

GRANTS *for* GROWTH

Grants for Growth Program Description:

The Grants for Growth program is an innovative funding program bestowed by Empire State Development (ESD), and championed by Senator De Francisco. The Grants for Growth application must outline a compelling business case for which commercialization potential or technology transfer can be through regional higher education collaboration along with industry partnership (identified as an industry partner, or as the applicant). Both commercialization and technology-oriented candidates will be considered in this program. However, technology transfer capability will supersede non-technology candidates during application review. The funding source expires as of December, 2017.

Grants for Growth selectively and competitively awards applicants along two funding tracks, and awards are made based on the technical and commercial validity of the application.

Track 1: For projects that are generally pre-revenue and at a proof-of-concept stage which can be supported with grants up to \$25,000.

Track 2: For companies that have entered the market, generating revenue and are seeking growth capital for the purpose of scaling their business. This award is in the form of convertible debt investments between \$75,000 and \$150,000.

Grants for Growth Goals:

- Accelerate the growth of innovative companies identified in one or more of the following counties: Cayuga, Cortland, Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Seneca, St. Lawrence, and Tompkins.
- Accelerate private capital investment and shorten the time it takes to raise capital.
- Create new products or services in collaboration with higher education partners.
- Create and retain high-paying private sector jobs.
- Align with NYS economic development goals.

Funding Tracks

- **Track 1:** Proof of Concept (funds awarded in the form of a grant, awarded to study and evaluate the commercial, scientific, and technical merit of an idea including defined outcomes, otherwise known as feasibility studies, for definable projects in amounts to \$25,000).
- **Track 2:** Advanced Projects beyond Proof of Concept (funds awarded in the form of convertible debt notes, awarded to support commercialization and scalability, in amounts of a minimum of \$75,000 through a maximum of \$150,000).

Process

Applications must be reviewed by the Investment Advisory Committee (IAC). Funding is awarded on a “rolling” basis; as applications are received, the IAC will review.

GRANTS *for* GROWTH

Track 1: Eligibility

- Compelling Business Case where commercialization assets or technology transfer of a regional higher education partner are engaged (higher education research focus which interns are acceptable in this role; graduate students and faculty are preferable)
- Economic growth and job creation
- Valid investable legal entity
- Budget
- Company must be located in one or more of the following counties: Cayuga, Cortland, Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Seneca, St. Lawrence, Tompkins

Track 1: Evaluation Criteria

Applications presented by eligible companies will be evaluated by an Investment Advisory Committee (IAC) of subject matter experts. The IAC will make recommendations to The Tech Garden staff for funding.

Projects are based on the following criteria, totaling a point value of **50**. At least 35 points are required to be considered for a Grant.

- 1. Business Case (12 points)**
 - Product, service, problem, solution, customer need, working toward a minimum viable product
 - Market overview
 - Scalability/competition
 - Team overview
- 2. Higher Education Affiliation (12 points)**
 - Use of university resources/strength of partnership
 - Qualifications of technical, university, and industry partners and/or use of university or college facilities
- 3. Scientific Merit (11 points)**
 - Potential IP leveraged or potential for IP and/or
 - Uniqueness of idea
- 4. Economic Growth/Merit (10 points)**
 - Potential economic benefit to the region (sales, production, manufacturing, other)
 - Likelihood this product, service, or business can take root in 12-county region
 - Ability to leverage assets
- 5. Diversity (5 points)**
 - Commitment to equal opportunity, fostering women or minorities

Track 1: Payments/Reimbursements

Expenses per requirements are reimbursed. Funds will not be distributed until Invoice(s) are supplied by applicant. Invoice(s) required by organization prior to distribution along with detailed summary report justifying expenses which must be project related. Payments can take up to 60 days to process.

**Track 1 funds must be utilized 12 months from notice of funding approval.*

Eligible expenses

- Faculty remuneration
- Graduate student remuneration (including partial tuition waivers)
- Use of equipment
- Use of facilities
- Materials
- Travel expenses and other similar expenses relevant to the project

Ineligible expenses

- Patenting expenses
- Capital costs or other expenses deemed ineligible

Additional Information

The following must be provided in order to receive reimbursement:

- Invoices including receipts
- Reporting is required for each invoice submission, or at a minimum of once every 6 months and upon project completion:
 - Summary of project
 - Use of proceeds
 - Milestones achieved and specific results of project to date
- All Grant decisions are final and are not subject to appeal. Complete instructions and requirements are listed in the Grant Agreement.

