



Innovate Rhode Island Small Business Fund

SBIR/STTR Matching Grant

Phase I and II

Program Guidelines

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RI Science & Technology Advisory Council

315 Iron Horse Way, Suite 101

Providence, RI 02908

www.stac.ri.gov

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INTRODUCTION

About the Rhode Island Science and Technology Advisory Council (STAC)

STAC is a coalition of business, academic, medical and government leaders with the mission to recommend to state leadership strategic investments that drive economic development and job creation by maximizing the economic impact of research, technology and innovation. STAC initiatives support the state's research and development activities by promoting collaboration across institutions and encouraging entrepreneurship and new company creation through the transfer of new technologies and discoveries into the marketplace. As a program initiated within the RI Commerce Corporation, STAC programs also support the Commerce Corporation's mission to work with public, private and non-profit partners to create the conditions for businesses in all sectors to thrive and to improve the quality of life for our citizens by promoting the State's long-term economic health and prosperity.

About the Innovate Rhode Island Small Business Fund (IRSBF)

Through the Fund, eligible Rhode Island small businesses may apply for grants and loans to defray the cost of applying for SBIR/STTR awards, to match SBIR/STTR Phase I and Phase II awards and to hire interns. The goals of the program are to leverage state funds to encourage and support Rhode Island entrepreneurial participation in the federal SBIR/STTR programs, increase the amount of federal research dollars received by Rhode Island firms, sustain companies through the early stages of product development, encourage the establishment of high potential, high quality, high growth ventures in Rhode Island and enhance the talent pipeline in the life sciences and engineering fields.

Availability of Funds

The Innovate Rhode Island Small Business Account is a special revenue fund to be administered by the Rhode Island Science & Technology Advisory Council. The State of Rhode Island FY19 budget appropriated \$1,000,000 to this account to support Innovate Rhode Island Small Business Fund programs.

Release of Information

All applicants are advised that any and all records (documents, correspondence, memoranda, etc.), received or maintained by the Commerce Corporation may be a matter of public record and subject to release upon a request from a member of the public under the Rhode Island Access to Public Records Act ("APRA"), R.I. Gen. Laws Section 38-2-1 et seq. In response to a request, the Commerce Corporation has the right, in its sole discretion, to redact or withhold information which is exempt from disclosure under APRA, including trade secrets and commercial or financial information which is of a privileged or confidential nature. The Corporation recommends that any portion of any attachment in the application that contains such information be clearly labeled with the legend "Confidential Information."

MATCHING GRANTS FOR SBIR/STTR PHASE I & II

Overview

The federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs represent the largest source of early-stage, high-risk technology financing in the United States. Eleven federal agencies participate in this program which provides funding for early stage research and development projects leading to commercialization of resulting products or services. The programs are designed to benefit entrepreneurs and small businesses -- while increasing the competitiveness of the U.S. economy -- by funding the development of innovative products and services.

The SBIR/STTR program is constructed in phases:

The objective of Phase I is to establish the technical merit, feasibility and commercial potential of the proposed Federal Research/Research & Development (R/R&D) efforts and to determine the quality of the performance of the small business awardee organization prior to providing further Federal support in Phase II. SBIR Phase I awards normally do not exceed \$150,000 total costs for 6 months.

The objective of Phase II is to continue the R/R&D efforts initiated in Phase I. Funding is based on the results achieved in Phase I and the scientific and technical merit and commercial potential of the project proposed in Phase II. Only Phase I awardees are eligible for a Phase II award. SBIR Phase II awards do not normally exceed \$1,000,000 total costs for 2 years.

Who May Apply

Recipients of a SBIR/STTR Phase I or Phase II federal award who satisfy all the following conditions may apply for funding:

- Is a for-profit Rhode Island based-business with fifty (50) or fewer employees. For purposes of this program, a Rhode Island-based business is one that has its principal place of business and at least fifty-one percent (51%) of its employees residing in this state;
- Has received an SBIR/STTR Phase I or Phase II award credited to Rhode Island from a participating federal agency.

Applicants meeting the above eligibility criteria may apply for grant funding. Upon successful application, companies will receive an award letter outlining the terms of the grant. For a Phase I matching grant, terms will include the intent of the company to conduct fifty-one percent of the research described in the Phase II award in Rhode Island and to remain a Rhode Island business for the duration of the Phase II project. For a Phase II matching grant, terms will include the company's intent to remain a Rhode Island based company during commercialization of the innovation. Upon agreement to the terms stipulated in the award letter, the company will receive an initial payment equal to 75% of the federal SBIR/STTR award.

