



ANNUAL REPORT 2023





Contents

A Message from MTI's President | 4

Maine Jobs and Recovery Plan | 8

Key Events & Happenings | 10

MTI FY22 Funding Report | 14

Other Bond Funded Program Activities | 16

Maine Technology Asset Fund 2.0 (MTAF2.0) | 16

Marine Jobs Fund | 16

Maine Cancer and Aging Resource Bond | 17

Maine Biomedical Research Bond | 17

MTAF | 17

Other Programs | 19

Partnerships To Promote Maine's Innovation Economy | 20

Looking Ahead | 21

Organization | 23

Financials | 24



A MESSAGE FROM

MTI's President



I am delighted to present the annual report of the Maine Technology Institute (MTI), Maine's unique public-private partnership whose core mission is to help diversify and grow Maine's economy by encouraging, promoting, stimulating, and supporting innovation and its transformation into new products, services, and companies.

This past fiscal year was an incredibly active one for MTI as we operated our core funding and assistance program in addition to continued deployment of additional funding from the state and federal government to help businesses recover from the adverse impacts associated with the global pandemic.

On June 30, MTI's fiscal year 2023 (FY23) ended and the preliminary data on our funding and impact was truly astounding. In our core funding program, MTI made 123 awards totaling \$7,778,940. The organizations receiving those awards matched MTI's funding with

\$42,803,897. For some context, in FY22, MTI made 120 awards for \$6.89 million, and in FY21, MTI made 123 awards for \$7.4 million.

In addition to our core funding, MTI was asked to help allocate millions more associated with the Maine Jobs & Recovery Plan (MJRP). The MJRP was funded by the federal American Rescue Plan Act (ARPA) and allocated nearly a billion dollars to support economic development, worker attraction and training, affordable housing, health and human services, and higher education, to name just a few.

Utilizing the MJRP/ARPA funding, in August 2022, we announced 174 awards totaling \$23.3 million in our Pandemic Recovery for and Innovative Maine Economy (PRIME) program. The PRIME program was designed to support innovation and, specifically, to help address revenue losses in Maine small businesses and high growth enterprises.



In December 2022, we announced \$14 million in Forestry Recovery Initiative II (FRI-2) awards to 19 companies. The Forestry Recovery Initiative was created to provide funding to support economic recovery and development opportunities in the forest products industry. Phase one (FRI-1) was deployed in FY22, where MTI provided 224 awards totaling \$6.2 million to forest products businesses across Maine that were struggling to remain viable during the pandemic. Phase two (FRI-2) of the program was focused on improving market opportunities for Maine timber and promoting forward looking projects that would help advance the long-term stability of the forestry industry.

Also in December 2022, we announced \$5 million in funding through our PRIME Ecosystem program to 16 Maine entrepreneurial support organizations. The PRIME Ecosystem program was also the result of the MJRP/ARPA programs.

As I noted, FY23 was an extraordinarily busy year for the organization. In total, MTI deployed approximately \$50 million in state and federal funding to more than 330 businesses and organizations throughout Maine. An amazing

amount of output for our small team. Kudos to MTI's staff, contractors, volunteer subject matter experts, and Board of Directors for all their efforts!

I hope you enjoy this annual report detailing all of MTI efforts and associated impacts over the past year. We are incredibly honored to conduct this consequential technology-based economic development work on behalf of the State of Maine and its citizens.

Best,

Brian



Seed Funding

MTAF 2.5, Range 3, and PRIME (\$667,751 total)

54

new employees,
since 2019

900%

increase in monthly
revenue since 2020



MTI understands and supports us in the business ecosystem we function within, from spawn distribution to sourcing sawdust to Swedish autoclaves and HEPA filtration for sterile processes.”