GRANTS *for* GROWTH

Track 2: Eligibility

- Compelling Business Case where commercialization assets or technology transfer of a regional higher education partner are engaged (higher education research focus which interns are acceptable in this role; graduate students and faculty are preferable)
- A three-year Business Plan
- Economic growth and job creation
- Valid investable legal entity
- Budget
- Company must be located in one or more of the following counties: Cayuga, Cortland, Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Seneca, St. Lawrence, Tompkins

Track 2: Evaluation Criteria

Applications presented by eligible companies will be evaluated by an Investment Advisory Committee (IAC) of subject matter experts. The IAC will make recommendations to The Tech Garden staff for funding.

Projects are based on the following criteria, totaling a point value of **100**. At least 70 points are required to be considered for a Loan.

- 1. Business Plan and Vision (30 points)**
 - Product, service, problem, solution, customer need, working toward a minimum viable product
 - Market overview/business model/scalability
 - Market validation/customer discovery
 - Financials (including forecasting, costs, pricing, financial statements, etc.)
 - Team composition
- 2. Higher Education Affiliation (25 points)**
 - Strength of partnership (facilities, faculty/student interaction, etc.)
 - Qualifications of university/college, faculty/students
 - Potential for university/college collaboration
- 3. Scientific Merit (20 points)**
 - Existing IP or likelihood to generate IP
 - Potential for scientific advance
- 4. Economic Growth (10 points)**
 - Economic benefit to region
 - Job creation/retention, both within projected 3 years

5. Economic Merit (10 points)

- Potential to leverage additional funds (grants, loans, venture capital, etc.) or in-kind industry or higher education support

6. Diversity (5 points)

- Commitment to equal opportunity, fostering women or minorities

Track 2: Payments/Reimbursements

Funds will be distributed with 50% initially, and in remainder of 30% and 20% according to pre-defined milestones. Invoice(s) required by organization with detailed summary report justifying expenses which must be project related. Payments can take up to 60 days to process.

**Track 2 funds must be utilized 24 months from notice of funding approval.*

There are no restrictions on use of funds for Track 2, however, approval must be granted by The Tech Garden staff.

Additional Information

The following must be provided in order to receive reimbursement:

- Invoices including receipts
- Reporting is required for each invoice submission, or at a minimum of once every 6 months and upon project completion:
 - Summary of project
 - Use of proceeds
 - Milestones achieved and specific results of project to date
- All Loan decisions are final and are not subject to appeal. Complete instructions and requirements are listed in the Loan Agreement.

GRANTS *for* GROWTH

Grants for Growth Terminology

- *Beyond Proof of Concept*: developed product or service and revenue generating.
- *Commercialization*: defined as mass market or niche, from laboratory/R&D to market availability.
- *Convertible Debt Note (CDN)*: a loan that, under certain conditions is paid back by granting shares (equity, partial ownership) in the company. The lender usually provides very generous loan terms (low interest rates, long maturities, reduced payment schedules) because the lender would rather be an investor in a successful company than hold a note from a borrower who is struggling financially. A CDN is less risky for the lender (a CDN has to be paid back at some point, in some way) than a straight investment (which is entirely at risk).
 - Convertible debt is a funding structure that combines the benefits of debt and equity into a single capital source. Convertible debt, usually in the form of a convertible note, is essentially a loan which converts into equity at a later date.
 - An agreed upon percentage of the company (equity) is provided to the investor once revenue is generated.
 - Percentage is based on the following formula:
Percent Ownership = Amount Invested/Company Value Post Investment
 - A “cap” is placed on the future valuation.
- *Grant*: funding based upon strict qualifications and conditions of grant agreement, not requiring repayment.
- *Higher Education Partner*: university or college.
- *Higher Education Partner Assets*: any of the following — faculty, graduate student, or staff expertise; university IP (licenses, patents, research, studies, etc.); use of facilities (lab or incubator space, etc.); use of faculty or students for research purposes.
- *“In-Kind” Matching*: refers to resource contributions provided by a higher education or industry partner in terms of resource hours, efforts, and/or facility/technology usage, as opposed to cash or dollar contributions.
- *Proof of Concept*: evolution to prototype or Minimum Viable Product (MVP).