

An Investment Opportunity In Merchant Cash Advances

Presented by Elliot Goldberg,

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Elliot Goldberg's bio

- Manager and owner of 1931 Funding, LLC and an independent Registered Investment Advisor.
- Born in New York City in 1952. Grew up in Rockland County, New York.
- Graduated from Rensselaer Polytechnic Institute in 1974 with a Bachelors of Science in Mathematics and a minor in Computer Science.
- After college, worked for General Electric in New York City as a software systems analyst and then for Alexander and Alexander, an insurance brokerage firm, as a database development analyst.
- Started Goldata Information Services, Inc., a computer consulting firm, in 1975.
- Married in 1980 and moved to the western suburbs of Philadelphia, founded Goldata Computer Services, Inc. and built it into a successful computer software company.
- In 2004, started managing third-party assets in addition to his own focusing on helping clients meet their financial goals.
- In 2009, diversified into alternative investments starting 1931 Funding, LLC in March of 2018.
- He currently lives and works in Gladwyne, PA and is married with 2 children and 2 grandchildren.

The legal stuff ...

- This workshop is being presented so that you can learn about this investment opportunity, ask questions and make an informed decision as to whether it is appropriate for you.
- It does not constitute an offer to sell or the solicitation of an offer to buy any securities. An offering can only be made through the Private Placement Memorandum to Accredited Investors.
- Any historical performance data represents past performance. Past performance does not guarantee future results. Current performance may be different than the performance data presented.
- 1931 Funding, LLC (“Company”) is not required by law to follow any standard methodology when calculating and representing performance data. The performance of the Company may not be directly comparable to the performance of other private or registered funds or companies. The securities are being offered in reliance on an exemption from the registration requirements and therefore are not required to comply with certain specific disclosure requirements. The Securities and Exchange Commission has not passed upon the merits of or approved the securities, the terms of the offering or the accuracy of the materials.

Agenda

- The investment opportunity
- What 1931 Funding, LLC is
- What a Merchant Cash Advance is
- How 1931 Funding, LLC can pay such high interest rates to Investors
- The investment structure
- The investment options
- Review 1931 Funding, LLC's balance sheet
- Review 1931 Funding, LLC's growth in equity over time
- FAQs

Feel free to ask questions during the workshop.

The investment opportunity

1931 Funding, LLC offering includes Promissory Notes that:

- Pay interest at an annual rate of between 6% to 20% (1 month to 5 years)
- Monthly interest option
- Available for personal, joint, IRA, 401(k) rollover and Profit Sharing accounts

Term	With monthly payments	Without monthly payments
1 month*	6%	N/A
3 month*	7.5%	N/A
6 month*	9%	N/A
1 year	11%	14%
2 years	12%	16%
3 years	13%	18%
5 years	14%	20%

* 5 year note with monthly interest paid. Noteholder has the option to accelerate the maturity of the note to the term chosen.



What 1931 Funding, LLC is

1931 Funding, LLC is a company that provides short-term cash advances to small businesses (Merchants) to help them fund their growth. It does this through a network of Funding Firms that:

- Identify Merchants that have a need for a short-term cash advance
- Underwrite them for their ability to repay their advance
- Provide collection services from Merchants
- Remit daily/weekly payments to 1931 Funding, LLC for its share of the cash advance that it has participated in

These advances are called Merchant Cash Advances.

What a Merchant Cash Advance is

A Merchant Cash Advance (MCA) is the purchase of a portion of a Merchant's future receipts in exchange for providing cash to the Merchant today.

Why are they needed?

- Few banks currently cater to the needs of small business Merchants.
- Those banks that do typically require a lengthy period of time for processing funding requests.
- Successful and growing Merchants have immediate cash flow needs and banks are not able to meet this timetable.
- Merchant Cash Advances were designed to meet these Merchant's needs for short term funding quickly, typically in a day or two.

Let's review an example of a hypothetical MCA.