Michael Kersula
Director of Operations,
North Spore LLC

North Spore

GROW FOOD FROM WOOD

Providing the Education and Equipment to Grow Sustainable and Nutritious Mushrooms

North Spore is on a mission to disrupt the food system by empowering people to grow and harvest their own edible and medicinal mushrooms. A year after their founding in 2014, North Spore looked to increase yields and scale its business by switching from a primarily straw-based process of mushroom cultivation to a pellet-based one. North Spore’s co-founder and CEO, Elish Thanhauser, who had heard about MTI in his ScaleUp program, approached MTI for help with its implementation and was successful; a seed funding program grant supported their first hardwood pellet processing equipment.

In March of 2020, the COVID-19 pandemic struck, which decreased fresh mushroom sales by 98 percent. North Spore’s pivot to an e-commerce company was under way, with an MTAf 2.5 grant funding an improved HEPA-filtered laboratory, vacuum-type autoclave, and custom ribbon blenders for enhanced grain processing.

In order to be successful within the growing market for mushroom cultivation, North Spore’s pivot to a 100 percent e-commerce company required a large, multi-year investment in new infrastructure. MTI helped North Spore invest in the infrastructure it needed to make a quick and sustainable pivot to e-commerce, as well as evolve their marketing team and hire a manager to improve the production equipment funded previously in 2015. Beyond monetary grants, MTI has helped North Spore continue to grow by providing mentorship to their leadership team.



3 SBIR Awards

Phase I/II NSF,
Phase I NIH \$1.7M

\$100k

in MTI awards

\$100k

in other awards

\$1.9m

in non-dilutive R&D
federal funding

UNAR Labs

ENABLING INFORMATION ACCESS
FOR EVERYONE

Changing lives of visually-impaired people
by enabling digital information access

UNAR (Universal Accessibility Research) was co-founded in 2017 by Dr. Hari Palani and Dr. Nicholas Giudice. UNAR empowers people with visual impairments by enabling access to digital information beyond sensory boundaries.

The co-founders of UNAR developed Midlinatm, an AI-powered software, to help visually impaired people access digital information. The software translates visual digital information – including images, data charts, and diagrams – into a multi-sensory format, so users can perceive them using audio, speech, touch, and kinesthetic feedback.

UNAR needed to invest in significant Research and Development (R&D) to see Midlinatm enter the market. UNAR collaborated with MTI's TAP (Technical Assistance Program) team to draft a strong proposal for Small Business Innovation Research (SBIR) funding. MTI's TAP team assisted in various ways, including market identification, commercialization plan development, and financial strategy.

With the help of MTI's TAP team, UNAR was awarded Phase I and II from the National Science Foundation (NSF) and a Phase I from the National Institutes of Health - National Eye Institute. This funding has helped UNAR better understand the needs of their market and develop a platform to meet those needs. Currently, UNAR is conducting human testing of the beta product and completing a field test at the end of Fall 2023. By early 2024, UNAR plans to launch a market-ready version of their platform.



The majority of accessibility challenges faced by blind folks are due to information loss, not vision loss" says Giudice, who is himself congenitally blind, "what we are developing at UNAR will go a long way to solving these challenges."

Dr. Nicholas Giudice
Founder and CEO
UNAR Labs



In July 2021, the Maine Legislature enacted the Maine Jobs & Recovery Plan, Governor Mills' proposal for allocating the more than \$1 billion in federal discretionary funding associated with the American Rescue Plan Act of 2021. The new law took effect on October 18, 2021.

The Maine Jobs & Recovery Plan included meaningful allocations to support innovation. It included consequential investments that help address revenue losses in Maine small businesses and high growth enterprises and will position those entities to retain and create jobs, grow revenues, and gain market share. Specifically, the Maine Jobs & Recovery Plan included the following funding related to innovation:



MTI will administer \$39.6M (\$25M in year one, and \$14.6M in year two) for “one-time funding to support and leverage private investments in research, development, and innovation in the state’s technology sectors. These funds, which must be matched by the recipient, will be awarded to Maine

organizations through a competitive process to help them increase revenue, create and preserve jobs, and grow market share.” This funding will be deployed in several phases to provide both direct aid to businesses as well as strategic investments to support economic resiliency.

