



The Kentucky Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Matching Funds Award Program Guidelines 2018 - 2019

A. PROGRAM SUMMARY

The Kentucky SBIR/STTR Matching Funds Award 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 Kentucky 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.

Companies located outside of Kentucky and willing to move to Kentucky are eligible to apply.

The Award 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 Agreement to relocate to Kentucky and meet the other eligibility requirements for the Matching Funds Program. If the eligibility requirements are not met after 90 days, then the funds identified for the Award will be forfeited and made available to other companies. The company must also submit documentation showing acknowledgment from the Federal Agency regarding its physical relocation of the company headquarters 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 Award. The company shall submit a certification from an independent, preferably 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.

All 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 eligible 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 at least 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 at least 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 up to \$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 Award amounts cannot exceed \$150,000 for Phase I and \$500,000 per year for a Phase II award.

B. REVISED APPLICATION PROCESS

Companies may apply for match funding for Phase I or Phase II awards by submitting a white paper in the format prescribed below, along with other requested documentation. After evaluating the white papers, the top rated applicants will be invited to submit a full application.

White Paper

A new step is being implemented for all applicants. A white paper which covers primarily business details and the market potential of the technologies under development will be used to help focus the selection process on companies and technologies that have the greatest potential for commercialization. The white papers will be reviewed and scored on several factors. Applicants that rate high will be asked to submit a full proposal for consideration of funding. The Office of Entrepreneurship (OOE) will also conduct site visits and/or company interviews for each selected applicant. The full proposals will be reviewed and the reviewers will make recommendations for funding.

OOE 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.

Submit white paper, applications, and attachments to [**SBIR@kyinnovation.com**](mailto:SBIR@kyinnovation.com). An OOE project manager will notify you upon receipt of the submission.

C. PROGRAM PURPOSE

The purpose of the Kentucky SBIR/STTR Matching Funds 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 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 product commercialization; and
- e. To encourage the establishment and growth of high-quality advanced technology companies in the Commonwealth of Kentucky.

D. 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 or white paper for a Matching Funds Award.
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 Award Program solicitation.
4. *Award*: For Phase I an award is considered a grant up to \$150,000. For Phase II an award is considered a grant up to \$500,000.
5. *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.
6. *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.)
7. *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.
8. *“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.
9. *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.
10. *Focus Areas* – The five research and development Focus Areas as revised in the Kentucky 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.
11. *Grant Agreement* – The agreement memorializing the Kentucky SBIR/STTR Matching Funds Phase I or Phase II Grant award, including but not limited to the provisions set forth in Section K hereof.
12. *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 Kentucky-based CPA; this template is attached as Appendix F.

D. DEFINITIONS CONTINUED...

13. *Kentucky Resident* – For the purposes of the Matching Funds Grant Program, a Kentucky resident is defined as someone who lives in Kentucky and pays Kentucky income taxes. OOE has the right to request verification of the residency status of any employee, owner, or management member.
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 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 Awards.
17. *Matching Funds Program Solicitation* – The announcement of the Kentucky SBIR/STTR Matching Funds Program for inviting applications and/or white papers. The Solicitation identifies the key solicitation period open and closing dates.
18. *Matching Funds Program Solicitation Period* – The length of time the Program is open for receiving applications and/or white papers 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/awards 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. 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. Private investment is required to be considered eligible for Phase II awards of the Kentucky SBIR/STTR Matching Funds Program.

D. DEFINITIONS CONTINUED...

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 Award.
28. *Small Business* – A small business concern is as defined under the Federal SBIR/STTR

E. ELIGIBILITY

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

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 date of the Federal award for the eligible year portion shall be from July 1, 2017 to the opening date of the solicitation. The federal Phase II grant must be in active status at the time of the Kentucky SBIR Matching Funds application for Phase II applicants. For Phase I applicants the award date should be no more than one year prior to the opening date of the solicitation, and the company must have not received notification of a follow-on Phase II federal award. The federal award does not have to be an active grant; however the Phase I match applicant must provide evidence that they will pursue a Phase II federal grant. Additionally, the applicant company must not have received notice that its federal application for Phase II will not be awarded.
4. Phase II federal awards are split into two 1-year segments and a company is eligible to apply for a Kentucky SBIR/STTR Matching Funds Award based on year one and/or year two of the Federal SBIR/STTR Phase II grant.
5. Applicants that already have received a total of four Kentucky SBIR/STTR Matching Funds Awards are not eligible to receive additional Matching Funds Awards
6. Applicant must not have failed to correct a material breach of a grant or award agreement under any program funded or administered by OOE or the Cabinet for Economic Development.
7. 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 Award on the application date of the Matching Funds Award Agreement. This documentation will be used in determining the maximum amount of the Kentucky SBIR/STTR Matching Funds Grant.

