

AEC Cash Advance, LLC

Providing Cash Advances to Fund Telemarketing Programs



ADVANCED ENERGY CAPITAL

**Financing
up to 100%
of the Cost of
Telemarketing**

This document is intended for information purposes only.



About AEC Cash Advance

AEC Cash Advance, LLC is an affiliate of Advanced Energy Capital (“AEC”), a specialty finance company managed by a team of credit professionals who have executed hundreds of millions of dollars in loans to a variety of businesses since 2003 and have been in the credit and investment business since 1997.

AEC Cash Advance is a direct funding source supplying working capital, nationwide, to companies for the funding of customer acquisition programs.

Our team consists of in-house underwriters and customer service representatives.

AEC Cash Advance programs can finance up to 100% of the cost of telemarketing and door-to-door sales efforts. In a world where only one in every 50,000 businesses succeed after 5 years, our cash advance financing is dedicated to giving small- to medium-sized businesses the advantage of fast access to cash to be used for telemarketing to help ensure their success.

In the last few years nearly 92% of all business owners who apply for conventional bank business loans get rejected. Only 1% of businesses who need it actually qualifies for venture capital. AEC Cash Advance is a great option for business owners: approvals are easier, the structure is more flexible and getting the money is much faster. AEC Cash Advance does not rely on the business's credit. Approvals and funding can occur within a week.



How the AEC Cash Advance Program Benefits Telemarketers?

- Telemarketers can double or triple their revenue by referring their satisfied clients to AEC Cash Advance, who will in turn fund up to 100% of the cost of their telemarketing budgets.
- Three Ways for Telemarketers to Profit:
 1. Clients who have AEC's financing will now spend more money with telemarketer
 2. Telemarketer will earn referral fees from AEC
 3. Telemarketer can participate in the program



Sample Transaction

“Smith” Telemarketing Co. has a client, “Amquest”, which is spending \$10,000 per month on customer acquisition. Amquest is pleased with Smith and its services, sees the value of telemarketing, and would love to grow its business relationship. Amquest knows that it makes a sizeable return on its investment – for every \$1 it pays to Smith it makes at least \$3 in new profits.

The problem: Amquest doesn’t have unlimited funds to spend with Smith on acquiring customers. A conventional bank loan takes too much time and effort, is inflexible and limited. Bringing equity into the business and selling away ownership is expensive and dilutive.

The solution: Smith refers Amquest to the AEC Cash Advance Program. AEC advances \$20,000 to Amquest within days. Smith’s business with Amquest instantly triples (from \$10,000 a month to \$30,000). Amquest will pay back AEC over time via a small fixed percentage of its total sales.

The result: Amquest has the growth it wants and Smith’s business has tripled



Industry Example: Energy Companies

A good example of a business that uses telemarketing services to grow is a Retail Energy Provider (“REP” or “ESCO”).

All growing ESCOs face the same problem: their operating capital is tied up in purchasing energy supply and related deposits, leaving little or no capital available for telemarketing and growth.

ESCOs know that for every dollar they put into a telemarketing campaign they will earn, over the next five years, \$25. That is a 25:1 return on their investment assuming that the customer acquisition cost is \$50, the customer attrition rates are 15% and gross profits are \$100 per customer annually. Even if the customer is only retained for a year, the return on investment of the \$50 acquisition cost is still 200% (\$50 produces \$100).



