



Capital Catalyst Program

Program Guidelines for Fiscal Year 2025

Lead Division: Entrepreneurship and Innovation

New Revised 7/1/2024

Grant Loan Tax Credit Technical Assistance

Introduction

Background Information: The Capital Catalyst program was created to help communities, universities, non-profits and other Wisconsin based organizations to establish pools of capital for investing in start-up and early-stage businesses within their communities.

Program's Purpose: The Capital Catalyst program leverages non-profit and community-based partner organizations to provide funding to early-stage businesses seeking financial support needed to start and grow. Startup businesses are critical to Wisconsin's economic future and new businesses have limited funding options. By expanding the pool of available capital and leveraging a network of partners, Capital Catalysts helps individual entrepreneurs and scalable startups become more successful, thus benefiting the founders, their families, communities, employees, and customers fueling financial stability through growth and economic diversification. The program offers grants to eligible recipients to support the establishment or expansion of their seed and early-stage investment programs.

Eligibility Requirements

Eligible Applicants: Capital Catalyst applicants must meet the following requirements:

- Be a not-for-profit organization, to include nonprofit entities, units of government, educational institutions, community organizations, foundations, Tribal entities, or non-profit entities acting as a fiscal agent on behalf of another organization.
- Demonstrate sufficient organizational capability to achieve their project and program goals.
- Demonstrate sufficient ability to provide entrepreneurial support.
- Have an established investment/selection committee, investment/funding criteria, application process, and intended use of returns from investments made.

Eligible Use of Funds: Activities eligible for program assistance or match include investments into eligible businesses which may take the form of the following. Costs are only eligible to be applied to grant and matching fund expenses after WEDC approval.

- Loans.
- Equity based investments, including SAFE and convertible notes.
- Royalty based financing.

Returns on loans and/or investments to the fund capitalized by WEDC and matching funds may be used for additional awards to eligible businesses, distribution to WEDC and applicant organization in proportion to the initial match, and/or other purposes approved by WEDC.



Ineligible Use of Funds: Activities ineligible for program assistance or match include, but are not limited to:

- Operational costs.
- Expenses related to the relocation of a business between communities in Wisconsin.
- Investments into businesses in the form of grants.
- Past costs.

Matching: Applicants must provide matching funds at a rate of 1:1 of the amount of funding provided by WEDC. This match must be documented prior to the disbursement of funds.

Available Incentives

FY25: \$3,600,000 Total Funds consisting of:

\$1,250,000 WEDC Funds.

\$2,350,000 U.S. Department of Treasury State Small Business Credit Initiative (SSBCI) Funds.

SSBCI funding has specific requirements for business eligibility, private funding participation, reporting requirements, and other factors. The funding source utilized will be based on the ability of the proposed project and funding structure to meet federal funding eligibility requirements, policy guidance, and program objectives established by the U.S. Department of Treasury.

Award Sizes: The minimum Capital Catalyst grant amount is \$50,000. The maximum Capital Catalyst grant amount is \$2,000,000.

Award per Applicant: One award per applicant per fiscal year.

Activities and Expected Outcomes

Award six organizations to support 25 businesses.

Impact: Capital Catalyst is designed to collaborate with local partners to initiate or expand their investment programs, thereby increasing the capital available at an early stage. Increasing investment capital and activities will boost the number of Wisconsin startups and enhance their long-term viability. More early stage businesses will successfully grow and scale, maturing their businesses, increasing revenue, and creating jobs.

Metrics:

- Leverage – Total.
- Pass-through Businesses Assisted (financial).
- Pass-through Leverage Total.
- Pass-through Job Creation.
- Pass-through Job Retention.

Application Guideline



Timeline: The Capital Catalyst program has a continuous application process.

Review Considerations: WEDC may take the following into account when considering a Capital Catalyst award:

- Historical performance of program administration and results.
- Historical performance on previous WEDC awards.
- Other factors may include but are not limited to industry sector, local economic considerations, rural areas, DEI targets, and other focus areas relevant to Wisconsin's economic strategy.

How to Apply: An interested applicant should contact a WEDC Account Manager to determine if their project is right for the program. Upon review of the project, and alignment with eligibility criteria, an applicant will be invited to submit their application through Network Wisconsin.

Award Process: The completed application will be assigned to a WEDC underwriter and go through the award review process.

Performance Reporting: Recipients must submit a quarterly performance report documenting the number of organizations assisted, repayments of the investments during the reporting period, and any other contract deliverables.

WEDC annually selects awards on a sample basis for an audit. All backup to the performance report and financial records are required to be maintained by the recipient for a period of at least three (3) years after the last performance report is due.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

Revision History

Program Inception – Fiscal Year 2012

- 7/1/2017: Increased flexibility of the use of funds, Clarified applicant eligibility criteria.
- 7/1/2018: Clarified use of returns on investment funds.
- 7/1/2019: Removed administrative expenses as an eligible use of returns; clarified performance reporting requirements.
- 7/1/2021: Clarified and expanded eligibility focus.
- 7/1/2022: Accommodated SSBCI funding.
- 7/1/2024: Changed eligible use of funds.