Accounts Receivables and Purchase Order Financing

Prepared By

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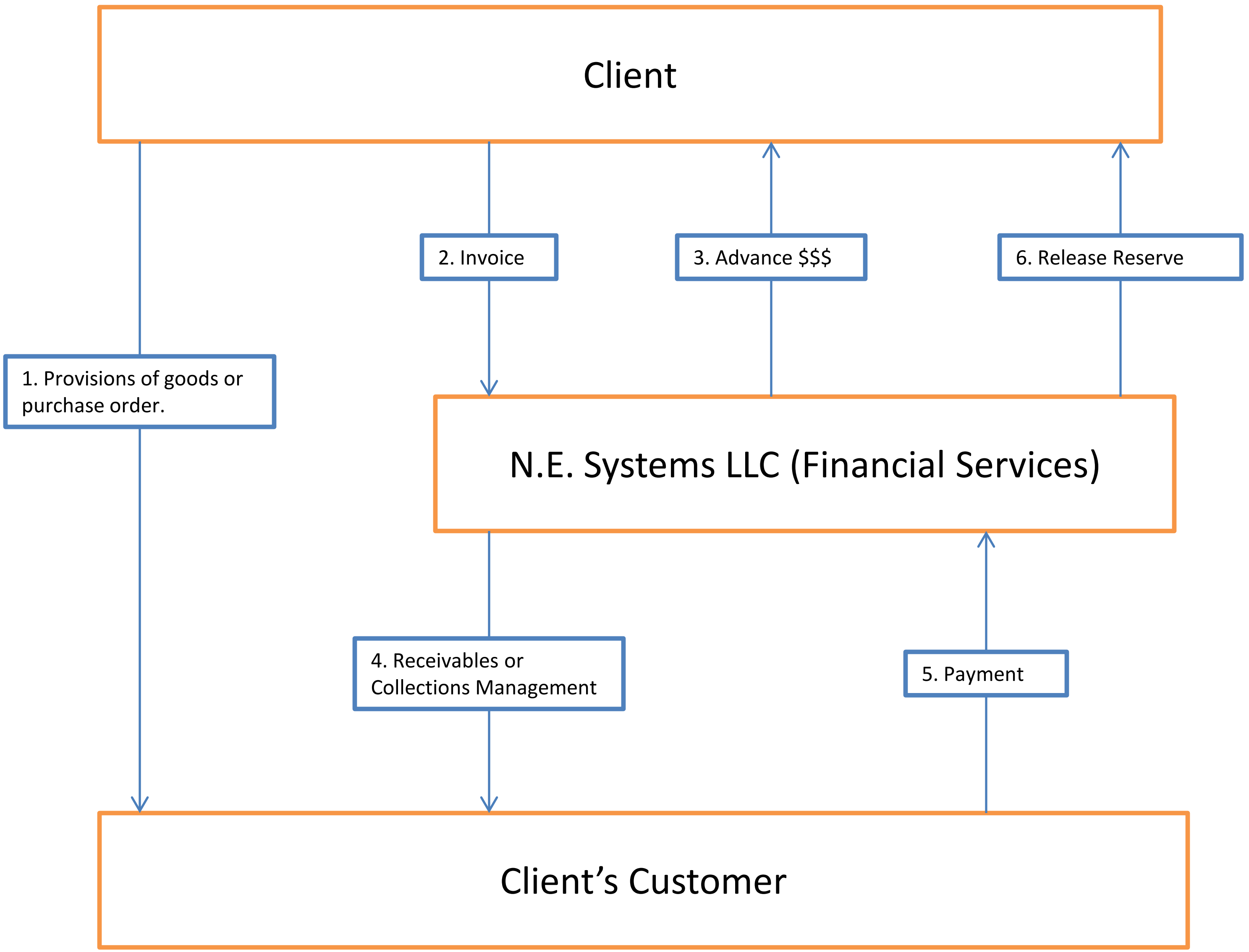
Why Use Accounts Receivables or Purchase Order Funding?

