

	Leasing	Bank Financing
Down Payment	Usually 2 payments or about 5%	Typically 10-30%
Tax Benefits	Lease payment is usually 100% deductible	Depreciation must be over 5 years – Principle NOT deductible
Opportunity Cost	Leaves bank lines and cash free for investments that provide higher yield	Ties up bank lines possibly preventing more opportunities in the future
Term	Up to 5 years on any equipment over \$5,000	Usually 1-3 years
Soft Costs	Software and installation can be incorporated into the lease	Software and installation usually not permitted to be financed
Impact to Financial Statement	Footnote to balance sheet. No impact to ratio.	Long-term liability. Reduces current ratios and increases debt ratios