

Office Space Lease

Is this a lease for ASC 842 accounting purposes?

Answer the following questions to determine whether or not this contract qualifies as a lease.

CONTROL

Do you have the right to obtain substantially all the economic benefits from use of this office space? Yes No

Do you have the right to direct the use of the office space? Yes No

If both of the responses above are YES, then proceed to the identified asset section. If either response is NO, then you do not have a lease for the purposes of ASC 842.

IDENTIFIED ASSET

Does the lessor/supplier have the right or practical ability to substitute other office space for this leased space? Yes No

If yes, would the economic benefits exceed the lessor's cost of substitution? Yes No

If both responses above are YES, then this is NOT a lease under ASC 842.

If either response is NO, then this is a lease under ASC 842.

IS IT A LEASE?

Based on the responses above, is this a lease? Yes No

No - stop here

Yes - complete the remainder of this cover sheet

GENERAL INFORMATION

Company / Subsidiary: If your organization has multiple companies or subsidiaries, to which does this belong?

Lease Name: How would you identify this office space in a list?

Description: Is there something specific about this lease that you want to track, like purchase order number, lease number, or rider number?

Square footage: How much space are you leasing?

Asset Type:

Location:

Lessor: From whom are you leasing this space?

Lease Term:

START DATE:

END DATE:

OR # MONTHS FOR LEASE:

Is there a termination clause or penalty?

 Yes No

If **YES**, are you reasonably certain to terminate early?

 Yes No

If you are reasonably certain to terminate early, on what date will this occur?

Description and Reason: If there is a termination clause, describe why you are or are not reasonably certain to exercise it.

Is there a renewal option or an option to extend the lease for a longer period of time?

Yes No

If **YES**, are you reasonably certain to renew?

Yes No

If you are reasonably certain to renew, through what date will you renew?

Description and Reason: If there is a termination clause, describe why you are or are not reasonably certain to exercise it.

Discount Rate: Your organization will make a policy election to use either your incremental borrowing rate or the appropriate Federal risk-free rate.

Incentives Received: What is the value of upfront payments, including reimbursed costs for moving, assuming an existing lease, or for leasehold improvements, or other incentives offered by the lessor for this lease?

Initial Direct Costs: Excluding legal or tax advisory fees, these are broker commissions or other costs that would not have occurred if the lease wasn't signed.

LEASE PAYMENT TERMS

Variable and non-lease payments are considered in a later section

Examples of lease payments:

- fixed payments
- variable lease payments (see details and examples below) that depend on an index or rate that are measured on the Start Date
- purchase cost at the End Date of a lease
- termination fees
- residual value guarantees
- reimbursement of lessor costs (e.g., administrative costs to initiate the lease) as long as they are not variable (e.g., no true up)
- nonlease component costs like common area maintenance (CAM) if lessee has made a policy election to combine lease and non-lease components.

Types of Variable Lease Payments	Lease Payment <i>(used to measure Lease ROU Asset and Lease Liability)</i>	Variable Lease Expense <i>(period expense)</i>
Payments dependent on an index or a rate initially measured at the Start Date.	X	
Payments dependent on an index or a rate that change after the Start Date.	X (IFRS)	X (FASB)
Payments that vary because of changes in circumstances, not related to an index or rate (e.g. % of sales).		X

	Payment Frequency	Payment Amount	Number of Payments	Payment Start Date
Upfront payment				
Fixed payments				
If FASB, only list known increases. If IFRS, payments that vary on an index or changing rate after Start Date are included here.				

Is there an option to sublet or reassign rented space to another tenant? Yes No

Are there any contractual guarantees about the residual value at the end of lease term? Yes No

What is the estimated amount to be owed under the residual guarantee?

If this lease requires guarantee of a residual value, you must capitalize the most likely payments, capturing both the contractually specified residual payment and the likely payment on the residual guarantee.

LEASE CLASSIFICATION

Will ownership transfer to your organization at the end of lease term? Yes No

Is your organization reasonably certain to exercise a purchase option? Yes No

Will the leased asset have no alternative use to the lessor at the end of the lease? Yes No

What is the 'economic life' of the leased asset in months?

What is the 'fair value' of the leased asset?

VARIABLE PAYMENTS

The known portion of a lease payment is included in the Lease Payment Terms. The variable portion of the lease payment is accounted for separately. Variable factors may include miles driven or increases based on a rate or index.

Variable Payments:

Payment Frequency	Payment Amount	Number of Payments	Payment Start Date

NON-LEASE PAYMENTS

Your organization will make a policy election by asset class to include non-lease payments in with lease payments or to account for them separately. If you will account for them separately but non-lease components are included in with your lease payments, use relative standalone prices to separate the lease and non-lease components.

Following are expenses related to the lease that might be included in lease payments and could be separated and tracked as non-lease payments.

	Payment Frequency	Payment Amount	Number of Payments	Payment Start Date
Common area maintenance				
Parking				
Utilities				
Annual maintenance				
Other maintenance				
Repairs				
Operational or professional services				
Lessor costs <i>Such as taxes or insurance that lessee pays to lessor or directly to third party.</i>				