Center for Innovative Technology

Entrepreneurial Ecosystems Division

Regional Innovation Fund (RIF)

Guidelines, Procedures and Criteria

Updated February 25, 2021

The Regional Innovation Fund (RIF) is a CIT-administered state-funded program that provides competitive grants to leading Virginia-based entrepreneurial support organizations (ESOs). RIF grants will provide sustaining co-funding for successful ESOs, meaning that RIF grants can be renewed on an annual basis provided that RIF grant recipients continue to achieve projected entrepreneurial outcomes and metrics. The RIF is administered by CIT's Entrepreneurial Ecosystems Division.

HISTORY:

The Entrepreneurial Ecosystems Division and the RIF are the result of years of work. Leadership within Virginia's Secretariat of Commerce and Trade engaged deeply with entrepreneurial ecosystem leaders throughout the Commonwealth during 2018 and 2019, conducting both group discussions and one-on-one meetings. These meetings and discussions resulted in the Virginia Innovation Report (Nov. 2019) and the legislation creating the Virginia Innovation Partnership Authority, or VIPA (2020). One of the report's key recommendations was for Virginia to "support operating funds, capacity building, technical assistance, and infrastructure" across Virginia's regional entrepreneurial ecosystems. Throughout 2020, CIT leadership continued to engage with regional entrepreneurial ecosystem leaders in an effort to understand specific challenges and priorities faced by regions and ESOs within them. The RIF guidelines, procedures and criteria outlined in this document are informed by all of the above. CIT's Advisory Committee on Entrepreneurial Ecosystems has been a critical source of additional input.

SOLICITATION SCHEDULE:

Proposals for RIF grants will be accepted by CIT on a rolling basis throughout the year. CIT will endeavor to complete the review of each proposal within 60 days of receipt, followed within 30 days by a signed grant agreement and disbursement of funds. We plan to launch the RIF solicitation by March 15, 2021, with grants for applications received by April 15 to be awarded and disbursed before June 30, 2021.

ENTITIES ELIGIBLE TO APPLY FOR RIF GRANTS

RIF grant eligibility is limited to ESOs that:

- Have previously received a GO Virginia grant in the "startup ecosystem" category. If two ESOs within a GO Virginia region meet this criteria, then the entity designated as the regional entrepreneurial coordinating entity, as evidenced by the award of a GO Virginia Regional Entrepreneurship Initiative (REI) grant, shall be the preferred candidate.
- Are headquartered in Virginia, and support Virginia-based startups.

RIF Guidelines, Procedures and Criteria (cont.)

RIF PROPOSAL GUIDELINES

RIF grants shall be between $20,000 and $200,000.

Proposals will be limited to four (4) pages, not including budgets and letters of support/commitment, and will include the following sections:

- Applicant information (entity name, entity type, EIN, entity address, website, authorized representative's name, email and phone #)
- Proposal summary (200 words max)
- Description of applicant organization, including brief bios for key personnel (300 words max)
- Description of program(s) that RIF funding will support (500 words max)
    - Who do the program(s) serve?
    - What are the principal attributes of the program(s)?
    - How has GO Virginia funding validated the program(s)?
    - If applicable, list GO Virginia-funded program(s) that will be discontinued
- Funding narrative (200 words max)
    - Amount requested from RIF for 12 months
    - Sources and amounts of funding from others (1:1 match is required)
    - Expected funding sources beyond 12-month time horizon
- Use of funds narrative (300 words max)
    - Description of planned expenditures required to sustain the organization and go-forward programs
- Description of proposed success metrics (200 words max)

CIT will be looking for RIF proposals that:

- Are received from entities that have successfully managed one or more GO Virginia grants in the "startup ecosystem" category, including attainment of GO Virginia grant milestones and metrics
- Are supported by the relevant regional GO Virginia council
- Include innovative entrepreneurship support programs that utilize national or statewide best practices and programs, and are directed at high-growth scalable companies
- Support collaboration statewide and within and across regions to leverage existing assets, resources and programs (i.e. minimize duplication)
- Demonstrate past success and future plans to work with historically underrepresented founders (e.g. minorities, women, veterans, rural)
- Seek to develop Virginia-based technology startups in growth industries and sectors (including those in the current Commonwealth Research and Technology Strategic Roadmap)
- Identify sources and commitments for required 1-to-1 funding match (cash and in-kind)
- Present a compelling long-term strategic plan and sustainable funding strategy
- Commit to measure and monitor success based on applicable industry standard outcome metrics
- Include a clear and reasonable budget for the proposed 12-month period of performance (year 2 budgeting welcome, if available), to include sources and uses of funds

- Have a maximum of three (3) letters of support from key regional stakeholders, including from the regional GO Virginia council
- Have letters of financial commitment from other funding sources (to validate the required 1:1 funding match)

Following careful reviews of each proposal and a due diligence process with each applicant, the CIT review team will make grant recommendations to CIT's President. CIT's President will approve or deny the grant requests. Approved grant amounts may be less than requested in the grant proposal. Grant decisions made by CIT are final. No more than one grant per entity will be allowable each year.

