

Launch Minnesota Grant Application Business Operation Expenses

Launch Minnesota provides grant awards to start-up businesses and entrepreneurs in high technology-related industry. The Business Operation Expenses grant reimburses expenses incurred in Minnesota for research and development, direct business expenses, and the purchase of technical assistance and services. Qualifying businesses receive grants not to exceed \$35,000 which must be matched by the recipient on a 1:1 dollar basis. Applicant may receive **one grant** per biennium (July 1, 2019 – June 30, 2021)

Eligibility Criteria

- Primary business activity is in technology-related industry
- Business operations and headquarters in Minnesota
- Business has not been in operation for more than 10 years
- Business generated less than \$1 million in revenue

Section 1-Applicant Information

1. Business Name: _____
2. Business Address: _____
3. County: _____
4. Contact Person & Title: _____
5. Phone: _____
6. E-mail: _____
7. Business Website: _____
8. Business Legal Organization (e.g., LLC, S Corp, etc.): _____
9. Year Business Organized: _____
10. Date Operations Began: _____
11. State of organization per articles of incorporation/organization: _____
12. State of headquarters location: _____
13. FEIN (required): _____
14. Minnesota Tax ID (if available): _____

15. What is the number of full-time equivalent Minnesota employees? _____

16. What was the dollar value of your previous year's 1099s? \$ _____

17. Does the business or its properties have any outstanding local, state or federal tax liabilities?

Yes No If Yes, attach a statement.

18. Are there current or unsatisfied judgments or injunctions against the business or its owners?

Yes No If Yes, attach a statement.

19. Is there current or pending litigation involving the business?

Yes No If Yes, attach summary.

20. What is your grant request amount? \$ _____ (maximum \$35,000)

21. Indicate the annual household income and household net worth of all principals of the business (officers, directors, owners of 20% or more of the business).

Annual Household Income	\$
Principal(s) Net Worth*	\$

**total value of assets minus total value of outstanding liabilities*

22. Where is this business headquartered?

Greater Minnesota (outside the Metro area*) Metro area

*Metro is defined as Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties

23. Indicate who, on a combined basis, owns and /or manages 51% or more of the business.

Women

Veteran*

*A veteran means a citizen of the United States or a resident alien who has been separated under honorable conditions from any branch of the armed forces of the United States after having served on active duty for 181 consecutive days or by reason of disability incurred while serving on active duty, or who has met the minimum active duty requirement as defined by Code of Federal Regulations, title 38, section 3.12a, or who has active military service certified under section 401, Public Law 95-202. The active military service must be certified by the United States secretary of defense as active military service and a discharge under honorable conditions must be issued by the secretary

Minority Group Member*

*Minority group members are United States citizens who are Asian, Black, Hispanic, Pacific Islander, or Native American

None of the above, on a combined basis, own and/or manage 51% or more of the business

Section 2-Business Activity

24. Indicate focus of business's technology: _____

- a. Aerospace
- b. Agricultural processing
- c. Biotechnology
- d. Biologicals
- e. Cellulosic ethanol
- f. Chemistry
- g. Diagnostics
- h. Energy efficiency and conservation
- i. Renewal Energy
- j. Environmental engineering
- k. Food technology
- l. Information technology
- m. Materials science technology
- n. Medical devices
- o. Nanotechnology
- p. Pharmaceuticals
- q. Telecommunications
- r. Veterinary science
- s. Other: _____

25. Briefly describe your business, including its purpose, problem it will solve, target markets, intellectual property owned, competitors, etc. Limit response to 250 words or less

26. Describe the industry, start-up, and/or technology experience of your founders, management team, advisors, and key investors. Limit response to 250 words or less
27. Describe any participation in local or regional entrepreneurship, lean model start-up classes, incubator or accelerator programs (e.g., MN Cup, MN Clean Tech Open, Gener8tor, Co-Starters) and/or technical assistance programs (e.g., SBDC, Women Venture, 1 Million Cups, etc.). Limit response to 250 words or less

28. Describe intended use, budget, and spending timeline schedule for Launch Minnesota grant funds (e.g., research & development, direct business expense, technical assistance and services, etc.). *Limit response to 250 words or less*

29. Describe milestones to be achieved within the next two years with this funding, including the time frame you anticipate your product or service will be market ready. *Limit response to 250 words or less*

30. Describe the *source* and *amounts* of the equity and debt **you have raised to date**:

Source	Equity**	Debt***
From Self	\$	\$
From Family*	\$	\$
From Other Principal(s)	\$	\$
From 3 rd Party Investors	\$	\$
TOTAL	\$	\$

*as defined by IRC 267(c) (4): *The family of an individual shall include only his brothers and sisters (whether by the whole or half-blood), spouse, ancestors, and lineal descendants*

** *equity is defined as cash raised from the issuance of stock, membership interest, or mandatorily convertible debt, etc.*

****debt is defined as cash raised from the issuance of debt instruments, including non-mandatorily convertible debt*

31. Describe the *source* and *amounts* of equity and debt **you plan to raise within the next 12 months** (excluding Launch Minnesota grant).