Meet Joe!

Joe owns a growing oil delivery company with three trucks that deliver oil to his customers.



Joe wakes up one morning and finds out that one of his trucks has broken down and needs to be replaced.

He needs \$50,000 immediately to replace this truck so he calls the bank for a loan and they give him a stack of papers to fill out.

He asks them when he can expect a decision on his loan and they reply “Not sure when the loan committee is meeting next. Sorry!”

NOT THE ANSWER JOE WANTS TO HEAR!

Joe is in a bind now.

It's 9:30am and he needs to get a new truck on the road right away.



He figures he'll be losing approximately \$100,000 of profit over the next 6 months and have some very unhappy customers if he can't get a third truck back on the road ASAP.

Joe remembers that ABC Capital, a Funding Firm, might give him the \$50,000 he needs to buy his truck in a day or two, so he gives them a call.

After Joe gives them the information they request, ABC Capital tells Joe they will advance him the \$50,000 to purchase his new truck if he agrees to pay them back based on his future receivables at \$600 per day for the next 120 business days (approximately 6 months.)

Joe agrees and signs the paperwork and returns it to ABC Capital. ABC Capital then wires the \$50,000 into his bank account, he picks up the truck the next day and his business continues to operate smoothly.

This is where 1931 Funding, LLC gets involved.





ABC Capital wants to reduce their risk of default on this MCA so they contact firms like 1931 Funding, LLC and offer them a chance to participate in the cash advance with Joe's company.

1931 Funding, LLC decides to take 10% of the deal or \$5,000. As part of the deal, 1931 Funding must pay a portion of the acquisition fee for the deal (assume 15%).

1931 Funding, LLC sends \$5,750 to ABC Capital to participate in this deal.

Investment in advance	
Participation amount	\$5,000
Acquisition fee (variable)	+ \$750
Total sent to ABC Capital	\$5,750

1931 Funding, LLC receives ...	
Daily amount (\$60 minus 5%)	\$57
Received (\$57 x 120 days)	\$6,840
Profit	\$1,090
Annual return (with compounding)	45+%

1931 Funding, LLC now is entitled to 10% of the daily receipts that ABC Capital receives from Joe's firm (\$60 for the next 120 days) minus a processing fee (assume 5%).

Diversified by Industry

- Oil delivery
- Restaurants
- Medical supplies
- Pet services
- Brewers
- Doctors
- Trucking
- Environmental
- Home renovations
- Mail services
- Retail-natural products
- Dentists
- Construction
- Dry cleaners
- Sports businesses
- Logistics
- Retail-clothes
- Home health care
- Flower shops
- Accountants
- Spas
- Moving companies
- Insurance agencies
- Window tinting
- Pre-K schools
- Nail Salons
- Electricians
- Lawyers
- Limo services
- Retail-crafts
- Roofers
- Farming
- Solar energy

and many more!

