



**FISCAL YEAR 2010 REPORT ON THE COMMITMENT,  
DISBURSEMENT, AND USE OF FUNDS**

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| <b>Citation of Law or Resolution:</b> | S.L. 2009-451     |
| <b>Section Number:</b>                | Section 14.5(c)   |
| <b>Due:</b>                           | September 1, 2010 |
| <b>Submitted:</b>                     | August 31, 2010   |

**Receiving Entities:**

The Joint Legislative Commission on Governmental Operations  
The chairs of the House of Representatives and Senate Finance Committees  
The chairs of the House of Representatives and Senate Appropriations Committees  
The Fiscal Research Division of the General Assembly

**Submitting Entity:**

The Board of Science and Technology of the Department of Commerce

## BACKGROUND

The federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs grant competitive awards to small businesses for Phase I proof-of-principle research and development (R&D) and Phase II early-stage product development.

The SBIR program is a highly competitive merit-based award system designed to stimulate technological innovation, strengthen the role of small businesses in meeting federal R&D needs, and increase private sector commercialization of innovations derived from Federal R&D. Enacted in 1982 as part of the Small Business Innovation Development Act, (and then reauthorized in 2000), the SBIR program requires federal agencies with more than \$100 million in extramural R&D to allocate a percentage of their budgets exclusively for small businesses. This set-aside began in 1983 at 0.2% and is currently 2.5%, resulting in the availability of approximately \$2.5 billion in fiscal year 2010 to small businesses R&D.

The STTR program is similar to the SBIR program, but its unique feature is its *requirement* that the small business work jointly with a non-profit research institution. A minimum of 40% of the work must be performed by the small business and a minimum of 30% by the non-profit research institution. Such institutions include Federally-funded research and development centers (FFRDCs), universities, university-affiliated hospitals, and other non-profits. Established by Title II of the Small Business Research and Development Enhancement Act of 1992, Public Law 102-564, the STTR program requires federal agencies with more than \$1 billion of extramural R&D to reserve 0.3% of their budgets for R&D small businesses and their partners. This set-aside currently results in the availability of approximately \$150 million for fiscal year 2010.

The One North Carolina Small Business Program (hereinafter “the Program”)—the subject of this report—entails two State-funded programs: the **SBIR/STTR Phase I Matching Funds Program** and the **SBIR/STTR Phase I Incentive Funds Program**.<sup>1</sup> North Carolina is among a handful of innovative states that have seen the value of leveraging federal SBIR/STTR funds with State support of this type.

This report provides FY 2010 commitment and disbursement information for only the Matching Funds Program, as overall Program funding was insufficient to allow for the operation of the Incentive Funds Program during FY 2010. Information for previous fiscal years is available in previously submitted year-end reports for those years.

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<sup>1</sup> Descriptions of both programs are provided later in this report, on pages 3 and 5, respectively.

## PROGRAM IMPACT

In the Program's first five years, 290 grants, totaling more than \$15.5 million, have been issued to North Carolina small businesses.<sup>2</sup> As of August 31, 2010, 114 federal Phase I projects, receiving more than \$9 million in State Matching Funds support from the Program, have been completed. This support has helped the recipient businesses to:

- Advance innovative commercial technologies in numerous sectors;
- Build company and university collaborations;
- Make an additional \$14 million in internal capital investments;
- Leverage more than \$38.7 million in external capital investments;
- Generate more than \$41.8 million<sup>3</sup> in follow-on federal SBIR/STTR funding;<sup>4</sup>
- Create more than 120 additional jobs;
- Position themselves to yield hundreds of patents, licenses, and products.

These impacts will multiply greatly as the grants become fully utilized over time to grow new businesses and enhance existing businesses.

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## **MATCHING FUNDS PROGRAM**

### **Overview**

The North Carolina SBIR/STTR Phase I Matching Funds Program awards matching funds to North Carolina-based small businesses that have received a federal SBIR or STTR Program Phase I award. The North Carolina Board of Science and Technology, a division of the North Carolina Department of Commerce, administers the Program.

