CHIPS for America
Overview of Financial Information Required for Pre-Application and Full Application

April 13, 2023
Today’s CHIPS Program Office Speakers

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Chief of Staff and Head of Operations

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Investment Office
Investment Director

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Investment Office
Investment Director

Jessica Stoneman
External and Government Affairs
Public Engagement
AGENDA FOR TODAY

• Overview of CHIPS for America – 10 mins
• Overview of Pre-Application and Full Application Financial Information Sections – 10 mins
• Pre-Application Financial Information Deep Dive – 30 mins
  − Sources and Uses of Funds
  − Summary Financials
  − CHIPS Incentives Request
• Full Application Financial Information Deep Dive – 20 mins
  − Financial Plan
  − Sources and Uses of Funds
  − Project Cash Flow, Balance Sheet, and Income Statement Projections
  − Scenario Analysis
  − CHIPS Incentives Request
• Next Steps, Additional Resources, and Q&A – 20 mins
The CHIPS Act will strengthen supply chain security and increase economic resilience in critical sectors.

The CHIPS Act will ensure that the U.S. can manufacture advanced technologies, including secure chips for the U.S. military.

The CHIPS Act will spur innovation, increase competitiveness, and ensure long-term U.S. leadership in the sector.
Funding Opportunities

February 28, 2023
1st Notice of Funding Opportunity
For commercial leading-edge, current, mature node fabrication and back-end facilities

Focus of today’s webinar

Late Spring 2023
2nd Notice of Funding Opportunity
For material suppliers and equipment manufacturers

Fall 2023
3rd Notice of Funding Opportunity
To support the construction of semiconductor R&D facilities
Application Process

1. Statement of interest (open to all)
2. Pre-application (optional) [Feedback]
3. Full application
4. Due diligence
5. Award preparation

Submissions accepted as of...

<table>
<thead>
<tr>
<th>Leading-edge</th>
<th>Current-gen, mature-node, and back-end</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 28, 2023</td>
<td>February 28, 2023</td>
</tr>
<tr>
<td>March 31, 2023</td>
<td>May 1, 2023</td>
</tr>
<tr>
<td>March 31, 2023</td>
<td>June 26, 2023</td>
</tr>
</tbody>
</table>

Focus for today
# Pre-Application & Full Application

<table>
<thead>
<tr>
<th>Objective</th>
<th>Pre-Application</th>
<th>Full Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create an opportunity for dialogue between CPO and the potential applicant to ensure the proposed application would meet program requirements and address program priorities</td>
<td>Enable the evaluation of the merit of proposed projects and the negotiation of preliminary terms of a potential award</td>
<td></td>
</tr>
<tr>
<td>Sufficient preliminary information on the proposed project(s) to provide a preliminary assessment of the likelihood of receiving CHIPS Incentives award and meaningful feedback on next steps</td>
<td>Extensive, detailed information on the proposed project(s) to enable a comprehensive evaluation of its merits and determine the potential CHIPS Incentives award</td>
<td></td>
</tr>
</tbody>
</table>
Program Priorities

Economic and national security objectives
Commercial viability
Financial strength
Technical feasibility and readiness
Workforce development
Broader impacts

Deep dive on next pages
Commercial Viability

- Demand for the product
- Size / diversity of customer base
- Existing and planned supply
- Expected volume and pricing dynamics
- Ability to counter potential technological obsolescence of the facility
- Stability and predictability of key supplies
Financial Strength

- Financial strength of the applicant / parent
- Commitment of private/third-party investment
- Financial strength of the project
- Reasonableness / suitability of CHIPS funding request
## Financial Information Required

