GASB 96 SUBSCRIPTION TERM CALCULATION

Instructions: Use this calculation to determine the subscription term, including any options to extend or terminate. Each option must be evaluated to determine if the term will be extended or terminated beyond the noncancelable period (minimum contract length).

CAUTION: When determining if the contract is a **SHORT-TERM SBITA**, remember the **MAXIMUM** possible term is no more than 12 months including all options **REGARDLESS** of the probability of being exercised. (i.e., assume options to extend **WILL** be exercised and options to terminate will **NOT** be exercised).

If a SBITA that has cancelable periods, which **both** parties have an option to terminate the SBITA without permission from the other party (or if both parties must agree to extend), the maximum possible term is the noncancelable period, including any notice periods. If this results in a noncancelable period of longer than 12 months, use this calculator to determine the subscription term; otherwise, short-term SBITA.

WHAT TO USE	OPERATION	CAUTION	CAUTION
Noncancelable Period	Plus (+)	**For each option to the left, the outcome must be reasonably certain (more than probable) (>75%)**	Periods where BOTH government and SBITA vendor have option to terminate or extend without permission of other party are **excluded** from subscription term
Periods covered by a government's option to extend.	Plus (+)		
Periods covered by a government's option to terminate but choosing not to.	Plus (+)		
Periods covered by the SBITA vendor's option to extend.	Plus (+)		
Periods covered by the SBITA vendor's option to terminate but choosing not to.	Plus (+)		
Subscription Term	**Equals (=)**		

Prepared by: SCO-SARD-SGR
February 2024

The concept of reasonably certain was considered by the GASB as part of the deliberations for what became the new leasing provisions. The Board could have used probable in a similar vein to contingencies. Many practitioners consider it probable to have a 75% certainty. The GASB believes reasonably certain is a higher threshold than probable and is analogous to reasonably assured. Professional judgment is likely needed to determine a threshold for this amount of certainty.
https://www.accountingresearchmanager.com/q/1c55z
© 2023 CCH Incorporated and/or its affiliates. All rights reserved.