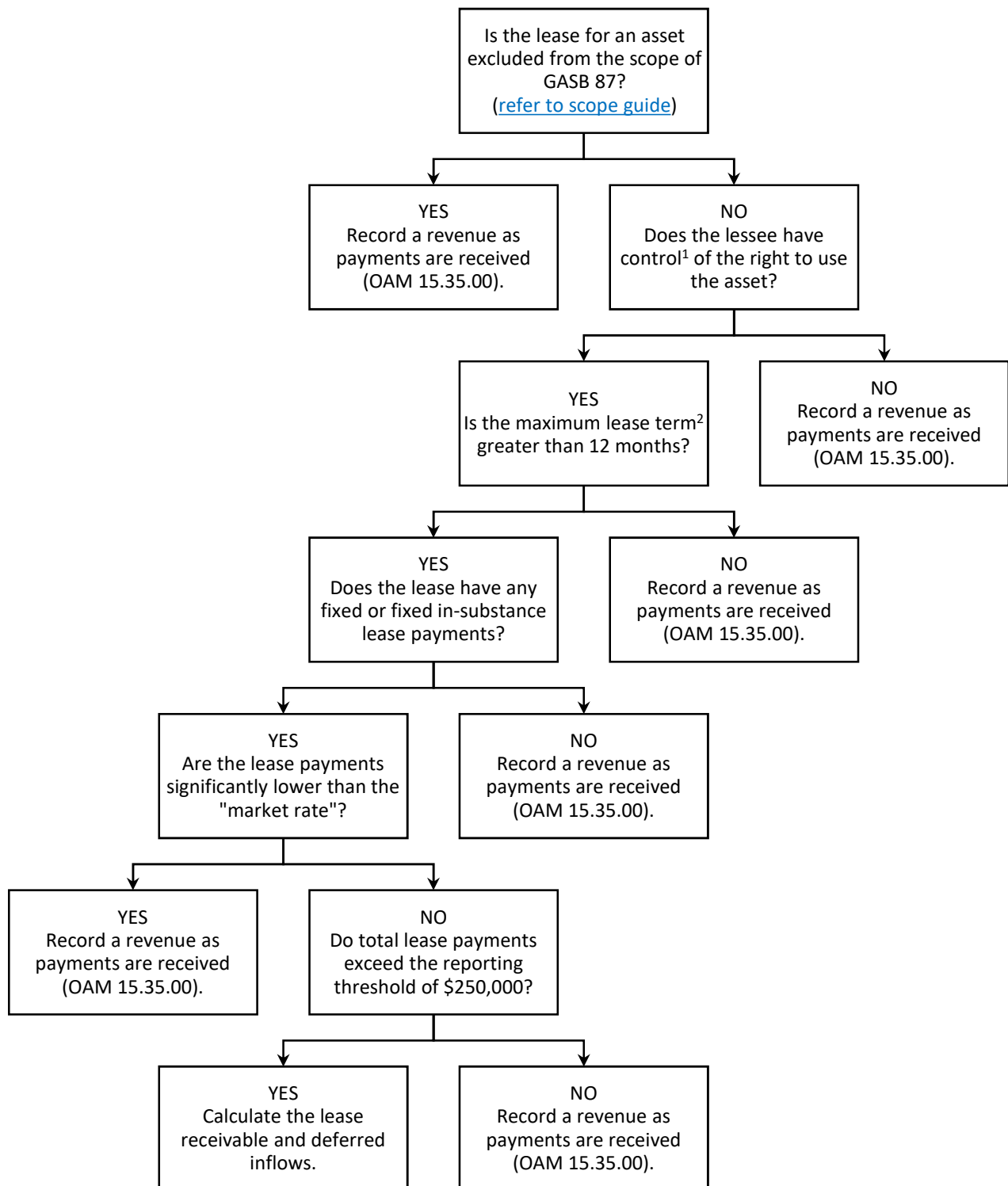


Lease Accounting Decision Tree for Lessors

For assets leased to an outside entity (non-state agency)



¹A contract conveys control of the right to use the asset when the lessee is provided **both**:

1. The right to determine the nature and manner of use of the asset, and
2. The right to obtain service level capacity from use of the asset

²Period a lessee has a non-cancelable right to use the asset, **plus** a lessee or lessor's option to:

1. Extend the lease if it is reasonably certain the option will be exercised or
2. Terminate the lease if it is reasonably certain that the option will not be exercised.