



COMMUNITY  
FOUNDATIONS  
OF CANADA



**Investment  
Readiness**  
Program

# Program Guidelines

## Investment Readiness Program

September 2022





The following document is intended to help social purpose organizations interested in applying to the IRP through the steps of preparing and submitting their application.

**Please note:** Social purpose organizations based in and working in the province of Québec should explore the IRP program offered through the [Chantier de l'économie sociale](#).

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## 1) Program Overview: About the IRP

The IRP is a \$50M fund whose aim is to help social purpose organizations (charities, non-profits, social enterprises, for-profits with a social purpose, and co-operatives,) build capacity to participate in Canada's growing social finance market. The IRP is designed to help social purpose organizations prepare for the Government of Canada's broader investment in social finance, such as the government's upcoming Social Finance Fund. This includes support to social purpose organizations that currently do not consider themselves part of that ecosystem. Community Foundations of Canada (CFC) is one of five Readiness Support Partners delivering the IRP. This is CFC's third round of IRP.

As a Partner, CFC is administering \$17.5M in funding from the Government of Canada to support social purpose organizations through the IRP. CFC is partnering with community foundations across Canada to help administer the program and distribute the funds. In most cases, community foundations will team up with other local stakeholders (academic institutions, Community Futures organizations, non-profits, or others) in their area as part of a partnered approach. See the full list of Regional Partners here.

With support from CFC, Foundation for Black Communities (FFBC) is leading a new initiative to direct IRP funding to Black-led and serving social purpose organizations.

## 2) CFC's IRP application deadline

CFC and community foundations will hold one IRP application period from September 28, 2022 to November 22, 2022.

**Please Note:** CFC and the community foundation network are one of five national organizations delivering the Government of Canada's IRP funding. To learn more about other Readiness Support Partners' funding programs and application periods, please visit their [websites](#).

### 3) Who can apply?

You can apply to the IRP if you are a:

- Charity
- Nonprofit
- Co-op
- Social enterprise business (For-profit)

Social purpose organizations can be in the early or late stages of development, and anywhere in between. CFC encourages applications from rural areas, Indigenous-led and focused organizations, linguistic minorities, newcomers to Canada, and other minority communities. For more details about whether your social purpose organization is eligible to apply, please consult Section 6 of this document.

### 4) How to apply?

- The IRP uses a regional model. Check which region your project is in using this map. On the application, check off the region(s) where your project will take place. You can connect with the relevant community foundation with any questions about the program, eligibility criteria, application guidance, or others.
- Any social purpose organization working in a region **not served** by a community foundation-led Regional Partnership is welcome to contact CFC directly for any questions about the IRP.
- CFC and Regional Partners will accept applications for funding via an online, secure application portal at the following link: <https://cfc-fcc.smapply.ca> Questions concerning the program and application process should be directed to your Regional Partner.
- If you experience technical difficulties with the portal, please contact our team at [readiness@communityfoundations.ca](mailto:readiness@communityfoundations.ca)



- If your social purpose organization is located in a region with limited or difficult access to broadband internet, please contact our team at [readiness@communityfoundations.ca](mailto:readiness@communityfoundations.ca).

*Paper applications can be made available upon request.*

- To use the application portal, you will need to create an account. You can create this at any time. Make sure to keep a record of the chosen username, password, and email address associated with the account, you will need this information each time you log into your account. Ensure that you have your charitable number or CRA Business Number on hand.
- CFC's privacy policy is robust. Information collected via the online application portal remains private and accessible only to IRP-associated community foundations unless otherwise stipulated. Social purpose organizations funded through the IRP must consent to share information with CFC and the Government of Canada for reporting purposes. Community foundations and any evaluators of the IRP have signed a confidentiality agreement to ensure they will not share confidential information; this would include business information from any social purpose organizations that applied.
- Your social purpose organization is encouraged to prepare your application offline using our non-fillable Application Form as a guide, before entering and saving it into the online application portal.
- Note that two applications are available in one portal for those wishing to apply to either or both CFC and FFCB. Questions asked may differ depending upon the foundation to which your organization is applying.

## 5) Funding amounts

Your social purpose organization can apply for amounts ranging from \$10,000 to \$75,000. Applications for more or less than the permissible amount will not be considered.

Your organization will need to determine which of the two funding streams you will submit your application to. Your options are the **Explore stream (\$10,000 - \$25,000)** or the **Stabilize and Build stream (\$30,000 - \$75,000)**.

### **Explore stream (Up to \$25,000)**

This stream is for social purpose organizations that are:

- 1) At the early stages of exploring, developing and testing their social enterprise idea. You may be researching, developing and testing different aspects of your social enterprise plan, such as your revenue-generation models.

**OR**

- 2) In need of technical assistance or support on a very specific aspect of your project, that will assist you in launching or growing your social enterprise, or in preparing you to take on investment. This may include items such as accessing legal advice, market expertise, etc.