- ***PO Funding is an extremely fast way for companies to raise money:*** A Purchase Order or Accounts Receivables Funding deal can be done in only a few days. A company can have cash in hand in a very short amount of time. This can be extremely beneficial for a company that is in need for cash or that is looking to quickly expand their operations. It can take a substantial amount of time applying for a loan and then obtaining a response from a bank on whether or not they are willing to provide a company with the money needed. A business may not have that amount of time. The livelihood of their business may depend on getting money fast.
- ***PO Funding shortens the collections process:*** Businesses sometimes have to wait weeks or even months before they are paid for services rendered. During this time, they might be cash poor and may not have the funds available to grow their businesses or even pay for current operational expenses.
- ***PO Funding allows companies to bring in money without taking on new debt:*** Debt can be an effective tool to build and sustain a business. However, it can also be risky, especially for new businesses. PO or AR Funding allows companies to receive badly needed capital without relying on an expensive loan.
- ***PO Funding can be a great option for companies having trouble qualifying for a bank loan:*** Getting a business loan has always been challenging. Today, it is even tougher because banks are holding on tighter than ever to their money. If a company has not been in business very long or has had problems repaying loans in the past, the likelihood they will be able to receive a bank loan is pretty small. In this case, a good alternative would be for a company to use PO or AR Funding services.
- ***PO Funding can help companies that have no collection department or an understaffed one:*** For small businesses that do not have a collection department or adequate personnel, a financial funding company or pool of lenders can provide a much needed service. PO or AR Funding can provide them with money needed to survive and/or expand by advancing money for their invoices and then collecting on them. The seller will obviously have to pay for these services, but it is well worth it for many businesses.

