

## NDDF Application Guide

### Eligibility

The applicant must be a new or existing North Dakota Business as defined below:

"North Dakota business" means a business owned by a North Dakota resident, partnership, association, corporation, or limited liability company domiciled in this state or a corporation or limited liability company, including a wholly owned subsidiary of a foreign corporation or limited liability company that does business primarily in this state or does substantially all of its production in this state.

The company must be certified as a Primary Sector business by the ND Department of Commerce:

"Primary sector business" means an individual, corporation, limited liability company, partnership, or association which through the employment of knowledge or labor adds value to a product, process, or service that results in the creation of new wealth. The term includes tourism but does not include production agriculture.

"Production agriculture" means the production of crops and livestock on or near a farm as part of the regular farm enterprise directed by a farm operator and the farm operator's partners. The term does not include an investor-owned livestock feeding or milking operation located apart from a farm headquarters which is managed by employees.

The Funds principal mission is to provide flexible financing to catalyze the development and expansion of businesses in the state of North Dakota.

- The Fund is a flexible financing tool within the state of North Dakota.
- The Fund takes a disciplined approach to making informed underwriting decisions.
- The applicant(s) must have a realistic financial commitment at stake.
- The Fund is a team player in community economic development projects.
- Economic development starts at the local level. The community must be involved and supportive.
- The Fund connects entrepreneurs, investors, and the community with resources for assistance.
- The Fund favors projects that have the greatest potential for private financing and community development.

Any project considered for this financing must be feasible and have a reasonable chance of succeeding.

The project must demonstrate a meaningful economic impact to the state of North Dakota.

## Application Checklist

When reviewing applications, the NDDF will confirm the following:

1. Primary sector certification
2. Company registered and in good standing with the Secretary of State
3. Trade name registered and in good standing with the Secretary of State
4. Liens on business assets
5. Status of current outstanding debt
6. Ownership structure of business
7. Credit history of company owners with greater than 20% ownership (if individuals) and loan guarantors
8. No evidence of potential conflict of interest with NDDF staff, board members, or other organizations the company does business with

The applicant **MUST** provide the following (if applicable):

	Summary of anticipated economic impact to North Dakota
	Signed Accountability Information Release – NDDF
	Articles of Incorporation
	Operating Agreement and/or Bylaws
	Partnership agreement
	Secretary of State Certificate
	Secretary of State Trade Name Certificate
	Company capitalization table
	Current debtor information and evidence of funding commitments
	EIN confirmation from IRS
	3 years of company financial statements
	3 years of company tax information
	Company financial projections
	3 years of personal tax returns and personal financial statements for guarantors
	Evidence of hazard insurance
	Business plan - see check list below
	Itemized list of collateral and legal description of land if Real Estate offered as collateral
	Detailed sources and uses of funds including where funds will be spent (In/Out of state use)
	Detailed 24-month employment plan
	Copy of driver's license of guarantors and signatories
	Resumes for individuals in key management positions

Applications and supporting documents should be submitted via email to [hlinge@nd.gov](mailto:hlinge@nd.gov). Applications are reviewed on a first come, first-serve basis.

## Business Plan Checklist

**Executive Summary** - should concisely describe the key elements of the business plan.

- Business location and plan description.
- Discussion of the product, market, and competition.
- Expertise of the management team (attach resumes).
- Summary of historical and financial projections.
- Amount of financial assistance requested.
- Form of and purpose for the financial assistance.
- Complete uses and sources of funds.
- Business goals and objectives.

## The Company

- A general description of the business, including the product or service.
- Historic development of the business, including such items as:
  - Name, date and place (state) of formation, and legal structure (e.g., proprietorship, partnership, corporation).
  - Significant changes (include dates) in ownership, structure, new products or lines, acquisitions.
  - Subsidiaries and percentage of ownership, including minority interests.
  - Principals and the roles they played in the formation of the company.

## North Dakota Impact

- General description of the project, the purpose for which it is undertaken, projected job creation over next two years, and salary/wage rates for all employees.
- Other – why should ND invest in you?

## Problem and solution

- Describe the problem you are solving and your solution to that problem

## Industry

- Describe the industry and the industry outlook. Identify the principal markets (commercial / industrial, consumer, government, international). Include current industry size as well as its anticipated size in the next two years. Explain the sources of the projections.
- Describe major characteristics of the industry.
- Describe the effects of major social, economic, technological or regulatory trends on the industry.
- Describe the companies with which the business competes and how the business compares with these competitive companies.

