



# Year-End Form Training

Lessee & Lessor

*Chelsea Bennett, Senior Financial Reporting Manager*



# Purpose of Forms

- Generally accepted accounting principles (GAAP) require certain lease agreement information be disclosed in the State's ACFR. As part of this process, reporting organizations are required to utilize the Lessee & Lessor forms to accumulate information about all lease obligations of the State.
- GASB 87, implemented in FY22, requires additional disclosures for the ACFR
- SAO utilizes the lease accounting software, EZLease, to provide the financial reporting information needed for the ACFR
- Templates are provided by EZLease to upload leases directly in the system
  - Certain fields are required to be completed for a lease record to be valid
- Leases on the primary tab are meant to capture leases not previously reported to SAO
- Updates/revisions to leases previously reported should be listed on the “revisions” tabs

# Definition of a Lease

- Contract that conveys **control** of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for **a period of time in an exchange or exchange-like transaction**.
- To determine whether a contract conveys control of the right to use the underlying asset, a government should assess whether it has both of the following:
  - The right to obtain the present service capacity from use of the underlying asset as specified in the contract
  - The right to determine the nature and manner of use of the underlying asset as specified in the contract.
- Leases include contracts that, although not explicitly identified as leases, meet the definition of a lease. This definition excludes contracts for services except those contracts that contain both a lease component and a service component. As used in the definition of a lease, a nonfinancial asset is an asset that is not a financial asset as that term is defined in Statement No. 72, Fair Value Measurement and Application.<sup>2</sup> Examples of nonfinancial assets include land, buildings, vehicles, and equipment.

# Exclusions

- \$1 leases – agreements must be exchange like transactions
- Intergovernmental agreements - do not include any lease information for leases that are leased from other state organizations which are part of the primary government for financial reporting purposes (e.g. vendor is Georgia Building Authority).
  - A list of organizations within the primary government can be found on the SAO website at Statewide Reporting>Reporting Structure and Chart of Accounts>State Reporting Entity and GAAP Funds.
- Short-term leases - agreement that, at the beginning of the lease, has a “maximum possible term” under the contract, including any options to extend, of 12 months or less. The intent to renew no longer overrides what is in the lease agreement. If the lease is year-to-year (annual renewal) and does not contain renewal options, then it does not meet GASB 87 definition even if intent is to renew for multiple years.
- Leases that are truly multi-year leases reported by State Properties Commission. If unsure, contact SPC to confirm.
- **Leased copiers, postage meters, or water coolers - as of FY23, SAO will no longer be collecting data for these types of leased assets due to their immateriality to the ACFR.**

# Instructions Tab – Lessee & Lessor

A	B	C	D	E
1	<b>Form Name</b>	<b>Lessee Lease Agreement Data</b>		
2	<b>Due Date</b>	August 18, 2023		
3	<b>Section A.</b>	Select the entity code number from the drop-down menu (organization name should be automatically populated), enter preparer's name and preparer's telephone number at the top of the form.		
4		<b>Entity Code:</b>	40700	
5		<b>Entity Name:</b>	Accounting Office, State	
6		<b>Prepared by:</b>	Chelsea Bennett	
7		<b>Telephone #:</b>		
8		<b>Email:</b>		
9	<b>Section B.</b>	<p><b>New for FY23 - SAO will no longer be collecting data for leased copiers, postage meters, or water coolers.</b></p> <p>Please submit this form for all leases that began between the dates of <b>07/01/2022 and 06/30/2023</b>. It is not necessary to report leases that began before 07/01/2022 <b>IF</b> they were reported on a prior year Lease Agreement Form.</p> <p>Confirmation of prior year lease reporting should have been communicated to SAO verifying that leases reported in fiscal year 2022 were reported accurately. The Department of Audits and Accounts may issue a misstatement or a finding to your organization if all leases have</p>		
10	<b>Applicable Organizations</b>	All organizations not receiving a financial statement audit from an independent CPA firm.		
11		To submit your form, please visit the form submission site at <a href="https://sao.georgia.gov/form/year-end-forms">https://sao.georgia.gov/form/year-end-forms</a> . If there is no data reported on		
<p>&lt; &gt; Instructions - READ 1ST Primary Rent Variable Payments Revisions - Leases Revisions - Rent +</p>				