<table>
<thead>
<tr>
<th>Pre-Application</th>
<th>Full Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cover Page</td>
<td>Cover Page</td>
</tr>
<tr>
<td>Project Plan</td>
<td>Covered Incentive</td>
</tr>
<tr>
<td><strong>Financial Information</strong></td>
<td>Description of Project</td>
</tr>
<tr>
<td>I. Financial Information Narrative</td>
<td>Applicant Profile</td>
</tr>
<tr>
<td>II. Facility Ownership Structure</td>
<td>Alignment with Economic Resilience and National Security</td>
</tr>
<tr>
<td>III. Sources and Uses of Funds</td>
<td>Objectives</td>
</tr>
<tr>
<td>IV. Company Financials</td>
<td>Commercial Strategy</td>
</tr>
<tr>
<td>V. Summary Financials</td>
<td><strong>Financial Information</strong></td>
</tr>
<tr>
<td>VI. CHIPS Incentives Request</td>
<td>I. Financial Plan</td>
</tr>
<tr>
<td>Environmental Questionnaire</td>
<td>II. Sources and Uses of Funds</td>
</tr>
<tr>
<td>Workforce Development</td>
<td>III. Project Cash Flow, Balance Sheet, and Income Statement Projections</td>
</tr>
</tbody>
</table>

### Financial Information

- **I. Financial Plan**
- **II. Sources and Uses of Funds**
- **III. Project Cash Flow, Balance Sheet, and Income Statement Projections**
- **IV. Scenario Analysis**
- **V. CHIPS Incentives Request**
- **VI. CHIPS Loan or Loan Guarantee Request**

### Environmental Questionnaire

### Workforce Development

### Legend
- PDF Upload
- Excel Upload
- Web form

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**Standard Forms**
- Project Technical Feasibility
- Organization Information
- Workforce Development Plan
- Broader Impacts
- Standard Forms
<table>
<thead>
<tr>
<th>Resource</th>
<th>For Reference</th>
<th>Required Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>All application stages</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Fabrication Facilities Notice of Funding Opportunity</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Pre-Application</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-Application Instructions</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Pre-Application Sources and Uses Template</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Pre-Application Example Financial Model</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Pre-Application Example Financial Model White Paper</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Full Application</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full Application Offline Template Sources and Uses</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Sources and Uses of Funds Instructions</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Guiding Principles for Full Application Financial Model</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Full Application Offline Incentives Request</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Incentives Request Instructions</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

These resources are available at CHIPS.gov, feel free to download & follow along
How will the CHIPS Program Office protect confidential business information throughout the application process?

- We are instituting robust protocols, technology solutions, and organizational practices to keep all data safe, secure, confidential, and limited in distribution. Application data will be housed in a secure environment, upholding NIST’s FIPS 199 high impact requirements for cybersecurity and data protection.

- In general, applicant information will be accessible only to federal employees, consultants, and contractors who have a need to know, including application reviewers and key investment decision-makers, to carry out the government’s responsibilities in connection with the CHIPS Incentives Program, or as otherwise required by law.
Pre-Application

Financial Information Deep Dive
Financial Information for Pre-Application

Pre-Application

Cover Page
Project Plan

Financial Information

I. Financial Information Narrative
II. Facility Ownership Structure
III. Sources and Uses of Funds
IV. Company Financials

V. Summary Financials
VI. CHIPS Incentives Request

Environmental Questionnaire
Workforce Development

Legend

- PDF Upload
- Excel Upload
- Web form

III. Sources and Uses of Funds
Information on project costs, the types of amounts of funding that will be used to cover those costs, and detailed operating cash flows until project breaks even on a cash flow basis

V. Summary Financials
Summary of the financial information, assumptions, and inputs underlying financial projections

VI. CHIPS Incentives Request
Summary of requested dollar amounts for CHIPS Direct Funding, how the financial information submitted supports program priorities and a description on how the sizing was based on applicable analyses
III. SOURCES AND USES OF FUNDS

Materials Required

- **Narrative**
  Descriptive summary of the project costs and capital sources

- **Spreadsheet Template**
  Estimated figures for the project costs and capital sources for each facility reported and the aggregated total for all facilities

