



## **ALTERNATIVE FUNDS**

# AR Financing

AR financing stands for Account Receivable Financing. It is a type of financing where a company will receive a loan based on a portion of their account receivables. Accounts receivable are assets equal to outstanding invoices billed to customers but have not yet been paid.

Accounts receivable financing is when a company will sell or finance off their outstanding invoices for working capital. It can either be in the form of selling the asset to the lender or using the accounts receivable (invoices) as collateral for the loan.

Accounts receivable financing uses your outstanding invoices as a form of collateral to help you obtain financing or an advance for your business. But unlike factoring, you do not sell your invoices to a third party. You will continue to remain responsible for collecting on your outstanding invoices while making payments towards your loan.

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