

PROGRAM GUIDELINES

The Kentucky Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Matching Funds Grant Program

Note: Incomplete or noncompliant applications will not be considered and will be returned without further review. Applications must follow the format prescribed in section H starting on page 13.

A. PROGRAM SUMMARY

The Kentucky SBIR/STTR Matching Funds Grant Program is designed to award matching funds to for-profit, Kentucky-based companies that have been granted Federal Small Business Innovation Research Program or Federal Small Business Technology Transfer Program (the “Federal SBIR/STTR Program”) Phase I or Phase II Awards, and Fast-Track for research and technology development that are consistent with one or more of the five research and development Focus Areas as revised in the 2012 Science and Innovation Strategy. The five Focus Areas are: (1) Agriculture and Bioscience, (2) Energy and Environmental Technologies, (3) Human Health and Personalized Medicine, (4) Information Technology and New Media, and (5) Materials Science and Advanced Manufacturing. “Kentucky-based” is defined as “a business with its principal place of business in Kentucky and no less than 51% each of its Property and Payroll (as defined in these Program Guidelines) located in Kentucky.”

The grant agreement for both Phase I and Phase II Kentucky SBIR/STTR Matching Funds Grants shall require the recipient company to maintain and certify its Kentucky-based status for 60 months (five years) after final disbursement of funds or the grantee will be considered in default and must repay the entire grant amount. Interest in the amount of 14% per annum will accrue on the balance due at the notice of grant default.

Companies located outside of Kentucky and willing to move to Kentucky are eligible to apply. The Grant Agreement for out-of-state companies moving to Kentucky will include the stipulation that no funds will be disbursed until the company satisfies all the requirements set forth in these Guidelines. The company will have 90 days from the date of the Grant Agreement to relocate to Kentucky and meet the other eligibility requirements for the Matching Funds. If the eligibility requirements are not met after 90 days, then the funds identified for the Grant will be forfeited and made available to other companies. The company must also submit documentation showing acknowledgement from the Federal Agency regarding its physical relocation to Kentucky and transfer of the Federal Grant to Kentucky. The company is also required to designate a Kentucky resident/employee as the PI or Co-PI as it relates to the state Matching Funds Grant. The company shall submit a certification from an independent Kentucky-based CPA that the applicant company is a Kentucky-based company and that no less than 51% each of its Property and Payroll is in Kentucky.

Out-of-state companies will disclose the verifiable unspent balance of their Federal SBIR/STTR award as of the date of the Kentucky SBIR/STTR Matching Funds application.

1. The Matching Funds amount will be determined by the amount of remaining Federal funds at the time of the Matching Funds application. In the case of Phase I applicants, a verifiable unspent balance of 60% of the Federal Phase I amount will enable the applicant to request a total Matching Funds amount not to exceed the Federal Grant amount or \$150,000. In the case of Phase II applicants, a verifiable unspent balance of 80% of the Federal Phase II amount will enable the applicant to request a total Matching Funds amount not to exceed the Federal Grant amount or \$500,000.
2. If the verifiable Federal balance (unspent), pro-rated for each year, on the date of the Matching Funds application is less than the required 60% (Phase I) or 80% (Phase II), then the Matching Funds award amount will not exceed the amount remaining of the Federal Grant on the date of application for the Matching Funds.

In all cases, Kentucky SBIR/STTR Matching Fund Grant amounts cannot exceed \$150,000 for Phase I and \$500,000 per year for a Phase II award.

B. FEDERAL PROGRAM BACKGROUND

The Federal SBIR/STTR Program is administered by 11 Federal agencies for the purpose of providing research and development funding to small companies. Companies compete for funding under this program by submitting proposals in response to solicitations issued by participating Federal agencies. The Federal SBIR/STTR Program provides funding in two phases that are relevant to the Kentucky program: **Phase I** – to conduct *feasibility* research and **Phase II** – to further develop the technology and to demonstrate *efficacy*. The Federal SBIR/STTR Program also includes **Phase III** for commercializing the product or process developed in Phase II using non SBIR/STTR funds. More information about the Federal SBIR/STTR Program may be found at www.sbir.gov and www.kysbir.com

C. KSTC'S ROLE

The KENTUCKY SCIENCE AND TECHNOLOGY CORPORATION (KSTC) under a contract with the Kentucky Cabinet for Economic Development (CED), Office of Entrepreneurship (OOE), administers the Kentucky Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) SBIR/STTR Matching Funds Grant Program (Matching Funds) in the manner set forth in these Guidelines (the “Guidelines” or “Program Guidelines”). Companies may apply for funding by submitting an application to KSTC in response to this solicitation developed and issued by OOE/KSTC. OOE will designate the timing for each solicitation and provide dates during which applications may be submitted. Applications that meet the requirements set forth in the Program Guidelines will compete for Matching Funds awards. Under the Program Guidelines for the Matching Funds, KSTC will receive and review applications with assistance from external technical and business experts and/or a panel of reviewers, and make recommendations to OOE for awarding of Matching Funds to applicants that are determined to be meritorious amongst the qualified proposals. This process will be followed upon issuance of each solicitation. KSTC will accept Matching Funds applications for up to 100% of an applicant’s Federal SBIR/STTR award up to \$150,000 for Phase I, and up to \$500,000 per year for each of the two years of the phase II.

Notification of an award shall be made within twelve weeks after the close of a solicitation. KSTC will provide written reviewer comments to all applicants resulting from the peer review process.

KSTC will accept only one resubmission from companies that are not successful in receiving a Matching Funds award, as long as eligibility is maintained for the next solicitation period. If the Phase I applicant has already completed its Federal Phase I grant by the time the company resubmits a Matching Funds application, then the applicant must certify that the company has not received a follow-on Federal Phase II award for it. If the company has received a follow-on Phase II award letter from the federal agency before the end date of the Matching Funds Program solicitation, then either the submitted Phase I Matching Funds application (with or without review) or an awarded Matching Funds Grant may be terminated.

KSTC shall manage the Online Application and Reporting System, accessible at www.KYSBIRMatchFunds.com. All applications, invoices, and reports (quarterly, final, and post-award) shall be submitted via this portal.

D. PROGRAM PURPOSE

The purpose of the Kentucky SBIR/STTR Matching Funds Grant Program is to foster job creation and economic development in Kentucky by (a) increasing the competitiveness of Kentucky's Small Businesses in attracting Federal SBIR and STTR grants, and (b) providing an incentive for Phase I and Phase II award-winning companies to make further progress along the path to commercialization. The goals of the Kentucky SBIR/STTR Matching Funds Grant Program are:

- a. To increase the number of applications for Federal research dollars submitted by Kentucky Small Businesses conducting research and technology development in one or more of the five OOE Research Focus Areas;
- b. To help Kentucky companies bridge the funding gap period between the final Phase I payment and the first Phase II payment in the Federal SBIR/STTR Program;
- c. To increase the intensity of the research conducted under Phase I, and strengthen the commercialization plan, to make Kentucky Small Businesses more competitive for Phase II funds;
- d. To augment the funds available for Phase II projects, to help improve business development and commercialization efforts leading to Phase III activities; and
- e. To encourage the establishment and growth of high-quality advanced technology companies in the Commonwealth of Kentucky.

E. DEFINITIONS

1. *Administrative Official* – The individual with authority to legally bind the company. This individual is required to sign all applications, reports, invoices, and other certifications associated with participation in the Matching Funds Program.

2. *Applicant* – A small business that submits an application for a Matching Funds Grant.