- **Web Form**
  Spreadsheet calculated totals for project uses, sources and the sum of state and local government incentives

Resources Available

- Pre-Application Instructions
- Pre-Application Sources and Uses Template

Deep Dive on the next page
### III. SOURCES AND USES OF FUNDS

**Pre-Application Sources and Uses Template**

The **Sources and Uses spreadsheet template** contains multiple sheets:

- Complete a separate “S&U sheet” for each project
- Populate the “Summation across projects” sheet

A “project” is a set of capital expenditures for the construction, expansion, or modernization of a single facility

<table>
<thead>
<tr>
<th>Schedule A – Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule B – Funding Sources</td>
</tr>
<tr>
<td>Schedule C - Operating Cash Flows until Project breaks even on a Cash Flow basis</td>
</tr>
<tr>
<td>The summation sheet also contains Free Response Questions</td>
</tr>
</tbody>
</table>
III. SOURCES AND USES OF FUNDS

Pre-Application Sources and Uses Template

Schedule A - Uses Schedule

Estimates for both hard/physical asset costs and soft/implementation costs in the cost estimate

Components

1. Capital Investment
2. Operating losses and other cash outflows until project breaks even on a cash flow basis
3. Workforce development costs
4. Other Uses of Funds

On both the individual projects and summation sheet provide uses estimates
III. SOURCES AND USES OF FUNDS

Spreadsheet template

Components

1. Equity Funding
2. Debt Funding
3. Government Support
4. Other Sources of Funds

Schedule B: Funding Sources Schedule

Estimates for all sources of funding that will contribute to the project

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Amount (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Equity Funding</td>
<td>0.00</td>
</tr>
<tr>
<td>2. Debt Funding</td>
<td>0.00</td>
</tr>
<tr>
<td>3. Government Support</td>
<td>0.00</td>
</tr>
<tr>
<td>4. Other Sources of Funds</td>
<td>0.00</td>
</tr>
</tbody>
</table>

On both the individual projects and summation sheet provide sources estimates
III. SOURCES AND USES OF FUNDS

Spreadsheet template

Components

1. Total sales until projects break even on a cash flow basis

2. Total operating expenses until projects break even on a cash flow basis

3. Other operating income until projects break even on a cash flow basis

4. Other cash flow items until projects break even on a cash flow basis

5. Total financing costs and taxes until projects break even on a cash flow basis

Schedule C - Operating Cash Flows until Project breaks even on a Cash Flow basis

Detailed breakdown of estimated revenues, operating expenses, other operating income, other cash flow items and financing costs & taxes until project breaks even on a cash flow basis

On both the individual projects and summation sheet provide operating cash flow estimates

Excel
Web Form
### III. SOURCES AND USES OF FUNDS

**Spreadsheet template**

On the summation sheet, complete all applicable Free Response Questions

- **Question 1:** Provide an explanation on how the equity injected into the project legal entity (by the applicant, its corporate parent or third-party partners) is funded...
- **Question 2:** If known, provide information on the key features and terms & conditions related to the debt funding raised by the applicant...
- **Question 3:** Explain how you estimated the value of the benefit from the Investment Tax Credit.
- **Question 4:** Are there any other state or local incentives that provide funding in a form that is not a direct grant or loan, such as reduced utilities costs, reduced taxes, etc.? 

Summation across projects – Free Response Questions

Six free response questions are included to allow the applicant to provide commentary.
V. SUMMARY FINANCIALS

Materials Required

- **Dynamic, Integrated Spreadsheet**
  High-level summary of the expected revenues, costs, and cash flows for each project, including key income statement, cash flow statement, and balance sheet information

- **Narrative**
  Summary narrative and supporting evidence for key assumptions underlying the financial projections

Resources Available

- **Pre-application Example Financial Model**
  Illustrative example of the level of granularity expected for the Summary Financials integrated spreadsheet

  Usage of this specific tool is **not** a requirement for the pre-application submission