Under the Program, awards can be made to eligible businesses for up to 100 percent of a firm's federal Phase I SBIR/STTR Program award, up to a maximum amount of \$100,000, until funds available for the Program have been exhausted. Applicants who receive Matching Awards receive 75 percent of the award amount upon receipt of an SBIR/STTR Phase I award, and receive the remaining 25 percent of the award if their Phase I report is accepted by the funding agency and they submit a related Phase II application to the funding agency. Phase II SBIR/STTR awards can exceed \$1million.

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<sup>2</sup> This includes 90 incentive grants, totaling \$263,281.43, and 200 Matching grants, totaling \$15,329,213.

Information for commitments and disbursements in previous years is available in previously submitted year-end reports for those years.

<sup>3</sup> Fifty three of the 114 small businesses received Phase II awards. This success rate is at least five to 10 percentage points higher than the U.S. average success rate. This higher-than-average level of success is due, in part, to the Matching Funds.

<sup>4</sup> Combined, the external capital investments and the follow-on federal SBIR/STTR funding represent a nearly 9 to 1 leveraging of the State Matching Funds.

## Purpose

The purpose of the Matching Program is to foster job creation and economic development in North Carolina by increasing the competitive position of North Carolina small businesses in attracting SBIR and STTR grant funding, and to provide an incentive for Phase I award-winning firms to participate in the more substantial Phase II program. The goals of the Matching Program are to:

1. Increase the amount of federal research dollars received by North Carolina small businesses;
2. Increase the intensity of the research conducted under Phase I, making North Carolina small businesses more competitive for Phase II funds;
3. Help North Carolina businesses bridge the funding gap period between the final Phase I payment and the first Phase II payment in the federal SBIR/STTR Program; and
4. Encourage the establishment and growth of high-quality, advanced technology firms in the State of North Carolina.

## FY 2010 Summary

- In the FY 2010 Budget Act, \$700,000 was appropriated to One North Carolina Small Business Program, of which 100 percent was allocated to the Matching Funds Program.
- An additional \$318,940.93 was transferred to the Fund. This amount consisted of unencumbered funds carried forward from the Program's previous four years. These funds were unencumbered because the businesses for which they were originally encumbered were ultimately not able to apply for federal Phase II funding and, as a result, were required under Program Guidelines to forfeit their Stage 2 Matching disbursement (25% of their total Matching Award).
- The FY 2010 Program Solicitation was released on November 15, 2009.
- Award levels were set at 50 percent of a firm's federal SBIR/STTR Program award, up to a maximum amount of \$50,000. In addition, due to the limited funding available under the FY 2010 Solicitation, Award decisions were made using a stochastic process in which each Applicant had a 50 percent probability of receiving an Award.<sup>5</sup>

In FY 2010, 20 NC small businesses received matching grants, as follows:<sup>6</sup>

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<sup>5</sup> Specifically, a single-trial Bernoulli statistical process, using a 50 percent probability of success value, was performed using the random number generator tool in Microsoft Excel. The outcome of a given trial could take the value of either 1 or 0, where 1 represents selection for a Match Award and 0 represents non-selection for a Match Award.

<sup>6</sup> An additional three small businesses have been selected to receive an award in FY 2010. They are scheduled to receive their stage 1 payments within two weeks of the submission date of this report. At that time, funding will be committed and Stage 1 grant payments will be made.

