





- **Question 4.69:** To improve the clarity of the answer, consider revising the answer because it could be misunderstood that the 5-year extension is not considered a lease modification. The question states that "...during the lease term, the lessor and lessee agree to extend the contract for five years..." which implies that the cancellable period consideration is not necessary. Therefore, consider revising the answer to state:

"A – At the time both parties (the lessor and lessee) agree to extend the lease term for five years, the amendment extending the lease term would be considered a lease modification, due to the guidance found in Paragraph 71 of Statement Number 87. However, the period before both parties agree to extend the lease term would be considered cancellable, and therefore, not subject to the lease term reassessment guidance in Paragraph 15 of Statement Number 87."

Respectfully submitted,

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