



# Oil and gas company achieves ASC 842 compliance in a month

## Situation

This oil and gas Company, with approximately 100 employees, is part of a larger holdings company which is audited by a Big 4 accounting firm. During their 2021 audit in March 2022, the Company was told by their holdings company that they needed to implement ASC 842 as of January 1, 2021. This included the appropriate journal entries and disclosures for the adoption date as well as year-end close on December 31, 2021. The holdings company planned on issuing their audit within a month, so full ASC 842 implementation needed to be completed as soon as possible.

Up to this point, the Company was managing all their leases with spreadsheets, which was not sufficient for ASC 842 compliance. After realizing they had 58 leases, including equipment, buildings, and vehicles – many of which were short-term leases – they knew they had to implement a solution.

Since the Company already used Whitley Penn for back-office accounting and consulting, they enlisted the help of Whitley Penn's lease accounting team for help. With less than a month to implement ASC 842, the Company had to quickly gather their lease data. This data included trial balances for four companies that consolidate, a lease listing containing partial lease information, and all lease PDFs. "They were able to provide spreadsheets and all PDFs, and we were able to use our internal tools to fill in the gaps," stated Andy Hines, CPA, Partner at Whitley Penn.

### Industry

Oil and gas

### Leases

58

### Portfolio

Equipment, buildings,  
vehicles

### Alliance

Whitley Penn

## Solution

The Whitley Penn team implemented EZLease to help the Company adopt ASC 842. By using EZLease, Whitley Penn was able to perform a partial abstraction of lease terms from PDF documents (to ensure lease terms were accurate and complete), import all lease data into the system, provide a calculation of implementation journal entries and provide disclosure and audit support documents. This resulted in a smooth and fast process – from the initial call on March 9, 2022, to final implementation on March 30, 2022. At the conclusion of the implementation, the Company received a classification summary (including a breakdown of FMV policy, discount rate policy, and economic life assumptions by major asset class); a lease listing showing all leases had been imported; disclosure table for December 31, 2021; balance sheet and income statement report; all necessary journal entries and an implementation and process memo for ASC 842.

## Impact

The EZLease solution helped the Company become ASC 842 compliant and meet the audit deadline. The Company is now able to easily keep track of their leasing information. By implementing EZLease, the Company has better visibility into their lease data and more confidence that the lease data is accurate. The Company is also saving time, money and resources and providing better reporting to their holdings company. “They were glad to get compliant and not hold up the audit,” noted Hines.

## About Whitley Penn

Whitley Penn is a Public Accounting firm serving clients locally and globally. They have consistently been named “Best of the Best” by Inside Public Accounting and are one of the fastest growing firms in the nation. Their audit, tax, consulting, and valuation teams are experienced in a variety of industries and can actively provide solutions to lease accounting questions.

## About EZLease

EZLease provides fast, simple lease accounting software for ASC 842, GASB 87, GASB 96, and IFRS 16 that ensures long-term compliance across equipment and real estate assets for lessees and lessors. With over 15 years of implementations across private, government and public organizations of all sizes, EZLease manages and automates lease data management and lease accounting and reporting processes, leveraging customer-first support and deep accounting expertise.

## Key Challenges

Short timeline to adopt

Needed the adoption to be correct since they roll up to a public company

Had several leases that flipped to month-to-month and needed evaluation

Needed accurate and transparent data to share with the holdings company