F. USE OF MATCHING FUNDS

Allowable Use of Matching Funds: Under the Matching Funds 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.

Equipment purchased with Matching Funds may be subject to repossession by the Cabinet for Economic Development (CED) should the awardee be determined to be in default, the award is terminated, or the company goes out-of-business or becomes dormant for any reason within the award period timeline and the five-year Post Award period.

Proposal development costs for future federal SBIR/STTR applications may be an allowable cost 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 are not allowed to charge a fee for their Matching Funds award as allowed under the Federal SBIR/STTR Program. 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 OOE upon request. For fringe paid on behalf of owners that are paid via draw, supporting documentation must be provided to OOE with the reimbursement request. Any and all subcontracts proposed to be funded through the state funded Matching Funds 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. Relocation costs are not allowed, except in the case of relocation of equipment.

Travel

Ordinarily the request for travel costs should not exceed 3% for Phase I and 2% for Phase II of the requested award amount; however, request for additional travel funds may be considered on a case by case basis. All travel shall commence from Kentucky. Air travel should be limited to Coach Class, and companies shall use the per diem policy established by the Commonwealth of Kentucky. Personal Operating Vehicle (POV) mileage reimbursement shall also reflect current Commonwealth of Kentucky approved mileage rates which will be posted on the program websites.

G. WHITE PAPER (SEE APPENDIX I)

Applicants will initially submit a 11-page white paper formatted with the sections depicted below. The white paper will be reviewed to assess the commercialization potential of the application. This process will take 2-3 weeks after the close of the solicitation. You will be notified immediately if you are selected to submit a full application. If selected on the basis of the white paper, the applicant will be asked to prepare and submit a full application for consideration. The white paper shall be included in the full application as the “Business” portion of the full application.

The white paper will consist of the following sections-11 PAGE LIMIT MAX. See Appendix I for the full White Paper format.

1. Executive Summary (1 page)
2. Technology Description and Proposed Matching Tasks (2 page limit)
3. Business Plan (8 page limit)
 - a. Market Research and Customer Identification (2 page limit)
 - b. Financial Models (1 page limit)
 - c. Company Experience (2 page limit)
 - d. Go To Market (0.5 page limit)
 - e. SWOT Analysis (0.5 page limit)
 - f. Investment (0.5 page limit)
 - g. Brand (0.5 page limit)
 - h. Use of Funds (0.5 page limit)
 - i. Payoff or End-goal (0.5 page limit)

H. FULL APPLICATION PREPARATION AND SUBMISSION (INVITED PHASE I AND PHASE II APPLICANTS)

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 **10 PAGES MAXIMUM for Phase I applicants and 20 PAGES MAXIMUM for Phase II applicants.**

Phase II Applicants will insert the “Business” portion of the white paper into the full application and these pages count toward the 20 page total page length. (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 submission 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. Applicants that have submitted a white paper and were selected to continue to the full application process can and should use the same wording as the white paper to describe the “commercialization or business” activities requested below.

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 award 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. Who are your customers?
- c. Identify and elaborate on competing technologies and competitors.
- d. Provide a SWOT (Strength, Weaknesses, Opportunities and Threat) Analysis.
- e. What are the regulatory and/or other market hurdles? How will the company overcome these?
- f. What is the commercialization plan, including product manufacturing and licensing? How will you make profit?
- g. Elaborate on financing including grants, angel and/or VC investments, and product sales revenue?

1.0 PROPOSAL NARRATIVE CONTINUED...

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 or Co-PI for the Matching Funds Award.

Job Creation

- a. Identify any new proposed full-time and part-time jobs funded by the Matching Award 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. Fill out and 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.

1.0 PROPOSAL NARRATIVE CONTINUED...

Budget Document

b. Budget Document Content

- Identify budget in predefined 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, fringe, and the total amount charged to the award 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 awards.
- 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 or owners in Kentucky.
- Include a \$10,000 line item in the "Other" category for mentor fees and Management Training stipend.

Gantt Chart (one page only)

- Create a PDF document 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

1.0 COMPANY ROLE

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.
- 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.

