



Puerto Rico
Science, Technology
& Research Trust

SBIR/STTR Phase II Matching Grant Program Procedures

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I. SBIR/STTR Phase II Matching Grant Program

The Puerto Rico Science, Technology and Research Trust (PRSTRT or Trust hereafter) SBIR/STTR Phase II Matching Grant program was implemented to assist local technology oriented small business firms and researchers (a) better compete for SBIR and STTR grant awards; (b) obtain critical gap funding and/or; (c) funding to strengthen their project R&D and commercialization efforts. The Trust's SBIR/STTR Phase II matching funds program aims to attain the following objectives:

- Increase Puerto Rico's Innovation capacity, by supporting and encouraging SBIR/STTR Phase I awardees' firms to pursue Phase II funding.
- Increase the amount of R&D Funding in Puerto Rico, by providing a mechanism to leverage federal funds as well as private capital.
- Attract research talent by allowing companies from out of Puerto Rico apply for matching funds, subject to meeting eligibility criteria.
- Foster job creation and economic development in Puerto Rico by increasing the competitiveness of Puerto Rico's small businesses in attracting Federal SBIR and STTR grants.

II. Phase II Proposal Submission Letter of Support

To apply for the letter of support for the submission:

- When working with the Trust on the development and submission of the Phase II proposal and want to receive a letter of support the small business must provide a copy of the final document before submitting it to the appropriate agency. The Trust must receive a copy of the proposal at least seven (7) days before the SBIR/STTR Phase II submission deadline.
- After reviewing the proposal, the Trust will at its sole discretion may or may not provide the letter of support. Companies are encouraged to discuss the eligibility for the matching funds with the Trust well in advance of the due date.
- The application must include:
 - a. Copy of the SBIR/STTR Phase II proposal.
 - b. Detailed Matching Funds Budget and budget justifications narrative document describing the use of matching funds, and investment plan.
 - c. Within 3 days before SBIR/STTR deadline submission due date, applicants will receive a letter of support from the Trust, to be included in the proponent's proposal.

III. Eligibility Criteria

Eligible Phase II participants must comply with the following:

- Puerto Rico based companies or companies that have its principal place of business in Puerto Rico. To meet this standard, a Company must have all, or substantially all, of its operations and employees located within Puerto Rico.
- Companies located outside of Puerto Rico are eligible to apply, subject to the following conditions prior the disbursement of matching funds:

- a. The company will have 90 days from the date of the grant agreement to relocate to Puerto Rico. If this eligibility requirement is not met, then the funds allocated for the grant will be forfeited and made available to other companies.
- b. The company must submit documentation showing acknowledgement from the Federal Agency regarding its physical relocation to Puerto Rico and transfer of the Federal Grant to Puerto Rico.
- c. The company will be also required to designate the PI or Co-PI a Puerto Rico resident/employee.

IV. Information to Provide Before Entering into Matching Funds Agreement Negotiations

Firms receiving a federal SBIR/STTR Phase II award must satisfy the requirements of the signed Phase II Matching Funds Agreement. The first step in the negotiations requires the company to provide the following items (the Trust reserves the right to ask for additional information) necessary to proceed with the agreement negotiations.

- Company Full legal name, as incorporated.
- State and date of incorporation.
- Tax ID Number (EIN).
- Location of company's main offices.
- Company's location where the majority of the work will be conducted.
- Company representative's name.
- Representative's job title.
- Representative's civil status.
- Representative's place of residency.
- Representative's email address.
- Company's mailing address.
- Company's phone number.
- Company's Good Standing Certificate ("Certificado De Cumplimiento Emitido por el Departamento De Estado").
- Merchant's Registration Certificate ("Registro de Comerciante").
- Tax Return Filing Certificate ("Certificado de Radicación de Planillas en Hacienda").
- The Volume of Business License Tax ("Patente Municipal").
- Has the company paid taxes in Puerto Rico? Share records.
- Electronic Excel Document copy of the budget for use of Trust's matching funds –
- The electronic template is provided with this notification. Excel electronic documents provided by the applicant must not be locked.
- **Indirect Cost charge must not exceed 10%.**
- Fringe benefits should not include vacations, holidays, or sick days.
- Electronic Word Document copy of budget justifications narrative for use of Trust's matching funds
- An electronic template is provided with this notification. Word electronic documents must not be locked.