Diversified geographically

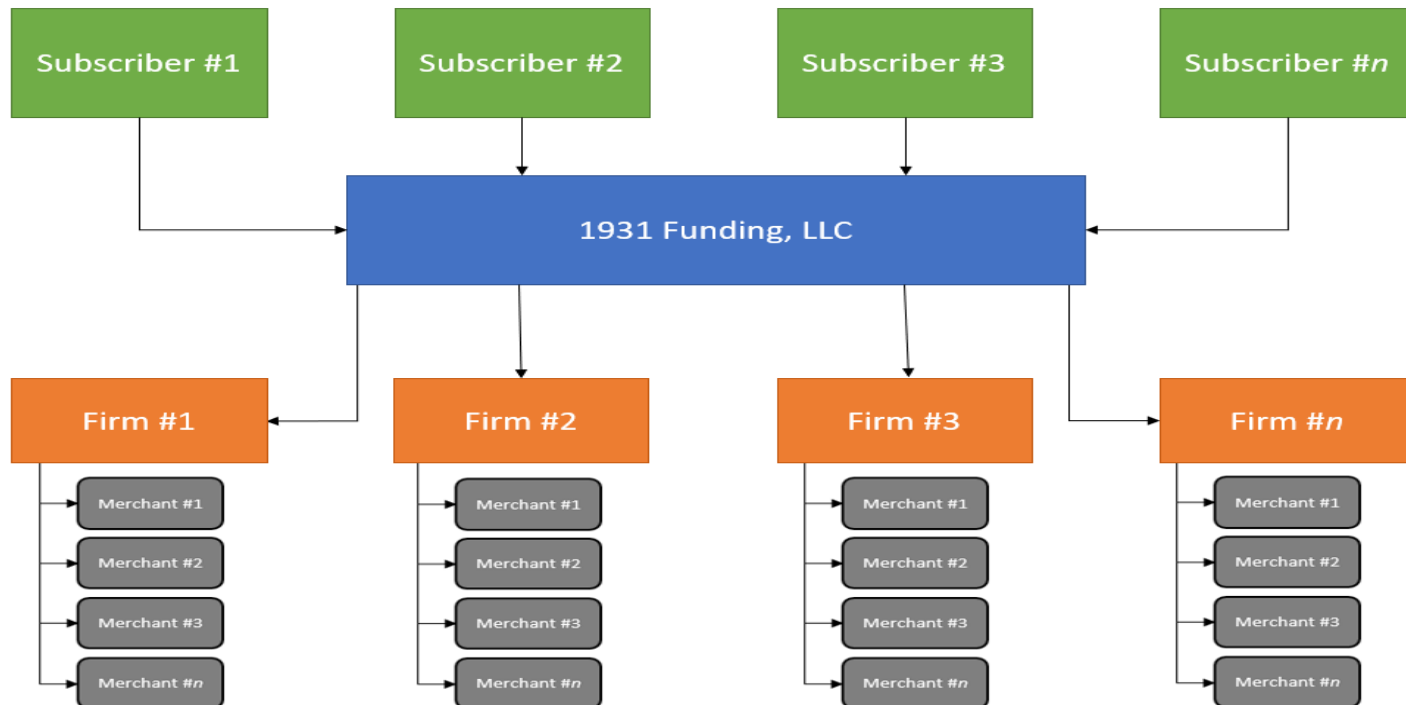


How 1931 Funding, LLC can pay such high interest rates to Investors

- Conservative annual net profit on each successful MCA is over 45%
- Each MCA provide daily/weekly cash flow for reinvestment into new MCAs
- Many MCAs are renewed and paid off early
- Have agreements with 24 Funding Firms (like ABC Capital) for diversification by Firm
- My job as manager is to monitor the results of each Funding Firm's MCAs and allocate funds to the Firms with the best anticipated risk adjusted returns.

The investment structure

The chart below shows the relationship between the Subscribers, 1931 Funding, LLC, the Funding Firms and the Merchants. In it, multiple Subscribers provide funds to 1931 Funding, LLC which then distributes funds to multiple Firms that fund multiple Merchants with cash advances that the Firms identify, underwrite and service.



The investment options

Choice of:

- Maturity from 1 month* to 5 years
- Option for monthly interest payments

Term	With monthly payments	Without monthly payments
1 month*	6%	N/A
3 month*	7.5%	N/A
6 month*	9%	N/A
1 year	11%	14%
2 years	12%	16%
3 years	13%	18%
5 years	14%	20%

* 5 year note with the option of the Noteholder to accelerate the maturity of the note to the Term chosen.

Review of 1931 Financial, LLC's balance sheet

- As you consider an investment in 1931 Funding, LLC, your concern about its ability to meet its interest and principal payments to you is paramount.
- A review of the balance sheet can provide you with information on 1931 Funding, LLC's ability to meet your interest and principal payments in the future.
- 1931 Funding, LLC's balance sheet is published monthly and emailed to Subscribers and interested prospects along with highlights.
- A section labeled "Other Metrics" is included that provides information on different aspects of the balance sheet.
- Let's take a detailed look at the latest published balance sheet.

