

Case Study

Industry	Manufacturing & Retail
Employees	2,000+
Revenue	\$452.5 M
Headquarters	Bassett, VA
Auditor	Ernst & Young
Company Type	Public
Website	www.bassettfurniture.com

Bassett®

Bassett Furniture Industries, Inc.

How a public company manages hundreds of real estate leases and solves for ASC 842 using best-in-class lease accounting and administration software.

Leases	Lease Type	Standard
400+ Leases	Real Estate, misc.	ASC 842

Bassett Furniture Industries (NYSE: BSET) is a furniture manufacturer and retailer. Founded in 1902, Bassett Furniture is one of the oldest furniture manufacturers in Virginia. Today, Bassett Furniture has about 100 dedicated retail locations in the United States and Puerto Rico. The company remains committed to its early principles – that great quality, stylish furniture does not need to be expensive and should be available to everyone.

A need for lease accounting software



Bassett Furniture, a public company managing 400+ leases (including more than 100 complex real estate leases covering its office and retail locations) knew the company needed dedicated lease accounting software to perform the complex calculations and schedules involved to be compliant with ASC 842.

“
There’s no one lease that is the same in our portfolio. Without software, we would risk missing critical dates and ineffectively communicating them to other departments

Sharon Carrow, Real Estate Manager at Bassett Furniture

”

Prior to ASC 842, Bassett Furniture used Microsoft Excel to track leases and run disclosure reports for ASC 840. For ASC 842, Bassett looked for software that could assist with determining right of use (ROU) and liability values, rent and interest expenses, automate processes and increase collaboration.

“With our high volume of leases, we knew there was no way to manually do the entries required for ASC 842,” stated Sharon Carrow, Real Estate Manager at Bassett Furniture. *“It would not have been possible to sustain using Excel.”*





Why Visual Lease?

During the software evaluation process, Bassett Furniture had support from its accounting consulting group, Clifton Larson Allen (CLA), who assisted the company with defining the software evaluation criteria.

Also, a member of Bassett Furniture's board of directors recommended Visual Lease and endorsed the system's easy-to-use interface and dedicated customer support.

Bassett Furniture chose Visual Lease as its lease accounting and administration solution for its:



Lease auditability:

Having leases in a single subledger provides Bassett Furniture's real estate and finance teams with visibility and controls to seamlessly work together and ensure every change is fully auditable.