Applicants may apply for the remaining 25% of the grant upon meeting the following additional conditions for each stage of the federal SBIR/STTR award:

Phase I

- Submitted an accepted final Phase I report;
- Demonstrated that the sponsoring agency has interest in the Phase II proposal;
- Submitted a Phase II proposal to the agency

Phase II

- Submitted an accepted Phase II report

Amount of Award and Restrictions

For Phase I, applicants may receive a matching grant of 30% of the amount of the recipient's federal award with a maximum matching grant not to exceed \$45,000.

Example: ABC Company receives a \$150,000 SBIR/STTR Phase I award. The total amount of Phase I match the company is eligible to receive is \$45,000. Upon successful application to the Innovate Rhode Island Small Business Program, ABC Company receives a \$33,750 initial matching grant. Upon completing the additional conditions required by the award letter, the company receives a second payment of \$11,250 bringing the total state matching funds received to \$45,000.

For Phase II awards, applicants may apply for a matching grant of 10% of the Phase II award not to exceed \$100,000.

Example: ABC Company receives a \$750,000 SBIR/STTR Phase II award. The total amount of Phase II match the company is eligible to receive is \$75,000. Upon successful application to the Innovate Rhode Island Small Business Program, ABC Company receives a \$56,250 initial matching grant. Upon completing the additional conditions required by the award letter, the company receives a second matching grant of \$18,750 bringing the total state matching funds received to \$75,000.

A business may receive only one grant per calendar year and may receive only one grant with respect to each federal proposal submission. Over its lifetime, a business may receive a maximum of six (6) awards.

Use of matching funds is restricted to costs that are directly related to the project funded by the federal Phase I or II SBIR/STTR award. These costs include but are not limited to direct costs for additional technical work, product testing and validation, intellectual property protection, market research, patent search, business development plan, hiring of new high paying technical and business employees and small equipment.

Intellectual Property

The Principal Investigator representing the applicant business must have demonstrated the Freedom to Operate and perform research and commercialization activities related to the proposed activity funded by the SBIR/STTR award. Acceptance of this grant does not transfer any intellectual property rights. All information and findings derived from activities funded by the Rhode Island Science & Technology Council and the Innovate Rhode Island Small Business Program remain the property of the grantee.

Reporting Requirements

Businesses receiving matching funds must submit a Final Report to STAC. For Phase I matching grant recipients, a final Report is due within 30 days of notification that a Phase II award will or will not be granted. If the Phase II is granted, the Final Report should include the amount of the award, a description of how the matching funds contributed to the business receiving the award and any plans for expansion or investment due to the receipt of the award. For a Phase II matching grant recipient,

upon completion of the Phase II project, a final report shall be submitted that includes a description of how the matching funds contributed to the business developing an innovative product, any plans for expansion or investment due to the receipt of the award and jobs created/retained.

Businesses receiving matching funds must agree to provide STAC with information on an annual SBIR/STTR Matching Funds Program survey for five (5) years. Failure to file reports as required or participate in the survey may cause the recipient to be barred from receiving future grant funding.

Businesses must also agree to maintain records and accounts that properly document and account for the use of STAC funds for a period of five (5) years and agree to comply with any audit requests. In the event that an audit results in the determination that the recipient has expended contract funds on unallowable costs, they shall reimburse STAC in full for all such costs.

Any funds unused before notification or denial of a Phase II award must be returned to STAC. Businesses may request to keep the funds by submitting a budget justification outlining how the unused funds will be used to continue the goals of the research project. STAC may approve or deny the request based on its sole determination whether the continuation of funding supports the original goals of the Matching Funds program.

Application Instructions

Solicitation notices will be posted on the STAC website. Eligible companies that have received a federal SBIR/STTR Phase I or II award during the time period noted in the solicitation **and** are still in active grant performance status may apply for matching funds. If the amount of funding requested exceeds the amount of funding available, a lottery will be conducted. Solicitation notices will be posted pending available funding.

Businesses seeking to apply for matching funds should electronically submit an application form found in the Appendix of these Guidelines to STAC following the directions on the STAC website. A copy of the official notice of award from the federal funding agency or a copy of the executed contract and a W9 to support the tax ID number on the application must also be submitted.

STAC will review applications to confirm compliance with the requirements stated in these Guidelines and has the discretion to request supplemental materials from applicants as part of its review. Applicants will be notified if their application meets compliance with all requirements and is approved or if the application does not meet compliance and is denied.