### **Stabilize and Build stream (\$30,000 - \$75,000)**

This stream is for social purpose organizations that already have a well-developed enterprising model and are farther along in their understanding and preparation for taking on investment. Your organization is ready to take on a big project to increase your organization's impact and get one step closer to your social finance goals.

## 6) Investment Readiness Continuum

There are many stages along the path to becoming investment-ready. This chart explains the stages of the continuum in greater detail.



Social-purpose investment readiness capacity	Stage 1: Getting started	Stage 2: Under way	Stage 3: Establishing	Stage 4: Ready
<b>Social finance awareness :</b> Understanding of the social finance market and its suitability to the proposed project	Not aware of social finance market	Limited awareness and uncertain about project suitability	Reasonable awareness and exploring suitable SF options	Sound awareness and identified suitable SF options
<b>Business model/plan development:</b> Includes Feasibility and viability considerations such as market analysis, strategy, operations, Financial plan/ model, legal, technical, risk analysis etc.	Have a business idea/ concept that has to be developed into holistic model	Under development with need for more understanding of certain or all aspects/ considerations	Initial draft model with financial projection and outline of all considerations	Complete business model and communicable financial plan including risks and mitigation strategies
<b>Organizational ability :</b> Includes the right corporate (legal) and organizational structure, governance, people/skills required for project implementation	Have to identify the right structures and skill requirements	Have identified some of the elements but require thought and action on other aspects	Have identified each of the elements and progressing towards these requirements	Most suitable structures and skill requirements are in place
<b>Impact measurement &amp; reporting :</b> Stage of impact measurement and reporting plan - intended change, impact metrics, data collection, dashboard for analysis and decision-making, and reporting.	Looking to create an impact measurement plan	Initial thinking for some or all of the elements	Draft plan for some or all of the elements	Clear plan for measurement and reporting Impact
<b>Network development :</b> Includes identifying a list of investors, understanding investor priorities and their alignment with project goals, building personal rapport with investors, developing knowledge of investor parlance and ability to communicate business model meeting all investor pitch requirements	Looking to raise capital from relevant sources but need to deepen understanding of some or all aspects that influence capital commitment	Developed reasonable understanding of investor expectations in a business plan/pitch. In the process of identifying/ shortlisting investor pools that could be suitable for the proposed project	Identified various investor pools - trying to understand their priorities and level of alignment with project goals - working towards building relationships	Have shortlisted relevant investors and developed relationship with some or all of the potential sources along with an understanding of their priorities. Confident of communicating business model effectively and have confidence to close a deal

Chart created by: ESDC, Government of Canada



## 7) General Eligibility

Social purpose organizations registered in Canada are eligible to apply for IRP funding. To be eligible for the IRP, your social purpose organization must:

- **Have, or plan to have, a mechanism that generates revenue from the sale of goods and/or services. Revenue from donations does not count in this context. The IRP is intended to support the adoption and growth of revenue generation through the sale of goods and services.**
- Have a plan or intention to seek investment, whether loans or equity
- Have a CRA charitable number/be a qualified donee, or have a CRA business registration number registered prior to September 2021.
- Demonstrate you have a plan, capacity, and expertise to carry out the proposed project that you are applying for.

Social purpose organizations straddle many sectors. They include:

- Registered charities or other qualified donees such as Indigenous governments
- Incorporated non-profit organizations
- Charitable co-operatives
- Other co-operatives
- Social enterprise businesses advancing a social, cultural, or environmental mission
- Hybrid entities such as Community Contribution Companies and Community Interest Companies, found in British Columbia and Nova Scotia, respectively.

Consider the following questions in assessing whether your social purpose organization would be considered a social enterprise for the IRP:

- Is a majority of profit directed toward the social mission and growing the organizational impact and capacity?
- Is the enterprise a revenue source for a charity?
- Does your social purpose organization have a direct positive impact on community members? Are profits being used to fund direct programming for your community?
- What approach does your social purpose organization take with respect to labour practices, including recruitment? Does it pay fair wages? Does it have a diversity plan amongst its board and employees? Do its employment practices align with its social mission?
- How does your social purpose organization source materials, products and services? Does it employ social procurement practices? Does it actively try to reduce negative impacts throughout its supply chain?
- It is important to note that a social enterprise business goes beyond a socially responsible business. A socially responsible business seeks to ensure that it operates in an economically, socially and environmentally sustainable manner (a 'do no harm' approach). A social enterprise goes above and beyond the focus of operating in a sustainable manner, by seeking to actively contribute to solving a key social, environmental or cultural issue (the social enterprise's social, environmental and/or cultural mission and the social enterprise's primary focus) through the use of a business model which permits the social enterprise to generate revenue for the sake of expanding the impact of its social, environment and/or cultural mission. A socially responsible business, or a business with a CSR portfolio, is not eligible for funding through the IRP.
- The IRP is not intended to support preparedness to act as a financial intermediary. For a financial intermediary to be eligible, they must go beyond managing investment funds to seeking investment into a specific project where they run programming and meet the other IRP required eligibility criteria.