# Instructions Tab – Lessee & Lessor

Instructions for "Primary" Worksheet		
<b>Section C.</b>	<b>Complete applicable columns on the "Primary" tab for all NEW lease agreements. NOTE - Columns in BLUE are REQUIRED. Columns in GREY are OPTIONAL. An indication has been made below for each column. Column A will remain RED until all REQUIRED columns are completed.</b>	
Column A	<b>Required</b>	<b><u>Lease Number</u></b> Every lease number should begin with the 5 digit Business Unit Number & Lease number combined. For example, the State Accounting Office would list a lease number such as: 40700lease01. This column will remain red until all required columns are completed.
Column C	<b>Required</b>	<b><u>Begin Date</u></b> Enter the date of the first payment as stated in the lease agreement (format mm/dd/yyyy).
Column D	<b>Required</b>	<b><u>End Date</u></b> Enter the last day of the lease period (format mm/dd/yyyy). For example, if a 36 month lease began 07/01/21, the end date would be 06/30/24.  Reminder - Cancellation and Fiscal Funding Clauses only affect the lease term if it is reasonably certain that the clause will be

# Primary tab - Lessee

A	C	D	H	M	N	Q	V	AA
 <b>EZLease</b> Lease Number	<i>Begin Date</i>	<i>End Date</i>	<i>Incremental Borrowing Rate</i>	<i>Current Economic Life</i>	<i>Guaranteed Residual</i>	<i>Initial Direct Costs</i>	<i>Lease Incentives</i>	<i>Ownership Transfer (F)</i>

A	AB	AE	AF	AG	AJ	AV	AW	AX
 <b>EZLease</b> Lease Number	<i>Bargain Purchase Option (F)</i>	<i>Payments in Advance (T)</i>	<i>Lease description</i>	<i>Asset class</i>	<i>Lessee Name</i>	<i>Asset ID number</i>	<i>SWC number</i>	<i>Attached Agency number</i>

# Primary tab - Lessor

A	C	D	H	M	N	Q
	<i>Begin Date</i>	<i>End Date</i>	<i>Incremental Borrowing Rate</i>	<i>Current Economic Life</i>	<i>Guaranteed Residual</i>	<i>Initial Direct Costs</i>
<i>Lease Number</i>						

AA	AB	AE	AF	AG	AJ	AV	AW	AX
<i>Ownership Transfer (F)</i>	<i>Bargain Purchase Option (F)</i>	<i>Payments in Advance (T)</i>	<i>Lease description</i>	<i>Asset class</i>	<i>Lessor Name</i>	<i>Asset ID number</i>	<i>SWC number</i>	<i>Attached Agency number</i>

# Primary tab – Lessee & Lessor

- Conditional formatting in column A – will remain red until all blue columns are completed
- Columns in grey are optional – agency can leave blank if not applicable
- Column A – Lease Number (Required):
  - Every lease number should begin with 5 digit business unit number
  - For example, the State Accounting Office would list a lease number such as: 40700lease01

A	C	D	H	M	N	Q	AA	AB	AE	AF	AG	AJ
 EZLease	<i>Begin Date</i>	<i>End Date</i>	<i>Incremental Borrowing Rate</i>	<i>Current Economic Life</i>	<i>Guaranteed Residual</i>	<i>Initial Direct Costs</i>	<i>Ownership Transfer (F)</i>	<i>Bargain Purchase Option (F)</i>	<i>Payments in Advance (T)</i>	<i>Lease description</i>	<i>Asset class</i>	<i>Lessor Name</i>
Lease Number												
40700lease1	9/1/2015	8/31/2035	3.083	240							Office Space	County
40700lease2												