| Organization Legal Name                              | Project Title                                                                                                                   | Organization City      | Organization County | Total Grant Amount Committed | Committed Fiscal Year | FY 2010 Grant Amount Disbursed |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------|------------------------------|-----------------------|--------------------------------|
| GreatWall Systems, Inc.                              | Integrated Scalable Parallel Firewall and Intrusion Detection System for High-Speed Networks                                    | Winston-Salem          | FORSYTH             | \$38,735.50                  | 2006                  | \$9,683.87                     |
| ArrayXpress, Inc.                                    | Developing a Standardized Array-based Diagnostic Product for Early Identification of Pathogens and Pests of Forest Tree species | Raleigh                | WAKE                | \$99,949.00                  | 2007                  | \$24,987.25                    |
| Precision Human Biolaboratory Inc./Ridge Diagnostics | Molecular Interaction Measurement System: A Label-Free Detection Platform                                                       | Research Triangle Park | DURHAM              | \$99,632.00                  | 2008                  | \$24,908.00                    |
| Scribner Associates, Inc.                            | Hand-Held System for On-Site Trihalomethane Measurement                                                                         | Southern Pines         | MOORE               | \$99,953.00                  | 2008                  | \$24,988.25                    |
| Innovation Research and Training, Inc.               | Web-Based Mentor Training Program                                                                                               | Durham                 | DURHAM              | \$100,000.00                 | 2008                  | \$25,000.00                    |
| Cytex Therapeutics, Inc.                             | Hip Joint Resurfacing with Functional Human Cartilage                                                                           | Durham                 | DURHAM              | \$100,000.00                 | 2008                  | \$25,000.00                    |
| Alditri Technologies, Inc.                           | Selective Bio-Molecule Filtration Media Formulated Using Vapor-Phase Deposition Technology                                      | Raleigh                | WAKE                | \$100,000.00                 | 2008                  | \$25,000.00                    |
| 3F, LLC                                              | HIGH-STRENGTH LOW-COST FIBER VIA MULTI-COMPONENT NANOFIBER (MCN) SPINNING                                                       | Raleigh                | WAKE                | \$100,000.00                 | 2008                  | \$25,000.00                    |
| The Sandbox Learning Company                         | Social Software for Teaching Children with Autism Social Skills                                                                 | Cornelius              | MECKLENBURG         | \$74,993.00                  | 2008                  | \$18,748.25                    |

| Organization Legal Name        | Project Title                                                                          | Organization City      | Organization County | Total Grant Amount Committed | Committed Fiscal Year | FY 2010 Grant Amount Disbursed |
|--------------------------------|----------------------------------------------------------------------------------------|------------------------|---------------------|------------------------------|-----------------------|--------------------------------|
| Corvid Technologies            | Hypervelocity Intercept Modeling with First-Principle, Physics-Based Tools             | Mooresville            | IREDELL             | \$99,451.23                  | 2008                  | \$24,862.81                    |
| Valencell, Inc.                | Wearable Photoelectrocatalytic Personal Environmental Exposure Monitor                 | Raleigh                | WAKE                | \$100,000.00                 | 2008                  | \$25,000.00                    |
| Endls Optics                   | Optical Surveillance of Tumor Margins in Patients Undergoing Breast Conserving Surgery | Research Triangle Park | DURHAM              | \$100,000.00                 | 2008                  | \$25,000.00                    |
| Auger Communications, Inc.     | Teach-with-Stories: Lay Educator Prenatal Outreach Program for Hispanics               | Durham                 | DURHAM              | \$100,000.00                 | 2008                  | \$25,000.00                    |
| Premitec, Inc.                 | Novel Ultra-Flexible Hybrid Circuits for Intraocular Retinal Prostheses                | Raleigh                | WAKE                | \$87,680.00                  | 2008                  | \$21,920.00                    |
| Health Outcomes, Inc.          | Comprehensive Patient-Reported Outcomes Tracking Solution for State SPMI Clients       | Chapel Hill            | ORANGE              | \$99,811.00                  | 2008                  | \$24,952.75                    |
| GrassRoots Biotechnology, Inc. | STTR Phase I: Constitutive promoters for crop improvement                              | Durham                 | DURHAM              | \$100,000.00                 | 2008                  | \$25,000.00                    |
| Virtual Reality Aids, Inc.     | Multimedia Tool for Psychology Graduate Student ASD Assessment Training                | Raleigh                | WAKE                | \$100,000.00                 | 2008                  | \$25,000.00                    |
| Vascular Biosciences           | Targeting Pulmonary Hypertension with R-Ras                                            | Durham                 | DURHAM              | \$100,000.00                 | 2008                  | \$25,000.00                    |
| MRI Cardiac Services, INC      | Comprehensive MR imaging of Elderly Vascular Function                                  | Winston Salem          | FORSYTH             | \$60,618.00                  | 2008                  | \$15,154.50                    |

