as part of initial configuration NetLease also supports lease-specific reporting that segregates activity for lease activity only Users can elect to assign separate GL accounts for each lease activity and verify their reporting hierarchies aggregate the accounts per the guidance
Variable Lease Expense Payments for Finance Leases (not included in lease liability):	ASU 2016-02 BC271 (ASC 842 is silent)	<ul style="list-style-type: none"> When vendor bills are input, the lease payment costs on the payment schedule are recorded against the lease payable clearing account, and

Requirement	Standard	How NetLease Supports
Deloitte highlights that they would accept presentation of variable lease expense in the P&L as either (1) interest expense or (2) a component of income from continuing ops (e.g., lease expense)		<p>any additional lease expense payments are coded as separate line items on the vendor bill</p> <ul style="list-style-type: none"> A lease can be tagged as having additional variable lease expenses on the Payments subtab in the Key Payment Details section and include an indication of type, but those payments should NOT be included within the Lease Payments Schedule to calculate the lease liability and ROU Asset Additional expected expenses can be added and reported on within the Abstract Data subtab under the Expected Lease Costs sublist
A lessee's lease cost should be evaluated and classified consistent to other similar types of expenses, whether in cost of sales, SG&A, or other operating expense line item		<ul style="list-style-type: none"> Users assign GL accounts for each lease type and transaction category, and chart of account details and reporting hierarchies should be set for those accounts per the guidance
Statement of Cash Flows—Finance Leases (All IFRS and US Financing Leases)		
Operating Section—Non-cash expenses should be added back to net income	ASC 842-20-45	<ul style="list-style-type: none"> Direct Method: Not applicable Indirect Method: Amortization Expense GL detailed reporting by Lease
Operating Section—Interest on the Lease Liability for Finance Leases	ASC 842-20-45	<ul style="list-style-type: none"> Direct Method: Report of payments by lease Indirect Method: No action; interest expense embedded in net income
Operating Section—Variable lease payments and Short-Term lease payments not included in lease liability	ASC 842-20-45	<ul style="list-style-type: none"> Direct Method: Report to list payments by lease includes other line-level details Indirect Method: Embedded already in net income
Financing Section—Finance Repayments of the principal portion of the lease liability	ASC 842-20-45	<ul style="list-style-type: none"> Direct Method: Report to list payments by lease Indirect Method: Roll-forward report with all lease liability reductions by Finance lease type
Statement of Cash Flows—Operating Leases (US Operating Leases Only)		
Operating Section—Payments on Operating Leases	ASC 842-20-45	<ul style="list-style-type: none"> Direct Method: Reporting listing payments by lease, segregated by type Indirect Method: Add-back of Non-cash Lease Expense via report of additions to accumulated Amortization account; for change in lease liabilities, all lease liabilities for operating leases are operating liabilities

The following are a listing of the key **Disclosure Requirements (ASC 842-20-50)** and how NetLease supports each. These requirements below were obtained by Deloitte's Roadmap to Applying the New Leasing Standard

Requirement	How NetLease Supports
Information about the nature of an entity's leases:	