3. *Application* – The required form(s), electronic or otherwise, to be completed and any supporting materials submitted by an applicant in response to a Matching Funds Grant Program solicitation.
4. *Cabinet for Economic Development (CED)* – An agency of the Executive Branch of the Commonwealth of Kentucky established pursuant to Kentucky Revised Statutes Chapter 154 and responsible for administering economic development efforts.
5. *Employee* – An individual receiving W2 payroll compensation from the company OR an LLC or LLP member subject to self-employment tax under the Internal Revenue Code Section 1402 proposed regulations or subsequent guidance. (*Payroll* calculation shall include “Guaranteed Payment” income only.)
6. *Equipment* – Tangible property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the small business entity for financial statement purposes or \$5,000.
7. *"FastTrack" Mechanism* – A process available through selected Federal agencies that expedites the decision and award of SBIR Phase II funding for scientifically meritorious proposals that have a high potential for commercialization. FastTrack incorporates a submission and review process in which both Phase I and Phase II proposals are submitted and reviewed together. The Phase I portion of a FastTrack must specify clear, measurable goals (milestones) that should be achieved prior to initiating Phase II work. In addition, as is required for all Phase II proposals, the Phase II portion of the FastTrack proposal must present a commercialization plan that addresses specific points.
8. *Federal SBIR/STTR Programs* – Federal Small Business Innovation Research (SBIR) and/or Small Business Technology Transfer (STTR) Programs that provide for a three-phased approach to research and development projects: technological feasibility and concept development, the primary research effort, and the conversion of the technology to a commercial application.
9. *Focus Areas* – The five research and development Focus Areas as revised in the 2012 Science and Innovation Strategy: (1) Human Health and Personalized Medicine, (2) Information Technology and New Media, (3) Agriculture and Bioscience, (4) Energy and Environmental Technologies, and (5) Materials Science and Advanced Manufacturing.
10. *Grant Agreement* – The agreement memorializing the Kentucky SBIR/STTR Matching Funds Grant, including but not limited to the provisions set forth in Section K hereof.
11. *Kentucky-based* – A business with its principal place of business in Kentucky, including no less than fifty-one percent (51%) each of its Property **and** Payroll (as defined in these Program Guidelines) located in Kentucky. Applicants and awardees shall periodically provide a certification letter from an independent preferably Kentucky-based CPA; this template is attached as Appendix F.

12. *Kentucky Resident* – For the purposes of the Matching Funds Grant Program, a Kentucky resident is defined as someone who lives in Kentucky, pays Kentucky income taxes, and holds a valid Kentucky Driver’s License. KSTC has the right to request verification of the residency status of any employee.

13. *Kentucky Science and Technology Corporation (KSTC)* – An independent non-profit organization that promotes and funds small businesses and educational programs while nurturing entrepreneurial relationships between companies, universities, and other agencies.

14. *Legal* – Individual to be notified in the event of a legal action, notice of pending legal action, notice of default, or other communication of a legal nature regarding the company.

15. *Matching Funds Award* – An amount up to \$150,000 for Phase I Awards and up to \$500,000 per year for Phase II Awards which supports complementary work on a federally-funded SBIR/STTR award.

16. *Matching Funds Grant Program* – A Program funded by the Commonwealth of Kentucky, Cabinet for Economic Development (CED) - Office of Entrepreneurship (OOE), which matches Federal SBIR/STTR awards for additional work, and is designed to strengthen Kentucky companies and their potential to receive Phase II Federal Awards and follow on commercialization efforts of the proposed technology. The main goal of the Program is to create new high technology jobs in Kentucky by increasing the number of and amount of Federal dollars through Federal SBIR/STTR Grants.

17. *Matching Funds Grant Program Solicitation* – The announcement of the Kentucky SBIR/STTR Matching Funds Grant Program for inviting applications. The Solicitation identifies the key solicitation period open and closing dates.

18. *Matching Funds Grant Program Solicitation Period* – The length of time the Program is open for receiving applications online.

19. *Office of Entrepreneurship (OOE)* – An Office within CED, charged with leading the Commonwealth’s efforts to encourage, grow, and support small businesses and entrepreneurship.

20. *Payroll* – The number of full-time employees working directly for the company, 51% or more of whom must be **bona-fide Kentucky residents**; AND the gross payroll for the applicant, fifty-one percent (51%) or more of which must be paid to **bona-fide Kentucky residents**.

21. *Primary Contact* – Individual designated by the company to communicate with Program Staff regarding the Matching Funds application, award, reporting, site visits, etc.

22. *Principal Investigator* – Individual responsible for the oversight and execution of the technical and business tasks proposed in the Matching Funds application and is a Kentucky resident. This individual is primarily responsible for quarterly reporting during the term of the Matching Funds Award.

23. *Principal Place of Business* – The “nerve-center” of the corporation; the site where the company’s direction, control, and operational decisions take place. Typically, this location is where the corporation maintains its headquarters, the workplace for the company’s senior leaders, and the location where the company’s records are maintained. It is also the location where the federal and state grants are managed.

24. *Private Investment* – An award or investment of private, non-state or non-federal funds to the applicant, which have been committed or received no more than six months prior to the date of an application (no more than 12 months for a resubmission). Documents considered as proof of private investment may include: Subscription Agreements, Bank Letters of Commitment, Convertible Notes, Legal Documents detailing financial obligations and arrangements, and Promissory Notes.

25. *Program Guidelines or Guidelines* – A detailed description of all regulations and requirements of the Kentucky Matching Funds SBIR/STTR Program.

26. *Property* – Includes real estate property and other business property subject to depreciation under the Federal Tax Code of 2001 and any amendments thereto.

27. *Recipient* – An applicant that has been approved to receive a Matching Funds Grant.

28. *Small Business* – A small business concern is as defined under the Federal SBIR/STTR Program Guidelines that govern the Federal Program under which the applicant has received a Federal SBIR/STTR Phase I, Phase II, or FastTrack grant.

F. ELIGIBILITY

The Kentucky SBIR/STTR Matching Funds Grant Program awards will be made on a **competitive basis**. All applications received by the due date that are complete and eligible will compete for available funding for each solicitation.

An applicant shall satisfy the following conditions to be eligible to submit an application and be considered for a Matching Funds Grant:

1. Applicant must be a small technology based business.
2. Applicant must meet the guidelines for Kentucky-based status OR must be willing to relocate to Kentucky to meet the guidelines for Kentucky-based status and have the Federal SBIR/STTR Program award transferred to Kentucky.
3. Applicant must be a Phase I, Phase II (year one or year two), or a FastTrack federal SBIR/STTR award winner from one of the participating federal agencies. The Federal Grant award date for the eligible year portion of the award shall be within one year at the time of the Kentucky SBIR-STTR Matching Funds application.

4. Applicants are eligible to apply for a Kentucky SBIR/STTR Matching Funds Grant for year two of the Federal SBIR/STTR Phase II grant only if they have received private investment or commitment thereof in the amount that is at least equal to the amount requested for year two of the Kentucky Matching Funds Grant. Applicants must provide evidence of having received such investment no earlier than six months from the date of application for the Kentucky Matching Funds Grant. The same private investment can be considered for a resubmission in the subsequent solicitation if not awarded in the first attempt and if there are no restrictions or exclusions. Private investment for year two match is only required if Phase II year one grant was also matched.
5. Applicants that already have received a total of **five** Kentucky SBIR/STTR Matching Funds Awards are not eligible to receive additional Matching Funds Grants.
6. An applicant who has received two Matching Funds Grants in the current fiscal year is not eligible to apply.
7. Applicant must not have failed to correct a material breach of a grant or award agreement under any program administered by KSTC or OOE.
8. Out-of-State applicants must show documentation of how much Federal funding has been received and spent and what is the unspent balance remaining of the Federal Grant on the application date of the Matching Funds Grant Agreement. This documentation will be used in determining the maximum amount of the Kentucky SBIR/STTR Matching Funds Grant. In the case of Phase I applicants, a verifiable unspent balance of 60% of the Federal Phase I amount will enable the applicant to request a total Matching Funds amount not to exceed the Federal Grant amount or \$150,000. In the case of Phase II applicants, a verifiable unspent balance of 80% of the Federal Phase II amount will enable the applicant to request a total Matching Funds amount not to exceed the Federal Grant amount or \$500,000.