## Technology /Product

- Describe the technical status of the product (idea stage, development stage, prototype stage) and the relevant activities, milestones, and other steps necessary to bring the product into production.
- Describe the present patent or copyright position. Include how much is patented and how much can be patented (e.g. how comprehensive and effective the patents or copyrights will be). Include a list of patents, copyrights, licenses or statements of proprietary interest in the product or product line.
- Describe new technologies that may become practical in the next two years which may affect the product.

- Describe new products (derived from first generation products) the firm plans to develop to meet changing market needs.
- Describe regulatory or approval requirements and status, and discuss any other technical and legal considerations that may be relevant to the technological development of the product.
- Describe current and future plans for research and development efforts.
- Product evaluation (use, quality, performance).
- Compare to competitors' product lines, and competitive advantages over other producers.
- Demand for the product(s).

### **Customers and Traction/Marketing**

- Describe major customers, including: names, products or services sold to each; percentage of annual sales volume for each customer over previous three years; duration and condition of contracts in place.
- Describe the market and its major segments. Describe principal market participants and their performance. Identify the firm's target market. For each customer, include the requirements of each and the current ways of filling these requirements. Also include information on the buying habits of the customers and the impact on the customer of using the product or service.
- Describe prospective customers and their reaction to the firm and any of the firm's products or they have seen or tested.
- Marketing strategies. Describe the firm's marketing strategy, including overall strategy; pricing policy; method of selling, distributing and servicing the product; geographic penetration; field/product support; advertising, public relations and promotion and prioritization.

### **Sales Plan**

- Selling activities. Describe how the firm will identify prospective customers and how and in what order the firm will contact the relevant decision-makers. Also describe the sales effort the firm will have (e.g., sales channels and terms, number of salespersons, number of sales contacts, anticipated time, initial order size) and estimated sales and market share.
- Provide customer acquisition cost and customer lifetime value figures.

### **Production/Operating Plan**

- Explain how the firm will perform production or delivery of service. Describe capacity and status in terms of: -Physical facilities. Owned or leased, size and location, existing facilities (sales volume and unit capacity), expansion capabilities and capital equipment (types and quantities). Include a facilities plan and description of planned capital improvements and a timetable for those improvements.
- Suppliers. Name/location of principal suppliers, length of lead time required, usual terms of purchase, contracts (amounts, duration and conditions) and subcontractors.
- Labor supply (current and planned). Number of employees, unionization, stability (seasonal or cyclical), and fringe benefits (insurance, profit sharing, pension). -Key patents (provide profile).
- Technologies / skills required to develop and manufacture the products (provide listing/description).
- Cost breakdown for material, labor and manufacturing overhead for each product, plus cost vs. volume curves for each product.
- Manufacturing processes - block and work flow diagram if helpful.
- Describe production or operating advantages. Discuss whether they are expected to continue.
- Specify standard product costs at different volume levels.
- Present a schedule of work for the next one to two years.

### Financial

- A funding request detailing the desired financing, including uses and sources of funds. If phased financing, describe phases, projected timing and detailed uses and sources of funds.
- Amount to be raised from debt and amount from equity.
- Exit or growth plans. (Relate this to future value and liquidity of investments.)
- Company historical financial statements and tax returns for the previous three Years.
- Three years projected financial statements (years one and two should be monthly; year three quarterly). Projections should include profit and loss, balance sheet and cashflow statements. Include key assumptions made in the proformas and how these assumptions reflect industry performance. Three years projected capital expenditures including leases and acquisitions.
- An aging of accounts receivable and an aging of accounts payable.
- Personal financial statements and three years of tax returns of principal(s).
- Financial model with details on assumptions.
- Details on past financing rounds
- Plans for future financing

### Management

- Organizational chart.
  - Key individuals (include supervisory personnel having special value to the organization):
  - Responsibilities
- Personnel resumes (describing skills and experience as they relate to activities of the business).
- Present salaries (include other compensation such as stock options and bonuses).
- Other employees:
  - Number of employees at year end, total payroll expenses for each of previous three years (breakdown by wages, benefits).
  - Method of compensation
  - Departmental/divisional breakdown of work force.
  - Planned staff additions.

### Ownership

- Names, addresses and business affiliations of principal holders of subject's common stock and other types of equity securities (include details on holdings).
- Degree to which principal holders are involved in management.
- Principal non-management holders.
- Names of board directors, areas of expertise, and the role of the board when business is operational.
- Amount of stock currently authorized and issued.