# Primary tab – Lessee & Lessor

- Lease term:
  - Period during which a lessee has a noncancelable right to use an underlying asset
  - Plus the following periods if applicable:
    - Lessee's option to extend if it is reasonably certain to be exercised
    - Lessee's option to terminate the lease if it is reasonably certain NOT to be exercised
    - Lessor's option to extend the lease if it is reasonably certain to be exercised
    - Lessor's option to terminate the lease if it is reasonably certain NOT to be exercised
- Column C – Begin Date (Required):
  - Date of first payment
- Column D – End Date (Required):
  - Enter the last day of the lease period (format mm/dd/yyyy). **This includes renewals.** For example, if a 36 month lease began 07/01/21, the end date would be 06/30/24.
  - Reminder - Cancellation and Fiscal Funding Clauses only affect the lease term if it is reasonably certain that the clause will be exercised.
  - Agreements of one year or less are considered rental payments and should not included on this form.

# Primary tab – Lessee & Lessor

- Column H – Incremental Borrowing Rate
  - The interest rate the lessor charges the lessee, which may be the interest rate implicit in the lease or stated in the agreement.
  - If the interest rate is not stated in the lease or cannot be readily determined by the lessee, then the State's borrowing rate must be used. This determination is made only in the year of the lease's inception and does not need to be updated annually.
  - The State's (lessee's) incremental borrowing rate is based on bond sale rates during the prior fiscal year. Select the rate with the number of years that is closest to the number of years in the lease term. For example, if the lease began in FY 2023 and was for a term of 9 years, select the 10 year rate of 2.72 as the rate.
  - Enter rate without % sign (EZLease will convert to %). Rates are updated annually. For FY23, rates established by GSFIC in June of 2022 used:
    - 2.26 - 5 year rate
    - 2.72 - 10 year rate
    - 3.42 - 20 year rate

# Primary tab – Lessee & Lessor

- Column M – Economic Life (Required):
  - Enter the number of months of the expected useful life of the asset.
  - The estimated economic life of the leased asset is the remaining period expected to be useable by one or more users for the purpose in the lease, without limitation by the lease term. For example, a building with an original useful life of 50 years, that was leased when the building is ten years old would have an estimated economic life at the time of the lease of 40 years.
  - If unknown, minimum economic life should be term of lease

# Primary tab – Lessee & Lessor

- Column N – Guaranteed Residual Value (Optional):
  - Leave blank if no guaranteed residual value exists in the lease
  - GRV is either:
    - the Bargain Purchase Option (definition on next slide), or
    - the amount the lessee or third-party guarantor guarantees the lessor will realize.
    - Any amount that you can be required to pay is considered a guaranteed residual.
- Column Q – Initial Direct Costs (Optional):
  - Leave blank if no Initial Direct Costs exists in the lease
  - Initial direct costs are ancillary charges necessary to place the lease asset into service. For example, structuring fees such as legal and administrative costs.

# Primary tab – Lessee & Lessor

- Column V – Lease Incentives (Optional)
  - Lease incentives are payments made to, or on behalf of, the lessee, for which the lessee has a right of offset with its obligation to the lessor, or other concessions granted to the lessee. A lease incentive is equivalent to a rebate or discount and includes assumption of a lessee’s preexisting lease obligations to a third party, other reimbursements of lessee costs, rent holidays, and reductions of interest or principal charges by the lessor.
- Column AA – Ownership Transfer (Optional)
  - Select “T” or leave blank if not applicable
  - The lease conveys ownership of the property to the lessee by the end of the lease term.
- Column AB - Bargain purchase option (Optional) - only if reasonably certain to be exercised
  - Select “T” or leave blank if not applicable
  - Bargain purchase option is a provision allowing the lessee, to purchase the leased property for a price that is sufficiently lower than the expected fair value of the property at the date the option becomes exercisable and that exercise of the option appears, at the inception of the lease, to be reasonably assured.
- Column AE – Payments in Advance (Optional)
  - If payments made at beginning of each rent period select “T” or leave blank if not applicable.

