

## **Business Innovation Act – Nebraska Innovation Fund Pre-Seed Stage (Prototype Grant) Guidelines**

The Nebraska Innovation Fund (NIF) establishes a program to provide financial assistance to individuals and businesses operating in Nebraska to support proof of concept activities. The maximum amount of funding for the Prototype Grant Program will be \$4 million per year subject to availability.

There will be an open application cycle, and approved applications will be funded until the allocation is exhausted; however, DED reserves the right to suspend acceptance of applications depending on funding availability.

Matching funds must be provided as a cash match and must be available at the time of application.

### **Pre-Seed Stage**

**Eligible Business** - Any Nebraska based corporation, Limited Liability Company, partnership, registered limited partnership, sole proprietorship, business trust, or other entity with less than 500 employees, engaged in non-retail primary industries that are adding value to products or processes in Nebraska.

**Eligible Uses of Funds** - Pre-Seed Stage funds may be used for creating a prototype of a product stemming from research and development at a business operating in Nebraska or research at a public or private college or university in Nebraska.

### **Pre-Seed Fund Provisions**

- An eligible business with up to 500 employees
- Applicants must provide matching funds equal to 50% of the grant amount, or 25% for value-added agriculture projects. **Matching funds must be available at the time of application.**
- Maximum grant funding of \$150,000 per project
- Funds must be expended within 24 months of the awarding decision

### **Pre-Seed Fund – Application Requirements**

- Complete application
- Complete business plan with proof-of-concept demonstration
- Evidence of matching funds

**Eligible matching funds** - include any non-state source which are: private foundations, federal or local governments, quasi-governmental entities, commercial lending institutions, investors, or other sources provided they are not using funds appropriated by the Nebraska Legislature. Matching funds must be in the form of a cash match.

### **Project Selection**

For each application submitted, DED will perform an independent review, and at DED's discretion, may utilize the assistance of outside experts. DED will examine the following:

1. Whether there is evidence that the project is a platform technology and is scalable for high growth potential;
2. Whether there is verification that the applicant meets the eligibility requirements of the NIF program;
3. Whether there is a technology description and plan that is sufficient for external expert review;

4. Whether there is a detailed financial analysis that includes the commitment of resources by the applicant and others;
5. Whether there is sufficient detail concerning proposed project, type, and amount of work to be performed, and expected product, process, or service with estimated costs to be reflected in the negotiated contract or agreement; and
6. Whether there is a statement on the economic development potential of the project with sufficient supporting documentation.

DED may require an interview with the applicant's management to assess the management team and its business plan.

### **Application Timing and Process**

Applications are accepted on an open cycle. Funding is awarded on a fiscal year basis (July 1<sup>st</sup> through June 30<sup>th</sup>). The open cycle will continue until funds have been exhausted for the fiscal year.

Applicants must submit applications online via the NEDED grant portal (found at <https://opportunity.nebraska.gov/program/prototype-grant/>), submit all required documentation or attachments, and must fully comply with all requirements within the time period specified. Applications that do not include all of the documentation or attachments specified, or that contain documents that have not been fully completed, will be returned to the applicant without further review. At its discretion, DED may request supplemental materials from applicants, and those must be received within 15 days of the requested date.

Upon receipt and approval, applicants will receive a Notice of Approval email with instructions.

### **Application Materials**

At the time of application, applicants must provide the application with attachments. Applications can be submitted online. The link for the application portal can be found on DED's website at <https://opportunity.nebraska.gov/program/prototype-grant/>. A complete application includes the following:

#### **Required Materials**

- Nebraska Innovation Fund Prototype Application
- Business Plan

#### **Suggested Inclusions (include if pertinent to project):**

- Executive Summary describing principal markets, personnel, financial highlights, and value proposition for the State of Nebraska.
- Description of management team, including experience, qualifications and capabilities, previous successes, and organizational chart
- Description of Advisory Board, including composition and members' backgrounds
- Description of the company, product and what differentiates the product from current solutions
- Market Analysis, including:
  - Description of the Market
  - Competitor Analysis
  - Where business/product fits in the market
  - Anticipated market share
  - Regulatory landscape, if applicable

- Marketing Plan (strategy and research)
- SWOT Analysis
- Financial Projections, including:
  - Revenue Model
  - Projected Revenue
  - Development Costs
  - Long Term Financial Projections
  - Financing Strategy, including required matching component
  - Intellectual Property costs, if applicable
- Business Model, including:
  - Value Proposition
  - Resources to Deliver Value Proposition
  - Key Activities to Establish Market Presence
  - Partners
  - Cost Drivers
  - Target Customers
  - Methods of Developing Customer Relationships
  - Channels to Develop Customer Relationships
- Evidence of matching funds in the form of a bank statement, investor letter of intent, bank line of credit, positive business cash flow, federal or non-state grant funding, or other documentation that is acceptable to program staff

**Additional Materials that may be Requested of Applicants**

- Certification that no current or prospective employee, officer, principal, director, or owner has been accused or convicted of any crime (upon request)
- Financial Statements
  - Latest annual and accrual-based financials
  - Balance Sheet
  - Income Statement
  - Cash Flows Statement
  - Accounts Receivable and Accounts Payable Schedules
  - Audit Reports
  - Tax Return
  - List and explain any loan agreements
  - Monthly comparison of projected versus actual revenue and expenses for the preceding 12 months
- Schedule of all litigation, arbitration, and governmental proceedings to which the company, or its directors, officers, or employees are or have been a party to within the last three years (if applicable)
- Current Certificate of Good Standing with the Nebraska Secretary of State
- Any License Agreements with third-parties for any Intellectual Property that the company does not own (if any)
- White-papers or drawings outlining the technology (if any).

**DED reserves the right to request additional information as it relates to the project.**

## **DED PROGRAM CONTACT PERSON**

*For additional information or clarifications of this program, please direct your inquiries to:*

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