ASSETS

(Unaudited as of September 30, 2020)

ASSETS						
	Cash			\$210,154		
	Subscription funds in transit			\$78,900		
	Due to Funding Firms ¹			-\$56,933		
	Due from Funding Firms ²			\$38,519		

	Net Cash					\$270,640
	Future payments due from Funding Firms ³			\$10,568,229		
	Current bad debt ⁴		(15.70%)	-\$1,658,807		

	Net payments expected from Funding Firms					\$8,909,422
						=====
	TOTAL ASSETS					\$9,180,061

¹ Funds due to Funding Firms for MCAs that have been committed to participate in by 1931 Funding, LLC but have not been released for payment.

² Funds that have been reported by Funding Firms to 1931 Funding, LLC but have not been received.

³ Projected scheduled payments of all MCAs from all Funding Firms assuming \$0 for bad debt or contingency.

⁴ Assumes merchant who has missed last 5 consecutive payments will never pay again and that merchant who is current will continue to pay to completion.

LIABILITIES

(Unaudited as of September 30, 2020)

LIABILITIES						
	Promissory Notes ⁵			Subscribed	Matured	
			1 month	\$407,756	-\$122,300	
			3 month	\$546,500	-\$349,200	
			6 month	\$502,300	-\$231,900	
			12 month	\$4,900,840	-\$2,345,100	
			24 month	\$1,806,600	-\$836,000	
			36 month	\$1,298,700	\$0	
			60 month	\$1,096,000	\$0	
				-----	-----	
	Total Promissory Notes			\$10,558,695.84	-\$3,884,500	\$6,674,196
	Accrued interest on Promissory Notes⁶					\$434,272
	Paid in Capital			\$689,900		
	Excess capital ⁷			\$1,381,693		

	Equity					\$2,071,593
						=====
	TOTAL LIABILITIES					\$9,180,061

⁵ Based on length of each promissory note.

⁶ Accrued Interest on promissory notes that do not pay monthly interest.

⁷ Assuming bad debt and contingency percentages displayed above.

OTHER METRICS

(as of September 30, 2020)

OTHER METRICS	
Bad debt percent threshold to offset equity	35.30%
(minus) Current bad debt ⁴	-15.70%
(equals) Bad debt buffer ¹⁰	19.60%
Average investment per active MCA	\$3,529
Average maturity of active MCA (weeks)	22
Average factor per active MCA ⁸	1.47
Number of Funding Firms with active agreements	24
Total number of active MCAs participating in	4150
Total number of closed MCAs participated in	3059

⁴ Assumes merchant who has missed last 5 consecutive payments will never pay again and that merchant who is current will continue to pay to completion