# Primary tab – Lessee & Lessor

- Column AF – Lease Description (Optional):
  - For agency use only - enter description of lease. For example, "7th floor office space" or "equipment in common area".
- Column AG – Asset Class (Required):
  - Select from drop down – Building, Land, Machinery, Office Space, etc.
  - Reminder: copiers, postage meters, & water coolers no longer reported on form
- Column AJ – Lessor/Lessee Name (Required):
  - Vendor per the lease agreement
  - Should not be another state agency within the primary government
  - Agreements with component unit ok
  - Refer to slide 4 for location of entity listing to determine if entity is primary government or a component unit

# Primary tab – Lessee/Lessor

- Column AU – Asset ID number (Optional):
  - Leases are not required to be entered in the TeamWorks asset management module. However, each agency has the option of entering the lease in the asset management module with a "zero value" for tracking purposes. For TeamWorks Agencies, enter the asset ID number recorded in the asset management records, if one exists. If one does not exist, leave blank.
- Column AV – Attached Agency Number (Optional)
  - For agency use only - if lease is being reported for an attached agency, input business unit number or fund code.
- Column AW – SWC Number (Optional):
  - For agency use only - if lease is negotiated as a State-wide Contract (SWC), agency may input contract number.

# Rent tab – Lessee & Lessor

A	B	C	D	E	K	L	M	N	O
 Lease Number <i>(choose related lease from Primary tab)</i>	Gross Rent	Rent Start Date	Rent End Date	Frequency	Nonlease Component - Maintenance	Nonlease Component - Taxes/Insurance	Nonlease Component - Consumable Supplies	Nonlease Component - Service Contract	Nonlease Component - Other

# Rent tab - Lessee

- Column A – Lease Number (Required):
  - Select lease number from drop down
  - Drop down list pulled from Primary tab to ensure lease numbers match
- Column B – Gross Rent (Required)
  - Enter the entire rent payment due for each payment period including executory costs and nonlease components (see definition of nonlease components on next tab) per the lease agreement.
  - Note – do not report \$1 (not exchange like)

# Rent tab – Lessee & Lessor

- Column C – Rent Start Date (Required)
  - Date of 1<sup>st</sup> Payment – must agree to start date on Primary tab
- Column D – Rent End Date (Required)
  - Date of last payment – must agree to end date on Primary tab
- Column E – Frequency (Required)
  - From drop down select weekly, monthly, yearly etc.
- Rent steps:

A	B	C	D	E
 <i>Lease Number</i> <i>(choose related lease from Primary tab)</i>	<i>Gross Rent</i>	<i>Rent Start Date</i>	<i>Rent End Date</i>	<i>Frequency</i>
4xx00example1	6,250.00	09/01/2015	08/31/2016	Monthly
4xx00example1	6,406.25	09/01/2016	08/31/2017	Monthly
4xx00example1	6,566.41	09/01/2017	08/31/2018	Monthly
4xx00example1	6,730.57	09/01/2018	08/31/2019	Monthly
4xx00example1	6,898.83	09/01/2019	08/31/2020	Monthly
4xx00example1	7,071.30	09/01/2020	08/31/2021	Monthly
4xx00example1	7,248.08	09/01/2021	08/31/2022	Monthly
4xx00example1	7,429.29	09/01/2022	08/31/2023	Monthly
4xx00example1	7,615.02	09/01/2023	08/31/2024	Monthly
4xx00example1	7,805.39	09/01/2024	08/31/2025	Monthly
4xx00example1	8,000.53	09/01/2025	08/31/2026	Monthly
4xx00example1	8,200.54	09/01/2026	08/31/2027	Monthly
4xx00example1	8,405.56	09/01/2027	08/31/2028	Monthly

# Rent tab – Lessee & Lessor

- Columns K – O – Nonlease Components (Optional – leave blank if none)
  - Lease and nonlease components of a lease are reported as separate contracts.
  - Payments related to the right to use the asset are considered part of the lease, whereas payments for items not related to the right to use the asset are considered nonlease components.
  - Payments fixed in substance therefore not considered variable payments (see next slide for VP)
    - Example: contract states a minimum of \$100 per month related common area maintenance
  - Examples of nonlease components include the cost of common area maintenance, taxes/insurance, consumable supplies, or a service contract.