  See *Pre-application Financial Model White Paper* for additional guidance on how to use the financial model tool

The tool may not appropriately meet the needs of all projects

Deep Dive on the next page
**V. SUMMARY FINANCIALS**

**Example Financial Model**

<table>
<thead>
<tr>
<th>Worksheet</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inputs</strong></td>
<td></td>
</tr>
<tr>
<td>Control Panel</td>
<td>Key project assumptions and inputs – <em>more detail on the next page</em></td>
</tr>
<tr>
<td><strong>Processing</strong></td>
<td></td>
</tr>
<tr>
<td>Assumptions Processing</td>
<td>Processing worksheet that structures the inputs from the control panel to produce outputs in the financial statement</td>
</tr>
<tr>
<td>Depreciation Schedule</td>
<td>Calculates the depreciation of the project’s capital costs and the estimates the benefit from the Investment Tax Credit (ITC)</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td></td>
</tr>
<tr>
<td>Income Statement</td>
<td>Income, or profit and loss, statement that has been generated using the assumptions entered, revenues and operating expenses are shown in absolute terms</td>
</tr>
<tr>
<td>Cashflow</td>
<td>Cash flow statement for the project; debt service coverage analysis, showing the project’s ability to pay debt service in each period; and cash flow to equity, showing the cashflows for the equity position in the project</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>Brings together all the flows, cash and non-cash, to show the “accumulation” of each type of asset and liability/equity at the end of each period</td>
</tr>
</tbody>
</table>
V. SUMMARY FINANCIALS

Example Financial Model - Inputs, Control Panel

A. Overview

B. Project Capital Costs

C. Project Revenue

D. Operating Costs

E. Debt Assumptions

Inputs may not appropriately meet the needs of all projects and applicants may want to reflect additional complexities in their materials.

Continued on the next page...
V. SUMMARY FINANCIALS

Example Financial Model - Inputs, Control Panel

- F. Project Financing Assumptions
- G. Tax Assumptions
- H. Depreciation Assumptions
- I. Working Capital Assumptions
- J. Distributions

Inputs may not appropriately meet the needs of all projects and applicants may want to reflect additional complexities in their materials.
VI. CHIPS INCENTIVES REQUEST

Materials Required

Web Form
A summary of the funding request and available credit ratings

Written Responses
• Narrative description for how the financial information submitted supports a conclusion that the CHIPS Incentives requested will incentivize the applicant to make investments in facilities and equipment in the U.S.
• Description of how the CHIPS Incentives requested were sized based on applicable analyses and why the request is appropriate

Resources Available
• Pre-Application Instructions
  [Deep Dive on the next page]
VI. CHIPS INCENTIVES REQUEST

Web Form Instructions

**CHIPS Incentive Request Summary**
*Indicate the type of incentive requested, requested dollar amounts and relevant terms associated with the request*

- CHIPS Direct Funding Request
- CHIPS Loans Request
- CHIPS Loan Guarantee Request

**Credit Rating Summary**
*Provide the most recent credit ratings applicable to the borrowing entity and its corporate parent / sponsor*

- Borrowing entity for Project
- Corporate Parent / Sponsoring Entity
- Credit Rating of Borrowing Entity
- Credit Rating of Corporate Parent / Sponsoring Entity
Full Application

Financial Information Deep Dive
Financial Information for Full Application

I. Financial Plan
Detailed description of project financial plan, including sources and uses of funds, cash flow projections, key equity return and debt service metrics, CHIPS incentives request, sensitivity analyses, and supporting evidence for key assumptions

III. / IV. Project Cash Flow, Balance Sheet, and Income Statement Projections & Scenario Analysis
Project-level financial statements should include detailed cash flow, income and balance sheet statements for each facility, through the end of the facility’s useful life, and stressing model parameters under a range of scenarios or assumptions

V. CHIPS Incentives Request
Summary and rationale of requested dollar amounts for CHIPS Direct Funding, how the financial information submitted supports program priorities and a description of specific efforts to date to bring other capital
I. FINANCIAL PLAN