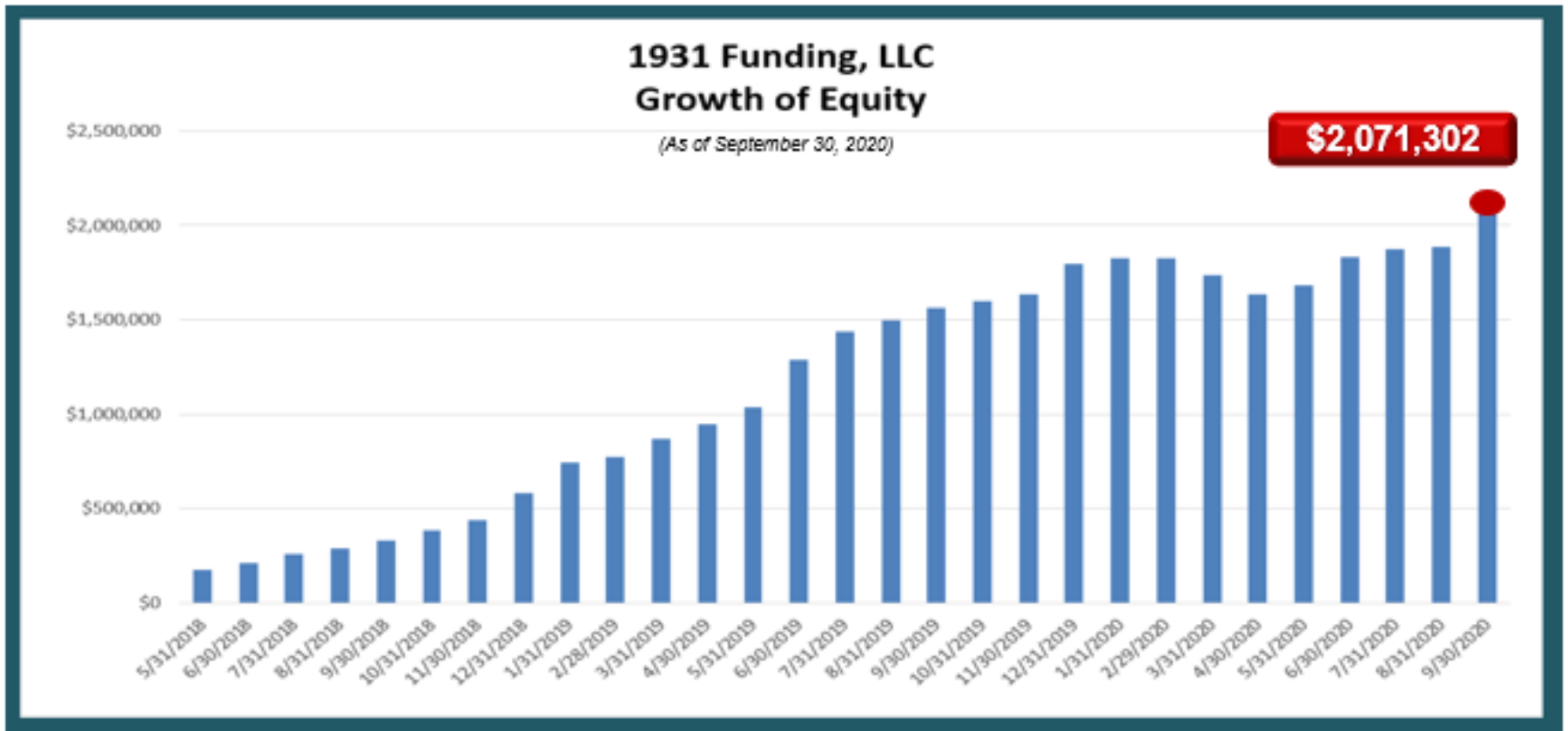
⁸ Gross dollars due for each dollar invested.

¹⁰ Difference between bad debt threshold and Current Bad Debt

Growth in Equity

Equity is:

- ***Paid in Capital*** - The amount of funds that I have invested **PLUS**
- ***Excess Capital*** - the amount that 1931 Funding, LLC has earned on existing MCAs
- The buffer that guarantees that your interest and principal will be paid to you



Other FAQs

How do you make money?

- 10% management fee on all daily/weekly receipts from Funding Firms
- Remainder of Equity after all Investors have been paid their principal and interest

What happens to my investment if you're not around?

- “Runoff mode” -- Participation in new MCAs will cease
- Daily/weekly receipts from Funding Firms will pay interest and principal to investors as scheduled

What happened during the COVID-19 pandemic?

- An increase in Bad debt percentage to 20.40% at its peak, slowly dropping to a current 15.72%
- Reduction in pool of money available for new MCAs
- Increase in the number of Merchants who desire MCAs
- Funding Firms were able to fund more creditworthy Merchants reducing bad debt percentage going forward

If you have additional questions, please call me at (610) 999-3599.



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