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# Calcbench Guide – Analyzing Lease Disclosures



## Getting started

- Using Calcbench's online platform
- Using Calcbench's Excel Add-In

## Analyzing lease disclosure text

- Quickly read, compare lease disclosures for a group of companies

## Analyze operating and finance/capital lease data

1. Where lease obligations are reported
2. Capital/financial lease obligations
3. Capital/financial lease obligations (cont'd)
4. Capitalized amounts for building, machinery, and equipment (PP&E)



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## What We Do

Calcbench harnesses the power of XBRL to provide cutting edge tools for academic research and teaching.

We make working with complicated, detailed financial data faster and easier than ever before.

- **Robust:** 9,000+ company universe with **300 million+** data points
- **Relevant:** Multiple products for accessing data and footnote text to meet your workflow
- **Timely:** Real-time updates of the data as companies file
- **Accurate:** Continuous data quality monitoring and updates
- **Intuitive:** XBRL tag mapping to streamline complexity

[www.calcbench.com](http://www.calcbench.com)

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# Operating & Capital Lease Data – Our Online Platform



1. Go to: [www.calcbench.com/multi](http://www.calcbench.com/multi).

2. Select a group of companies.

INDUSTRY SECTORS?

SIC Sectors    NAICS Sectors    Screen / Filter

Search SIC Sectors    Find SIC Sector By Con

AGRICULTURE, FORESTRY, AND FISHING

MINING

CONSTRUCTION

MANUFACTURING

TRANSPORTATION, COMMUNICATIONS, ELECTRIC, GAS, AND SANITARY SERVICES

WHOLESALE TRADE

RETAIL TRADE

FINANCE, INSURANCE, AND REAL ESTATE

SERVICES

PUBLIC ADMINISTRATION

3. Open data point explorer, search for 'leases.' Select the metric you want to study. (We offer many.)

Standard

96 Results, No data for 44 comp

Ticker

Abyx NV (ABX)

Accelaron Pharma Inc (XLRN)

Finance Lease Liability

Finance Lease Right Of Use Asset

Operating Lease Right Of Use Asset

Long Term Debt

Lease Impairment Loss

Operating Leases, Lease Revenue

Finance Leases, Future Payments Due

Capital/finance Leases, Future Minimum Payments Due

Deferred Leasing Costs, Gross

Capital Leases, Future Payments - Interest Included In Payments

Provision For Loan Lease And Other Losses

Operating Lease Liability - PV

Capital/finance Lease Obligation - PV

Finance Lease Average Remaining Term

Operating Lease Average Remaining Term


4. The leasing data appears on screen, or export to Excel!

Ticker	Revenue Y-2017 Total : \$11,156,736,461,000 Average : \$22,358,189,301	OperatingIncome Y-2017 Total : \$1,434,353,094,000 Average : \$2,868,706,188	OperatingLeasesFutureMinimumPaymentsDue Y-2017 Total : \$638,892,356,301 Average : \$1,663,782,178
3M Co (MMM)	\$31,657,000,000	\$7,692,000,000	\$1,098,000,000
Abbott Laboratories (ABT)	\$27,390,000,000	\$1,726,000,000	
AbbVie Inc. (ABBV)	\$28,216,000,000	\$9,592,000,000	\$957,000,000

## Analyze Operating & Capital Lease Data – In Excel



- 1 – Download our Excel add-in at: [www.calcbench.com/excel](http://www.calcbench.com/excel)
- 2 – Download the operating and capital leases template at: [www.calcbench.com/home/guides](http://www.calcbench.com/home/guides)
- 3 – Insert the ticker symbol, calendar year, or fiscal period you want to search

		ALR	ALR
		Y	Y
		2014	2013
<b>Capital Leases</b>			
<u>Metric</u>	<u>Calcbench metric</u>		
Minimum Future Obligations Year 1	CapitalLeasesFutureMinimum	\$ 4,150,000	\$ 6,551,000
Minimum Future Obligations Year 2	CapitalLeasesFutureMinimum	\$ 2,891,000	\$ 3,485,000
Minimum Future Obligations Year 3	CapitalLeasesFutureMinimum	\$ 1,546,000	\$ 1,883,000

# Quickly Read, Compare Lease Disclosures



1. Go to: [www.calcbench.com/footnote](http://www.calcbench.com/footnote)

2. Select a group of companies.

INDUSTRY SECTORS?

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3. Choose 'Leases' from the drop down list of disclosure types.

Choose disclosure type:

Leases (64)

Show/Hide Grid View (export grid)

GO

4. Go to work!

Choose disclosure type: Intangible Assets Goodwill And Other (134) GO

or Footnote table or schedule type: or search text: Restrict to specified disclosure type advanced text search guide

DOUBLE-CLICK any number for more detail (See previous year's disclosure)

**CenturyLink, Inc.**  
**Goodwill, Customer Relationships and Other Intangible Assets**  
 Period Ending: 12/31/2013 (from 10-K reported on: 2/27/2014)

**Goodwill, Customer Relationships and Other Intangible Assets**

Goodwill, Customer Relationships and Other Intangible Assets

Goodwill, customer relationships and other intangible assets consisted of the following:

	December 31, 2013	December 31, 2012
	(Dollars in millions)	
Goodwill	\$ 20,674	\$ 21,637
Customer relationships, less accumulated amortization of \$3,641 and \$2,524	5,535	7,052
Indefinite-life intangible assets	321	268
Other intangible assets subject to amortization		
Capitalized software, less accumulated amortization of \$1,193 and \$844	1,415	1,522
Trade names and patents, less accumulated amortization of \$208 and \$142	66	128
Total other intangible assets, net	\$ 1,802	\$ 1,918



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## Analyzing Common Parts of Operating and Capital Lease Disclosure

1. Where lease obligations are reported
2. Capital/financial lease obligations
3. Capital/financial lease obligations (cont'd)
4. Capitalized amounts for building, machinery, and equipment (PP&E)

**Effective Dec. 15, 2018**, accounting standard ASC 842 requires companies to list the cost of operating leases on the balance sheet as liabilities, with a corresponding Right-of-Use asset on the asset side of the balance sheet.