Materials Required

Financial Plan
Detailed description of project financial plan including,
• Sources and Uses of Funds – written summary of the project costs and capital sources
• Cash Flow projections – description and justification on the assumptions and methodology used for use the financial model
• Key equity return and debt service metrics – description and justification for metrics used in the financial model
• CHIPS Incentives request - narrative description of rationale and justification for the incentives request
• Scenario Analyses - description of rationale for the scenarios selected and summary of the financial resilience of each project

Pre-App and Full App Comparison

• Both Pre-App and Full App require a summary narrative for the financial information
• However, the Full Application requires a financial plan per project proposed and incorporates narratives on cash flow projections, key equity return and debt service metrics and the sensitivity analysis

Resources Available
• Commercial Fabrication Facilities Notice of Funding Opportunity
• Guiding Principles for Full Application Financial Model
Materials Required

III. / IV. Dynamic, Integrated Spreadsheet
Project-level financial statements should include detailed cash flow, income and balance sheet statements for each facility, through the end of the facility’s useful life as well as a scenario analysis with stressing model parameters under a range of scenarios or assumptions.

IV. Scenario Analysis - Narrative
Description of rationale for the scenarios selected and summary of the financial resilience of each project.

Pre-App and Full App Comparison
• Both Pre-App and Full App require dynamic, integrated spreadsheet for project financial information.
• However, the Full Application also requires more detailed inputs and assumptions, the addition of key performance and risk metrics, and a range of embedded scenario analysis.

Resources Available
• Guiding Principles for Full Application Financial Model

Deep Dive on the next page
III. / IV. PROJECT CASH FLOW, BALANCE SHEET, AND INCOME STATEMENT PROJECTIONS & SCENARIO ANALYSIS

Guiding Principles

Model Structure
Model worksheets should be fully dynamic and linked through formulas and calculations, rather than hardcoded values, to allow traceability across the various inputs, processing, and output spreadsheets.
### Guiding Principles

**Granularity**

Detailed financial inputs are critical for a comprehensive review of the project’s financial strength.

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consistency</strong></td>
<td>Assumptions should generally have a <strong>consistent level of detail</strong> across the model, informed by the size and complexity of the project and the level of detail the applicant uses to evaluate its business.</td>
</tr>
<tr>
<td><strong>Reasonableness</strong></td>
<td>Assumptions should be <strong>sensible</strong> and <strong>derived from reputable data sources</strong>.</td>
</tr>
<tr>
<td><strong>Functionality</strong></td>
<td>Assumptions should be broken down into a <strong>comprehensive set of underlying drivers</strong>, there should be <strong>traceability</strong> to all underlying components, such that they can be <strong>validated and sensitized</strong>.</td>
</tr>
</tbody>
</table>
### III. / IV. PROJECT CASH FLOW, BALANCE SHEET, AND INCOME STATEMENT PROJECTIONS & SCENARIO ANALYSIS

#### Guiding Principles

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relevance</strong></td>
<td>Metrics should reflect the most appropriate <strong>measures of performance</strong> and <strong>risk</strong> based upon the project type and underlying business</td>
</tr>
<tr>
<td><strong>Comprehensive</strong></td>
<td>Applicants should include <strong>all metrics</strong> needed to assess <strong>project risks and performance</strong></td>
</tr>
<tr>
<td><strong>Standardized</strong></td>
<td>Metrics should be <strong>consistent with industry standards and best practices</strong></td>
</tr>
</tbody>
</table>
### Guiding Principles