G. USE OF MATCHING FUNDS

Allowable Costs of Matching Funds: Under the Matching Funds Grant Program, allowable costs are those related directly to the project for which a Federal Phase I or Phase II Award has been received. These costs include but are not limited to costs for additional technical work, product testing and validation, intellectual property protection, market research, patent search, business plan development, hiring of new high-paying technical and business employees, reasonable travel related to the Matching Funds Grant, and other costs including rent, accounting, legal, purchase of small equipment (up to \$25,000 for Phase I and up to \$100,000 for Phase II), unless otherwise justified by the applicant and approved by OOE/KSTC.

Equipment purchased with Matching Funds may be subject to repossession by the Cabinet for Economic Development (CED) should the grantee be determined to be in default, the grant is terminated, or the company goes out-of-business or becomes dormant for any reason.

Proposal development costs for future federal SBIR/STTR applications may be allowable if the company has applied for and been denied funding under the Kentucky Council for Post-

secondary Education-funded, and Kentucky Science and Engineering Foundation-administered, Phase Zero and Phase Double-Zero Grants Program.

Companies will not be allowed to charge a fee as allowed by the Federal agencies on their SBIR/STTR Phase Grants. Companies may charge Fringe in the range of zero to 30% for employees that are paid via W2 payroll. Where allowed by law, companies may charge reasonable fringe for owners that are paid via a draw mechanism. Support documentation for fringe expenditures on behalf of employees paid via W2 payroll shall be provided to KSTC upon request. For fringe paid on behalf of owners that are paid via draw, supporting documentation must be provided to KSTC with the reimbursement request. Any and all subcontracts proposed to be funded through the state funded Matching Funds Grant Program shall be restricted to a maximum of 10% for indirect or overhead costs. This applies to Universities and any subcontracted entity. Contract Labor invoices must be prepared by each service provider and shall include service provider's name, address, phone number, date(s) of service, description of services, and signature of the service provider. Ordinarily the request for travel costs should not exceed 3% for Phase I and 2% for Phase II of the requested grant amount; however, request for additional travel funds may be considered on a case by case basis. All travel shall commence from Kentucky. Relocation costs are not allowed, except in the case of relocation of equipment. Air travel should be limited to Coach Class, and companies shall use the per diem policy established for Kentucky Science and Technology Corporation. Personal Operating Vehicle (POV) mileage reimbursement shall also reflect current Commonwealth of Kentucky approved mileage rates which will be posted on the program websites.

H. APPLICATION PREPARATION AND SUBMISSION

NOTICE: ALL APPLICATIONS MUST COMPLY WITH THE FOLLOWING FORMAT FOR THE MATCHING FUNDS PROPOSAL NARRATIVE, BUDGET, BUDGET JUSTIFICATION, AND GANTT CHART. OMISSION OF REQUIRED DOCUMENTS AND/OR THE USE OF IMPROPER FORMAT ARE GROUNDS FOR REJECTION OF THE APPLICATION.

The following format shall be followed for submitting the Matching Funds application. The application shall consist of sections entitled: "Proposal Narrative" which shall include discussion on technical and commercial significance, "Project Team and Facilities", "Job Creation", "Other Additional Information", "Budget", and "Budget Justification", and a Gantt chart. The Gantt chart shall be one page only, and shall show both Federal and Matching tasks at a high level.

The total page length of the Matching Funds Application shall not exceed **20 PAGES MAXIMUM** (attachments, bios, letters of support, budget pages, and Gantt chart are not included in page limit total count).

1.0 PROPOSAL NARRATIVE

Create a PDF document for upload to the online application system that addresses each of the following topics. Create section headings for: Technical, Commercial, Project Team and

Facilities, Job Creation, and Other Additional Information. Within each section, tell the story of your company with consideration to the subtopics listed. Include applicable items listed in the Other Addition Information section within this PDF upload.

Technical

- a. Significance – What problem needed to be solved? Is there a market need? Is an alternative solution needed? What features or parameters will meet the market need?
- b. Innovation – What is your proposed technology to solve the problem and how does it differ from existing technologies? What is innovative about it?
- c. Risks – How much risk is involved in developing the proposed technology?
- d. Tasks and Approach – What are the overall goals and aims? What tasks are to be conducted through the Federal SBIR/STTR grant? What other additional but complimentary tasks are proposed to be conducted under the Matching funds grant and why? Describe the approach to complete the proposed work. Explain how the proposed tasks complement the Federal tasks. Who will do the work (company personnel, subcontractor, a consultant...) and what are their qualifications to do the work? How will the proposed tasks aid in proving the feasibility further or in strengthening the technology development effort. How will these additional tasks help you in making your case for a Federal Phase II grant or in furthering the commercialization of the technology?
- e. What is the current IP status? Who owns the technology? Are you licensing the technology and what restrictions do you have for its use?

Commercial

- a. What are the existing and potential market opportunities? What is the value proposition? How will the proposed technology fill the market need?
- b. Identify and elaborate on competing technologies and competitors.
- c. Provide a SWOT (Strength, Weaknesses, Opportunities and Threat) Analysis.
- d. What are the regulatory and/or other market hurdles? How will the company overcome these?
- e. What is the commercialization plan, including product manufacturing and licensing? How will it make profit?
- f. Elaborate on financing including grants, angel and/or VC investments, and product sales revenue? Describe financial pro-forma for Phase II applicants?

Project Team and Facilities

- a. Identify if facilities have been secured for the work proposed.
- b. Identify team members and their roles.
- c. Identify the business team lead and qualifications.
- d. Indicate if the team members are full-time/part-time/interns/subcontractors/employees.
- e. Identify the Kentucky-based PI for the Matching Grant.

Job Creation

- a. Identify any new proposed full-time and part-time jobs funded by the Matching Grant and employed by the company.
- b. Identify any new interns to be hired.
- c. In case of out-of-state companies, identify each employee's home residence at the time of application, and the proposed state of residence when company relocates to Kentucky (i.e. 90 days after the effective date of the grant).

Other Additional Information

- a. Company – Describe the business, current product portfolio, employees on staff, collaborations. If from out-of-state, elaborate on the projected plan to move the company to Kentucky including moving of current employees, company assets and property, and any specific needs that might be of concern in company's operation after the move.
- b. Identify the Management Team.
- c. Include detailed letters of support.
- d. Elaborate on private investment arrangements.
- e. Provide details of company revenue, if any.
- f. Include the SBIR/Commercialization History Form (Appendix H).