| Organization Legal Name        | Project Title                                                                                     | Organization City      | Organization County | Total Grant Amount Committed | Committed Fiscal Year | FY 2010 Grant Amount Disbursed |
|--------------------------------|---------------------------------------------------------------------------------------------------|------------------------|---------------------|------------------------------|-----------------------|--------------------------------|
| AP Solutions, Inc.             | Media Free Coatings Removal Technology for Navy Platforms using Atmospheric Plasma                | Cary                   | WAKE                | \$69,906.00                  | 2009                  | \$52,429.50                    |
| SoyMeds, Inc.                  | Novel therapy for treating Multiple Sclerosis                                                     | Davidson               | MECKLENBURG         | \$75,000.00                  | 2009                  | \$56,250.00                    |
| Signal Innovations Group, Inc. | In Situ learning for underwater object recognition                                                | Durham                 | DURHAM              | \$69,934.00                  | 2009                  | \$52,450.50                    |
| InnerOptic Technology, Inc     | A Needle Guidance System for Hepatic Tumor Ablation That Fuses Real-Time Ultrasound and Pre-Op CT | Hillsborough           | ORANGE              | \$75,000.00                  | 2009                  | \$56,250.00                    |
| Vadum Inc                      | Efficient Wideband Antenna for JTRS Ground Mobile Radio Communications Systems                    | Raleigh                | WAKE                | \$68,851.40                  | 2009                  | \$51,638.55                    |
| Advanced Liquid Logic, Inc     | Low-cost and Rapid DNA Sequencer for Biometric Applications                                       | Research Triangle Park | DURHAM              | \$75,000.00                  | 2009                  | \$56,250.00                    |
| Vortant Technologies, LLC      | Self Contained Sensor and Telemetry for Remote Water Quality Monitoring                           | Weaverville            | BUNCOMBE            | \$75,000.00                  | 2009                  | \$56,250.00                    |
| Alditri Technologies, Inc.     | Nano-enhanced Fibrous Structures for Pathogenic Virus Elimination from Biopharmaceutical Products | Raleigh                | WAKE                | \$75,000.00                  | 2009                  | \$56,250.00                    |
| SureMilk, LLC                  | Surfaces Designed for the Quantification of Long Chain Fatty Acids                                | Durham                 | DURHAM              | \$75,000.00                  | 2009                  | \$56,250.00                    |
| Rivis, Inc.                    | Electrical power generation for sustained high speed flight                                       | Research Triangle Park | DURHAM              | \$53,849.33                  | 2009                  | \$40,387.00                    |

