

NGen Financial Due Diligence

Questions? E-Mail us at ProjectFinance@ngen.ca

Financial Due Diligence

NGen will undertake a financial assessment of each participating member to ensure they can support their commitment to the project for the entire duration of the project. To this end, and predicated on the value of the Total Project Costs, we will require:

- Cashflow forecast and / or description of how the project will be funded
- Copy of latest financial statements, or link to where this is available
- If financial statements are not available, state reason why?

Factors from the financial statements which will be evaluated include but not limited to:

- Profitability [Net profit margin which shows the company's ability to generate earnings after taxes]
- Liquidity [(Current Ratio = Current Assets / Current Liabilities). The higher the ratio, the better as an indicator of a company's liquidity.
- Leverage/Indebtedness e (Debt ratio = Total Liabilities / Total Assets). Ideally, a ratio of 0.5 or less is ideal.
- Cashflow [from the Statement of Cashflow; positive cashflow is ideal]

In the event the supporting financial information provided by the applicants is insufficient to demonstrate the ability to complete the planned project as proposed, NGen Canada will undertake one of the following actions:

- Request additional information from the participating member
- Reject the proposed program on the grounds that the company(ies) do not appear to have the ability to fund the proposed project to completion
- Approve the project for a reduced amount of NGen funding until such time the participating members can provide further assurances on liquidity

Financial Due Diligence

Feasibility, Pilot, Regular Streams



NGen will initiate e-mail requesting the following:

- CRA Business Number
- Registered Business Name
- Registered Business Address
- We may require Articles of Incorporation to confirm the company is incorporated in Canada should they not be listed in the Canada Business Registry
- Initiate Equifax Credit Check for each of the project members
- Cashflow forecast and / or description of how the project will be funded required
- Company Financial Statements to be submitted for Regular Projects (> \$0.5M in total project costs)

Financial Due Diligence Approach

Once FDD consent received via HockeyStick and Finance Team has been advised

Approach	Stream	Project Size (up to)	Initial E-Mail	Reminder E-Mail (1 week no response)
LIGHT TOUCH	<ul style="list-style-type: none"> Cluster Building Feasibility Study Pilot Projects 	<ul style="list-style-type: none"> \$150K \$200K \$500K 	<p>Thank you for your interest in NGen funding.</p> <p>NGen will undertake a financial assessment of each participating member to ensure they can support their commitment to the project for the entire duration of the project.</p> <p>Can you please provide the following information in order for us to complete the Financial Due Diligence:</p> <ul style="list-style-type: none"> - CRA Business Number - Registered Business Name - Registered Business Address - We may require Articles of Incorporation to confirm the company is incorporated in Canada should they not be listed in the Canada Business Registry - A cashflow forecast and / or a description of how the project will be funded 	<p>** 2nd Reminder **</p> <p>We have not heard back on our initial e-mail request.</p> <p>Unfortunately, we cannot advance your project to the next step in our approval process until such time the requisite information is provided.</p> <p>Please provide this at your earliest convenience should you wish to continue with your NGen Project application.</p>
NORMAL	Regular Projects	\$0.5M - \$20M	<p>Thank you for your interest in NGen funding.</p> <p>NGen will undertake a financial assessment of each participating member to ensure they can support their commitment to the project for the entire duration of the project.</p> <p>Can you please provide the following information in order for us to complete the Financial Due Diligence:</p> <ul style="list-style-type: none"> - CRA Business Number - Registered Business Name - Registered Business Address - Copy of latest audited financial statements, or link to where this is available. - If audited financial statements are not available, state reason why? Are any financial statements available? - Cash flow forecast and/or description of how the project will be funded 	<p>** 2nd Reminder **</p> <p>We have not heard back on our initial e-mail request.</p> <p>Unfortunately, we cannot advance your project to the next step in our approval process until such time the requisite information is provided.</p> <p>Please provide this at your earliest convenience should you wish to continue with your NGen Project application.</p>