Budget Document

- a. Create a PDF document for upload to the online application system that includes the Matching Funds (1) **budget** and (2) **narrative budget justification**. If sub awards are proposed, include separate sub award budget documents and narrative justification after the applicant budget documents. Quotes and other support letters should be included in the "Other Additional Information" Section of the Proposal Narrative attachment. There is no page limit for this section.
- b. Budget Document Content
 - Identify budget in defined categories and expand using a narrative budget justification page(s). Use the budget template found in Appendix G.
 - Charges must be reasonable for the tasks proposed. Where possible provide supplemental information, quotes, estimates, etc. Do not include any fee.
 - Do not include indirect cost or *rate* as a line item.
 - Fringe rate may be included for salaries paid to employees. Fringe typically includes costs such as payroll taxes paid by the company, paid time off, insurance benefits provided to the employee, and retirement match contributions paid by the company into an IRS defined retirement plan.
 - For personnel, list each individual that will be paid, the level of effort committed specifically to the Matching Funds project, the base salary, the amount charged to the grant, fringe, and the total amount charged to the grant for this individual. Base salary proposed may not exceed the base salary charged to the Federal agency.
 - For subcontracts, provide a separate subcontract budget and budget justification. Provide a letter of support from the subcontract institution agreeing: a) to enter into a collaborative agreement with the company, b) to the stated scope of work, and c) to the

proposed budget. Note that sub award indirect costs are limited to 10%. List each sub award (total cost) as a single line item in the company's budget.

- For travel, identify the number of trips proposed. For each trip, identify the destination, the business purpose, the specific individuals who will travel, and the estimated cost of each trip. Each trip must commence from Kentucky. Restrict travel to 3% maximum in Phase I Grants and 2% maximum for Phase II grants.
- Identify how the company will satisfy the Program Guidelines by spending at least 51% of the matching funds budget in Kentucky.
- Identify how the company will satisfy the program guideline's requirement of at least 51% of company's total payroll and full-time employees in Kentucky.

Gantt Chart (one page only)

- Create a PDF document for upload to the online application system that includes a project Gantt chart. This attachment is limited to one page.
- Present both the Federal and Matching Funds tasks at the task level only;
 - Identify each task with a consolidated description
 - The start date shall be either January 1 (September Solicitation), or July 1 (March Solicitation)
 - The duration of the Matching Grant is at the discretion of the applicant; your quarterly maximum payment is affected by the duration of the Matching Grant.

2.0 SPECIAL INSTRUCTIONS FOR GRANTS.GOV APPLICANTS ONLY

Applicants that utilize the **grants.gov** portal to submit their federal application should **NOT** upload their Federal Grants.gov PDF application package in their Matching Funds application. The grants.gov application package is not supported by the Matching Funds application website and may corrupt the entire Matching Funds application. Instead, upload the complete assembled Federal application (including all sections of the Federal application) as downloaded from the Federal Agency's grant management portal (e.g., eRA Commons for NIH applicants).

3.0 COMPANY ROLES

Designate an individual to serve in each of the following roles for the company. The same individual may serve in multiple roles.

- a. **Primary Contact**: Individual designated by the company to communicate with program staff regarding the Matching Funds application, award, reporting, site visits, etc.
- b. **Administrative Official (AO)**: Individual with authority to legally bind the company. This individual is required to sign all applications, reports, invoices, and other certifications associated with participation in the Matching Funds Program.
- c. **Principal Investigator**: Individual responsible for the oversight and execution of the technical and business tasks proposed in the matching funds application. This individual is primarily responsible for quarterly reporting during the term of the matching funds award. Identify that both PI and co-PI are Kentucky residents

- d. **Legal:** Individual to be notified in the event of a legal action, notice of pending legal action, notice of default, or other communication of a legal nature regarding the company.

4.0 REQUIRED DOCUMENTATION: MAILED HARD COPIES

Both in-state and out-of-state applicants are required to submit an original (hard copy) of Appendix A: Company Certification (notarized) and Appendix E: Economic Disclosure Statement. These hard copies shall be **mailed (via U.S. Postal Service or other carriers)** to KSTC at the address below. A return mailing address must be clearly visible on the outside of all packages and containers used in the delivery or mailing of the documents.

Kentucky Science and Technology Corporation
Kentucky SBIR/STTR Matching Funds Grant Program
Attn: Ken Ronald, Senior Program Director
200 West Vine Street, Suite 420
Lexington, KY 40507

5.0 REQUIRED DOCUMENTATION: ONLINE UPLOAD

The following required documentation must be uploaded to the application and submitted using the Online Application System.

In-State Applicants

Required documentation for **IN-STATE** companies shall include (“Section” references refer to the online application):

- **Section 1.** Application Forms (fill out online).
- **Section 2.** Certificate of Existence or Authorization and documentation of “good standing” issued by the Kentucky Secretary of State. <https://app.sos.ky.gov/ftsearch/> (good standing); <https://secure.kentucky.gov/sos/ftbr/welcome.aspx> (register your business)
- **Section 3.** Evidence of Federal Phase I, Phase II, or FastTrack Award as applicable from the Federal agency.
- **Section 4.** A signed CED Economic Incentive Disclosure Statement. (Appendix E).
- **Section 5.** A letter of acknowledgement of the application from the Director of the Kentucky Innovation Network Offices that serves the region in which the applicant is located. <http://kyinnovation.com/locations-map/> (find an office in your area).
- **Section 6.** Supporting materials: Notarized Certification (Appendix A) and CPA Certification (using the template/letter Appendix F). CPA Certification should be from a preferably Kentucky based independent CPA.

- **Section 7.** A copy of the Federal Phase I or Phase II SBIR/STTR Grant application as applicable.
- **Section 8.** For Phase II applications, the applicant shall provide written documentation (see Private Investment definition, Section E) of commitments and/or receipt of recent private investment in the applicant.

Out-Of-State Applicants

Required documentation for **OUT-OF-STATE** companies shall include (“Section” references refer to the online application):

- **Section 1.** Application Forms (filled out online).
- **Section 3.** Evidence of Federal Phase I, Phase II, or FastTrack Award from the Federal agency.
- **Section 4.** A signed CED Economic Incentive Disclosure Statement. (Appendix E).
- **Section 6.** Supporting materials: Appendix A-notarized certification.
- **Section 7.** A copy the of Federal Phase I or Phase II SBIR/STTR Grant Application, as applicable.
- **Section 8.** For Phase II applications, the applicant shall provide written documentation of commitments and/or receipt of Private Investment (see Private Investment definition, Section E.). Companies shall also provide documentation on the unspent amount of the Federal Grant fund balance at the time of the Matching Funds application for the Kentucky SBIR/STTR Matching Funds Grant Program. This will be used to determine the maximum amount of the Kentucky SBIR/STTR Matching Funds Grant.

Out-Of-State Applicants

The following documents shall be submitted within 90 days of the date of the Grant Agreement effective date.

- **Section 2.** Certificate of Registration or Authorization and Documentation of “good standing” issued by the Kentucky Secretary of State.
 - <https://app.sos.ky.gov/ftsearch/> (good standing)
 - <https://secure.kentucky.gov/sos/ftbr/welcome.aspx> (register your business)
- **Section 3.** Documentation from the Federal Funding Agency acknowledging the applicants physical move of its principal place of business to Kentucky, and transferring the award to Kentucky to the Kentucky-based applicant.

- **Section 5.** A letter of acknowledgement of the application from the Director of the Innovation Network Offices that serves the region in which the applicant is located <http://kyinnovation.com/locations-map/> (find an office in your area)
- **Section 6.** Certification of Kentucky-based business by an independent preferably Kentucky based Certified Public Accountant (Appendix F).

I. MATCHING FUNDS DISBURSEMENT SCHEDULE

The awarded funds shall be disbursed only after receipt of all required documents.