| Organization Legal Name           | Project Title                                                                                                          | Organization City      | Organization County | Total Grant Amount Committed | Committed Fiscal Year | FY 2010 Grant Amount Disbursed |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------|------------------------------|-----------------------|--------------------------------|
| Polyglot Systems, Inc             | TDARS: Translated Document Assembly and Retrieval System                                                               | Morrisville            | WAKE                | \$75,000.00                  | 2009                  | \$18,750.00                    |
| Algaen Corporation                | Developing Innovative Photobioreactor and Extraction Technology For Production Of Biodiesel Feedstock Using Microalgae | Clemmons               | FORSYTH             | \$56,052.67                  | 2009                  | \$42,039.50                    |
| GrassRoots Biotechnology, Inc.    | Improving Root Architecture in Energy Crops                                                                            | Durham                 | DURHAM              | \$75,000.00                  | 2009                  | \$56,250.00                    |
| Tec-Cel, Inc.                     | Cell Targeting Tools                                                                                                   | Raleigh                | WAKE                | \$75,000.00                  | 2009                  | \$18,750.00                    |
| InnovaTech, Inc.                  | Retrofit Air Pollution Control Filter for Restaurant UnderFired Charbroilers                                           | Research Triangle Park | DURHAM              | \$70,000.00                  | 2009                  | \$17,500.00                    |
| Horizon Performance               | Behavior Tracking Software Enhancement and Integration of a Feedback Module                                            | Cary                   | WAKE                | \$75,000.00                  | 2009                  | \$18,750.00                    |
| Brighton Development, LLC         | Permanent Antimicrobial Medical Plastic                                                                                | Cary                   | WAKE                | \$75,000.00                  | 2009                  | \$18,750.00                    |
| Firebird Advanced Materials, Inc. | Technologies for the Rapid Curing of Composite Parts                                                                   | Raleigh                | WAKE                | \$75,000.00                  | 2009                  | \$18,750.00                    |
| Zen-Bio, Inc                      | Commercialization of Human Mammary Basal / Luminal Cell System for Research                                            | RTP                    | DURHAM              | \$75,000.00                  | 2009                  | \$18,750.00                    |
| LifeSciTech, LLC                  | A Novel Approach to the Treatment of Cardiac Arrhythmia: A Robotic Catheter for Epicardial Pacing Lead Placement       | Research Triangle Park | DURHAM              | \$75,000.00                  | 2009                  | \$18,750.00                    |



| Organization Legal Name                    | Project Title                                                                                           | Organization City      | Organization County | Total Grant Amount Committed | Committed Fiscal Year | FY 2010 Grant Amount Disbursed |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------|---------------------|------------------------------|-----------------------|--------------------------------|
| Signal Innovations Group, Inc.             | In Situ learning for underwater object recognition                                                      | Durham                 | DURHAM              | \$69,934.00                  | 2009                  | \$17,483.50                    |
| Physcient, Inc.                            | Work Softening and Dynamic Mechanical Analysis to Reduce Tissue Trauma During Surgical Retraction       | Durham                 | DURHAM              | \$75,000.00                  | 2009                  | \$18,750.00                    |
| 3-C Institute for Social Development, Inc. | Cuentos de la Vida: Exploring Cultural Heritage through Storytelling                                    | Cary                   | WAKE                | \$75,000.00                  | 2009                  | \$18,750.00                    |
| Bennett Aerospace LLC                      | Accelerated Learning Through Serious Game Technology                                                    | Cary                   | WAKE                | \$75,000.00                  | 2009                  | \$18,750.00                    |
| PhotonTech                                 | Advanced Polymer Resists for Extreme Ultraviolet (EUV) Nanolithography                                  | Research Triangle Park | DURHAM              | \$75,000.00                  | 2009                  | \$18,750.00                    |
| Triangle Polymer Technologies, Inc         | Adhesives for Rapid Outfitting and Insulation Attachment                                                | Cary                   | WAKE                | \$69,999.04                  | 2009                  | \$17,499.76                    |
| BioMedomics, Inc.                          | Highly Sensitive Hand-Held Device for Quantitative Multiplex Protein Analysis Using Time-Resolved Assay | Research Triangle Park | DURHAM              | \$69,996.25                  | 2009                  | \$17,499.06                    |
| 3F, LLC                                    | STTR Phase I: Light-Weight Bio-Based Nano-Enhanced SMC Formulations                                     | Raleigh                | WAKE                | \$75,000.00                  | 2009                  | \$18,750.00                    |
| STRAD Corporation                          | Robust Wideband Aircraft Altitude Estimation for Over-the-Horizon Radar                                 | Durham                 | DURHAM              | \$75,000.00                  | 2009                  | \$18,750.00                    |
| Virtual Reality Aids, Inc.                 | Web-Delivered Assessment for Stroke Survivors Using Multimedia Technology                               | Raleigh                | WAKE                | \$75,000.00                  | 2009                  | \$56,250.00                    |