NON-ALLOWABLE USES OF FUNDS:

RIF grant funds *cannot* be used for any of the following:

- Investments into startups (with or without equity)
- Sub-grants to startups

SUCCESS METRICS:

RIF grant recipients will be required to collect a set of mutually-agreed success metrics for a period of five years, and will share those metrics with CIT upon request.

CIT will generally assess proposals based upon historical and forward-looking success metrics such as the following:

- # of startup teams trained/accelerated
- # of startup teams trained/accelerated led by historically underrepresented founders
- # of mentoring hours facilitated
- # of non-Virginia startups trained/accelerated that relocated (fully or partially) to Virginia
- Amount ($) of capital raised by supported companies
- Revenue ($) generated by supported companies
- # of jobs created by supported companies
- Ratio of Virginia startups trained vs. total startups trained
- % of trained startups in existence after 12/24/36 months

REPORTING REQUIREMENTS:

RIF grant recipients will be required to submit an interim 6-month report (due to CIT before the last day of the 7th month), and a final report (due to CIT before the last day of the 13th month). These reports will include the following:

- Program update
- Year-to-date metrics update
- Year-to-date financial update (budget vs. actual)
- Other updates (e.g. new program sponsors, grants awards, bad news, etc.)

CIT's RIF team will schedule face-to-face meetings with each RIF grantee at least two times per year to discuss (a) the interim/final reports, and (b) other matters relating to the grantees and their entrepreneurial support programs.

RIF Guidelines, Procedures and Criteria (cont.)

FREQUENTLY ASKED QUESTIONS:

Q: How much funding can we apply for from the RIF?

A: We will consider proposals for annual grants between $20,000 and $200,000.

Q: What is the period of performance?

A: 12 months. RIF funding can be extended for additional 12-month periods with the submission and approval of subsequent proposals.

Q: How do we submit our RIF proposal?

A: Attach three PDF files to an email and send it to sean.mallon@cit.org. The three files are (1) your main proposal, (2) your budgets, and (3) your letters of support/commitment. Budgets in Excel format are also acceptable. You will receive an acknowledgement of receipt within three business days. If you have any questions prior to submitting your proposal, contact Sean Mallon, VP for Entrepreneurial Ecosystems, at sean.mallon@cit.org.

Q: What are allowable uses of RIF grant funds?

A: RIF grant funds can be used for a broad array of expenditures, including any of the following:

- Operating expenses (e.g. salaries, rent, utilities, travel, office supplies, website, SaaS, etc.)
- Service providers (e.g. Fluent, accounting, legal, marketing)
- Honoraria for entrepreneurial mentors/SMEs
- Startup community networking events
- Membership fees (e.g. GAN)

Q: We are 18 months into our GO Virginia grant. When should we apply for a RIF grant?

A: Now would be a good time to start planning to apply. We will not allow GO Virginia and RIF funds to support the same programs at the same time, but we will look to make RIF funds available as soon as your GO Virginia period of performance (PoP) and funding come to an end. First time applicants to RIF should expect 60 days between proposal submission and decision, and another 30 days from approval to funding.

Q: Can our organization have an active GO Virginia grant alongside an active RIF grant?

A: Yes, provided that the GO Virginia grant is in support of programs or projects that are not included in your RIF grant proposal. GO Virginia grants will generally be used to build new infrastructure and test and validate new entrepreneurial support programs, while RIF grants will generally be used to help sustain over time existing infrastructure and proven programs.

Q: Can GO Virginia grants count towards the required 1:1 funding match?

A: No. Because RIF and GO Virginia funds both come from Virginia's general fund, RIF funds and GO Virginia funds cannot be used as match toward the other program.

Q: Can Federal grants (e.g. EDA i6 or Build to Scale grants, etc.) count towards the required 1:1 funding match?

RIF Guidelines, Procedures and Criteria (cont.)

A: Yes, provided these funds are unspent at the beginning of the period of performance and have not been otherwise committed as match against another grant.

Q: Can grants from regions, counties, localities, corporate partners or higher education institutions count towards the required 1:1 funding match?

A: Yes, provided these funds are unspent at the beginning of the period of performance and have not been otherwise committed as match against another grant.

Q: Is there a cap on indirect costs?

A: No. This issue will not be relevant to most applicants for RIF, as this question only applies to organizations with a published indirect rate.

Q: Our programs support Virginia-based startups, but also startups based in other states and/or abroad. Are we eligible for RIF grant support?

A: Yes, provided your programs generally preference Virginia-based startups, and you encourage supported non-Virginia startups to consider relocating to Virginia.