Requirement	How NetLease Supports
General description about the nature of an entity's leases (including subleases)	<ul style="list-style-type: none"> General description report highlights lease breakout by type, classification, subsidiary, currency, ROU & LL balance, etc.
Basis and terms and conditions on which variable lease payments are determined	<ul style="list-style-type: none"> Variable lease terms disclosure report highlights leases tagged as variable rate with lease classification, rate index types, # of leases, and original NPV
Terms and conditions of options to extend or terminate leases	<ul style="list-style-type: none"> Lease Renewal Option Disclosure and Lease Termination Option Disclosure reports provide a listing of leases with options, details of the option, and whether it is likely to exercise
Residual Value Guarantees	<ul style="list-style-type: none"> Residual Value Guarantee report highlights leases with residual value guarantees indicated on the payments subtab with associated expense
Restrictions or covenants imposed by leases	<ul style="list-style-type: none"> Custom reports can be written to pull terms loaded to abstract data subtab
Leases that have not commenced	<ul style="list-style-type: none"> General description report, filtered by status
Significant assumptions and judgments	
Whether a contract contains a lease	<ul style="list-style-type: none"> Assumption/Judgment—qualitative response needed
Allocation of consideration in a contract	<ul style="list-style-type: none"> Assumption/Judgment—qualitative response needed
Discount Rate	<ul style="list-style-type: none">
Amounts Recognized in the Financial Statements	
Finance lease cost	<ul style="list-style-type: none"> Financial Reports
Operating lease cost	<ul style="list-style-type: none"> Financial Reports
Short Term lease cost	<ul style="list-style-type: none"> Financial Reports
Variable lease cost	<ul style="list-style-type: none"> Financial Reports
Sublease income	<ul style="list-style-type: none"> Financial Reports
Net gain or loss from sale-and-leaseback transactions	<ul style="list-style-type: none"> Financial Reports
Cash paid for amounts included in measurement of lease liabilities	<ul style="list-style-type: none"> Cash Flow Reports above
Supplemental noncash information	<ul style="list-style-type: none"> Financial Reports
Other Disclosure Information	
Weighted-average remaining lease term	<ul style="list-style-type: none"> Disclosure reports
Weighted-average discount rate	<ul style="list-style-type: none"> Disclosure reports
Maturity analysis of liabilities	<ul style="list-style-type: none"> Disclosure reports
Lease Transactions with related parties	<ul style="list-style-type: none"> Disclosure reports
Practical-expedient disclosure related to Short-Term leases	<ul style="list-style-type: none"> Disclosure reports
Practical-expedient disclosure related to separating lease components	<ul style="list-style-type: none"> Disclosure reports

Requirement	How NetLease Supports
Electing transition practical expedients: <ul style="list-style-type: none">– Hindsight practical expedient– Practical expedient package– Not to restate comparative periods	<ul style="list-style-type: none">• Disclosure reports

6 ADDITIONAL NETLEASE FEATURES

6.1 AUTOMATED 840 TO 842 TRANSITION

For US GAAP customers who implement NetLease prior to the adoption of ASC 842, NetLease supports the accounting for leases under ASC 842, where lease expense straight lined and any differences between expense and payments are recorded against deferred rent.

KEY ASSUMPTIONS

Using NetLease's automated approach to ASC 842 conversion, it is assumed that customers will use the practical expedients outlined in ASC 842 (e.g., hindsight) such that the ending balance of deferred rent just prior to conversion can be used as the net balance between the Lease Liability and ROU Asset at adoption of ASC 842.

STEP BY STEP PROCESS – INITIAL SETUP

- On initial setup, a lease is set to operating and the checkbox **840 Lease; To Convert at Adoption** is checked
- With that option selected, the lease schedule is generated and populated on the **840 Schedule** tab

Schedule Information

STATUS

Pending

END DATE

12/31/2021

PREPAID LEASE PAYMENT

500.00

COMMENCEMENT DATE

01/01/2020

INITIAL PAYMENT AMOUNT

500.00

INITIAL DIRECT COSTS

200.00

LEASE TERM (MONTHS)