| Organization Legal Name           | Project Title                                                                                                    | Organization City      | Organization County | Total Grant Amount Committed | Committed Fiscal Year | FY 2010 Grant Amount Disbursed |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------|---------------------|------------------------------|-----------------------|--------------------------------|
| Cognosci, Inc.                    | Novel Targeted Therapy for CLL                                                                                   | Research Triangle Park | DURHAM              | \$75,000.00                  | 2009                  | \$18,750.00                    |
| Novan, Inc.                       | STTR Phase 1: Nitric Oxide-Releasing Antibacterial Wound Dressing                                                | Research Triangle Park | DURHAM              | \$75,000.00                  | 2009                  | \$18,750.00                    |
| A-B-Sea Research                  | GPS Reference While Submerged                                                                                    | Raleigh                | WAKE                | \$34,928.20                  | 2010                  | \$26,196.15                    |
| Advanced TeleCare, LLC            | Enhancing Group Identity May Improve Effectiveness of Diabetes Self-Management Education                         | Durham                 | DURHAM              | \$50,000.00                  | 2010                  | \$37,500.00                    |
| Allotropica Technologies, Inc.    | "SBIR Phase I: Mesoporous Graphene Electrodes for Supercapacitors.                                               | Chapel Hill            | ORANGE              | \$50,000.00                  | 2010                  | \$37,500.00                    |
| Arctic, Inc.                      | Non-Polluting Method of Weed Control                                                                             | Clemmons               | FORSYTH             | \$50,000.00                  | 2010                  | \$37,500.00                    |
| Broad Digital LLC                 | Intelligible Speech Communications with Robust Voice Operated Switch (VOX) Operation for High Noise Environments | Cary                   | WAKE                | \$49,272.00                  | 2010                  | \$36,954.00                    |
| Creative Bioreactor Designs, Inc. | "Development of Novel Bioreactor for Engineered Skeletal Muscle"                                                 | Winston Salem          | FORSYTH             | \$49,999.12                  | 2010                  | \$37,499.34                    |
| Gigabeam Acquisition Corporation  | SBIR Phase I: 256 QAM Modem Supporting 10 Gb/s Radio.                                                            | Durham                 | DURHAM              | \$50,000.00                  | 2010                  | \$37,500.00                    |
| Humacyte, Inc.                    | Novel Manufacturing Processes for Tissue Engineered Vascular Grafts                                              | Durham                 | DURHAM              | \$50,000.00                  | 2010                  | \$37,500.00                    |
| Identizyme Defense                | Low/No Power detector for Organophosphate Nerve                                                                  | Chapel Hill            | ORANGE              | \$34,994.50                  | 2010                  | \$26,245.88                    |

| Organization Legal Name             | Project Title                                                                                                                                | Organization City      | Organization County | Total Grant Amount Committed | Committed Fiscal Year | FY 2010 Grant Amount Disbursed |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------|------------------------------|-----------------------|--------------------------------|
| Technologies, Inc.                  | Agents                                                                                                                                       |                        |                     |                              |                       |                                |
| Inanovate, Inc                      | A Nanotechnology Enabled Point of Care Diagnostic Platform for Early Stage Cancer Detection                                                  | Durham                 | DURHAM              | \$50,000.00                  | 2010                  | \$37,500.00                    |
| Integrated Oncology Solutions, Inc. | Identification of Novel Androgen Receptor Antagonists for the Treatment of Hormon                                                            | Research Triangle Park | DURHAM              | \$50,000.00                  | 2010                  | \$37,500.00                    |
| KeraNetics, LLC                     | Keratin biomaterial-based fluid for trauma resuscitation                                                                                     | Winston Salem          | FORSYTH             | \$50,000.00                  | 2010                  | \$37,500.00                    |
| MoveableCode, inc.                  | Realtime Markerless Scene Tracking on a Smartphone                                                                                           | Raleigh                | WAKE                | \$50,000.00                  | 2010                  | \$37,500.00                    |
| Parion Sciences                     | The Development Epithelial Sodium Channel Blockers for Chronic Dry Eye                                                                       | Durham                 | DURHAM              | \$50,000.00                  | 2010                  | \$37,500.00                    |
| Piedmont Biofuels Industrial        | Utilization of Immobilized Lipase System for Waste Water Reduction in the Bioenergy Industry                                                 | Pittsboro              | CHATHAM             | \$50,000.00                  | 2010                  | \$37,500.00                    |
| QuarTek Corporation                 | Specially Functionalized Nanomagnetic Particles & Ionic Liquids for Harvesting, Dewatering & Extraction of Lipids & Carbohydrates from Algae | Greensboro             | GUILFORD            | \$50,000.00                  | 2010                  | \$37,500.00                    |
| Tensive Controls, Inc               | Melanocortin Ligands in Disease Cachexia                                                                                                     | Greensboro             | GUILFORD            | \$50,000.00                  | 2010                  | \$37,500.00                    |