Phase I & Phase II - Application Checklist

- Completed Application Form (below)
- Official Notification of Award from the federal funding agency **or** a copy of the executed Phase 1 or Phase II contract with the contract number and the total award amount.
- Section of the grant proposal that explains the nature of the project **or** project abstract.
- Current company W9 (if first time applicant or change in business address since the last application).
- ACH form for direct deposit (if first time applicant or change in business account since the last time application).

Please submit an electronic copy of this application using the application portal on the stac.ri.gov website

APPENDIX

Application for SBIR/STTR Phase I & Phase II Matching Grant

To qualify for funding, applications must be complete and in full compliance with all stated requirements. Applications that are incomplete or non-compliance may be returned to the applicant without further review.

Applicant Firm: _____
Firm Address: _____
Tax ID #: _____
Type of Business: _____
Date Established: _____
Principals, Titles & % of Ownership: _____
Telephone: _____
Email: _____
Fax: _____
Website: _____
RI House District: _____
RI Senate District: _____
Total # of Employees _____
 Scientific _____
 Managerial _____
 Technical _____
 Skilled _____
 Unskilled _____
Use of Match(%) _____
 Salaries/Wages _____
 Supplies _____
 R&D Equipment _____
 Computer _____
 Consultants _____
 Other _____
PI Name: _____
Federal Agency to Which proposal Was submitted: _____
Proposal Abstract: _____
And topic number _____

- Phase I
- Phase II

CERTIFICATION OF APPLICATION
SBIR/STTR Phase I & Phase II Matching Grant

Please Note

Eligibility for financial assistance under the Innovate Rhode Island Small Business Program will be determined by the information presented in the application. Any changes in the status of the proposed project from the facts presented herein could disqualify the project.

Certification and Acknowledgment

I hereby represent and certify that the information submitted in the application, to the best of my knowledge, is true, complete and accurately and fairly describes the project for which financial assistance is requested.

I further certify that I understand the following terms and conditions and accept these terms and conditions as a basis for financial assistance and the continuation of any such funding.

- 1) The applicant is current with all federal taxes.
- 2) The applicant is current with all state taxes.
- 3) The applicant is current with all city/town taxes.
- 4) The applicant is a for-profit, RI based business with 50 or fewer employees.
- 5) The applicant shall not receive concurrent funding support from other sources that duplicate the purposes of this award.
- 6) At least 51% of the research described in the federal SBIR/STTR Phase II will be conducted in RI.
- 7) The applicant will remain in RI for the duration of the SBIR/STTR Phase II.
- 8) The PI of the proposal has the Freedom to Operate and perform research and commercialization activities related to the proposed activity funded by the SBIR/STTR award.
- 9) The applicant hereby certifies that the applicant or his/her spouse or any member of the ownership of the applicant, in the event that the applicant is a corporation or a limited liability company or a limited partnership, is not related by blood through marriage, to any member of or staff of the Rhode Island Science & Technology Advisory Council.

Signed: _____

Title: _____

Date: _____

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)														
Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on page 3.														
		Social security number <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> </tr> </table>												
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Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.														

Part II Certification	
Under penalties of perjury, I certify that:	
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and	
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and	
3. I am a U.S. citizen or other U.S. person (defined below).	
Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.	

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.



ACH PAYMENT AUTHORIZATION FORM

For Suppliers of Rhode Island Commerce Corporation

Rhode Island Commerce Corporation
315 Iron Horse Way, Suite 101
Providence, RI 02908
Tel: 401-278-9100 Fax: 401-273-8270

Vendor Name: _____

I hereby authorize Rhode Island Commerce Corporation (CommerceRI) to initiate entries to the checking/savings account at the financial institution listed below.

Account for funds to be deposited:

Bank Name: _____

Bank Address: _____

Bank Account Number: _____

Bank Routing Number (9 digits ABA#): _____

Name as it appears on the account: _____

Type of account: ___ Checking ___ Savings

Contact Name: _____

Phone: () _____ **Fax:** () _____

E-mail address: _____

This authorization will remain in effect until CommerceRI has received written notification of its termination to cancel it in such time as to afford CommerceRI a reasonable opportunity to act.

Name: _____ **Title:** _____
(Please Print)

Signature: _____ **Date:** _____

For CommerceRI Internal Use Only

Date Received: _____ GP Vendor ID: _____

Date Updated GP: _____ Updated by: _____