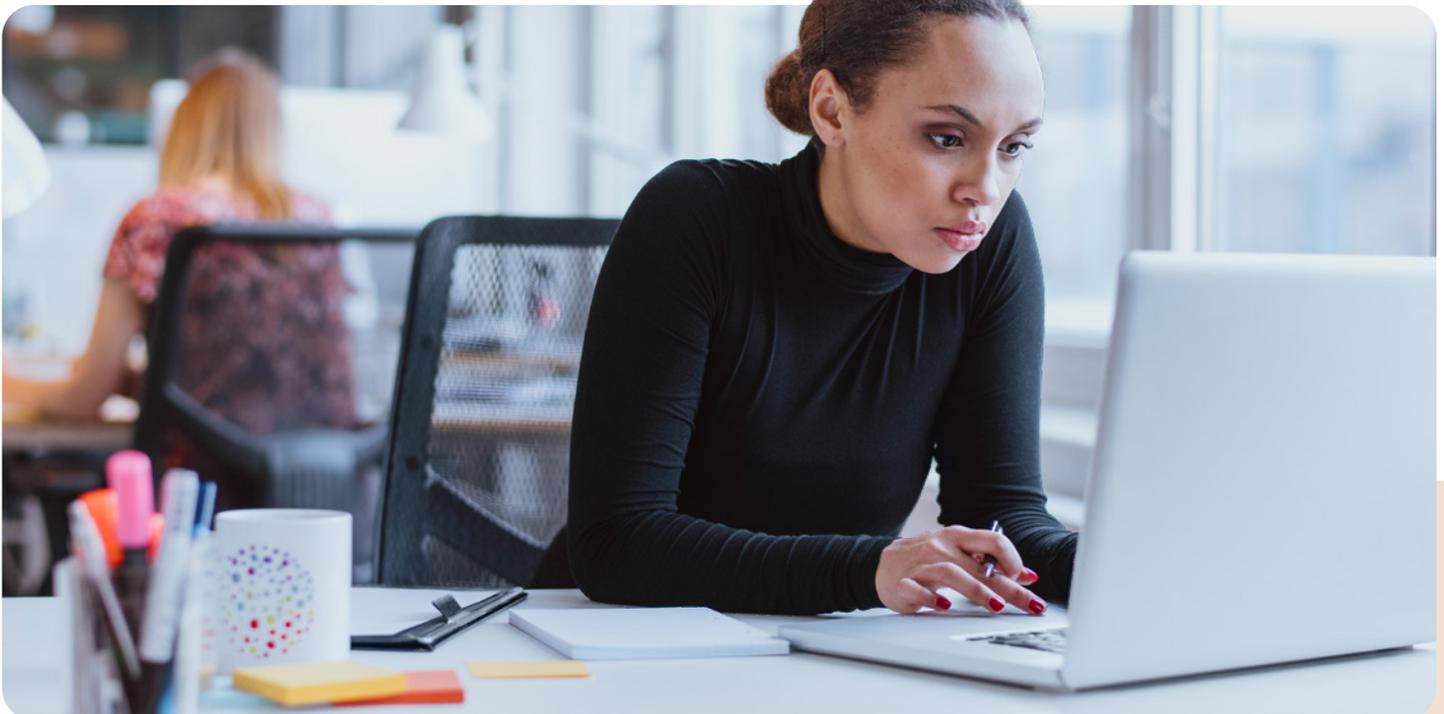
Simple user interface:

The highly intuitive, easy-to-use system simplifies otherwise complex lease management and accounting tasks, and in turn, assists with ongoing system usage and user adoption.



Confident FASB compliance:

Visual Lease makes it easy to generate required journal entries, disclosures and footnotes with certainty and automation. And, the resulting calculations are backed by a SOC 1 Type 2 audit.