	A	B	C	D	E	K	L	M	N	O	F
	 <b>EZLease</b> <i>Lease Number</i> <i>(choose related lease from Primary tab)</i>	<i>Gross Rent</i>	<i>Rent Start Date</i>	<i>Rent End Date</i>	<i>Frequency</i>	<i>Nonlease Component - Maintenance</i>	<i>Nonlease Component - Taxes/Insurance</i>	<i>Nonlease Component - Consumable Supplies</i>	<i>Nonlease Component - Service Contract</i>	<i>Nonlease Component - Other</i>	
1											
2	4xx00example1	6,250.00	09/01/2015	08/31/2016	Monthly			250.00			
3	4xx00example1	6,406.25	09/01/2016	08/31/2017	Monthly						
4	4xx00example1	6,566.41	09/01/2017	08/31/2018	Monthly						
5	4xx00example1	6,730.57	09/01/2018	08/31/2019	Monthly						

# Variable Payments tab – Lessee & Lessor

- Variable payments (Optional):
  - Leave blank if not applicable
  - Payments made during the current fiscal year that are not fixed in substance
  - **Could be for lease on primary tab or lease previously reported**
  - Types:
    - Payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), initially measured using the index or rate as of the commencement of the lease term.
    - Variable payments based on future performance of the lessee or usage of the underlying asset
  - Any component of those variable payments that is fixed in substance should be included in the rent amount.

# Variable Payments tab – Lessee & Lessor

- Column A – Lease Number
  - Lease number of lease previously reported to SAO or listed on Primary tab
- Column B – First Payment (Required)
  - Date of 1<sup>st</sup> Payment
- Column C – Last Payment (Optional)
  - Date of last payment – if multiple payments, if not leave blank
- Columns D – J – At lease one required if variable payments exist
  - Input any \$ amount for variable payments
    - Only need total dollar amount (not payments in frequency)
  - If type not listed, enter amount in “Other” column & specify what type in column J

A	B	C	D	E	F	G	H	I	J
									
Lease Number	First Payment	Last Payment	CPI	Excess Usage	Maintenance	Percent of Sales	Taxes	Other	If other, specify what type.
40700lease1	10/30/2022				1,000.00				
40700lease1	5/12/2023				1,500.00				

# Revisions tabs – Lessee & Lessor

- Column A – Lease Number
  - Lease number of lease previously reported to SAO
- Column B – Reason for Revision
  - Example – lease renegotiated, correcting lease number, prior record inaccurate
- Hopefully, most revisions are communicated to SAO through Lease Confirmation Process done in spring

	A	B	C	D	E	F	G	H	I	J	K	L
2	<b>Revisions to Leases:</b>											
3	<p><b>Note - This tab is only used to revise an existing lease record being reported by SAO. A confirmation of prior year lease reporting was sent to each agency in February to confirm existing leases being reported by SAO in the EZLease system.</b></p> <p>In column A, enter the lease number for the lease that needs revising. Use the exact same lease number that was used on the previous years' Lease Agreement Data Form.</p>											
4	<p>In the appropriate column, enter the revised information. <b>Enter information only in the columns where revisions are needed.</b></p> <p>DO NOT enter data in cells which have not changed from previous years' Forms.</p>											
5												
6												
7	<i>Original Lease Number</i>	<i>Reason for Revision (ex: lease ended, lease number incorrect, lease renewed for another 10 years, etc.)</i>	<i>Revised Lease Number</i>	<i>Begin Date</i>	<i>End Date</i>	<i>Incremental Borrowing Rate</i>	<i>Economic Life (in months)</i>	<i>Guaranteed Residual</i>	<i>Initial Direct Costs</i>	<i>Lease Incentives</i>	<i>Ownership Transfer</i>	<i>Bargain Purchase Option</i>
8												
9												

# Revisions tabs – Lessee & Lessor

- Column A – Lease Number
  - Lease number of lease previously reported to SAO

	A	B	C	D	E	F	G	H	I
1	<b>REVISIONS TO RENT</b>								
2	<i>Lease Number</i>	<i>Gross Rent</i>	<i>Rent Start Date</i>	<i>Rent End Date</i>	<i>Frequency</i>	<i>Nonlease Component - Maintenance</i>	<i>Nonlease Component - Taxes/Insurance</i>	<i>Nonlease Component - Consumable Supplies</i>	<i>Nonlease Component - Service Contract</i>
3									
4									
5									
6									