## Lease Disclosures on the Balance Sheet

As companies adopt ASC 842, operating lease liabilities and assets will appear on the balance sheet (example: Microsoft).

Right-of-use asset  
for leased item

Current Ratio		Y 2018	X
Quick Ratio		6/30/2018	
		10-K	8-K Proxy
Property and equipment, net of accumulated depreciation of \$29,223 and \$24,179			
Operating lease right-of-use assets <a href="#">notes</a>			\$0,000,000,000
Equity and other investments <a href="#">notes</a>			\$1,862,000,000
Goodwill <a href="#">notes</a>			\$35,683,000,000
Intangible assets, net <a href="#">notes</a>			\$8,053,000,000
Other long-term assets			\$7,442,000,000
<b>Total assets</b>			<b>\$258,848,000,000</b>
<b>Liabilities and stockholders' equity</b>			
<b>Current liabilities:</b>			
Accounts payable			\$8,617,000,000
Other			\$8,744,000,000
<b>Total current liabilities</b>			<b>\$58,488,000,000</b>
Long-term debt			\$72,242,000,000
Long-term income taxes			\$30,265,000,000
Long-term unearned revenue			\$3,815,000,000
Deferred income taxes			\$541,000,000
Operating lease liabilities			\$5,568,000,000
Other long-term liabilities			\$5,211,000,000

Liability for cost  
of leased asset

In addition, operating leases are now **subject to impairment**. In such a case, a Lease Impairment Loss will appear on the company's income statement.



**Operating lease obligations** are accounted for as a rental expense; a contract allows for the use of an asset, but does not convey right of ownership of the assets.

**Note:** All leases that do not meet capital lease requirements are classified as an operating lease.

	Operating Leases <sup>(1)</sup>	Sub-lease Income	Net Operating Leases
2018	\$ 1,175	\$ 15	\$ 1,160
2019	1,133	13	1,120
2020	1,073	11	1,062
2021	975	7	968
2022	831	3	828
Thereafter	3,616	1	3,615
Total minimum payments	\$ 8,803	\$ 50	\$ 8,753

Each year's minimum lease payments due are listed: current payments due in the top line; then the second, third, fourth, and fifth future years, respectively; then a line for all payments due further in the future; and finally a total for all minimum lease payments.

Where applicable (as above), sublease income and net totals are also reported.





**Finance or Capital lease obligations** are non-cancelable, and must meet at least one of the following requirements:

- Lease transfers ownership of the asset
- Lease contains a bargain-purchase option
- Duration of the lease is 75 percent or more of the asset's expected economic life, and/or the lease is worth at least 90 percent of the asset's value.

Future Minimum Lease Payments (millions)		Operating Leases <sup>(a)</sup>	Capital Leases <sup>(b)</sup>	Rent Income	Total
2018	\$	227	\$ 92	\$ (25)	\$ 294
2019		234	96	(25)	305
2020		226	97	(24)	299
2021		222	96	(23)	295
2022		217	96	(23)	290
After 2022		3,027	1,524	(307)	4,244
Total future minimum lease payments	\$	4,153	\$ 2,001	\$ (427)	\$ 5,727
Less: Interest <sup>(c)</sup>			849		
Present value of future minimum capital lease payments <sup>(d)</sup>	\$		1,152		

Each year's minimum lease payments due are listed (as with operating leases) by current year; annually for the next five years, and all payments due further in the future; and finally a total for all minimum lease payments. Where applicable, sublease income and net totals are also reported.



**The present value of capital lease obligations** are calculated to adjust for the time value of money. The amount of cash today that is equivalent in value to a payment, or to a stream of payments, to be received (or paid) in the future.

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↑  
Present Value =  $PV = C1 / (1+r)^n$

C1 = Cash Flow at period 1

r = rate of return

n = number of period



The **Capitalized Lease Method** accounting approach identifies a company's lease obligation as an asset on the balance sheet. Although the company has not taken ownership of the asset, the transaction is still considered to be a beneficial economic exchange for the lease holder. It is normal for expenses to be higher in the earlier years of the lease term.

### Capital Leases

Capital leased assets, Gross, Total	\$36,052,000
Less: Accumulated amortization	(\$11,823,000)
Capital leased assets, Net, Total	\$24,229,000

CapitalLeasedAssetsGross

CapitalLeasesLeseesBalanceSheetAssetsBy  
MajorClassAccumulatedDepreciation

CapitalLeasesBalanceSheetAssetsByMajor  
ClassNet

### Example

Machinery, laboratory equipment and tooling
Computer equipment
Furniture and fixtures
Vehicles
Leasehold improvements

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## Calcbench Guide – Analyzing Lease Disclosures



Questions? Contact us!  
[us@calcbench.com](mailto:us@calcbench.com)

**Thank you!**