Grant disbursements will be made on a reimbursable basis, payable when invoices and financial reports are submitted each quarter, only after quarterly reports have been reviewed and accepted.

All invoices/receipts must indicate the company's location in Kentucky by reflecting Kentucky "bill-to" and "ship-to" addresses. If any other such addresses are listed on any supporting invoice/receipt, written justification must be provided. Upon request, a point-of-sale receipt from a non-Kentucky vendor may require written explanation describing the business purpose for the purchase and the reason for use of a non-Kentucky vendor. In case company has multiple active grants or has a negotiated indirect rate, it should consider prorating operational expenses such as rent, utilities, insurance, etc., when invoicing matching funds grant. Companies relocating from out of state will be provided a 90-day grace period on "bill-to" and "ship-to" addresses.

Payment Calculation

Payments are calculated by taking the approved grant amount and subtracting 10% for final payment. The total equipment budgeted costs are also subtracted. The maximum disbursement per quarter is calculated by dividing the remaining amount by the total number of grant quarters. Approved equipment purchases may be invoiced when incurred.

The final 10% of the grant amount will be reimbursed upon submission and approval of the Matching Funds Grant final report, and verification of Federal payment equal to the Matching Funds amount.

Travel

In all cases, travel costs will be reimbursed only if qualified receipts for lodging and travel are submitted. Travel costs will only be reimbursed if included in the approved grant application. Travel must commence from Kentucky.

All meetings where travel receipts are submitted should include the names of the travelers, purpose of the meeting, dates and shall include a detailed list of the items requested for reimbursement.

Only per diem rates apply to food purchases. These are currently \$7.00 for breakfast, \$8.00 for lunch and \$15.00 for diner. In high-cost areas the amounts are \$8.00 for breakfast, \$9.00 for lunch and \$19.00 for diner. No meal receipts are required when *per diem* rates apply

Personal operating vehicle (POV) mileage rates shall be the approved State of Kentucky rate which is posted on the Matching Funds website.

Requesting Reimbursement

To receive disbursements of a Matching Funds Grant the following documents must be submitted:

- a. Information about the company's bank account for electronic disbursement of funds;
- b. Quarterly Status / Grant Progress Reports (See Appendix B); and
- c. Quarterly Exhibit C, expense detail cover page, and associated Invoices.

Additional Requirements for Out-of-State Awardees

The out-of-state awardee shall have 90 days from the date of the grant agreement to deliver the following documents to become eligible to receive grant funds:

- a. Certification of Kentucky-based business by Certified Public Accountant using the CPA "Assertion Letter" format attached to the grant agreement;
- b. Certificate of Existence or Authorization and Documentation of "good standing" issued by the Kentucky Secretary of State;
- c. Documentation from the Federal Funding Agency acknowledging the applicants physical move of its principal place of business to Kentucky and transferring the award to the Kentucky-based applicant; and
- d. A letter of acknowledgement of the application from the Director of the Innovation Network Offices that serves the region in which the applicant has relocated.

J. LIMITATIONS ON MATCHING FUNDS AWARDS

The Matching Funds Grants have the following limitations:

- An applicant may not receive more than two Matching Funds Grants per fiscal year, and only one per solicitation.
- An applicant is restricted to a maximum of five Matching Funds Grants over the Program lifetime.
- Whether the applicant receives the maximum number of awards will be subject to the discretion of the Office of Entrepreneurship and the availability of funding. A FastTrack award will count as separate Phase I and Phase II Federal awards when applying for the Matching Funds Grant Program. A company that has received a FastTrack award may apply and receive either a Phase I or Phase II portion, but not both, of the Federal FastTrack award under a given solicitation cycle. The Phase II portion of the FastTrack award shall not be eligible for matching if Federal FastTrack award is terminated after Phase I.

- The Matching Funds Grant Program will not match a Federal agency enhancement program grant such as a Phase IB or Phase IIB grant or any continuation (after Phase II) funding mechanisms, such as the NIH or DOD programs.

K. MATCHING FUNDS AWARD PROGRAM SOLICITATION, PERIOD, AND SUBMISSION

When funds become available for the Kentucky SBIR/STTR Matching Funds Grant Program, OOE/KSTC will issue a solicitation inviting proposals for consideration and award of Matching Funds Grant Program Grants. The Program Solicitation will include but not be limited to opening and closing dates for accepting applications. To qualify for an award under the current Program Solicitation, an applicant must be Recipient of a Federal SBIR/STTR Program Phase I, Phase II, or FastTrack award with an award letter dated within one year of the date of application for the Matching Funds Grant. No applications or supplemental materials submitted in response to a Matching Funds Grant Program Solicitation will be accepted after its closing date and time, except for supplemental material requested by KSTC and/or OOE. KSTC and/or OOE are not responsible for applications or materials lost or delayed in transmission.

L. APPLICATION REVIEW AND APPROVAL PROCESS

Applications will initially be reviewed to ascertain compliance with all the requirements in the Matching Funds Grant Program Solicitation and guidelines. **Incomplete or non-compliant applications will not be considered and will be returned without further review.** Applications determined to be complete and in compliance will receive an external review from a panel of out-of-state reviewers. KSTC will also review and submit the recommendations to OOE for final approval.

For Phase I Applicants the evaluation criteria will include:

- Technical merit (30%);
- Commercial potential of the technology (20%);
- Qualifications of the company's technical and business management team (20%);
- Proposed budget and the potential for a Phase II follow on grant (25%); and
- Phase I job creation (5%).

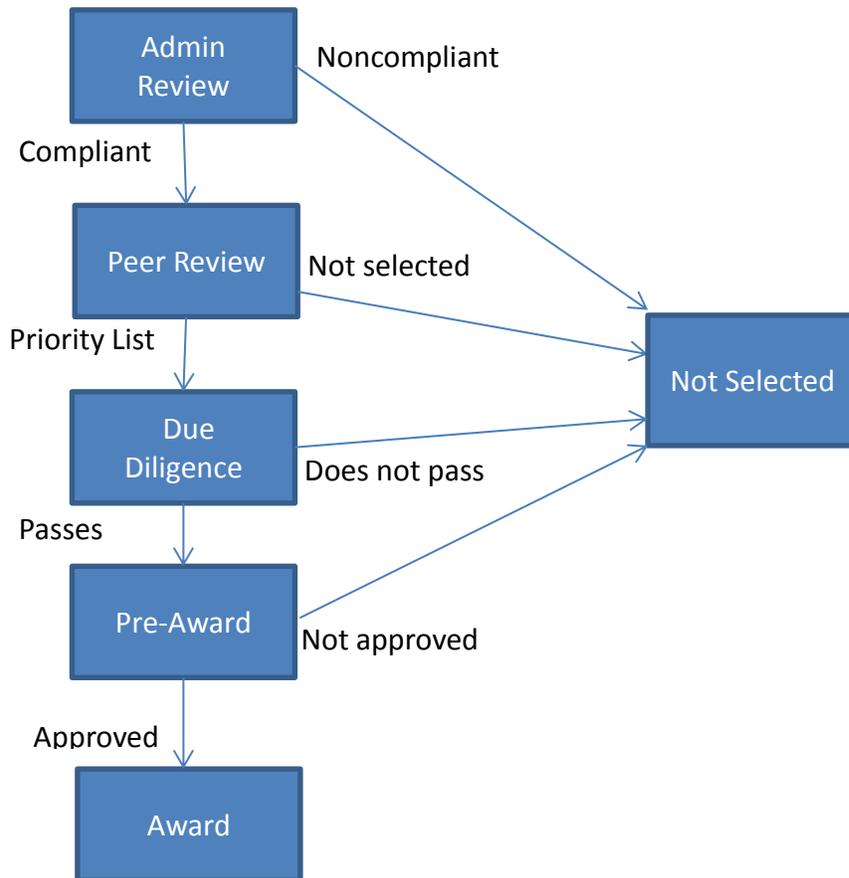
For Phase II Applicants the evaluation criteria will include:

- Technical merit (20%);
- Commercial potential of the technology (30%);
- Qualifications of the company's management team (20%);
- Proposed budget and amount of private investment to match the Matching Grant (15%); and
- Phase II job creation (15%).