# Example - Lessee

STATE OF GEORGIA,  
[REDACTED]

LEASE AGREEMENT [REDACTED]

## LEASE AGREEMENT

This LEASE AGREEMENT, hereinafter referred to as this "Agreement," is made and entered into this 16<sup>th</sup> day of November, 2015, by and between [REDACTED] whose business address for purpose of this Agreement is [REDACTED], Party of the First Part, hereinafter referred to as "Landlord," and the [REDACTED] a commission within the State Government of Georgia created by O.C.G.A. § 50-16-32. [REDACTED] of the Second Part, hereinafter referred to as "Tenant" ["Landlord" or "Tenant" may be referred to in this Agreement by a pronoun the third person, singular number and masculine gender (he, him or his) or neuter gender (it), as the context requires].

- Lease is for office space →

- Agreement is between a State agency & non-State entity
- Reminder: do not report agreements with primary government entities



The Landlord, in consideration of the rents agreed to be paid by the Tenant and of the covenants, agreements, provisions, terms, conditions and stipulations (hereinafter sometimes referred to as "provisions") herein agreed to be mutually kept and performed by both of the Parties hereto, does hereby this day, grant an estate for years to Tenant those certain premises situated in [REDACTED] Georgia, and being more particularly described as follows, to wit:

Approximately 7,500 square feet of office space, [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

# Example - Lessee

- Lease term:

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## TERM

This Agreement shall, commence on the 1<sup>st</sup> day of September, 2015 (the "Commencement Date"). This Agreement shall end at 11:59 p.m. on the 31<sup>st</sup> day of August, 2035 (the "Expiration Date") unless this Agreement shall be sooner terminated as hereinafter provided. The Commencement Date and the Expiration Date are hereinafter collectively referred to as the "Term." Notwithstanding anything in this Agreement to the contrary, pursuant to O.C.G.A. § 50-16-41, as amended, Tenant shall have the right to terminate this Agreement, without further obligation, if Tenant determines that adequate funds will not be available to satisfy Tenant's payment obligations under this Agreement. Tenant's determination regarding the availability of funds to satisfy Tenant's payment obligations under this Agreement shall be conclusive and binding on all Parties. By giving one (1) year's written notice to Tenant, Landlord may terminate this Agreement if Premises are needed to reinstate rail service to [REDACTED]



- Note - this is example is an Authority that is allowed to enter into multi-year agreements. For organizations that cannot do this, but can have 1 year agreements with renewal periods, the concepts of this example would still apply.
- Agreement contains fiscal funding clause however this only effects the term if it is reasonably certain of being exercised.

# Example - Lessee

- IBR – no lessor rate mentioned in lease therefore the State’s borrowing rate is used
  - Entered in whole numbers – not %
- Current economic life – unknown so term of lease (in months) was used
- Payments in Advance – payments due at beginning of each payment period so “T” was selected
- Asset class – office space
- Lessor Name – non-state entity
- Note – column A is no longer red for lease 1

A	C	D	H	M	N	Q	AA	AB	AE	AF	AG	AJ
 EZLease	<i>Begin Date</i>	<i>End Date</i>	<i>Incremental Borrowing Rate</i>	<i>Current Economic Life</i>	<i>Guaranteed Residual</i>	<i>Initial Direct Costs</i>	<i>Ownership Transfer (F)</i>	<i>Bargain Purchase Option (F)</i>	<i>Payments in Advance (T)</i>	<i>Lease description</i>	<i>Asset class</i>	<i>Lessor Name</i>
Lease Number												
40700lease1	9/1/2015	8/31/2035	3.42	240					T		Office Space	County
40700lease2												

# Example - Lessee

- Gross Rent:
  - Rent due 1<sup>st</sup> of each month as stated in agreement
  - This agreement has rent steps