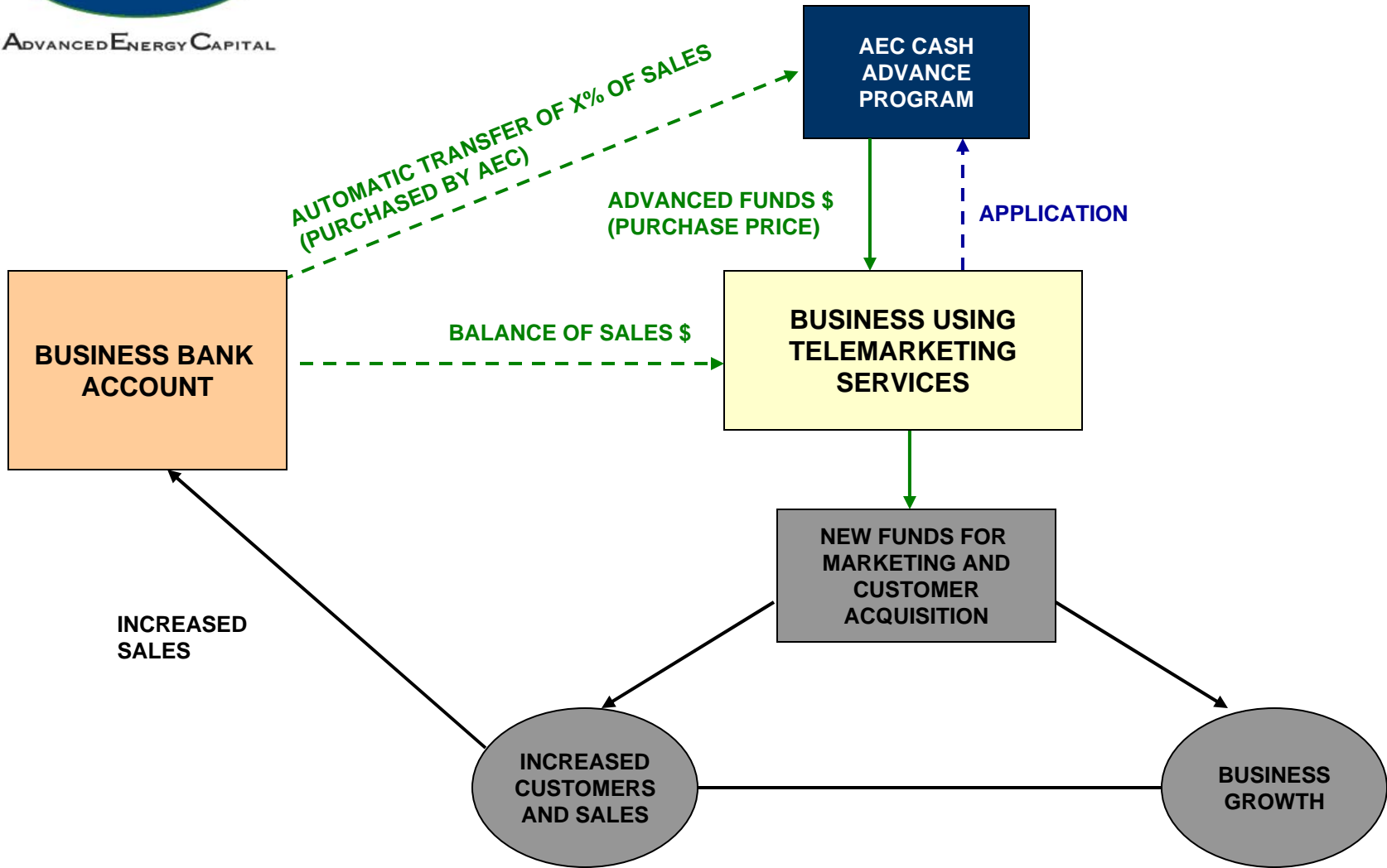
How the Program Works

- AEC will advance cash to businesses by purchasing future sales, at a discount, today.
- AEC can advance as little as \$10,000 or as much as \$1,000,000 in as little as 3 to 5 days.
- When AEC purchases the future sales, the customer will receive cash today and can put marketing dollars to work immediately, thereby earning the profits on those customers for years to come.
- The purchase by AEC of the future sales is not a loan, has no fixed payments, does not require collateral for repayment and is, generally, not personally guaranteed.
- The payment of the future sales matches the customer's ability to pay them. If sales shrink, the monthly payments to AEC will shrink, and if sales grow, the monthly payments will grow as well, shortening the payment period over which AEC will receive its purchased sales.
- AEC has the right to automatically debit the account for a certain percentage of sales as these sales come in until the amount of purchased future sales are paid to AEC.



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ADVANCED FUNDS ARE USED TO FUEL GROWTH



Other Uses for Cash Advances

- To launch or expand a marketing efforts
- To acquire more customers
- To launch a new advertising campaign or diversify your marketing strategies
- To buy out a partner (it is usually cheaper to take an advance than to give away ownership or a percentage of the profits)
- To fund an emergency need
- To fund operations during the slow season
- To pay off or consolidate existing debt



Advantages of Using a Cash Advance

- ✓ No fixed time period: Companies pay based on a fixed % of their future sales
- ✓ Cash Advances work well with the businesses' cash flow: If sales slow down, so does the payback
- ✓ No fixed interest rate
- ✓ No fixed monthly payment to worry about
- ✓ No hard assets to secure repayment
- ✓ No late fees or penalties if time frame is longer than expected
- ✓ No prepayment penalties
- ✓ No personal guarantee (absent efforts to thwart payment to AEC of its purchased sales)
- ✓ The amount is never reported to credit bureaus, unless the business violates the agreement
- ✓ Minimal credit requirements
- ✓ Speed: Businesses can obtain cash in as little as 3-5 days. Businesses can get working capital without having to wait months for a traditional business loan
- ✓ Easy to Renew: Businesses can receive your second advance within as soon as 3 months after the first advance