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appropriateness</strong></td>
<td>Scenarios should reflect <em>historical events</em> or <em>hypothetical situations</em> to test how a project would perform under a <em>range of possible outcomes</em> with <em>varying degrees of likeliness of occurring</em></td>
</tr>
<tr>
<td><strong>Variety</strong></td>
<td>Define and test a diverse <em>range of scenarios</em> and <em>magnitudes</em> to comprehensively assess key project risks and upsides.</td>
</tr>
<tr>
<td><strong>Impact</strong></td>
<td>Scenarios that are <em>highest impact on the forecast</em> should be prioritized to understand what the <em>most material risks</em> to the project are and <em>how they impact the risk and return distributions</em></td>
</tr>
<tr>
<td><strong>Directionality</strong></td>
<td>Scenarios should show how the project performs under a <em>variety of positive and negative scenarios</em> to show the <em>upside and downside ranges</em> that may occur</td>
</tr>
<tr>
<td><strong>Timing</strong></td>
<td>Scenarios should assess impacts <em>across the useful life of the facility</em> to understand the stress at other points that may cause the project to become at risk</td>
</tr>
</tbody>
</table>

### Scenario Design

Scenario analyses should flow through the end-to-end model to demonstrate the impact on the output financials as well as the risk, performance, and return metrics.
V. CHIPS INCENTIVES REQUEST

Materials Required

**Spreadsheet Template**
A summary of the funding request and available credit ratings

**Narrative**
Narrative description that includes the rationale for the incentives request, how the financial information submitted supports a conclusion that the CHIPS Incentives requested will incentivize the applicant to make investments in facilities and equipment in the U.S., description of how the CHIPS Incentives requested were sized based on applicable analyses and why the request is appropriate, and description of specific efforts to date to bring other capital

Pre-App and Full App Comparison

- Both Pre-App and Full App require summary of the funding request and accompanying narratives
- However, the Full Application requires **exact amounts** for the funding request in spreadsheet format as well as a **rationale for the incentives request** and a description of **specific efforts to bring other capital**

Resources Available

- Incentives Request Instructions
- Full Application Offline Incentives Request
## Recap: Financial Information

### Key Differences

<table>
<thead>
<tr>
<th>Sources and Uses of Funds &amp; CHIPS Incentives Request</th>
<th>Pre-Application</th>
<th>Full Application</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Figures provided are expected to be estimates and are permissible to be rough approximations for high-level cost categories</td>
<td>Figures expected to be completed on a best-efforts basis with exact amounts and additional breakdown of categories</td>
</tr>
<tr>
<td></td>
<td>High-level summary of the expected revenues, costs, and cash flows for each project</td>
<td>Detailed project cash flow, income statement, and balance sheet projections and relevant performance and risk metrics for each project</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Scenario analysis to explore potential outcomes and evaluate financial resilience of each project</td>
</tr>
</tbody>
</table>

### Dynamic, Integrated Spreadsheet

- High-level summary of the expected revenues, costs, and cash flows for each project
- Detailed project cash flow, income statement, and balance sheet projections and relevant performance and risk metrics for each project
- Scenario analysis to explore potential outcomes and evaluate financial resilience of each project
HOW TO SUBMIT A PRE-APPLICATION

Pre-application is strongly recommended for current-generation, mature-node, or back-end production facilities.

Earliest submission for leading edge applicants: March 31, 2023

Earliest pre-application submission for current-generation, mature-node or back-end production facilities: May 1, 2023

The pre-application may be submitted a minimum of 21 days following the submission of a Statement of Interest (SOI).

Submit the pre-application through: applications.chips.gov
Next Steps

• Submit a Pre-Application & Full Application - resources listed in the next page
• Visit CHIPS.gov for additional resources
• Join our mailing list
• Contact us
  • askchips@chips.gov – general inquiries
  • apply@chips.gov – application-related inquiries
PRE-APPLICATION & FULL APPLICATION SUBMISSION RESOURCES AVAILABLE

PRE-APPLICATION RESOURCES

General
- Pre-Application Instructions

Sources and Uses of Funds
- Pre-Application Sources and Uses Template

Summary Financials
- Pre-Application Example Financial Model White Paper
- Pre-Application Example Financial Model

Environmental Questionnaire
- Pre-Application Environmental Questionnaire

FULL APPLICATION RESOURCES

General
- Cover Page Instructions
- Guiding Principles for Full Application Financial Model

Incentives Request
- Incentives Request Instructions
- Full Application Offline Incentives Request

Sources and Uses of Funds
- Sources and Uses of Funds Instructions
- Full Application Offline Template Sources and Uses

Environmental Questionnaire
- Environmental Questionnaire
Question and Answers
Are operating expenses able to be covered by incentives? What classifies as reasonable direct operating expenses eligible for funding?