Phase II applicants are encouraged to seek private investment. The applications will be scored for company's ability to attract Private Investment.

APPROVAL PROCESS FLOW CHART

The grant approval process is represented in the flow chart below. The five-step process consists of an administrative review for compliance, a peer review, company due diligence, pre-award, and award. The application review and approval process is expected to be completed in approximately 12 weeks. Application status will be posted on the online application platform to provide information on application status during the application review and approval period. Notice of award to successful and unsuccessful companies will be sent at the end of completion of the review and approval process.



M. GRANT AGREEMENT

The terms under which a Matching Funds Grant is made will be detailed in the Grant Agreement between KSTC and the company. Terms of performance in the Grant Agreement will include but will not be limited to the following requirements. The company must:

- a. Remain in compliance with the Program Guidelines;
- b. Promptly submit quarterly status and financial reports;
- c. Promptly submit a detailed final technical and financial report;
- d. Submit of one Company Status Report, each year for five years after the receipt of the final disbursement of Matching Funds. Beginning FY17, only one annual Post Award Company Status Report per company (instead of multiple reports for multiple awards) will be required for a period of five years, beginning from the final payment date of the most

recent Matching Funds award. No Post Award report will be required if the company wins another new Matching Funds award but the Post Award Company Status Report will become due again for another period of five years at the end of the new, most recent, award.

- e. Comply with the audit policy of the Commonwealth of Kentucky and providing KSTC with copies of reports of any audits;
- f. Reimburse the full amount of the Matching Funds Grant in the event an audit determines fraudulent activities; and
- g. Retain and certify, at a minimum annually, the company's Kentucky-based status for not less than 60 months from the date of final disbursement of the Matching Funds Grant, by using the CPA "Assertion Letter: (Appendix F).

N. GENERAL TERMS

1. No oral statement of any person shall modify or otherwise affect the terms and conditions of these Guidelines or of a Kentucky SBIR/STTR Matching Funds Grant Program Solicitation.
2. KSTC/OOE may reject any application that does not comply with the requirements of the Matching Funds Program.
3. KSTC/OOE may refuse to approve an application if it is not in keeping with the purpose of the Matching Funds Program.
4. KSTC/OOE may withdraw a Program Solicitation at any time.
5. The Kentucky SBIR/STTR Matching Funds Grant Program is funded by State appropriations and awards, contingent upon the availability of State funds for the program purposes.
6. KSTC/OOE, in its sole discretion, may waive the requirements in the Kentucky Matching Funds Grant Program Solicitation and Program Guidelines, on a case by case basis, to remain consistent with changes or deviations in the Federal SBIR/STTR Program, as long as such adjustments are consistent with the nature and intent of the State Program.

O. RELEASE OF INFORMATION

All documents submitted to KSTC/OOE, including applications, are public records governed by Sections 61.872-61.884 of the Kentucky Revised Statutes and other applicable provisions of the Kentucky Revised Statutes protecting confidential information. When specific information in an application is regarded by the applicant as confidential and not subject to disclosure under the Kentucky Open Records Act, the applicant may specifically and clearly designate it as such in writing on that portion of the application in which the information appears. An applicant should provide an explanation for why particular information is regarded as confidential. Applications should not be indiscriminately marked as confidential. However, the provisions of the Kentucky Open Records Act shall govern any release of information.

**The Commonwealth of Kentucky/Cabinet for Economic Development (CED)/
Office of Entrepreneurship (OOE)
Small Business Innovation Research (SBIR) and
Small Business Technology Transfer (STTR)
Matching Funds Grant Program**

Application Form: (See Online Application System)
www.kysbirmatchfunds.com

Appendices:

Appendix A - Company Certification-Notarized

Appendix B - Quarterly Status Report

Appendix C - Draft/Final Report Template

Appendix D - Annual Company Status Report

Appendix E - Cabinet for Economic Development Economic Incentive Disclosure Statement

Appendix F - Independent CPA's Standard Examination Report on Management's Assertion

Appendix G - Budget Template

Appendix H - SBIR and Commercialization History Form

For Program Enquiries and Assistance Contact:

Kentucky SBIR/STTR Matching Funds Grant Program

Kentucky Science and Technology Corporation

200 West Vine Street, Suite 420

Lexington, KY 40507

Ken Ronald, Senior Program Manager (kronald@kstc.com; Tel: 859. 246.3252)

Kenzie Dickens, Administrative Assistant (kdickens@kstc.com; Tel: 859.246.3227)

Terry Samuel, KSTC Executive Vice President and COO (tsamuel@kstc.com; Tel. 859.246-3236)

APPENDIX A: COMPANY CERTIFICATION

The applicant certifies that all statements, representations, and warranties made by the applicant, or on its behalf, and any materials furnished by the applicant or on its behalf in connection with this application, are true, accurate and complete in all material respects, and do not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained herein or therein not materially misleading, to the best of the applicant’s knowledge and belief.

The applicant certifies that it has reviewed and understands the Guidelines for the Kentucky SBIR/STTR Matching Funds Grant, and that it meets all of the applicable eligibility requirements.

If submitting a Phase 1 Matching Funds Application, the applicant certifies that the company has not received or been notified of impending a follow-on Federal Phase II Grant award letter or contract by the end date of the solicitation.

The applicant understands that release of any grant funds is contingent upon the applicant’s execution of a Grant Agreement, and that disbursement of funds is based upon the applicant’s compliance with its terms and may be subject to recapture for non-compliance.

The applicant has read and understands Kentucky’s laws regarding the treatment of public records and confidential information and their application to economic development projects.

The applicant acknowledges and accepts the Commonwealth of Kentucky’s absolute right in its sole discretion to withhold, discontinue, or retract and recover in part or in full any monies awarded and/or distributed pursuant to the SBIR/STTR Matching Funds Grant Program if it is determined that the applicant has engaged in unlawful conduct or conduct which violates the spirit and intent of the Matching Funds Grant Program.

| | |
|---|------------------|
| 1. Name of Authorized Company Official [Please type.] | 2. Company Name. |
| 3. Title of Authorized Company Official | |
| 4. Signature and Date of Authorized Company Official | |
| 5. E-mail Address | |

State of _____

County of _____

I, _____, Notary Public, do hereby certify that,

_____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

This the _____ day of _____, 20__.

Notary Public, State at Large

Seal (if outside Commonwealth of Kentucky)

My Commission expires: _____

APPENDIX B: QUARTERLY STATUS REPORTS

QUARTERLY STATUS REPORT TEMPLATE FOR PHASE I AND PHASE II

Grant Award KSTC-184-512-XX-XXX;

Grantee: _____

Quarter # _____; Dates From dd/mm/yy to dd/mm/yy

Report Submission Date: _____

PI: _____ Phone: _____ Email: _____

Quarterly Reports shall document work conducted on the Matching Funds Tasks within the previous quarter. You may summarize work completed to date, but emphasis should be placed on work completed in the most recent quarter.