2.0 REQUIRED DOCUMENTATION

Required documentation for **all** companies shall include:

- **Section 1.** Application Forms
- **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). Out of state applicants have 90 days after award execution to provide this document.
- **Section 3.** The federal award letter or fully executed contract of the Phase I, Phase II, or FastTrack Award as applicable from the Federal agency. Phase 2 awardees shall provide 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 within 90 days of the award effective date.
- **Section 4.** A signed CED Economic Incentive Disclosure Statement. (Appendix E).
- **Section 5.** Supporting materials: Notarized Certification (Appendix A) and CPA Certification (using the template/letter Appendix F). CPA Certification should be from a Kentucky based independent CPA. Out of state awardees have 90 days after award execution to provide this document.
- **Section 6.** A copy of the Federal Phase I or Phase II SBIR/STTR Grant application as applicable.
- **Section 7.** 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.

I. MATCHING FUNDS DISBURSEMENT SCHEDULE

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

Award 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 the company has multiple active federal and state funded projects or has a negotiated indirect rate, it should consider prorating operational expenses such as rent, utilities, insurance, etc., when invoicing matching funds awards. 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 award 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 award quarters. Approved equipment purchases may be invoiced when incurred.

The final 10% of the award amount will be reimbursed upon submission and approval of the Matching Funds award 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 Matching Funds 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 dinner. In high-cost areas the amounts are \$8.00 for breakfast, \$9.00 for lunch and \$19.00 for dinner. 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 / Progress Reports (See Appendix B); and
- c. Quarterly Exhibit C, expense detail cover page, and associated Invoices.
- d. Verification of Mentor visit and participation in tailored Training Program per plan (if required).

I. MATCHING FUNDS DISBURSEMENT SCHEDULE CONTINUED...

Additional Requirements for Out-of-State Awardees

The out-of-state awardee shall have 90 days from the date of the award agreement to deliver the following documents to become eligible to receive 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 acknowledgment 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 Awards have the following limitations:

- An applicant may not receive more than two Matching Funds Awards per fiscal year, and only one per solicitation.
- An applicant is restricted to a maximum of four Matching Funds Awards 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 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 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 Program, OOE will issue a solicitation inviting proposals and white papers for consideration of Matching Funds funding. 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 a 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 Program. The federal award must be active at the date of application of the Kentucky Matching Funds application. No applications or supplemental materials submitted in response to a Matching Funds Program Solicitation will be accepted after its closing date and time, except for supplemental material requested by OOE. OOE is 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 Program Solicitation and guidelines. **Incomplete or non-compliant applications will not be considered.** Applications determined to be complete and in compliance will be reviewed.

For Phase I Applicants the evaluation criteria will include:

- Technical merit (30%);
- Commercial potential of the technology (25%);
- Qualifications of the company's technical and business management team (20%);
- Proposed budget and the potential for a Phase II follow on grant (20%); 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 required to seek third party capital commitment (year 1) and private investment (year 2).

M. AWARD AGREEMENT

The terms under which a Matching Funds Award is made will be detailed in the Award Agreement with the company. Terms of performance in the 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.
- e. Comply with the audit policy of the Commonwealth of Kentucky and providing OOE with copies of reports of any audits;
- f. Reimburse the full amount of the Matching Funds Award in the event an audit determines fraudulent activities; and
- g. Retain and certify, at a minimum annually, the company's Kentucky domicile unless negotiated otherwise in the equity agreement. Status shall be confirmed by using the CPA "Assertion Letter" (Appendix F).

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Applications will initially be reviewed to ascertain compliance with all the requirements in the Matching Funds Program Solicitation and guidelines. **Incomplete or non-compliant applications will not be considered.** Applications determined to be complete and in compliance will be reviewed.

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- e. Comply with the audit policy of the Commonwealth of Kentucky and providing OOE with copies of reports of any audits;
- f. Reimburse the full amount of the Matching Funds Award in the event an audit determines fraudulent activities; and
- g. Retain and certify, at a minimum annually, the company's Kentucky domicile unless negotiated otherwise in the equity agreement. Status shall be confirmed by using the CPA "Assertion Letter" (Appendix F).

P. 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 Award Program Solicitation.
2. OOE may reject any application that does not comply with the requirements of the Matching Funds Program.
3. OOE may refuse to approve an application if it is not in keeping with the purpose of the Matching Funds Program.
4. OOE may withdraw a Program Solicitation at any time.
5. The Kentucky SBIR/STTR Matching Funds Program is funded by State appropriations and awards, contingent upon the availability of State funds for the program purposes.
6. OOE, in its sole discretion, may waive the requirements in the Kentucky Matching Funds Award Program Solicitation and Program Guidelines, on a case by case basis, to remain consistent with changes or deviations in the Federal SBIR/STTR Program, if such adjustments are consistent with the nature and intent of the State Program.