| Organization Legal Name             | Project Title                                                                                             | Organization City | Organization County | Total Grant Amount Committed | Committed Fiscal Year | FY 2010 Grant Amount Disbursed |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------|---------------------|------------------------------|-----------------------|--------------------------------|
| United Protective Technologies, LLC | Advanced Canopy Window Materials for Improved Helicopter and Aircrew Survivability                        | Locust            | STANLY              | \$39,743.67                  | 2010                  | \$29,807.75                    |
| Wave Computation Technologies, Inc. | Discontinuous Galerkin Modeling of Electromagnetic Propagation Through Novel Materials and Configurations | Durham            | DURHAM              | \$34,999.96                  | 2010                  | \$26,249.97                    |
| Xintek Inc.                         | High-Performance Polymer Nanocomposites Containing Functionalized Few-Walled Carbon Nanotubes             | Durham            | DURHAM              | \$50,000.00                  | 2010                  | \$37,500.00                    |
|                                     |                                                                                                           |                   | <b>Total</b>        | <b>\$5,028,282.87</b>        |                       | <b>\$2,188,336.14</b>          |

*NOTE: Committed and disbursed amounts in the table above differ because businesses receive 75 percent of the committed grant amount upon award, and the remaining 25 percent after certain Program performance/completion criteria are met. The remaining 25 percent disbursement often occurs in a different fiscal year from the original commitment fiscal year.*

## **INCENTIVE FUNDS PROGRAM**

### **Overview**

The North Carolina SBIR/STTR Phase I Incentive Funds Program reimburses qualified North Carolina businesses for a portion of the costs incurred in preparing and submitting Phase I proposals for the U.S. Government's SBIR and STTR Programs. Under the Incentive Funds Program, the State issues qualified applicants a grant in the amount equal to 50 percent of their approved Phase I Proposal preparation costs, up to \$3,000. These grants are awarded to qualified applicants on a first-come, first-served basis, up to the limits of available funding. The North Carolina Board of Science and Technology, a division of the North Carolina Department of Commerce, administers the Program.

### **Purpose**

The purpose of the Incentive Program is to foster job creation and economic development in North Carolina by encouraging North Carolina small businesses to compete for Federal SBIR and STTR awards. The goal of the Incentive Program is to increase the number of North Carolina applications for Federal SBIR and STTR Phase I awards.

### **FY 2010 Summary**

- Overall Program funding was insufficient to allow for the operation of the Incentive Funds Program during FY 2010.

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## **CONCLUSION**

A handful of innovative states, including North Carolina, have seen the value of leveraging federal SBIR/STTR funds with State support. North Carolina's entrepreneurial community has enthusiastically heralded the One North Carolina Small Business Program's creation for its impact on growing the state's entrepreneurial economy, and for the fact that it reflects a substantial recognition by lawmakers of the importance of innovation and entrepreneurship to the economic health of the state. As the impact measures above indicate, the Program enables North Carolina's small businesses to generate the kinds of innovation critical for making the state a leader in the global economy.