TECHNICAL/BUSINESS:

Work performed this past quarter (most recent activity to date):

Work performed to date (summary of work on total effort to date):

Work anticipated for next quarter:

Any technical or business issues and potential resolutions:

Highlights of business growth including management changes, partnerships, licensing, product manufacturing, sales, regulatory approval status, business viability, and assistance from Kentucky Innovation Network, among others:

FINANCIAL:

Total Kentucky Matching Funds Grant Amount:

Current funds received to date:

Total expenditures to date:

(Expenditures and/or amounts can be estimates; actuals should be included in your invoice/exhibit C)

Equipment (list any major equipment purchases this quarter):

(Expenditures and/or amounts can be estimates; actuals should be included in your invoice/exhibit C)

Supplies (list any major supplies/purchases this quarter, list the cost for each):

(Expenditures and/or amounts can be estimates; actuals should be included in your invoice/exhibit C)

Any financial issues both good and bad (example: Outside funding was received from other agencies or Agency Matching funds received leveraging the Kentucky SBIR/STTR Matching Funds Grant Program; additional equity investors):

Include a copy of your company's most recent quarterly financial statements (income statement, balance sheet, cash flow, changes in equity shares, etc.)

SCHEDULE:

Current Kentucky Matching Funds Grant schedule:

What was your start date? _____ Projected completion date? _____

Has your Federal Phase II application been submitted? _____ If yes, when did you submit it? _____

If not, has your Federal Phase I SBIR/STTR final report been submitted? _____ If not, when? _____

Next Quarter Events:

Any Schedule Issues/Resolution/Action Plans:

TRAVEL (list any program related travel that you undertook this past quarter):

INVENTIONS AND PATENT APPLICATIONS WITHIN THE PAST QUARTER (list application type, title, inventors, date applied, assigned number, and status of each application, and details of technology etc.):

PRESENTATIONS (include conference title or location description, city, state, date, presentation title, type, and presenters for each):

NUMBER AND LEVEL OF JOBS CREATED WITHIN THIS PAST QUARTER: _____
(\$20-30K; \$30-50K; \$50K plus)

ANY WORK UNDERTAKEN TO RECEIVE ADDITIONAL FUNDS TO FURTHER THIS EFFORT (list any other public or private funding to continue or further this technology effort):

PROPOSED TIMEFRAME FOR COMMERCIALIZATION OF TECHNOLOGY (including other funding sources to be sought):

IDENTIFY ANY LICENSE AGREEMENTS FOR THIS TECHNOLOGY SIGNED IN THE PAST QUARTER:

COLLABORATION/PARTNERSHIPS (include name, address, phone number of any new collaborations and affiliation with Universities or companies):

COMPANY POC: _____

SIGNATURE: _____

APPENDIX C: FINAL REPORT TEMPLATEPHASE I AND PHASE II-DRAFT/FINAL REPORT TEMPLATE
KENTUCKY SBIR/STTR MATCHING FUNDS PROGRAM

Grant Award KSTC-184-512-XX-XXX; Final Report

Report Submission Date: _____ Period of Work From dd/mm/yy-To dd/mm/yy

Grantee: _____

PI: _____ Phone: _____ Email: _____

The following shall serve as the draft final report template and must be filed with the KENTUCKY SCIENCE AND TECHNOLOGY CORPORATION within 30 days of Grant Completion or during the last quarter of the proposed Gant Agreement. The draft final will be reviewed and returned with comments for incorporation into the Final Report. This Final Report must be typewritten, signed, and dated by an authorized company officer or may be submitted electronically in Microsoft Word format to KSTC within two weeks of receiving comments back from the draft report submission.

Failure of the applicant to file a timely Final Report will impact the applicant's ability to apply for future State SBIR/STTR Matching Funds. Please provide a thorough and complete response to each of the questions below.

- 1) If your Company was awarded a Federal Phase II contract, please state the date of award and the contract amount.
- 2) If a Phase II contract was awarded but the Company was unable or unwilling to accept the contract, please explain.
- 3) Please state whether the Company plans to continue the proposed research with its own or other resources if a Federal Phase II contract was not awarded. If this is the case will/did the Kentucky SBIR/STTR Phase I Matching Funds Grant contribute to the Company's ability to continue the research?
- 4) Discuss any material effects the Kentucky SBIR/STTR Phase I or Phase II Matching Funds Grant had on your Company.
- 5) List patent applications that were filed or approved since the award of Matching Funds Grant Program Grant
- 6) Projected date for a product or prototype?
- 7) Projected date for commercialization?
- 8) Does the Company plan to manufacture the product in Kentucky?
- 9) What do you expect the value of the product/services sold in the first full year of production?
- 10) Does the Company plan to license the technology?
- 11) If so, what do you estimate the value of the license(s)?
- 12) If you have not provided your Phase II Federal Business Plan, please attach it to this report.
- 13) Please provide any general comments you may have about this program.

TECHNICAL:

Summarize the work conducted under Matching Funds grant agreement (include the importance/significance of the technology):

Goals of Project (description of Grant application original goals):

Work Performed During Grant (identify tasks and activities supporting the Federal Grant):

Any Technical Issues (both resolved and remaining for future commercialization):

FINANCIAL:

Total Kentucky Matching Funds Grant:

Current Funds Received To Date:

Total of Expenditures to Date:

FEDERAL SBIR/STTR REPORTS

If Phase I:

When was your Federal Phase II application submitted? What is the status?

Has your Federal Phase I SBIR/STTR final report been submitted? If yes, when? If not, when?

If Phase II:

Has your Federal Phase II final report been submitted? If yes, when? If not, when?

COMMERCIALIZATION PLANS (discuss any venture funding or other funding sources identified for future commercialization of this technology):

TRAVEL (list any program related travel conducted under this project):

PRESENTATIONS (include conference title or location description, city, state, date, presentation title, type, and presenters for each):

PUBLICATIONS (please list any publications planned or published with data from this effort):

EQUIPMENT: (list any equipment purchases)

INVENTIONS AND PATENT APPLICATIONS (list application type, title, inventors, date applied, assigned number, and status of each application, and details of technology etc.):

NUMBER AND LEVEL OF JOBS CREATED AND SALARIES PAID DURING MATCHING FUNDS GRANT:

AMOUNT OF OUTSIDE (PRIVATE) FUNDING RAISED AS A RESULT OF THE MATCHING FUNDS GRANT:

PROJECTED ECONOMIC IMPACT IN KENTUCKY:

**APPENDIX D: ANNUAL COMPANY
POST-AWARD STATUS REPORT**

Post Award #1,2,3,4,5

PHASE I or II

KENTUCKY SBIR/STTR MATCHING FUNDS PROGRAM

Grant Award Number: KSTC-184-512-XX-XXX (fill-in XX-XXX blocks)

Grantee: _____"Company Name"_____

POC Name: _____ Phone: _____ Email: _____

- 1. What is your current company mailing address?
- 2. Total Number of Employees when final report was submitted? _____
- 3. Number of Employees today?
- 4. Number of Out-of-State employees if any?_____
- 5. For each current Employee, please list types of positions and salary range.

| <u>Type of Position</u> | <u>Salary Range</u> |
|-------------------------|---------------------|
| Job #1 _____ | _____ |
| Job #2 _____ | _____ |