24

INCREMENTAL BORROWING RATE %

5.0%

LEASE INCENTIVES

1,000.00

PROCESSING STATUS

Amortization Schedules

Related Records

Accounting

Contract Provisions

Documents

Modifications

Termination

System Notes

Operating Schedule

Financing Schedule

Short Term / Low Value Schedule

840 Schedule •

Multi-Classification Schedule •

Lease Payments

Non-Lease Payments

EDIT

PERIOD NUMBER ▲

PERIOD START DATE

PAYMENT

LEASE EXPENSE

ALLOCATED TO DEFERRED RENT

DEFERRED RENT BALANCE

JOURNAL ENTRY

Edit

0

01/01/2020

0.00

0.00

0.00

-300.00

Edit

1

01/01/2020

500.00

487.50

12.50

-287.50

Edit

2

02/01/2020

500.00

487.50

12.50

-275.00

Edit

3

03/01/2020

500.00

487.50

12.50

-262.50

Edit

4

04/01/2020

500.00

487.50

12.50

-250.00

Edit

5

05/01/2020

500.00

487.50

12.50

-237.50

Edit

6

06/01/2020

500.00

487.50

12.50

-225.00

Edit

7

07/01/2020

500.00

487.50

12.50

-212.50

Edit

8

08/01/2020

500.00

487.50

12.50

-200.00

Edit

9

09/01/2020

500.00

487.50

12.50

-187.50

Edit

10

10/01/2020

500.00

487.50

12.50

-175.00

Edit

11

11/01/2020

500.00

487.50

12.50

-162.50

Edit

12

12/01/2020

500.00

487.50

12.50

-150.00

Edit

13

01/01/2021

500.00

487.50

12.50

-137.50

Edit

14

02/01/2021

500.00

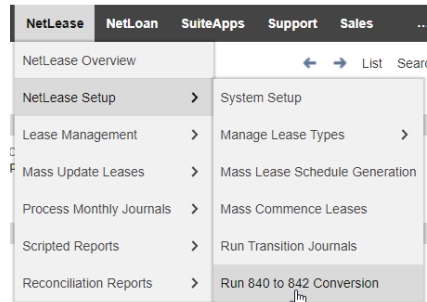
487.50

12.50

-125.00

STEP BY STEP PROCESS – 840 TO 842 CONVERSION

- Prior to adoption, all journal entries should be run through the period just prior to adoption
- Before any NetLease transactions are recorded in the month of transition to the new standard, navigated to the 842 adoption suitelet: **NetLease → NetLease Setup → Run 840 to 842 Conversion**



- Select all 840 leases for which you would like to trigger the transition (typically **Mark All**)

Convert 840 Leases to 842 More

[Convert](#) [Filter Results](#) [Reset](#)

Filters

SUBSIDIARY [+](#) [-](#)

LOCATION [+](#) [-](#)

☐ FLAGGED FOR MASS UPDATE

LEASE TYPE [+](#) [-](#)

LEASE [+](#) [-](#)

FROM COMMENCEMENT DATE

TO COMMENCEMENT DATE

840 Leases

[Mark All](#) [Unmark All](#) [<< First Page](#) [< Previous Page](#) [Next Page >](#) [Last Page >>](#)

SELECT	LEASE	STATUS	LEASE CLASSIFICATION	LEASE TYPE	SUBSIDIARY	VENDOR	COMMENCEMENT DATE	LEASE TERM (MONTHS)	END DATE	ASSET BALANCE	LIABILITY BALANCE
<input type="checkbox"/>	LA00517 Transition/Go-Live and Early Term - STL/V	Commenced	Operating	Equipment - Operating Default	QA Holdings Inc. : QA Mfg	Amazon	11/01/2018	6	04/30/2019	0.00	0.00
<input type="checkbox"/>	LA0566 840-842 Cutover Test	Commenced	Operating	Equipment - Operating Default	QA Holdings Inc. : QA East	Tax Agency AK	07/01/2019	18	12/31/2020	0.00	0.00
<input checked="" type="checkbox"/>	LA0567 Savier Test	Commenced	Operating	Real Estate - Operating Default	QA Holdings Inc. : QA East	McGeever East	01/01/2020	24	12/31/2021	0.00	0.00

Page 1 of 1

[Convert](#) [Filter Results](#) [Reset](#)

- Select **Convert** and the system will take you to a status screen

Confirmation
The job has been scheduled. Please refresh periodically to see updated status.