CPO incentives may be used to “pay reasonable costs related to the operating expenses” for an applicant’s stated project, such as specialized workforce, essential materials, and complex equipment maintenance.
Is third party financing required as part of the application or just encouraged?

Third party financing is not required, but it is preferred. The CHIPS Program Office will give preference to projects based on the degree to which they have activated significant private capital, whether from the applicant and/or from third parties, as a proportion of their total project cost. This will increase the scale of investment available and ensure that CHIPS funding complements private markets rather than crowding them out.
For the pre application, do we have to use the example financial model that the CPO has provided? Or is it OK to use our own model. If we are using our own model, is it OK for the model to be structured differently than the CHIPS example model?

The use of the example CHIPS financial model tool is not a requirement for the CHIPS optional pre-application submission. Any materials submitted that fulfill the requirements of the “Summary Financials for the Project” portion of the Pre-Application is acceptable. To the extent management models align with the guidelines for Financial Statements in the NOFO, we would encourage applicants to submit those models.
Our company is in the initial stages of determining whether we should undertake a new project. We are not at an advanced stage of planning yet, so any application we submit would lack granularity. How should we proceed?

The CHIPS Program Office anticipates that some potential applicants may be in earlier stages of developing the project(s) for which they intend to apply for CHIPS Incentives. Pre-applications are particularly useful in this scenario, as it enables the CHIPS Program Office to provide meaningful feedback to the potential applicant.
What is the maximum award amount that I can apply for?

There is no set maximum for how much an applicant may request or receive in CHIPS Incentives. The Federal investment from the CHIPS Incentives Program in an individual project may not exceed $3 billion unless it is certified to Congress that the larger investment is necessary to: (1) significantly increase the proportion of reliable domestic supply of semiconductors relevant for national security and economic competitiveness that can be met through domestic production; and (2) meet the needs of national security.

Can a project receive more than one type of funding?

Yes, a CHIPS award may include a combination of direct funding (i.e., a grant, cooperative agreement, or other transaction), loans, and loan guarantees.
For the project revenue in the control panel of the example financial model, CPO requires the unit price in first year of production. In the semiconductor industry, wafer output from a manufacturing facility is frequently "sold" via internal company transfer. Is this the sort of sales information you are seeking, or are you trying to link or approximate output to finished product sales (which happens downstream, after other processing steps)?

The objective of the financial model is to capture the project's profitability as accurately as possible. Therefore, the unit price used to calculate the revenue of the wafer output should reflect the value of each individual wafer produced (e.g., the finished product sales after netting out any expected costs and related reasonable margins from the downstream processes, such as back-end processing). It may align with the internal company transfer "price", however, the applicant should clearly rationalize in their narrative why the selected "unit price" is appropriate for use. As a reminder, the use of the example CHIPS financial model tool is not a requirement for the CHIPS optional pre-application submission.
The example financial model asks for grants from state and local incentives under the project financing assumptions. Is this for grants only?

For the state and local incentives, this line item is intended to capture awards in the form of grants (or grant-like incentives). However, if a project is receiving other types of state and local incentives (e.g., tax benefits) those should also be reflected in the financial model. These capabilities are not currently in the example pre-app model and therefore may require the user to make modifications or use their own internal models. As a reminder, the use of the example CHIPS financial model tool is not a requirement for the CHIPS optional pre-application submission.
Thank you