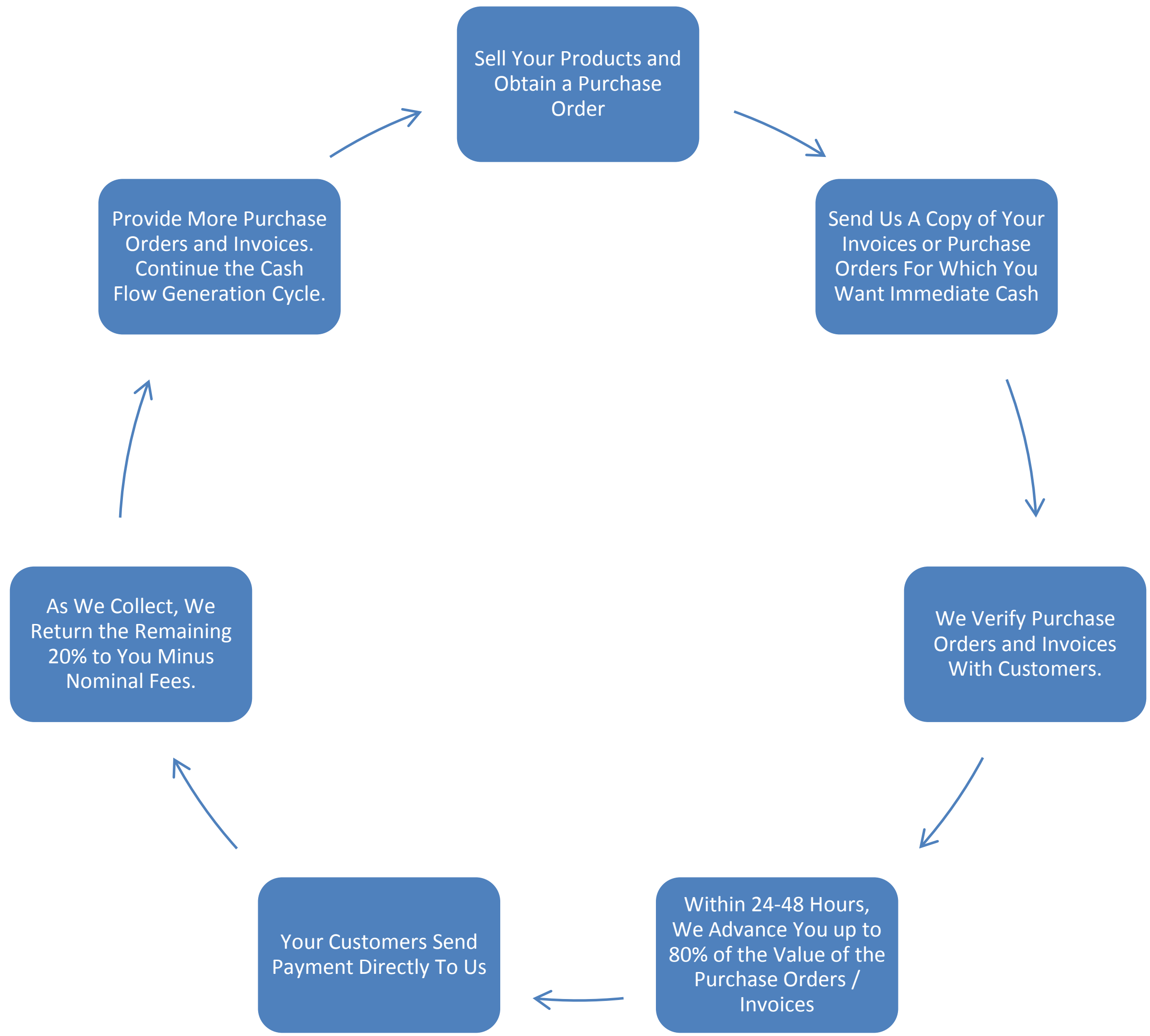
AR Funding / Purchase Order Financing



Funding Process

1. Provide Provisions for Goods or Acquire Customer Purchase Order
2. Raise the Invoice for the Good and Services. Send the Invoice to Your Customer and Financial Group
3. Financial Group / Investors / Lenders will **Advance up to 80%** of the eligible invoices with 24 – 48 hours.
4. Financial Team will undertake professional **Receivables Management** (standard Net 30 terms) activities with your customers as per our agreed service levels and methods. **Confidentiality** of your customers is one of our highest priorities bound by Non-Disclosure / Non-Compete (NDNC) Agreements.
5. On our receipt of the **Collection**, it is applied to your account and the remittance image is available for you.
6. The balance of your invoice less our advance and fees will then be available for you.

How to Run And Manage Your Business Without Cash Flow Concerns



Frequently Asked Questions (FAQ)

Q: What Types of businesses do you factor?

A: NE Systems LLC serves a wide range of industries with a focus on finished goods, oil and fuel, and staffing companies.

Q: What size clients does NE Systems serve?
A: We serve companies from start-up to $2 Million in monthly sales.

Q: How is invoice factoring different than a loan from a bank?

A: Factoring is the purchase of a company's accounts receivables as opposed to a loan that creates debt on the balance sheet. You are simply speeding up your cash flow with invoice factoring by utilizing an asset your company already had. Factoring focuses on the creditworthiness of your customers, while banks focus on your company's financial history and cash flow.

Q: How long does it take to receive the first funding?

A: The initial funding takes between 3-10 business days after we receive your signed agreement. If you wish, you can send some invoices to be funded with the signed contract in order to expedite your funding.

Q: Do I have to factor all of my invoices when I start factoring?

A: No. You decide which invoices you want to factor and which invoices you want to keep as your own. There is no requirement to factor all of your invoices. However once an account is assigned for factoring all payments from that customer will flow through our PO box. If we receive an payment for an invoice we did not factor it is passed through without a fee.

Q: How can I be certain that your company will treat my customers well?

A: The last thing we want is for you to lose a customer. We are not a collection agency. We will never harass your customers for money. Maintaining your customers' goodwill and confidence are of utmost importance to us!

Frequently Asked Questions (FAQ)

Q: How will my customers know where to send payment for invoices that I have chosen to factor?

A: Your customer will be notified to pay us directly. When invoices are factored, they will be stamped with the address to send payment prior to being mailed to your customer. Your company should never deposit invoice checks that were already purchased by a factor.

Q: Are my receivables held as collateral?
A: Yes. Our lenders / funding pool require a first position on all accounts receivable while you are factoring.