Convert 840 Leases to 842 More

[Back](#) [Refresh](#)

STATUS
PENDING

Converted Leases

[<< First Page](#) [< Previous Page](#) [Next Page >](#) [Last Page >>](#)

LEASE	STATUS	LEASE CLASSIFICATION	LEASE TYPE	SUBSIDIARY	VENDOR	COMMENCEMENT DATE	LEASE TERM (MONTHS)	END DATE	ASSET BALANCE	LIABILITY BALANCE	SCRIPT EXECUTION LOG
No records to show.											

[Back](#) [Refresh](#)

- Refresh the status screen until the status has progressed to **Complete** and the converted leases are listed

Convert 840 Leases to 842

More

[Back](#) [Export](#)

STATUS
COMPLETE

Converted Leases										
<< First Page < Previous Page Next Page > Last Page >>										
LEASE	STATUS	LEASE CLASSIFICATION	LEASE TYPE	SUBSIDIARY	VENDOR	COMMENCEMENT DATE	LEASE TERM (MONTHS)	END DATE	ASSET BALANCE	LIABILITY BALANCE
LA0567 Sevier Test	Commenced	Operating	Real Estate - Operating Default	QA Holdings Inc. - QA East	McGeever East	01/01/2020	24	12/31/2021	5,690.62	5,840.62

Page 1 of 1

- When you navigate back to the lease record, you will see the modification line establishing the opening balance for the period and the future periods updated with the ROU and Lease Liability draw-down.

Schedule Information

STATUS

Commenced

END DATE

12/31/2021

PREPAID LEASE PAYMENT

500.00

COMMENCEMENT DATE

01/01/2020

INITIAL PAYMENT AMOUNT

500.00

INITIAL DIRECT COSTS

200.00

LEASE TERM (MONTHS)

24

INCREMENTAL BORROWING RATE %

5.0%

LEASE INCENTIVES

1,000.00

PROCESSING STATUS

Current Balance Information

ASSET BALANCE

5,690.62

LIABILITY BALANCE

5,840.62

NET BALANCE

-150.00

Amortization Schedules

Related Records

Accounting

Contract Provisions

Documents

Modifications

Termination

System Notes

Operating Schedule •

Financing Schedule

Sport Term / Low Value Schedule

840 Schedule

Multi-Classification Schedule •

Lease Payments

Non-Lease Payments

1 to 25 of 26

EDIT	PERIOD NUMBER	PERIOD START DATE	PAYMENT	LIABILITY REDUCTION	LIABILITY ACCRETION	RIGHT OF USE ASSET BALANCE	LEASE LIABILITY BALANCE	NET BALANCE	ASSET REDUCTION	LEASE EXPENSE	JOURNAL ENTRY
Edit	0	01/01/2020	0.00	0.00	0.00	11,096.95	11,396.95	0.00	0.00	0.00	NG Lessee Initial Balance #716
Edit	12	12/01/2020	500.00	473.69	26.31	5,690.62	5,840.62	-150.00	-461.19	487.50	NG Lessee Amortization #1453
Edit	13	01/01/2021	0.00	0.00	0.00	5,690.62	5,840.62	-150.00	0.00	0.00	NG Lessee Modification #195
Edit	14	02/01/2021	500.00	475.66	24.34	5,227.46	5,364.96	-137.50	-463.16	487.50	
Edit	15	03/01/2021	500.00	477.65	22.35	4,762.31	4,887.31	-125.00	-465.15	487.50	
Edit	16	04/01/2021	500.00	479.64	20.36	4,295.17	4,407.67	-112.50	-467.14	487.50	
Edit	17	05/01/2021	500.00	481.63	18.37	3,826.04	3,926.04	-100.00	-469.13	487.50	
Edit	18	06/01/2021	500.00	483.64	16.36	3,354.90	3,442.40	-87.50	-471.14	487.50	
Edit	19	07/01/2021	500.00	485.66	14.34	2,881.74	2,956.74	-75.00	-473.16	487.50	
Edit	20	08/01/2021	500.00	487.68	12.32	2,406.56	2,469.06	-62.50	-475.18	487.50	
Edit	21	09/01/2021	500.00	489.71	10.29	1,929.35	1,979.35	-50.00	-477.21	487.50	
Edit	22	10/01/2021	500.00	491.75	8.25	1,450.10	1,487.60	-37.50	-479.25	487.50	
Edit	23	11/01/2021	500.00	493.80	6.20	968.89	993.80	-25.00	-481.30	487.50	

