The lessee reports the leased asset on its balance sheet

Payments are reported fully as rent expense

Ownership of the property passes to the lessee by the end of the lease term

The lease term exceeds one year

Interest expense is measured and reported by the lessee

Depreciation of the leased asset is not reported by the lessee

At the inception of the lease, the lessee records both an asset and liability

The lessee reports a liability for the present value of all future payments anticipated under the lease agreement

The lessor continues to report the tangible asset covered by the lease on its balance sheet

<table>
<thead>
<tr>
<th>Operating Lease</th>
<th>Financing Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
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