

USE OF FUNDS STATEMENT

TECH SOLUTIONS LLC

SBA Loan Application

Loan Amount Requested: \$250,000

Application Date: January 15, 2025

Prepared by: John Smith, CEO

EXECUTIVE SUMMARY

This Use of Funds statement details how Tech Solutions LLC will utilize the requested \$250,000 SBA loan to support business expansion, increase operational capacity, and achieve projected revenue growth of 140% in Year 1.

The funds will be strategically deployed across five key areas to maximize return on investment and ensure sustainable business growth while maintaining strong debt service coverage ratios.

DETAILED BREAKDOWN

1. WORKING CAPITAL: \$100,000 (40.0%)

1.1 Accounts Receivable Financing: \$60,000 (24.0%)

Purpose: Bridge cash flow gap between project delivery and client payment

Justification: Technology consulting projects typically have 30-60 day payment terms, requiring significant working capital to maintain operations during growth phase.

Breakdown:

- Month 1-3 A/R financing: \$25,000
- Month 4-6 A/R financing: \$20,000
- Month 7-12 A/R financing: \$15,000

Expected Impact: Enable acceptance of larger projects without cash flow constraints, supporting 40% revenue increase in Year 1.

1.2 Inventory and Supplies: \$25,000 (10.0%)

- Computer hardware for client projects: \$15,000
- Software licenses for resale: \$8,000
- Office supplies and materials: \$2,000

1.3 Operating Cash Flow Reserve: \$15,000 (6.0%)

Purpose: Maintain 30-day operating expense reserve for financial stability

Coverage: Payroll, rent, utilities, and essential operating expenses

2. EQUIPMENT AND TECHNOLOGY: \$75,000 (30.0%)

2.1 Server Infrastructure and Cloud Setup: \$35,000 (14.0%)

- Dell PowerEdge servers (2 units): \$18,000
- Network equipment and security appliances: \$8,000
- Cloud infrastructure setup and migration: \$6,000
- Backup and disaster recovery systems: \$3,000

Justification: Essential for delivering enterprise-level services to clients and supporting internal operations as team grows from 3 to 8 employees.

2.2 Workstations and Computing Equipment: \$25,000 (10.0%)

- High-performance workstations (5 units @ \$3,500): \$17,500
- Laptops for mobile consultants (3 units @ \$2,500): \$7,500

Specifications: Intel i7 processors, 32GB RAM, 1TB SSD storage to handle complex development and consulting tasks.

2.3 Software Licenses and Development Tools: \$15,000 (6.0%)

- Microsoft Office 365 Enterprise (12 licenses): \$3,600
- Adobe Creative Suite licenses: \$2,400
- Development tools (Visual Studio, etc.): \$4,000
- Project management software: \$2,000
- Cybersecurity tools and licenses: \$3,000

3. MARKETING AND BUSINESS DEVELOPMENT: \$35,000 (14.0%)

3.1 Digital Marketing Campaigns: \$20,000 (8.0%)

- Google Ads and search marketing: \$8,000
- LinkedIn advertising and lead generation: \$5,000
- Website development and SEO: \$4,000
- Content marketing and blog development: \$3,000

Expected ROI: Generate 150+ qualified leads, convert 15% to clients, average project value \$25,000 = \$562,500 revenue potential.

3.2 Trade Shows and Networking Events: \$10,000 (4.0%)

- Bay Area technology conferences: \$6,000
- Small business association events: \$2,000
- Professional networking memberships: \$2,000

3.3 Sales Materials and Branding: \$5,000 (2.0%)

- Professional brochures and presentations: \$2,000
- Trade show displays and materials: \$2,000

- Corporate branding and logo design: \$1,000

4. OFFICE EXPANSION: \$25,000 (10.0%)

4.1 Additional Office Space: \$15,000 (6.0%)

- Lease deposits for expanded space: \$10,000
- Utility deposits and setup: \$3,000
- Security system installation: \$2,000

Current Space: 1,200 sq ft

Expanded Space: 2,400 sq ft

Monthly Rent Increase: \$2,000 (from \$3,000 to \$5,000)

4.2 Office Furniture and Setup: \$10,000 (4.0%)

- Desks and chairs (8 workstations): \$6,000
- Conference room furniture: \$2,500
- Storage and filing systems: \$1,500

5. PROFESSIONAL SERVICES AND TRAINING: \$15,000 (6.0%)

5.1 Legal and Accounting Setup: \$8,000 (3.2%)

- Corporate legal services: \$4,000
- Accounting system setup and training: \$2,000
- Contract templates and legal documentation: \$2,000

5.2 Professional Certifications and Training: \$7,000 (2.8%)

- AWS and Microsoft Azure certifications: \$3,000
- Cybersecurity training and certifications: \$2,500
- Project management training: \$1,500

TOTAL ALLOCATION: \$250,000 (100.0%)

IMPLEMENTATION TIMELINE

Month 1 (February 2025):

- Equipment purchases and setup: \$50,000
- Office expansion lease signing: \$15,000
- Initial working capital deployment: \$25,000

Total Month 1: \$90,000

Month 2 (March 2025):

- Remaining equipment and software: \$25,000
- Marketing campaign launch: \$15,000
- Additional working capital: \$20,000

Total Month 2: \$60,000

Months 3-6 (April-July 2025):

- Ongoing working capital needs: \$40,000
- Marketing and business development: \$20,000
- Professional services and training: \$15,000
- Office furniture and setup: \$10,000
- Remaining equipment: \$0

Total Months 3-6: \$85,000

Months 7-12 (August 2025-January 2026):

- Final working capital deployment: \$15,000

Total Months 7-12: \$15,000

EXPECTED OUTCOMES AND ROI

Revenue Impact:

- Year 1 Revenue Increase: \$400,000 (from \$350,000 baseline to \$750,000)
- Year 2 Revenue Projection: \$1,200,000
- Year 3 Revenue Projection: \$1,800,000

Employment Impact:

- Current Employees: 3 full-time
- Year 1 Target: 8 full-time employees
- Year 2 Target: 12 full-time employees
- Average Salary: \$75,000 + benefits

Operational Efficiency Gains:

- Project delivery time reduction: 25%
- Client satisfaction score improvement: 15%
- Operational cost per dollar of revenue reduction: 20%

Financial Returns:

- Year 1 ROI: 160% (\$400,000 revenue increase / \$250,000 investment)
- 3-Year Cumulative ROI: 520%
- Payback Period: 7.5 months

RISK MITIGATION

Contingency Planning:

- 10% contingency built into each category for cost overruns
- Alternative suppliers identified for all major purchases
- Flexible lease terms allowing for space reduction if needed

Performance Monitoring:

- Monthly financial reviews and budget variance analysis
- Quarterly ROI assessment and strategy adjustment
- Key performance indicators tracking for all funded initiatives

CONCLUSION

This Use of Funds statement demonstrates a strategic, well-planned approach to business expansion that will generate significant returns while maintaining financial stability.

The requested \$250,000 will be deployed efficiently across critical business areas to support sustainable growth and job creation.

Our detailed implementation timeline, expected outcomes, and risk mitigation strategies provide confidence in our ability to achieve projected results and successfully repay the SBA loan.

CERTIFICATION

I certify that the information contained in this Use of Funds statement is true and accurate to the best of my knowledge. The funds will be used solely for the purposes outlined above and in accordance with SBA guidelines.

Signature: [SIGNED] John Smith

Title: Chief Executive Officer

Date: January 15, 2025

Company: Tech Solutions LLC

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