

# Optimized Article Re: Requirements for Small Business Funding Programs

## Typical Government Funding Requirements

### Knowing what to expect can prepare you for finding the right government funding

Although all **government grants and loans** vary from one to the next for a variety of reasons, there are some general points of overlap and intersection. These points can be considered typical of what loan or grant funding programs require of their applicants.

### Be a Particular Type of Business

Several grants target specific business types or industries because the **funding sources** are government agencies related to such a cause. For example, the Ministry of Natural Resources may offer **business financing** to help mining or forestry small businesses because that is the realm of Canadian oversight they are charged with.

### Small Business Job Creation

It is not uncommon for **financial assistance** programs to require applicants create one or more position within their company through the use of the provided government money. How this is done can vary, such as some programs requiring the business take on a student in order to receive the funding (or they subsidize the student's wages.) Other **funds** demand the money be directly used for job creation.

There are also some tax benefits programs that only come into effect regarding employees, such as paying small business employers back some of the money they put into EI for employees.

### Attend Mentoring Sessions and other Forms of Training/Education

The government likes to feel assured that they are **financing** entrepreneurs who not only have good, viable ideas, but also know what they are doing. As such, many programs offering **financial aid** to qualified applicants require recipients attend small business skill set workshops or be partnered with a mentor in order for their approval to be finalized and any money be turned over.

### Put Up an Investment of One's Own

Although the government understands the benefits of helping **small business owners** under the right circumstances, most do not believe this to be so if the entrepreneur does not put up any of their own finances.

An entrepreneur who is unwilling to risk their own money while **starting a business** or undergoing **business development** is not going to go far to convince the government that they have confidence in their own business. By requiring applicants match them dollar for dollar, or similarly contribute to the financing process, the government is filtering out people who are not serious about becoming self-employed.

### Fit a Specified Type of Objective for Government Funding

Although the purpose to be served can vary widely, it is very common for funding to only be offered if it is used in pursuit of a specific goal or use. This can manifest as serving a particular demographic group that is detrimentally misrepresented in self-employment. Such demographics can include youths, women, and First Nations, or it could be an overall goal for business improvement, such as green energy and technology projects.

Knowing how to spot funding requirements -- a process that may sometimes mean reading between the lines and not merely reading the eligibility conditions -- may help you find programs suited to your needs.

# Optimized Article Clarifying Small Business Funding Program Labels

## A Non-Repayable Loan versus a Government Grant Avoid Confusion Regarding Non-Repayable Loan Funding for Small Business

Have you ever seen **Canadian funding sources** offer what they refer to as "non-repayable loans" or "non-repayable contributions"? Were you left wondering just what they are?

If you have, don't worry -- you are not alone.

### Non-repayable loans: the word game

By definition, a financial loan is the temporary passing of money from one party to the next with the understanding the **funds** shall be returned to the **lending** party. The loan is always conditional, even if only to the extent that the money has to be repaid, but typically a repayment schedule and interest payments are also involved.

So, how then may a loan be considered non-repayable?

Simply put, it cannot.

Regardless of the label its government provider chooses to slap on it, any "non-repayable" sort of financing is, in operation if not in name, a grant. Why then does the government call them anything but a grant?

### The politics of a government non-repayable loan

Officially, the reasons may be varied and differ from one program to the next, but at the heart of the matter is the politics involved. The government does not like the idea that the word "grant" is often confused with, and misunderstood to be **free money**. As you can imagine, the perception that the government hands out free money for any reason does not sit well with a lot of Canadians.

Calling government funding that does not need to be repaid a "contribution" sidesteps the immediate word associations that arise from "grant," whereas the word, "loan," immediately conjures thoughts of interest and repayment, even if you add "non-repayable" before it. The word, "loan," is so strongly associated with banks and debt that it overpowers anything else in the title, making it an acceptable euphemism for "grant."

After all, even if people don't know what to make of the "non-repayable" aspect of the title, everyone knows what "loan" means, so it is that which they focus on and use as the foundation for what they understand such a program to be.

### The downside of "non-repayable" contributions and loans

Plain and simple, the terms "non-repayable loan" and "non-repayable contribution" confuse people. They don't know what to make of them in contrast to programs that outright identify themselves as **government loans** or **business grants**.

People who seek out grants because they cannot (or will not) commit to programs that require repayment will bypass "non-repayable loans" simply because of the latter word's inclusion and the absence of "grant." This confusion's existence is a clear example of why small business owners owe it to themselves to conduct thorough research while seeking **financial aid** from the government.

Don't be counted amongst the entrepreneurs who miss out on **business financing** over an unfortunate misunderstanding. Focus more on the terms and conditions of the funds rather than the title they are given.