For more information about eligible social purpose organizations, please consult CFC's [Glossary](#).

## 8) Eligible services and activities

### What can IRP be used for?

IRP funding can be used for activities that will help your social purpose organization advance towards, or become, ready to take on investment. This might include working with an expert service provider on business ideation, market research, or business planning to activities that encourage growth and scaling impact. All budget items must be project-related and funding recipients must incur expenses between Feb 15, 2023, and Dec 15, 2023. Eligible expenditures will vary depending on the project. Applicants will need to include a budget of anticipated expenses with their application submission.

### Activities that are eligible for funding can include, but are not limited to:

- Business planning
- Viability study
- Accounting services
- Branding
- Brokerage
- Financial modeling
- Impact measurement
- Investment structuring
- Tendering and bid writing
- Legal services
- Product development
- Market analysis and understanding
- Financial recording
- Negotiation support
- Management coaching
- Minor asset purchases\*
- Minor renovation\*

- Software or web design product

\*Minor assets or minor renovations, including the purchase of materials can be included in your IRP Budget. This expense should be a reasonable expense and a necessary requirement in order for the social purpose organization to get ready for investment. These purchases are not intended for sale, but rather are used in an organization's business operations to deliver a project that helps prepare for investment. As with other eligible expenditures to support the project, they should be reasonable and noted within budget documents.

### **What can't the funding be used for?**

IRP funding cannot be used for your social purpose organization's regular operating costs ("core" costs). This includes ongoing administration costs, additional permanent staff, or procuring real estate. Allowable funding budgets may include a reasonable allocation (up to 25%) to related overhead such as administration, staffing, and rent.

Eligible applicants do not include single individuals, sole proprietors, federal, provincial, or municipal government agencies (they can be involved but the grant will be made directly to the social purpose organization), or projects with the majority of activities and impact outside of Canada.

Below are examples of eligible and ineligible use of program funds to this end.

#### *Scenario 1*

*Ineligible: Your social purpose organization wishes to renovate its space to have a better workflow and increase staff or customer engagement.*

*Eligible: There is a procurement Request for Proposals that requires that your social purpose organization wishes to purchase a small trailer to increase sales and*

*service of the landscaping program in order to demonstrate financial resilience, with the goal of financing a larger cargo truck in the near future.*

### Scenario 2

*Ineligible: You wish to use IRP funding to hire a new permanent staff member.*

*Eligible: The IRP funding is used to hire a contractor who will help you with the project and fill in the gaps to help you prepare for investment. Through the IRP, you could temporarily recruit a contractor to backfill your team member's functions, freeing them up to conduct the work associated with your proposed IRP project.*

### Scenario 3

*Ineligible: You wish to purchase a building for your existing at-risk-youth led and serving cafe.*

*Eligible: You wish to create a business plan in order to demonstrate the revenue generated from the cafe to get a loan to purchase a building.*

## 9) Evaluation criteria

To be considered for funding from IRP, your organization must meet all IRP eligibility criteria, provide the required supporting documentation and describe your social enterprise's social, environmental, or cultural impact or **desired** impact. Revenue-generating enterprises must demonstrate sound business practices and planning. As well:

- Social purpose organizations must have or plan to operate a mechanism that generates revenue from the sales of goods and/or services.
- The proposed project must move the organization forward towards investment readiness and there must be an intent to seek investment in the

future

- Social purpose organizations must demonstrate they have a detailed and appropriate budget for their project.
- CFC encourages applications from rural and northern areas, Indigenous-led and focused-organizations, organizations led by and focused on racialized people, linguistic minorities, newcomers to Canada, and other minority communities.
- Social purpose organizations must show the potential impact of the project on the community and the organizations.

## **10) Reporting and project completion**

Social purpose organizations that receive funding must meet the terms and conditions set out by CFC and community foundations.

This includes:

### *Acknowledging support as requested*

- Social purpose organizations must acknowledge the support of the Government of Canada as well as the community foundation or Community Foundations of Canada in any materials about your project. For more information on this, please consult CFC's IRP [Acknowledgment Guidelines](#).

### *Participation in learning and sector development*

- Ongoing learning and sector development is a key part of the broader IRP. Social purpose organizations that receive funding through the IRP may be asked to participate in reasonable learning and evaluation activities.

### *Reporting*

- Recipients of IRP funds must complete up to three surveys or reports as part of the terms and conditions of the IRP, these are available directly in the online application portal.
  - a. A short mid-term report for projects in the Stabilize and Build (\$30,000 – \$75,000) stream.



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- b. A short project completion report which will be due within 30 days of the project's completion date.
- c. A final survey due six months after the project's completion date.
- These should demonstrate movement along the readiness continuum, and the impact of receiving funding through the IRP. Details will be outlined in the letter of notification and project agreement.

#### *Changes to your project*

- Successful recipients must contact either local community foundations or CFC (as relevant) for approval if they want to make any significant changes to the approved project.