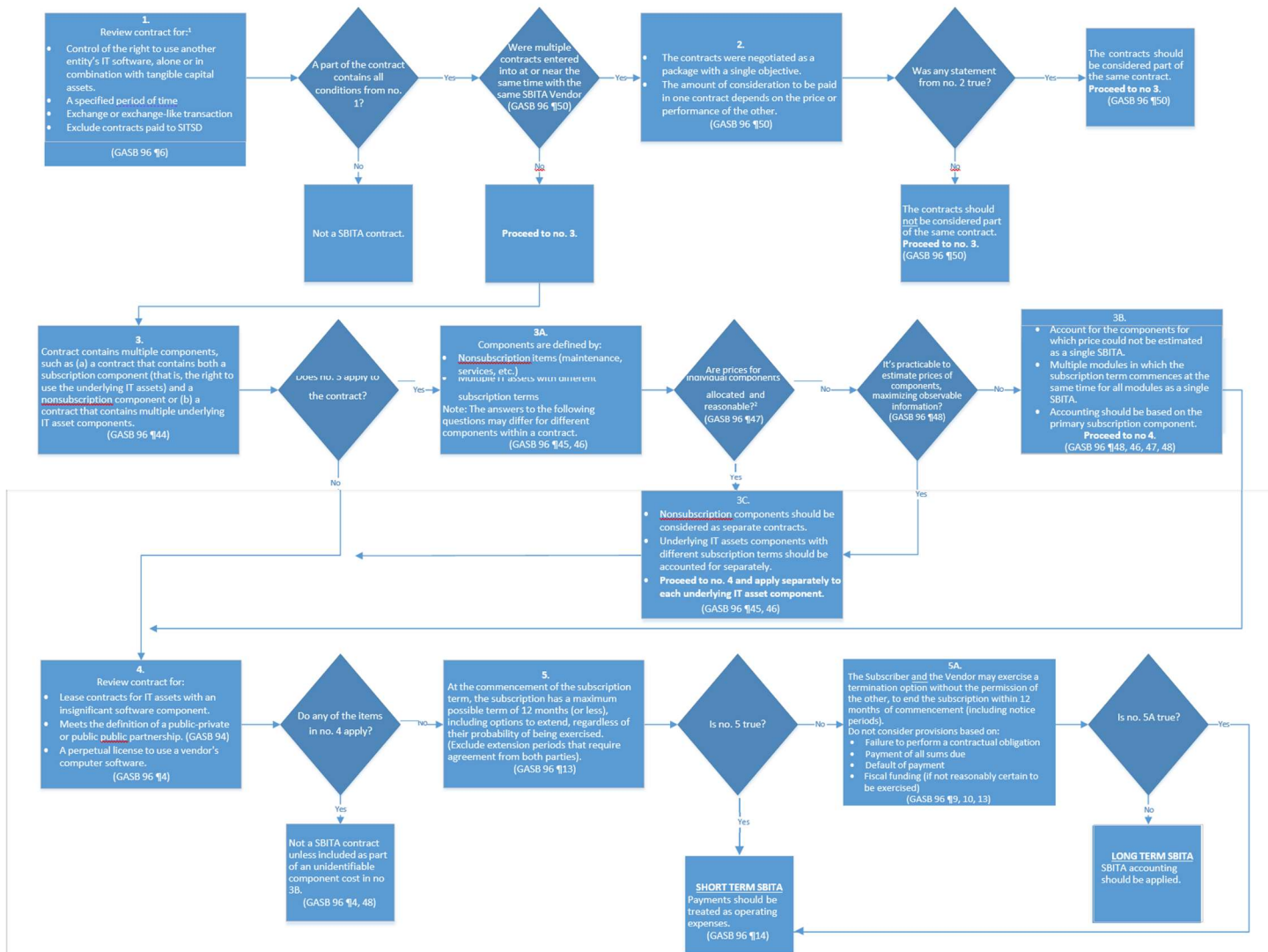


Appendix A - Decision Tree



1

Control

GASB 96 ¶7. To determine whether a contract conveys control of the right to use the underlying IT assets, a subscriber should assess whether it has both of the following:

- The right to obtain the present service capacity from use of the underlying IT assets as specified in the contract
- The right to determine the nature and manner of use of the underlying IT assets as specified in the contract.

Exchange and Exchange Like Transactions

GASB 96 Footnote 1. The scope of this Statement includes both exchange and exchange-like transactions. Footnote 1 of Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, states that the difference between exchange and exchange-like transactions is a matter of degree. In contrast to a “pure” exchange transaction, an exchange-like transaction is one in which the values exchanged, though related, may not be quite equal or in which the direct benefits may not be exclusively for the parties to the transaction. Nevertheless, the exchange characteristics of the transaction are strong enough to justify treating the transaction as an exchange for accounting recognition

2

Reasonable

GASB 96 ¶47 ... based on the terms of the contract and professional judgment, maximizing the use of observable information (for example, using readily available observable stand-alone prices). Stand-alone prices are those that would be paid if the right to use the same or similar IT asset components were contracted individually or if the right to use the same or similar nonsubscription components were contracted individually. Some contracts provide discounts for bundling multiple subscription components or bundling subscription and nonsubscription components together in one contract. Those discounts may be considered when determining whether individual component prices do not appear to be unreasonable. For example, if the individual component prices each are discounted by the same percentage from normal market prices, the discount included in those component prices would not appear to be unreasonable.