Q. RELEASE OF INFORMATION

All documents submitted to 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 Program**

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
- Appendix I – Short form application template

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 Program, 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 funds is contingent upon the applicant’s execution of an Award 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 Award 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 Award 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. Email 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 REPORT

Quarterly Status Report Template For Phase I and Phase II

Award #;

Awardee: _____

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 Award 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 Award 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.)

APPENDIX B: QUARTERLY STATUS REPORT CONTINUED...

Schedule

Current Kentucky Matching Funds Award 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+)

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 TEMPLATE

Phase I And Phase II-Final Report Template Kentucky SBIR/STTR Matching Funds Program

Award #; Final Report

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

Awardee: _____

PI: _____ Phone: _____ Email: _____

The following shall serve as the draft final report template and must be filed with the KY OOE within 30 days of Award 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 to OOE 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 Award 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 Award had on your Company.
5. List patent applications that were filed or approved since the beginning of the Matching Funds Award Program:
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.

APPENDIX C: FINAL REPORT TEMPLATE CONTINUED...

Technical

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

Goals of Project (description of Award application original goals)

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

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

Financial

Total Kentucky Matching Funds Award

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, why?

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 Award

Amount Of Outside (Private) Funding Raised As A Result Of The Matching Funds Award

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

Award Number:

Awardee: ____ "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.

Type of Position _____ Salary Range _____

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 Award 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 Award 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 Award 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: _____

APPENDIX E: CABINET FOR ECONOMIC DEVELOPMENT ECONOMIC INCENTIVE DISCLOSURE STATEMENT CONTINUED...

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 Award 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 awards 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: WHITE PAPER FORMAT

Application for Kentucky SBIR/STTR Match Program Guidelines for White Paper Submission

The complete white paper submission is limited to 11 pages and should include all pertinent information, including but not limited to all items described below.

Executive Summary (1-page limit) Company description and federal grant overview

Technology Description And Proposed Matching Tasks (2-page limit) Describe your technology in simple terms. Address the following: intellectual property; technology development status; identify tasks funded in the federal grant; identify tasks proposed under the Kentucky Match program; technology partners; licensing arrangements; required approval steps; and other barriers to market entry.

Business Plan (8-page limit) How will the applicant company commercialize the new technology product or service and grow its market acceptance? Components of your plan should include the following:

- **Market Research And Customer Identification (2-page limit)** What is the addressable market size for the product or service under development? Explain. Who are your customers and how many have you talked to? Have you done any market studies with your product? If so, give details. Did any customer indicate they would purchase your product or service and, if so, at what price and quantity? Do you have any letters of interest/support from potential customers? Testimonials? What did your customers indicate they did not like about your product or service? How will you address this? What is your market positioning strategy? How will you reach your potential customers? How will you grow your customer base? What are your potential customers currently using to fill their needs and at what price point? Why would a customer purchase your product or service over what they currently use? How is your product better?
- **Financial Models (1 page-limit)** Provide projected costs, revenue, and unit sales data. What is your expected growth rate and when do you expect to become profitable? Are you making money now? Do you have a financial plan? If so, what are the highlights?
- **Company Experience (2 page-limit)** Provide background on the main team members of your company, including education, technical experience, and business experience. Do you believe someone on your team can handle the business development and growth of your company? Have any of your team members previously commercialized a new product/service? If so, what was it? What talent gaps will need to be filled?
- **Go To Market (0.5-page limit)** How does the product or service fit with your company's current offerings? What do you envision are the major steps/milestones necessary to get your product/service to market and begin selling?
- **Swot Analysis (0.5 page-limit)** Please provide a Strengths, Weaknesses, Opportunities, and Threats analysis.
- **Investment (0.5 page-limit)** Has the company raised money from private investors? If so, how much and when? Have any team members put personal funds into the company? Has the company received any other non-grant funding? What is the company's funding plan beyond the end of the federal grant and the match award, if funded?

APPENDIX H: WHITE PAPER FORMAT CONTINUED...

- **Brand (0.5 page-limit)** What is your company brand? Do you have a marketing budget? How will the new product/service being developed fit into and enhance the company's brand? Are there additional products or services in the pipeline?
- **Use Of Funds (0.5 page-limit)** How much Match Funding is being requested? What would you spend funding on immediately? How has other funding (grants, investment, loans, etc.) been used by the company to-date?
- **Exit Strategy Or End Goal (0.5 page-limit)** What is your end goal as far as the company, the technology, and the investors are concerned? How long do you anticipate it will take to reach that point?