- Copy of awarded proposal in full.
- Clear and detailed Statement of Work for use of Trust's matching funds including a timeline for deliverables and milestones.
- Copies of any documents from the granting agency's Program Director approving or denying changes in work goals, activities related to the award/contract in budget, milestones, change of personnel, change of work venue, and other communications that change the work as described in the awarded proposal.
- All communications that affect the grant/contract performance.

V. For Year One of The SBIR Phase II:

Upon applicant's submission of proof of the agency's signed contract or the approval of Phase II grant award/contract (Different agencies have different funding mechanisms) the Trust will provide up to the first \$100,000 matching depending on the award/contract amount, in three installments.

VI. For Year Two of The SBIR Phase II:

The Trust will provide an additional match of up to \$100,000, depending on the award/contract amount, and subject to a \$0.10 -to-dollar, \$10,000, match obtained from awardees from private sources of funding. The objective of this portion of the funding is to leverage Trust funds with private capital investments.

Third-Party Funding may come from:

- Private investors, including angel investors, venture capital, private organizations, non-profits, etc.
- Strategic partners according to a development contract if the partner provides cash (as opposed to in-kind services) to the Company and the purpose of the contract is to advance the work done under the SBIR/STTR grant or contract.
- Ineligible sources of third-party funding include,
- In-kind contributions
- internal company fund company's sales if directly attributed to the work been carried out under the SBIR proposal
- Friends and family
- Founders
- Executive Team
- Board of Directors
- Current Private Investors
- Loans, including convertible notes or equivalent.
- Any investments that require the provided funds be paid back.
- Federal funds
- Funds originating from PR Trust
- State funds
- Other awards or grants

VII. Approval and Disbursement Procedures

If the applicant is successful in receiving an SBIR/STTR Phase II award, it must submit proof of notification of negotiation of the award or an executed SBIR/STTR contract, grant, or cooperative agreement between the federal agency and the applicant.

After the successful execution of an agreement between the Trust and the awardee, Phase II matching grants will be disbursed as follows:

- Funds disbursements for a year one, up to \$100,000:
 - a. The Trust will disburse 50%, up to \$50,000, of allocated funds upon signing of the matching funds' agreement
 - b. 50%, up to \$50,000, at the end of year 1 subject to presentation of a progress report including expenses incurred using match funds. A copy of an agency report, if required by the agency.
- For year two of the SBIR Phase II:
 - a. The Trust will disburse 50% of allocated funds upon awardees submitting proof of obtaining third-party funding from private sources (see the explanation of third-party funding below), per matching funds agreement
 - b. 25% midway through year 2 subject to presentation of a progress report including expenses incurred using match funds.
 - c. 25% at the end of year 2 subject to presentation of a progress report including expenses incurred using match funds, as well as a copy of the final report submitted to the funding agency.

VIII. Allowed Matching Funds Usage

Direct Costs: Awardees may utilize Phase II matching grant funds for direct costs allowed by the SBIR/STTR funding agency, plus other expenditures not normally covered by the SBIR/STTR program such as the purchase of equipment, intellectual property protection/patent costs, commercialization/ marketing costs, and other costs related to raising venture capital.

Indirect Costs: In addition, awardees will be allowed a **maximum allocation of 10%** of the Trust matching funds for indirect costs.

All expenses covered by the matching grant must be incurred in Puerto Rico.

Contact

For questions about this program, contact us **only** through sbir@prsciencetrust.org. Answers will be provided in 48-72 hours.