- 6. Number of Employees expected to be hired in the next year and type?
- 7. Current size of facility space in Kentucky?_____ (how many square feet)
- 8. Is the company expanding to a larger building? (Y/N) Preferred size?_____ (min square feet)
- 9. Revenue Data: Please list any revenue in the past year by category.
- 10. If no sales above, when are sales anticipated? (Year; Qtr)
- 11. How many product lines are sold currently?
- 12. Number of Patents filled in the past year?
- 13. Number of new licensing arrangements?
- 14. Milestones or Events: Discuss any milestones or events for the company in the past year or near future?
- 15. Describe any activities or efforts to further commercialize, patent or license the technology funded by the Kentucky Matching Funds Grant Program, and/or any new collaborations, new SBIR/STTR grants awarded, include any additional capital sources (SBIRs/STTRs, Angel and Venture capital, and any other capital) and amounts raised.
- 16. Verification of Kentucky Based Status: Please have an independent CPA fill out the letter/template which can be downloaded at the link. (provide link). Submission of this letter is an annual requirement for the five-year period after receipt of your final payment from the Kentucky SBIR/STTR Matching Funds Grant Program.
- 17. Upload the most recent annual financial statements (income statement; balance sheet; cash flow; and any changes in equity)

APPENDIX E: CABINET FOR ECONOMIC DEVELOPMENT ECONOMIC INCENTIVE DISCLOSURE STATEMENT

INSTRUCTIONS: In accordance with the Executive Branch Code of Ethics, Chapter 11A of the Kentucky Revised Statutes ("KRS"), *before* any board or authority within or attached to the Cabinet for Economic Development ("CED") takes final action on any contract or agreement by which a bond, grant, lease, loan, assessment, incentive, inducement, or tax credit is awarded (the "incentive package"), the beneficiary of the incentive package must file with the approving board or authority a disclosure statement stating: (i) the identity of the beneficiary of the incentive package, (ii) the identity of any person employed to act on behalf of the beneficiary with respect to the incentive package, (iii) the details of any financial transaction (as defined in KRS 11A.201(5)(a), see below) between the beneficiary (or any other person listed in (ii) above) and any agent or public servant of the Cabinet for Economic Development, any member of any board or authority within or attached to that Cabinet, or any other public servant involved in the negotiation of the economic incentive package. Your application or request will not be processed until this form is filed. CED will file copies of this form with the Executive Branch Ethics Commission pursuant to KRS 11A.233(2).

NOTE: For purposes of KRS 11A.201(5)(a), the definition of "financial transaction" is activity conducted or undertaken for profit, not available to the general public on the same terms, that arises from the joint ownership, the ownership, or part ownership in common, of any real or personal Property or any commercial or business enterprise of whatever form between:

- 1) Beneficiary, agent or employee of the beneficiary; and
- 2) CED agent, employee, member of board or authority attached to CED, or other public servant involved in the negotiation of any incentive package.

Beneficiary's Legal Name:

Type(s) of Economic Incentive Package(s): (include the Matching Funds Grant that you are applying for)

Please identify all employees or agents of the Beneficiary who have acted on behalf of the Beneficiary in its dealings with the CED or any board or authority within or attached to the CED (please attach separate sheet if additional room is needed) in regard to the above incentive package:

Name & Title: _____

(List Name of employee(s)) _____

Organization: _____

Name & Title: _____

Organization: _____

Name & Title: _____

Organization: _____

Name & Title: _____

Organization: _____

Have any of the above-listed employees or agents of the Beneficiary had any "financial transactions" (as defined above) with a CED agent, employee, or a board or agency attached to CED or any other public servant involved in the negotiation of any economic incentive package?

Yes No

If yes, please detail any "financial transactions" (as defined above) between the Beneficiary (or any other person listed as an employee or agent of the Beneficiary) and (i) any agent or public servant of the CED, (ii) any member of any board or authority within or attached to that Cabinet, or (iii) any other public servant involved in the negotiation of the economic incentive package (please attach separate sheet if needed):

Name of Beneficiary (Agent or Employee):

Name of Cabinet (Agent, Employee or Board/Authority member):

Name of Other Public Servant:

Description of Financial Transaction:

Name of Beneficiary (Agent or Employee):

Name of Cabinet (Agent, Employee or Board/Authority member):

Name of Other Public Servant:

Description of Financial Transaction:

Name of Beneficiary (Agent or Employee):

Name of Cabinet (Agent, Employee or Board/Authority member):

Name of Other Public Servant:

Description of Financial Transaction:

The undersigned, a duly authorized representative of the Beneficiary listed above, hereby certifies that the information set forth in this Economic Incentive Disclosure Statement has been reviewed, and is true and correct to the best of the knowledge of the undersigned.

Signature: _____

Date: _____

**APPENDIX F: INDEPENDENT CPA'S STANDARD EXAMINATION
REPORT ON MANAGEMENT'S ASSERTION**

We have examined management's assertion that as of _____ (date), _____ ("Company") is a "Kentucky-based" business as defined by Kentucky SBIR/STTR Matching Funds Grant Program Guidelines. The Program Guidelines set forth the following definitions:

Kentucky-based — A business with its principal place of business in Kentucky and no less than fifty-one percent (51%) each of its Property **and** Payroll (as defined in these Program Guidelines) located in Kentucky.

Payroll — The number of full-time employees working directly for the company, 51% or more of whom must be bona fide Kentucky residents; AND the gross payroll for the applicant, fifty-one percent (51%) or more of which must be paid to bona fide Kentucky residents.

Property — Includes real Property and other business Property that are subject to depreciation under the Federal Tax Code of 2001 and any amendments thereto.

Employee — An individual receiving W2 payroll compensation from the company **OR** an LLC or LLP member subject to self-employment tax under the Internal Revenue Code Section 1402 proposed regulations or subsequent guidance (*Payroll* calculation shall include "Guaranteed Payment" income only).

Principal Place of Business — The "nerve-center" of the corporation, at which the company's direction, control, and operational decisions take place. Typically, the location where the corporation maintains its headquarters, the workplace for the company's senior leaders, and the location where the company's records are maintained. The location where the federal and state grants are managed.

_____ ("Company") management is responsible for this assertion. Our responsibility is to express an opinion on the assertion based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion that _____ (Company) is a "Kentucky-based" business" is fairly stated, in all material respects, based on our understanding of the definitions set forth above.

This letter is open to public disclosure to the extent required by law to any requests made pursuant to the Kentucky Open Records Act, Chapter 61 of the Kentucky Revised Statutes.

APPENDIX H: SBIR AND COMMERCIALIZATION HISTORY FORM

Kentucky SBIR/STTR Matching Funds Program Appendix H - SBIR Commercialization History Form

SBIR-STTR Grants & Commercialization History

Indicate each SBIR/STTR grant that the company has received, and detail the commercialization status of each. Include federal supplement awards (e.g., Ph Ib) as separate rows. Hold your mouse over column headings for help regarding each column. Attach additional copies of this form if needed. Attach additional narrative page if "Other" is selected as Commercialization Status or if additional space is needed for notes or for additional remarks below.

| ID | Grant# | Source | Title | Amount | Commercialization | Additional Notes |
|-----------------------|--------|--------|------------------|--------|---------------------|------------------|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| Federal Total: | | \$0 | KY Total: | \$0 | Grant Total: | \$0 |

Additional Commercialization Milestones
Describe milestones that the company has achieved and commercialization work completed (e.g., private investment, iCorps participation, awards).

Founder / Leadership Commercialization History
Describe relevant commercialization experience of the founders / leadership team with prior companies (e.g., investment, sale/IPO, licensing, etc.).

v1.0, 09/30/2015

This template is available for download from the program website: www.kysbirmatchfunds.com