- The associated journal entry establishes the beginning ROU Asset and Liability, with the net balance writing off the existing Deferred Rent Balance

NG Lessee Modification

195

PENDING APPROVAL

Edit

Back

Actions

Primary Information

ENTRY NO.
195

CURRENCY
USA

EXCHANGE RATE
1.00

DATE
01/01/2021

POSTING PERIOD

MEMO
LA0567 - 842 Conversion - Modification Entry

STATUS
Pending Approval

LEASE
LA0567 Sevier Test

SCHEDULE ENTRY
LSE17837

Classification

SUBSIDIARY
QA East

Lines

Communication

System Information

Custom

GL Impact

EFT

ACCOUNT	DEBIT	CREDIT	MEMO	DEPARTMENT	CLASS	LOCATION	LEASE	SCHEDULE ENTRY	HISTORY
1600 Right Of Use Asset	5,690.62		LA0567 - 842 Conversion - Modification Entry				LA0567 Sevier Test	LSE17837	History
2400 Lease Liability - Long Term		5,840.62	LA0567 - 842 Conversion - Modification Entry				LA0567 Sevier Test	LSE17837	History
2095 Deferred Rent (ST Lease)	150.00		LA0567 - 842 Conversion - Modification Entry				LA0567 Sevier Test	LSE17837	History

Edit

Back

Actions

7 NETGAIN SUPPORT AND NEW RELEASES

7.1 NETLEASE SUPPORT

We are committed to making sure you receive the support you need to properly use NetLease to simplify your lease accounting, tracking and compliance, and we intend to provide you adequate support throughout both implementation and ongoing use of NetLease.

7.1.1 INSTALLATION & CONFIGURATION PROCESS & SUPPORT

During the implementation process, you will be assigned to one of our trained implementers, who will support you throughout the configuration and go-live of NetLease.

To support both your setup and use of NetLease, we have created additional project support materials and enablers. You will find these especially useful throughout the implementation, but also ongoing post your first go-live and journal entry posting.

We invite you to familiarize yourself with these support materials:

- Netgain Implementation SharePoint site (access should be provided by your implementation lead). Uploaded to this site will be two key documents:
 - NetLease Implementation Workbook (includes the implementation checklist and tabs for documentation)
 - NetLease Upload Templates
- Netgain Product Website: <https://www.netgain.tech/netgain-product-user-guides>
 - This has links to the latest user guide as well as the release note archives

7.1.2 POST GO-LIVE ONGOING SUPPORT

Once you are live on NetLease, please send support questions directly to our support mailbox, support@netgain.tech. We will respond quickly, and any product defects will be escalated to provide priority support.

Additionally, as you improve your day-to-day processes and activities and we would love to hear about your updates and learnings.

We look forward to a great relationship. Please reach out at any time.

7.2 UPDATING THE NETLEASE BUNDLE

Netgain will continue to identify, develop, test, & deploy enhancements through bundle updates to NetLease on a periodic basis. While the bundle is currently not managed, your NetSuite administrator will need to navigate to the bundle when available and initiate the update manually.

