

After reviewing CreativeMind's current financial position and plans for expansion, I believe that taking out a term loan from a bank would be the best long-term debt financing option. A term loan allows CreativeMind to borrow a lump sum of money and repay it over a set period through fixed monthly payments. This provides more flexibility than other types of debt financing.

Compared to issuing bonds, a term loan likely has a lower interest rate since it is seen as less risky by lenders. The fixed interest rate will help CreativeMind plan for repayment. Bonds also come with more complex legal requirements that can increase costs. With a term loan, CreativeMind can avoid expensive underwriting fees and legal preparations associated with issuing bonds.

Leasing equipment is not a good long-term financing option either since CreativeMind needs a large lump sum for expansion, not just specific assets. Leasing monthly payments would be too high compared to a term loan repayment schedule. Additionally, leasing has ownership restrictions whereas a term loan gives CreativeMind full ownership over how funds are used.

A term loan gives CreativeMind the lump sum it needs on reasonable terms. The set repayment schedule helps with budgeting, while the flexibility of a term loan allows CreativeMind to use the funds for any aspect of its expansion. Therefore, after weighing the alternatives, I believe taking out a bank term loan is CreativeMind's best option for securing the necessary financing to facilitate its growth plans.

References:

Franklin, M. Graybeal, P. & Cooper, D. (2020). Principles of accounting, volume 1: Financial accounting. Open Stax Rice University.

<https://openstax.org/details/books/principles-financial-accounting>.