Source	Equity**	Debt***
From Self	\$	\$
From Family*	\$	\$
From Other Principal(s)	\$	\$
From 3 rd Party Investors	\$	\$
TOTAL	\$	\$

*as defined by IRC 267(c) (4): *The family of an individual shall include only his brothers and sisters (whether by the whole or half-blood), spouse, ancestors, and lineal descendants*

** *equity is defined as cash raised from the issuance of stock, membership interest, or mandatorily convertible debt, etc.*

****debt is defined as cash raised from the issuance of debt instruments, including non-mandatorily convertible debt*

32. Describe **your strategy to attract** this capital. *Limit response to 250 words or less*

33. Describe business collaborations or partnerships in conjunction with your current business (e.g., with non-profits, research or higher education institutions, etc.). *Limit response to 250 words or less*

Section 3-Applicant Confirmation

Required Documentation

Submit the following, ***labelled by exhibit number***, with this Launch Minnesota Application.

Exhibit 1: Business plan/Pitch deck/Lean canvas model addressing business strategy and industry. *Limit to 10 pages*

Exhibit 2: Financial statements: balance sheet; profit and loss statements for the current period, and if available, the past three years; and 1-3 year future projections

Exhibit 3: Intellectual property: proof of patent, patent pending, trade secrets, copyright, license or other intellectual property protection as appropriate

Exhibit 4: Minnesota Secretary of State *Status of Good Standing* Verification (i.e. copy of certificate or screen shot of status)

Exhibit 5: Military DD214 Form (if veteran owned)

Required Signature

I attest that all information provided in this Launch Minnesota Grant Application: Business Operation Expenses are true and complete to the best of my knowledge. I am aware that the act of providing false applicant data may subject me to applicable penalties.

Applicant Signature: _____

Print Name: _____

Date: _____

Application Submission

Please submit applications by e-mail to launchminnesota@state.mn.us with “Business Operations” in the Subject Line

Applications may also be sent to:

Launch Minnesota
Attn: Neela Mollgaard
DEED - Economic Development - 5th Floor
1st National Bank Bldg. - Ste.E200
332 Minnesota St.
St. Paul, MN 55101 - 1351

Questions??? Visit our website www.launchminnesota.org. or e-mail us at launchminnesota@state.mn.us

Certifications and Acknowledgements

Tennessee Warning Notice: per MN Statutes 13.04, Subd.2, this data is being requested from you to determine if you are eligible for assistance from the Minnesota Department of Employment and Economic Development. You are not required to provide the requested information, but failure to do so may result in the department’s inability to determine your eligibility for assistance. The data you provide that is classified as private or non-public will not be shared without your permission except as specified in state and federal laws.

Data Privacy Notice: per MN Statutes 13.591, Subdivision 1, certain data provided in this Application is private or non-public data; this includes financial information about the business, including credit reports, financial statements, net worth calculations, business plans; income and expense projections; balance sheets; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds. Per MN Statutes 116J.401, Subd. 3., certain data provided in this application is private data; this includes data collected on individuals pursuant to the operation of business finance programs. As described in MN Statutes 13.591, some or all of the data provided in this Application may become public.

The undersigned:

- Certifies that all representations made in this Launch Minnesota Grant Application or information provided herein are true and complete to the best of his or her knowledge;
- Grants the State of Minnesota and its agents the right to contact individuals and organizations as the State may deem necessary to verify the accuracy and completeness of any and all applicant data;
- Grants consent to the Department of Employment & Economic Development to share any private or nonpublic data submitted in the Application with members of the application review committee who are not employees of the State of Minnesota. The data may be shared with non-employee committee members only for the purpose of evaluating this Application. This consent expires after the evaluation process is complete, not to exceed one year from the date of Application submission;
- Agrees to execute and deliver written authorizations for the release of data or for any data privacy waivers reasonably required for the State to verify the accuracy or completeness of applicant data;
- Acknowledges that the applicant is aware that the act of providing false applicant data may subject the applicant to penalties provided by State and Federal laws;
- Agrees to supply the information requested to the MN Department of Employment and Economic Development, Office of Business Finance with full knowledge of the information provided herein.

