

What is a Lease?

Leasing allows companies to acquire equipment using alternative forms of financing providing economic options to satisfy accounting, tax and equipment needs. Increased cash flows and preservation of line of credit are additional benefits of leasing.

It's all about becoming more productive--and profitable. That's what leasing can do. Because you only pay for the use of the equipment, you can reduce up-front payments to conserve capital. Plus, you gain the advantage of working with the latest technology.

More productive equipment for less money. There are plenty of ways to structure a lease, too. With the variety of operating, finance and municipal leases.

Capital Lease Offering:

OPERATING LEASE - What is an Operating Lease?

An operating lease allows the lessee to acquire the use of equipment for a fixed cost. Additional services such as maintenance, extended warranty, and insurance may be provided by the lessor and bundled into one convenient monthly payment.

Operating leases are a good consideration if you:

- Continually update or replace equipment
- Want to use equipment without ownership, but also want to return equipment at lease-end and avoid technological obsolescence
- Are looking for low fixed payments
- Are interested in off-balance sheet treatment

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FINANCE LEASE - What is a Finance Lease?

Typically, a finance lease is a full-payout lease with a nominal lease end purchase option.

Finance leases are a good consideration if you:

- Want the benefit of ownership
- Are interested in a low cost purchase option at lease end

MUNICIPAL LEASE - What is a Municipal Lease?

A Municipal Lease is a tax exempt lease-purchase contract used by state, province and local governments for more financial flexibility and efficient cash management.

Municipal Leases provide:

- Competitive Rates
- Flexible payment structures to fit budget and cash flow (\$1 buyout Leases).
- Knowledgeable team with industry experience and financing expertise

Municipalities can use these payments as tax write-offs.

We can schedule these payments out over a longer period of time than normal Operating Leases by a couple of years, normally.

Leasing is a good option when considering the following:

Accounting Treatment

· Off Balance Sheet Treatment: Lease payments are shown as expense instead of debt/depreciation (liability / asset)

Tax Concerns

- Depreciation Benefits
- Taxable Income

Equipment Impact

- Bundled services: Equipment, maintenance, extended warranty and insurance in one convenient payment
- Flexibility at Lease End: Extend the lease on your equipment, Purchase your leased equipment, Return your leased equipment and lease new equipment

What are some benefits of Leasing?

Cash Management:

- Typically the lowest payment
- Fixed cost over the term

Leasing frees up working capital. Payments are typically much lower than retail loan financing. There are no down payments on Operating Leases, unlike retail loans which may be structured with a 10%-20% down payment. Fixed monthly/annual payments eliminate any uncertainty regarding future costs allowing the customer to accurately forecast their cash flow.

Special Cash Flow Needs:

- Flexible, customized payment schedules
- Skip or seasonal payments to accommodate business cycles/projects
- Match lease term to cash flow (seasons of use)

Efficiency and Convenience:

- Early purchase/buyout options
- Bundled Solutions - roll into monthly payments
 - o Maintenance
 - o Physical Damage Insurance
 - o Extended Warranty Insurance
- Full life cycle management of equipment

Off Balance Sheet Treatment:

Lease payments may be treated as an expense instead of additional debt

Leases may provide certain tax advantages. Balance sheet ratios will be improved, making your financial position stronger, more liquid as well as more profitable. Asset base is lowered and in turn will increase reported earnings and helps report a higher return on assets.

There is also such a thing as a “Step Down Lease”

- ✓ This gives the customer the opportunity to “Try” our equipment.
- ✓ Customer does commit to a period of time.
- ✓ We can compete against a long term rental.
- ✓ Set up as “X” full term lease with the option to walk away, purchase, or continue leasing at predetermined periods within the lease
- ✓ Monthly payments “Step” down after these predetermined periods.