A	B	C	D	E
				
<b>Lease Number</b> (choose related lease from Primary tab)	<b>Gross Rent</b>	<b>Rent Start Date</b>	<b>Rent End Date</b>	<b>Frequency</b>
4xx00example1	6,250.00	09/01/2015	08/31/2016	Monthly
4xx00example1	6,406.25	09/01/2016	08/31/2017	Monthly
4xx00example1	6,566.41	09/01/2017	08/31/2018	Monthly
4xx00example1	6,730.57	09/01/2018	08/31/2019	Monthly
4xx00example1	6,898.83	09/01/2019	08/31/2020	Monthly
4xx00example1	7,071.30	09/01/2020	08/31/2021	Monthly
4xx00example1	7,248.08	09/01/2021	08/31/2022	Monthly
4xx00example1	7,429.29	09/01/2022	08/31/2023	Monthly
4xx00example1	7,615.02	09/01/2023	08/31/2024	Monthly
4xx00example1	7,805.39	09/01/2024	08/31/2025	Monthly
4xx00example1	8,000.53	09/01/2025	08/31/2026	Monthly
4xx00example1	8,200.54	09/01/2026	08/31/2027	Monthly
4xx00example1	8,405.56	09/01/2027	08/31/2028	Monthly
4xx00example1	8,615.69	09/01/2028	08/31/2029	Monthly
4xx00example1	8,831.09	09/01/2029	08/31/2030	Monthly
4xx00example1	9,051.86	09/01/2030	08/31/2031	Monthly
4xx00example1	9,278.16	09/01/2031	08/31/2032	Monthly
4xx00example1	9,510.11	09/01/2032	08/31/2033	Monthly
4xx00example1	9,747.87	09/01/2033	08/31/2034	Monthly
4xx00example1	9,991.56	09/01/2034	08/31/2035	Monthly

## FIXED RENTAL

- For the use and rent of the Premises, the Tenant agrees to pay to Landlord, at the above-stated business address, or at such other address or addresses as may be designated in writing from time to time by the Landlord, in accordance with the provisions of this ARTICLE IV, beginning on the

Commencement Date, and payable thereafter on the 1st day of each and every calendar month during the said Term; provided, however, that if the Commencement Date is a day other than the first day of a calendar month, the monthly installment of Fixed Rental payable for the period from the Commencement Date through the end of the calendar month during which the Commencement Date occurs shall be the above-referenced monthly installment of Fixed Rental prorated on a daily basis, and shall be payable, together with the monthly installment of Fixed Rental for the first full calendar month of the Term of this Agreement, on the first day of the first calendar month following the Commencement Date; provided further, however, that, if the Expiration Date is a day other than the last day of a calendar month, the monthly installment of Fixed Rental payable for the month during which the Expiration Date occurs shall be the monthly installment of Fixed Rental referenced below, prorated on a daily basis.

Lease Year	\$/RSF	Annual Fixed Rent	Monthly Fixed Rent
1	\$ 10.00	\$ 75,000.00	\$ 6,250.00
2	\$ 10.25	\$ 76,875.00	\$ 6,406.25
3	\$ 10.51	\$ 78,796.88	\$ 6,566.41
4	\$ 10.77	\$ 80,766.80	\$ 6,730.57
5	\$ 11.04	\$ 82,785.97	\$ 6,898.83
6	\$ 11.31	\$ 84,855.62	\$ 7,071.30
7	\$ 11.60	\$ 86,977.01	\$ 7,248.08
8	\$ 11.89	\$ 89,151.43	\$ 7,429.29
9	\$ 12.18	\$ 91,380.22	\$ 7,615.02

# Example - Lessee

- Variable payments:
  - Input date of payment made
    - If multiple payments, include last payment date
  - Input any \$ amount for variable payments
    - Only need total dollar amount for current fiscal year (not payments in frequency)

	A	B	C	D	E	F	G	H	I	J
										
	<b>Lease Number</b>	<b>First Payment</b>	<b>Last Payment</b>	<b>CPI</b>	<b>Excess Usage</b>	<b>Maintenance</b>	<b>Percent of Sales</b>	<b>Taxes</b>	<b>Other</b>	<b>If other, specify what type.</b>
	40700lease1	10/30/2022				1,000.00				
	40700lease1	5/12/2023				1,500.00				