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**VAUDREUIL-SOULANGES**  
CENTRE LOCAL DE DÉVELOPPEMENT

## **The Local Investment Fund (FLI) and Local Solidarity Fund (FSL)**

### **CRITERIA AND ELIGIBILITY**

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## Objective

The FLI and FLS are venture capital funds that complement our business financing in the region. Aiming to stimulate local entrepreneurship, these funds provide access to seed capital for traditional and non-profit companies that enable the creation and maintenance of jobs, by providing technical and financial assistance to small and medium sized businesses located in the territory of the MRC.

The "local funds" are financial tools used to accelerate the implementation of business projects in the territory and in that sense they have a proactive effect on files.

Entrepreneurs that look to "local funds" can expect to receive support, advice and technical assistance appropriate to their project, as the CLD manages these "local funds" and already provides these support services to entrepreneurs.

## Eligibility Criteria

To be eligible, companies must meet all of the following conditions:

- Be a Quebec based company, where the main activity is located in the territory of the MRC and with its head office in Quebec.
- The company is committed to providing financial and management reports as may be reasonably requested by the "local fund" management board.
- A company that generates economic activity.
- Work in primary industries: manufacturing, tertiary and tertiary structural engineering.
- The funding request must be within the "local fund" limits.

## Submission

To submit an application for a loan, the proponent must take the following steps:

1. Meet with a CLD Vaudreuil-Soulanges advisor.
2. Verify the eligibility of the project.
3. Open a folder and file an application for funding.
4. Develop a business plan and financial forecasts over two years.
5. Seek funding and show evidence of obtaining financing.
6. Submit a final business plan for committee review; the proponent will be invited to present its draft to the committee.
7. Receive the committee's decision: acceptance or rejection of a loan application.

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## Main Selection Criteria

- The basic criterion for an investment to be granted is that the proposed project demonstrates economic viability for the project submitted. In addition, "local funds" attach great importance to the quality of human resources needed and developed within the company. The applicant company must recognize that the true strength of the company relies primarily on contractors and workers who compose it.
- Other factors that can enhance a folder and positively influence investment decisions include, among others, the expertise of the entrepreneur, internal or external support available to him/her for support and advice in business, the importance of the original investment and economic benefit of the project in terms of job creation.

## Admission Requirements

To apply, applicants must:

- Present a comprehensive business plan; including projected financial statements for the first two years of operation, demonstrating that the company has good prospects of viability and profitability.
- Provide financial and management reports as may be reasonably requested by the "local fund" management board.
- Demonstrate that financial assistance is essential to the project.
- A down payment is required from the entrepreneur: if it is a startup project, the down-payment should reach at least 20% of total project costs, and in the case of an existing company, the equity of the company (net worth) must reach 20%.

## Evaluation Criteria

- The basic criterion for making an investment is the economic viability of the company.
- Applicants must demonstrate knowledge, experience and management skills in a relevant field to their project.
- The business plan must demonstrate continued profitability, good prospects and a significant economic impact.
- The project should generate economic benefits in terms of job creation.
- The "local funds" are associated with entrepreneurs having a philosophy of openness towards workers. The quality of human resources management and participatory elements are able to enhance a record.
- The "local funds" cannot invest in businesses that relate only to outsourcing or privatization activities or certain activities that would have the effect of moving a single

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economic activity and jobs from one organization to another.

- The capital contribution from other sources, including the minimal involvement of a financial institution other than the financing of "local funds" and sufficient start-up capital from the entrepreneur are favorable.
- The "local funds" are designed for businesses starting up, in expansion or acquisition.

## Nature and Amount of Aid

- The assistance provided by the CLD as part of this activity may take the form of a loan, equity loan, a loan guarantee, a deposit, acquisition of bonds or other debt securities, participation in share capital, share capital or otherwise, excluding investments in the form of grants, moratorium on interest, leave capital, sponsorship, donation and other similar expenses according to the CLD's investment policy.
- The amount of financial assistance will be determined by the CLD. Moreover, the combined amounts of financial assistance from the governments of Quebec and Canada and the CLD may not exceed 50% of eligible expenses for each project. In the case of projects of non-profit organizations, the funding amounts combined can reach 80%.
- The loan amounts may not exceed \$50,000 per fund.
- All projects will be authorized through a contract agreement between the CLD and the beneficiary. This protocol will define the conditions for payment of financial assistance and obligations of the parties.

## Eligible Expenses

- Capital expenditures such as land, buildings, equipment, machinery, incorporation fees and any other similar expenses, excluding goodwill expenses.
- Acquisition of technologies, software packages, patents and any other similar expense, but excludes any research and development.
- Working capital needs pertaining strictly to business activities calculated for the first year of operation.
- The expenditure on a project, but prior to the date of receipt of the official request for assistance from the CLD are not eligible.

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## Ineligible Expenses

- The funding cannot be used for the operation of an organization to finance its debt service, the repayment of future loans or financing of a project already completed.

## Loan Disbursement

All projects will be authorized through a loan agreement between the CLD Vaudreuil-Soulanges and the company. This protocol will define the conditions for payment of financial assistance and obligations of the parties.

In all cases, the payment will be made only when the applicants have demonstrated that they have all necessary permits and approvals to operate the business. The same applies for required funding in order for the project to materialize, or for any other conditions set by the assessment committee.

Also, the terms must be consistent. In general, they are defined as follows:

- Investments are generally permitted for a period varying from 1 to 7 years.
- Reimbursements are made through fixed monthly payments (principal and interest) for the duration of the loan. In some exceptions, the "local funds" reserve the right to establish other repayment structures.
- The "local funds" adopt an interest rate based on a desired return and on the risk level assigned to the investment.
- Interest not repaid when due will bear the same rate as the loan.
- In exceptional cases and under certain conditions, the company may claim a capital repayment moratorium for a maximum period of 12 months and an interest rate described above. However, this period may be longer if the company exports products, to support growth or improvement of productivity without exceeding 24 months.
- In situations of non-compliance of the borrower towards the "local fund", the latter will make every effort to resolve the situation and if necessary, will resort to all legal rights and procedures available to them to recover the investment.
- Matters referred to the "local fund" are subject to an administrative file opening cost of \$100, non-refundable and payable by the applicant or the company.
- Approved applications will be subject to an administrative fee of \$75 per year.

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