When new bundle updates are available, a notification email will be sent to your designated contact. Included in the email will be the following:

1. Highlight of major updates in the new version of NetLease
2. Any required actions or setup required to configure the new bundle & corresponding functionality enhancements
3. Listing of what additional areas we will be working on next (prioritized roadmap items)

An administrator may also see a bundle update is available on the installed bundle listing (**Customization → SuiteBundler → Search & Install Bundles – List**)

STEP BY STEP PROCESS

- Navigate to **Customization → SuiteBundler → Search & Install Bundles – List**
- Review or hover over NetLease to see the latest release available (also indicated with the blue exclamation point icon indicating “Update Available”)


















Installed Bundles

New | Refresh

ACTION	NAME ▲	BUNDLE ID	VERSION	MANAGED	ABSTRACT	ADMIN DOCUMENTATION	STATUS	OWNER	PL
	Netgain Netlease for Lessees	259598	1.3.1		Netgain Lease accounting solution for NetSuite		✓	Netgain Release [TSTDRV2024392] (TSTDRV2024392)	
	NetSuite for Outlook	26153	1.28.0		enables you to save email	Admin Documentation	✓	NetSuite Platform	

























- Hover over the green far left icon and select “**Update**”
- Before selecting “Update Bundle” on the Preview Bundle Update Screen, review the changes to ensure the preferences on each bundle content
 - Custom Field Bundle Settings: All set to “Hide on Existing Forms”
 - Custom Lists Updates: All set to “Replace Data” with the exception of any lists set to not Lock on Install that may have been updated. These should be set to “Merge Data” to ensure all changes are kept.

Name: Netgain | NetLease for Lessees **Current Version:** 2020.3 **New Version:** 2020.3

BUNDLE CONTENTS	SCRIPT ID	ACTION	PREFERENCE	INTERNAL ID	LOCK ON INSTALL
Custom Lists/Records					
Lists					
NG Lessee Comparative Periods	customlist_iaa_comparative_periods	Update	Replace Data ↕	480	
NG Lessee Index Rates	customlist_iaa_index_rates	Update	Merge Data ↕	481	
NG Lessee Other Clause Type	customlist_iaa_prov_other_clause_type	Update	Replace Data ↕	679	
NG Lessee Modification Type	customlist_iaa_lease_mod_type	Update	Replace Data ↕	682	
NG Lessee YesMaybeNo	customlist_iaa_yes_maybe_no	Update	Replace Data ↕	502	
NG Lessee Transaction Type	customlist_iaa_lease_transaction_type	Update	Replace Data ↕	500	
NG Lessee Processing Status	customlist_iaa_lp_status	Update	Replace Data ↕	503	
NG Lessee Proposal Status	customlist_iaa_proposal_status	Update	Replace Data ↕	690	
NG Lessee Expense Type	customlist_iaa_waterfall_expense_type	Update	Replace Data ↕	680	
NG Lessee Lessor/Lessee	customlist_iaa_lease_term_opt_lessee	Update	Replace Data ↕	510	
NG Lessee Variable Payments	customlist_iaa_variable_lease_pmt_type	Update	Replace Data ↕	478	
NG Lessee Payment Frequency	customlist_iaa_payment_frequency	Update	Replace Data ↕	771	
NG Lessee Day of Month	customlist_iaa_day_of_month	Update	Replace Data ↕	691	
NG Lessee NPV Calculation Time	customlist_iaa_list_npvcalc_time	Update	Replace Data ↕	531	
NG Lessee Journal Status	customlist_iaa_list_lease_status	Update	Replace Data ↕	498	
NG Lessee Provision Type	customlist_iaa_prov_type	Update	Replace Data ↕	681	
NG Lessee Reclass Journal Type	customlist_iaa_reclass_journal_type	Update	Replace Data ↕	499	
NG Lessee Transition Method	customlist_iaa_trans_method_list	Update	Replace Data ↕	477	
NG Lessee Status	customlist_iaa_lease_status	Update	Merge Data ↕	476	

- Custom Record Updates: All set to “Preserve Data”
- All SuiteScripts should be set to “Update Deployments” with the exception of Suitelet Scripts which should be set to “Do Not Update Deployments” in order to maintain user links and role settings.

