



dfi dynamic funding inc.

Email Newsletter December 2007



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Introduction

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Dynamic Funding, Inc. Holiday Greeting

The staff at Dynamic Funding, Inc. would like to extend to you our best wishes for a happy holiday season. Please consider the following during this holiday season:

Take the time to acknowledge those around you – family, friends, and co-workers – for the tremendous amount of affection, support, and guidance they provide!

Take time to offer a kind thought and prayer for those who will be away from their families and friends this holiday season!

Do what you can for those who are less fortunate and are encountering difficult times!

Take time for yourself!

Do something nice for someone else!

Enjoy life!

Thanks for a great 2007!

Jim Tarbell, Tom Cordova, Kelly Kovacs

Lease Basics – an Overview (PDF)

Company News/ Newsletters (PDF)

DFI Information Flyer (PDF)

Lease Benefits Flyer (PDF)

Credit Application (DOC)

CLICK HERE for client success stories

Amen Packaging

Henderson Enterprises

Christian Ministry

Customer Success Story – Henderson Enterprises



Henderson Enterprises – dba T. Michael Installation T. Michael Installation (www.tmichael.net) is a full service office furniture company. Their primary services include office furniture installation, office design, and office consultation. This includes all types of office furniture systems, modular furniture systems, workstations, and cubicles. They also provide corporate moving services for office moves and office relocations. They have a 60,000 sq. ft. racked and climate controlled warehouse available to accommodate their customers' storage and warehousing needs. They also offer full service sales of new and used office furniture. Additional services include

steam cleaning, furniture repair and maintenance, emergency on-site repair services, on-site project management and daily route services utilizing our fleet of trucks.

T. Michael Installation needed to upgrade their information technology systems and purchase vehicles in anticipation of a new contract to deliver and install cabinets sold through a very large building supply company. Initially, T. Michael Installation went to their local bank to secure a loan for this equipment. The bank would not approve their request and instead referred them to Dynamic Funding.

DFI separated the financing into two parts – one part for the technology equipment and the second part for the vehicles. DFI easily completed the lease for the technology equipment and is working with T. Michael Installation and other funding sources to secure financing for the vehicles. DFI demonstrated its ability to be a trusted resource for its

SERVICES

BENEFITS

FAQs



referral partners – a local bank, in this case.

Leasing News

Leasing + IRS Section 179 Deduction

Cash Flow

Conserving cash flow is one of the most common reasons companies elect to lease rather than pay cash for equipment acquisitions. The provisions of IRS Section 179 allow companies to fully expense tangible property in the year it is placed into service. Can companies lease new equipment and still take an IRS Section 179 deduction? The answer is most definitely yes.

Property Eligible for Electing a Section 179 Deduction

- Computers and Peripherals
- Communications and Networking Equipment
- Point of Sale Systems
- Plastic Card Generation Equipment
- Audio and Video Systems
- Power Management Equipment
- Furniture and Fixtures
- Off-the-Shelf Software

Benefits

- For 2007 tax year, companies may take a one-time expense deduction of \$112,000
- Help manage cash flow and pay lower taxes
- Lowers adjusted gross income, which could help companies qualify for various deductions that are limited by AGI
- Lowers earned income, which can increase companies' earned income credit

Lease Example

As an example, consider the following:

Purchase Equipment for \$100,000
5 Year Capital Lease
Tax Rate: 30%
5 Year Straight Line Depreciation – 20% per year

Lease

1st Year Lease Payments – Cost	\$26,000
Section 179 Deduction – Benefit	\$100,000
Tax Savings – Benefit	
(\$100,000 x 30% = \$30,000)	\$ 30,000
1st Year After Tax Lease Benefit	
(\$30,000 - \$26,000 = \$4,000)	\$ 4,000

Analysis

Paying cash for acquiring an asset uses up working capital that could be used more effectively operating the business. If a company elects to lease the asset with a capital lease, then it can still elect to take the section 179 deduction. Additionally, the company does not tie up a lot of working capital. In this case, after the first year we have an after-tax benefit (positive cash flow) of \$4,000. Additional benefits can be considered, such as interest expense, that demonstrate the value of combining a lease with the section 179 deduction.

Summary

The net here is that combining a capital lease with a section 179 deduction could help a company manage cash flow and pay lower taxes. A company should consult with their tax advisor to determine how best to use leasing to take advantage of the Section 179 deduction for 2007.