Signature of Authorized Representative: _____

Print Name and Title: _____

Date: _____

Grantee's Certification for Use of Funds

The Grantee hereby certifies the following:

1. The Launch Minnesota Grant – Business Operation Expenses will be used for “business purposes” and spent in Minnesota. Business purposes include, but are not limited to, startup costs, equipment, inventory, proof of concept activities, intellectual property development and protection, market feasibility studies, competitive analysis, commercialization planning, prototype design and development, direct business expense (e.g., rent, equipment purchases, supplies, etc.) and the purchase of technical assistance and services. The definition of business purpose excludes activities that relate to acquiring or holding passive investments, such as commercial real estate ownership and the purchase of securities; and lobbying activities, as defined in Section 3(7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended.
2. The grant will **not** be used to:
 - Make passive real estate investments; or
 - Repay delinquent federal or state income taxes unless the business has a payment plan in place with the relevant taxing authority; or
 - Repay taxes held in trust or escrow, e.g. payroll or sales taxes; or
 - Reimburse funds owed to any owner, including any equity injection for the business’ continuance; or
 - Purchase any portion of the ownership interest of any owner of the business; or
 - Finance existing debt; or
 - Pay for any expenditures incurred prior to execution of Launch Minnesota grant agreement.
3. The recipient is not:
 - A business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business; or
 - A business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; or
4. Use of funds may be verified by audit and proof of expenditures and payment shall be provided by the grantee to the State. Proof of the match requirement shall be satisfactorily submitted by the grantee to the State prior to grant disbursement(s). Grantee hereby acknowledges that eligible expenditures submitted for reimbursement may be disbursed by the State pursuant to the terms and conditions of a duly executed grant agreement.

Signature of Authorized Representative: _____

Print Name and Title: _____

Date: _____

Program Overview

Launch Minnesota Grants

- Are for businesses or entrepreneurs whose primary activity is in technology-related industry
- Are limited to one per business per category per biennium (July 1, 2019 –June 30, 2021)
- Have regular application acceptance periods (depending on funding availability)

Use of Funds

- Research and development (which includes, but is not limited to, proof of concept activities, intellectual property development and protection, market feasibility studies, commercialization planning, prototype design and development, start-up costs)
- Direct business expenses (e.g., rent equipment purchases, supplier invoices, etc.)
- Purchase of technical assistance and services from an institution of higher education and other organizations
- Launch Minnesota grant funds must be spent in Minnesota

Prohibited Uses

- Make passive real estate investments; or
- Repay delinquent federal or state income taxes unless the business has a payment plan in place with the relevant taxing authority; or
- Repay taxes held in trust or escrow, e.g. payroll or sales taxes; or
- Reimburse funds owed to any owner, including any equity injection for the business' continuance; or
- Purchase any portion of the ownership interest of any owner of the business; or
- Finance existing debt; or
- Pay for any expenditures incurred prior to execution of the Launch Minnesota grant agreement

Eligibility Criteria

- Primary business activity is in technology-related industry
- Business operations and headquarters in Minnesota
- Business has not been in operation for more than 10 years
- Business generated less than \$1 million in revenue

Scoring Criteria

Grants are awarded to the highest scored Applicants using the following criteria:

1. Advisory Board (20%)

- Level of recommendation

2. Team (15%)

- Principal/team with industry or start-up experience
- Principal/team with technology related experience
- Team of advisors (legal counsel, accountants, other investors, etc.) with start-up experience

3. Capacity (30%)

- Business profile with purpose, problem to be solved, target market, intellectual property owned, competitors; market ready product
 - Intended use, budget, and spending; Financials: statements and projections
 - Business plan outlining elements of business strategy
 - Potential for growth and commercialization, with results to be achieved with the funding; milestone schedule to accomplish goals
 - Partnerships or collaborations with other businesses, strategic customers, or research institutions
 - Intellectual property and protection
- 4. Commitment (15%)**
- Demonstrated ability to attract funding from 3rd party investors; commitment of capital from owner and family
 - Strategy for follow-on funding
 - Participation in local or regional business competitions; evaluation by 3rd parties
- 5. Need (10%)**
- Household Income
 - Principal(s) net worth
- 6. Impact (10%)**
- Greater Minnesota
 - Targeted Business