Advantages of Taking a Cash Advance – cont'd

- ✓ High Approval Rate: Cash Advances typically have minimal requirements and thus have very few rejections. Businesses who have been rejected for conventional bank loans can get a Cash Advance to fuel growth
- ✓ Cash Advances do NOT require an elaborate and time-consuming business plan or proposal (as a typical bank loan would)
- ✓ Cash Advances place no restrictions on how the business decides to use the funds (as a typical bank loan would)
- ✓ Cash Advances are solely determined on business performance. The more sales the business generates, the larger its cash advance can be.
- ✓ The business credit history is often irrelevant.
- ✓ Any US-Based business that has been in business for at least six months can qualify for a Cash Advance
- ✓ Applying for a Cash Advance is quick, and can either be completed via phone or by an online form
- ✓ After submission, the business will be notified within 48 hours of the amount the Cash Advance
- ✓ The AEC Cash Advance customer support team is friendly and always available to address questions



Sample ESCO Transaction

- Current ESCO annual sales: \$2.5 million
- Amount of future sales purchased: \$26,000
- Percentage of future sales deducted and debited directly by AEC: 2% per month until the amount of future sales purchased by AEC is achieved
- If sales soften or occur in non-peak periods nothing changes: monthly deductions stay at 2% of sales and it will take longer for AEC to receive its purchased future sales.
- Purchase Price – Cash Advance: \$20,000
- Average number of RCE's: 400 (retail customer equivalents, if used for telemarketing residential customers, assuming \$50/customer)
- Assuming 15% attrition per year and 16% gross margin:
- Projected gross margin for each \$20,000 advance over 5-year period: \$140,000
- Cost of Cash Advance: \$6,000
- 5-Year Return on Investment: 2336%

The specific details of a transaction will depend on specific sales and growth



What Kind of Paperwork is Necessary to Become Approved?

- ✓ Cash Advance Application
- ✓ Bank Statements
- ✓ Driver's License
- ✓ Business License and Proof of Ownership
- ✓ Voided Check
- ✓ For Deals over \$10,000: Certificate of Insurance showing AEC as an additional loss payee. (This is at no additional cost)
- ✓ Sales History and Projections



What Will Disqualify a Business From the Program?

- Outstanding Tax Liens
- Open Bankruptcies
- Recent Foreclosures
- Collection Accounts
- Civil Judgments



Frequently Asked Questions

How fast can a business receive a response after submitting the paperwork?

As little as 1 to 2 business days.

How fast can a business actually receive the funds from time of application?

As little as 3 to 5 days, but usually within a week from start to finish

What is the minimum and maximum amounts a business can receive?

Minimum size is \$10,000. Maximum is \$1,000,000.

What are the three most important numbers in the approval process?

1. The approved amount of future sales to be purchased
2. The purchase or “funded” amount
3. The percentage of cash receipts that will be used to pay back the total amount

What is the AEC Cash Advance interest rate?

This is not a loan, so there is no interest rate. A Cash Advance is a purchase of the future sales. The amount of that purchase will depend upon the business’ track record and future revenue.



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Frequently Asked Questions

Can a Cash Advance be paid off early without penalty?

Yes. Unlike most small business loans, an Advance recipient is entitled to repay the remainder of its cash advance at any time without any penalty.

Is there a need to put down collateral for the Cash Advance?

No. Unlike business loans, a cash advance is 100% unsecured. AEC decides the amount of cash in advance to be received by confidentially looking at historical sales and bank statements.

Is there a charge or fee for setting up the Cash Advance?

Yes. It is \$495. There are no other setup charges. Many small business loans have large setup charges from banks.

Do Cash Advances show up on a credit report?

No. Performing Cash Advances do NOT show on your credit report, which is why cash advances are preferred by most businesses as opposed to business loans and small business loans. This gives the business the ability to apply for other financing.



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Frequently Asked Questions

Can I renew or change the Cash Advance?

Yes. The cash advance program provides the freedom of possibly renewing or changing the cash advance every three months – subject to approval.

Can AEC replace an existing cash advance arrangement and offer more money?

Contact AEC to find out specifically how much can be offered.

What if the business already has a business loan?

Since a Cash Advance product is an advance and not a loan, the business may be able to be approved regardless of other debt.

What amount must be paid each month?

This are no interest payments or fixed monthly payments. No matter how long it takes to pay back the advance, the sales percentage deducted is fixed until paid.



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