growth company grants

BACKGROUND

CTNext is a statewide network of entrepreneurs, mentors, service providers and others involved in helping Connecticut’s most promising startups succeed and grow. Growth Company Grants, part of Public Act 16-3, builds on the success of CT’s early stage companies and offers support for strategic projects and customer acquisition.

MISSION AND OBJECTIVES

CTNext equips startups and entrepreneurs with resources, guidance and networks to accelerate growth and success. The objective is to build a more robust community of entrepreneurs, provide access to talent, space, industry expertise, services, skill development, and capital to accelerate company development. The Growth Company Grants are intended to focus on business sectors and companies with the highest growth potential. For the purposes of this program, high growth or growth-stage companies are defined as those that have been incorporated for no more than 10 years, raised private capital, and saw a 20% increase in their annual gross revenues in each of their previous three years.

PROCESS

Applications

The application process is a two-step process. Interested applicants must first submit an application, slide deck, and audited financials, which will be reviewed by CTNext for eligibility. Candidates who meet all requirements will have their application reviewed. Applicants that most strongly align with CTNext Growth Company Grant program’s mission will be invited to present their company in person (or virtually as needed). Note: In-person pitches will be scheduled on an invitation-only basis.

Review Process

CTNext administers and monitors the initiative, reviews applications, allocates funds and prepares and executes agreements for successful applications. CTNext will review submissions, and may choose to interview applicants. Upon completion of the grant review process the CTNext staff will recommend funding for growth grant applicants to the CTNext Board of Directors for final approval and notify applicants of decision.

Review Criteria

CTNext is searching for ideas that are the most likely to facilitate the company’s acceleration to profitability and/or the next round of funding.

CTNext is particularly interested in companies that give strong responses in the following areas:

- Markets with the highest potential for growth
- Impact of funds on the company
- Innovative quality of the company
- Sustainability after implementation of funds
Eligibility

Eligible grantees include individuals, for-profit companies, non-profit organizations and consortia. Selected Partners must be based in Connecticut and willing to maintain residence for the duration of the project contract.

Use of funds may include, but are not limited to, sales assistance, marketing, strategy, organizational development, technology assistance, bid assistance, beta testing of products for new purchasers and prototype development.

Awardees should be prepared to submit a budget for use of funds and letters of good standing from the Department of Labor, the Department of Revenue Services, and the Secretary of State. To that end, CTNext requires a one-third match from the applicant to be identified in the budget.

Funding

Notification of funding approval will be made, subject to contract, by the CTNext Staff. The awardee will then need to execute legal documents related to the investment. All funding is subject to the approval of the CTNext Board of Directors.

The funding period begins on the effective date specified in the legal documents. Expenditures incurred before the effective date of the agreement may not be charged against the project. Projects approved through the grant approval process must have a clear budget that identifies the use of funds as outlined in the submission.

Funding Availability

Funding is contingent upon the authorization of the CTNext Board of Directors. Grant value is limited to $25,000 per company, and requires a one-third match. Match dollars must come from external, non-state sources.

Transmittal of Funds

Funds will be transmitted to the awardee in two tranches according to the terms of the legal documents. Applicants are required to show receipts totaling the value of their one-third match. Upon review of receipts, company will be advanced 50% of total award amount. The remaining 50% will be paid after receipts for 100% of the award value and associated expenses are reviewed and approved by CTNext team.

Example (company awarded full $25,000):

- Company shows receipts for $8,250
- Company is advanced $12,500, first tranche
- Company shows receipts for the full $25,000 award value
- Company is paid $12,500, second tranche

Approved applications require an invoice to process. Invoices will be paid within thirty (30) days of receipt.
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Audit of Funds

Expenditures by awardees may be subject to audit. It is the responsibility of the awardee to keep and submit accurate and appropriate records and pertinent receipts or proof of expenses. Entities submitting proposals for funding must agree to cooperate by providing information for an audit and a full review of the project.

Funding Repayment

There is no requirement to pay back these funds should approved milestones be met according to the terms outlined in the legal documents. In the event contract objectives and/or agreed upon milestones are not met, a percentage of funding will be paid back or withheld from payment (minimum of 15% up to 100%, case-dependent).

SUBMITTING APPLICATION

Submissions should include brief responses to questions about the following:

Management Team
• Provide a description of expertise and examples of proven ability to execute

Company and Technology/Product
• Brief history of your company’s background, mission, statement of purpose, brief summation of the technology and its readiness to go to market

Value Proposition and Anticipated Outcomes of Funding Impact
• Define specific milestones as they relate to the overall anticipated outcomes
• Significant projections as a result of being awarded funding

Needs Addressed and Target Market
• Identify the market need and evidence to support the project impact
• Discuss any competition

Business Model
• Overview of company’s method for generating revenue

Project Plan and Associated Budget
• Sample budget template

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<th>Milestones</th>
<th>Use of CTNext Funds</th>
<th>Other Cash Support</th>
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<td>Milestone #3</td>
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PROJECT REPORTS

Company contacts are required to submit quarterly Progress Reports. Reports shall include summarized activity during the prior period such as leveraged dollar figures and job creation. Applicants should also be prepared to describe progress with reference to scheduled milestones as needed.

Failure to submit required reports or the submission of incomplete or inadequate reports could result in deferral of subsequent installment payments or termination of support and forfeiture of funds.

Company contacts are required to submit a Final Report within 30 days after scheduled completion of the project. This report must include information needed for purposes of program management, evaluation, fiscal accountability, and informing the public about the results of economic impact supported under CTNext. Final payment to the company will not be made in the absence of receipt of a Final Report. Additional reporting may be required for specific projects.