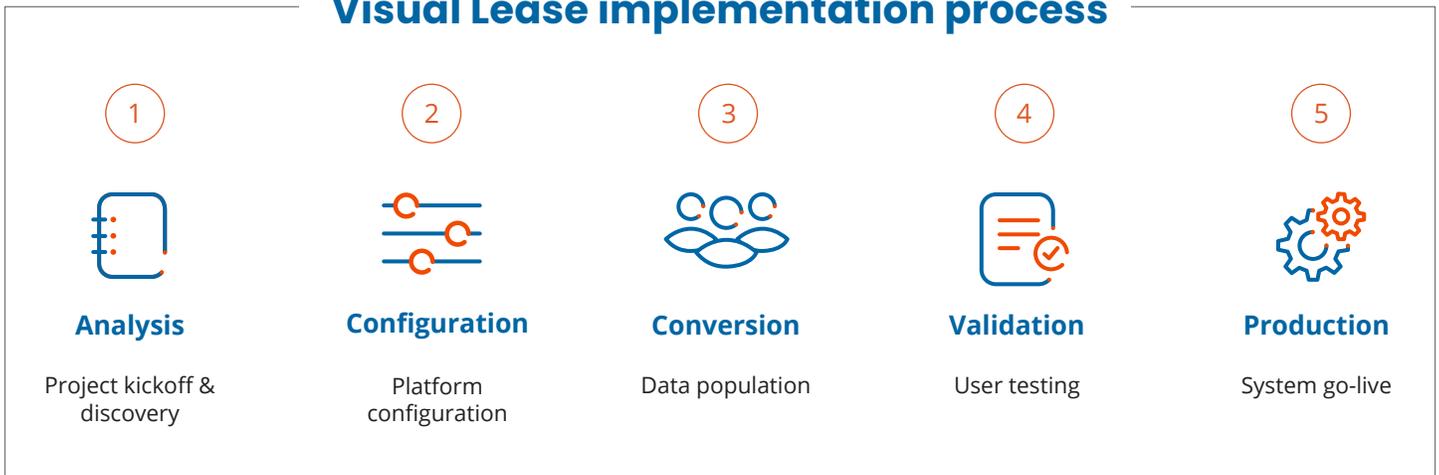


Ensuring successful system set-up

The top priority for Bassett Furniture’s software implementation was to enter the lease data required to get compliant with ASC 842. Because the company’s lease portfolio contained hundreds of leases with unique terms, this step could have been very challenging. However, the team at Bassett Furniture found Visual Lease’s customer support resources to be incredibly helpful and crucial to successfully set up the system to meet unique needs, including journal entry feeds.

Visual Lease’s proven implementation process ensured the company met the FASB effective date.

Visual Lease implementation process



Benefits of centralized lease data

Beyond ASC 842, Bassett Furniture has plans to enter additional lease data points into Visual Lease to make smarter, more strategic business decisions, which can result in significant cost savings.



Having our lease data in one location makes it easy for our business to look at overall rent and areas where we have experienced rent reductions

Sharon Carrow, Real Estate Manager at Bassett Furniture



“We are able to visually see answer questions such as, ‘should we even be in that location anymore?’”

Gathering and entering unique lease terms for each lease is time-consuming, detailed work. Like other companies preparing for ASC 842, Bassett Furniture needed to extract lengthy, complex lease terms into a shorter format (also known as lease abstracting), so that each lease term could be easily searched upon within Visual Lease.

Although this requires up-front leg work, tracking lease data in a centralized location saves time and resources down the road, which is especially important for organizations, like Bassett Furniture, that lack internal resources dedicated to lease administration and accounting.

If needed, there are third-party lease abstraction services that partner with software providers like Visual Lease to help businesses avoid making mistakes and speed up the time to go live.

Maintaining ongoing, accurate lease accounting

Bassett Furniture credits Visual Lease to its lease accounting success. Not only does the system simplify the company's lease data, but the support team provides incredibly responsive, prompt assistance to address questions and/or issues.

“

Saving time is important to us, given we don't have a lot of people on our team. Visual Lease has made us at least 50% more efficient

Dru Ingram, VP, Corporate Controller at Bassett Furniture

”

With a high volume of complex leases – and limited resources dedicated to the project, Bassett Furniture can efficiently produce accurate, smooth month-end close reports and calculations for 10Qs and 10Ks using Visual Lease.

Leases are dynamic financial agreements. That's why accounting for them can be a challenge.

Just after the system went live, the pandemic caused everything to shut down. Like most companies with retail locations, nearly all of Bassett Furniture's leases were impacted due to rent deferrals, abatements, allowances, etc.

Luckily, Visual Lease offered Bassett Furniture a bird's-eye view into every lease, which made it easy for their accounting team to quickly access each lease and manage hundreds of required lease modifications in a matter of days.

“Just about every lease was impacted by COVID. There was abatement, deferrals – and even free rent for a few months,”

said Dru Ingram, VP, Corporate Controller at Bassett Furniture. *“There were a lot of different scenarios that we had to go through and adjust to reflect what was happening with our lease portfolio. Visual Lease made it really easy to do that.”*

Visual Lease continues to enable Bassett Furniture to keep up-to-date lease data with fully tracked and auditable lease modifications, so the company can confidently produce accurate lease accounting calculations and reports.

About Visual Lease

Visual Lease is the #1 lease optimization software for managing, analyzing, streamlining and reporting on lease portfolios. Developed by industry-leading lease professionals and CPAs, it combines GAAP, IFRS and GASB-compliant lease accounting controls with easy, flexible and automated lease management processes. More than 800 of the world's largest publicly traded and privately-owned corporations rely on Visual lease to control their portfolios, integrate with their existing business systems and maintain regulatory compliance. Committed to ongoing innovation and unparalleled customer service, Visual Lease helps organizations transform their lease requirements into financial opportunities. For more information, visit visuallease.com.

Request Demo