Q: You reference industries included in the Commonwealth Research and Technology Strategic Roadmap. What are those industries?

A: The Commonwealth Research and Technology Strategic Roadmap lists the following industries as being strategically important for Virginia: (1) life and health sciences, (2) autonomous systems, (3) space and satellites, (4) agricultural and environmental technologies, (5) cybersecurity, and (6) data science and analytics.

Q: In the metrics section, you refer to “supported companies” – what do you mean by that?

A: “Supported companies” are startups or other companies that have materially participated in your entrepreneurial support programs. For example, a startup that participates in a multi-week acceleration program would be a supported company. A startup whose founder or employee attended one of your networking events would not be a supported company.

Q: After we submit our application for RIF support, what can we expect?

A: We will acknowledge receipt of your proposal within three (3) business days. Following that, CIT will conduct a careful review of your proposal, and will most likely reach out to schedule one or more face-to-face meetings to discuss your organization, programs and plans in more details. During our review, we may also ask to speak to a selection of your clients (i.e. startup founders you’ve worked with) and other funding providers. We will endeavor to provide a go/no-go decision within 60 days of receipt of your proposal. If your proposal is accepted, we will work with you to finalize a grant agreement and funding within the following 30 days.

Q: If we are approved for RIF support, how will we receive our grant?

A: In general, RIF grantees will receive the full amount of their grant when the grant agreement is executed by both the grantee and CIT.

RIF Guidelines, Procedures and Criteria (cont.)

Q: We have received our RIF grant, and now want to make some programmatic changes that will impact our budget. Does CIT need to approve these changes?

A: No, however RIF grantees should inform CIT as soon as possible of any operational changes that create a financial variance (budget-to-actual) of over $20,000 within a 12-month period of performance. These variances should also be discussed in the interim and final written reports.

Q: We have received our initial RIF grant. When should we submit our application for year 2 funding?

A: If you wish to apply for RIF funding beyond the initial 12-month period of performance, begin consulting with the RIF team at CIT in the 8th or 9th month of your current RIF grant. CIT will require a new proposal each year from existing RIF grantees.

ENABLING LEGISLATION:

§ 2.2-2357. Division of Entrepreneurial Ecosystems.
A. Within the Authority shall be created a Division of Entrepreneurial Ecosystems (the Division) to support and promote technology-based entrepreneurial activities in the Commonwealth. The Division shall have the authority to (i) connect regional entrepreneurial support services; (ii) administer the Regional Innovation Fund (the Fund); (iii) coordinate marketing efforts between statewide and regional campaigns; (iv) establish entrepreneurs in residence to align local needs with state initiatives and funds; (v) compile, maintain, and promote an information portal of available public and private funding vehicles; and (vi) perform any other duties assigned by the Board. In performing such duties and responsibilities, the Division may (a) seek to build networks between regional entrepreneur support services, (b) facilitate state-wide information sharing and exchange of ideas and best practices, (c) establish a portal to highlight the availability of regional entrepreneurial support services; (d) aggregate information from national, regional, and local sources and promote available public and private funding vehicles; and (e) undertake any other activities or provide any other services relative to the purpose of the Division.
B. The Division shall be advised by an Advisory Committee (Advisory Committee) on Entrepreneurial Ecosystems, to be appointed by the Board.
C. The Division may partner with the GO Virginia regional councils to offer resources and expertise related to entrepreneurial ecosystem development, to identify multiregional initiatives, and to facilitate communication regarding best practices across regional councils.
D. 1. There is hereby created a permanent fund to be known as the Regional Innovation Fund, to be administered by the Authority. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund at the end of each fiscal year, including interest thereon, shall not revert to the general fund but shall remain in the Fund. Expenditures and disbursements from the Fund, which may consist of grants or loans, shall be made by authorization of the president, chairman, or vice-chairman of the Authority.
2. Moneys in the Fund shall be used for (i) competitive grants or loans to advance regional ecosystem development activities, (ii) support for enhanced capacity building projects, (iii) assistance with the creation and maintenance of appropriate infrastructure for the execution of innovation and startup programming, or (iv) technical assistance to startups in regional ecosystems. Moneys from the Fund shall be used for the purposes set forth in this subdivision that further the goals set forth in the Index.

RIF Guidelines, Procedures and Criteria (cont.)

3. Awards from the Fund shall be made by the Authority pursuant to guidelines, procedures, and criteria for the application for and award of grants or loans developed by the Division in consultation with the Advisory Committee and approved by the Board.
4. Any award from the Fund shall require matching funds at least equal to the award, provided, however, that the Authority shall have the authority to reduce the match requirement to no less than half of the grant upon a finding by the Authority of fiscal distress or an exceptional economic opportunity in a region. Such matching funds may be from local, regional, federal, or private funds, but shall not include any state general funds, from whatever source.