Name: Netgain | NetLease for Lessees **Current Version:** 2020.3 **New Version:** 2020.3

BUNDLE CONTENTS	SCRIPT ID	ACTION	PREFERENCE	INTERNAL ID	LOCK ON INSTALL
SuiteScripts					
Bundle Installation					
NG Lessee - Bundle Installation (NG Lessee - Bundle Installation)	customscript_iaa_bundle_installation	Update		840	
Client					
NG Lessee - Termination Proposal CS	customscript_iaa_term_proposal_cs	Update	Update Deployments ↕	849	
NG Lessee - Lease Proposal CS	customscript_iaa_lease_proposal_cs	Update	Update Deployments ↕	713	
NG Lessee - Lease CS	customscript_iaa_lease_cs	Update	Update Deployments ↕	714	
NG Lessee - Report CS	customscript_iaa_report_cs	Update	Update Deployments ↕	709	
NG Lessee - Lease Type CS	customscript_iaa_lease_type_cs	Update	Update Deployments ↕	715	
Map/Reduce					
NG Lessee - Termination MR	customscript_iaa_termination_mr	Update	Update Deployments ↕	702	
NG Lessee - Monthly Journals MR	customscript_iaa_monthly_journals_mr	Update	Update Deployments ↕	703	
NG Lessee - 2020.3 Cutover MR	customscript_iaa_2020_3_cutover	Update	Update Deployments ↕	846	
NG Lessee - 840 to 842 Conversion MR	customscript_iaa_842_conversion_mr	Update	Update Deployments ↕	847	
NG Lessee - Modification MR	customscript_iaa_modification_mr	Update	Update Deployments ↕	704	
NG Lessee - Schedule MR	customscript_iaa_schedule_mr	Update	Update Deployments ↕	547	
NG Lessee - Commence MR	customscript_iaa_commence_mr	Update	Update Deployments ↕	705	
NG Lessee - Approval MR	customscript_iaa_approval_mr	Update	Update Deployments ↕	706	
NG Lessee - Reclass Journal MR	customscript_iaa_reclass_journal_mr	Update	Update Deployments ↕	707	
NG Lessee - Refresh MR	customscript_iaa_refresh_mr	Update	Update Deployments ↕	848	
NG Lessee - 2.0 Cutover MR	customscript_iaa_cutover_mr	Update	Update Deployments ↕	708	
Scheduled					
NG Lessee - Report SS	customscript_iaa_report_ss	Update	Update Deployments ↕	701	
Suitelet					
NG Lessee - Approval SL	customscript_iaa_approval_sl	Update	Do Not Update Deployments ↕	695	
NG Lessee - Create Lease SL	customscript_iaa_create_lease_sl	Update	Do Not Update Deployments ↕	712	
NG Lessee - Termination SL	customscript_iaa_termination_sl	Update	Do Not Update Deployments ↕	550	
NG Lessee - Setup SL	customscript_iaa_setup_page_sl	Update	Do Not Update Deployments ↕	561	
NG Lessee - Roll Forward Report SL	customscript_iaa_rollforward_sl	Update	Do Not Update Deployments ↕	697	
NG Lessee - Schedule SL	customscript_iaa_generate_schedule_sl	Update	Do Not Update Deployments ↕	696	
NG Lessee - Termination Reversal SL	customscript_iaa_term_reversal_sl	Update	Do Not Update Deployments ↕	842	

- Reach out to Netgain for support if you are not sure how to proceed.
- Once reviewed and satisfied with setting, click **Save**
- You can refresh to monitor process from Pending to Installation in Progress to Complete
- Once the install is complete you may need to update your NG Lessee Lease form to hide any new fields which are not needed in your instance or reorganize them to display where you would like.
 - Click the “Customize” link in the top right corner while editing an NG Lessee Lease record to edit the preferred form

List Search Customize More

Customize Form