MTI created the Pandemic Recovery for an Innovative Maine Economy (PRIME) Fund, to allocate the \$39.6 million in innovation funding from the Maine Jobs & Recovery Plan. PRIME will meet the state’s mandate of supporting and leveraging private investments in research, development and innovation in the state’s technology sectors. Phase 1 of the PRIME Fund opened in April 2022 and, in August, we announced 174 awards totaling \$23.3 million. In December 2022, MTI announced \$5.6 million in funding through our PRIME Ecosystem program to 16 Maine entrepreneurial support organizations. Those awards supported programs that provide mentoring and support to entrepreneurs and businesses in Maine to help them take their novel ideas from their notebooks, kitchen tables and garages to the global marketplace.

Approximately \$9 million remains available in the PRIME fund and will be deployed in FY24.



MTI will administer \$20 million for “one-time grant funding for economic recovery and development opportunities in the forest products industry to address

reduced demand from economic disruption of the COVID-19 pandemic and other industry effects.”

In March 2022, MTI announced over \$6 million in grant awards to 224 recipients of Forestry Recovery Initiative Phase 1 funding. Of those companies being awarded grants, 83% had ten employees or fewer, and 80% were located in Aroostook, Penobscot, Somerset, Oxford, or Piscataquis counties. The average award was approximately \$27,000. Phase 2 of the Forestry Recovery Initiative, with \$14 million in funds available, was launched in fall of 2022. 62 applications were received prior to the deadline seeking \$77 million in funding. After reviewing and scoring the proposals in a competitive process, 19 projects were awarded funding. The awards spanned projects across 10 Maine counties from York to Aroostook and the \$14 million dollars in funding leveraged more than \$625 million in private sector matching funds, a 44:1 ratio of private to public funding.



MTI, working with the Department of Economic and Community Development (DECD) and the Governor’s Energy Office is making available up to \$6.5 million in grant

funding for Maine businesses who need to upgrade the electrical grid capacity to their facilities in order to grow their operations and employment base.

The program will offer competitive grants for grid upgrades, such as polyphase service, with an emphasis on rural communities. Priority will be given to projects where public and private capital are identified that support the achievement of the state’s emission reduction and clean energy requirements. The funding is specifically designed to support improved electricity grid access for economic development projects in heritage industries and other sectors central to Maine’s recovery, such as food systems, seafood harvesting, forestry, manufacturing, and housing.

The program will launch in the fall of 2023.

MTI Adopts DEIB & Quality Jobs Commitments

When MTI was asked to develop a competitive innovation funding program as part of the Maine Jobs & Recovery Plan, we were tasked with doing so while also making sure the program embodied the core concepts and priorities outlined in the Maine Economic Development Strategy 2020 – 2029 as well as the subsequent Economic Recovery Committee Recommendations. Both the Economic Development Strategy and the Economic Recovery Committee (ERC) recommendations prioritized a greater focus on diversity, equity, and inclusion. Specifically, the Economic Development Strategy stressed that “we work deliberately with all minority groups to ensure equitability in access and engagement” and further noted that “diversity is critical to growth.” The ERC recommendations specifically emphasized “making Maine more welcoming of immigrants, supportive of the success of entrepreneurs who are people of color, Native Americans, and women, and attractive to remote workers.”

Over the past year, MTI has undertaken a deliberate effort to better understand how to implement diversity, equity, inclusion and belonging (DEIB) practices into its own operations and foster greater DEIB practices within the Maine entrepreneurial ecosystem and, more specifically, in the companies that it funds. MTI is also committed to helping companies create high-quality positions. It is in that vein that the MTI Board recently adopted commitments to diversity, equity, inclusion, and belonging (DEIB) and quality jobs. Both guidelines have been incorporated into the scoring rubric for MTI’s Pandemic Recovery for an Innovative Maine Economy (PRIME) Fund. They will make-up approximately 20% of the total score.

Key Events & Happenings

Twelve Maine Companies Named to Inc. 5000 Fastest-Growing List

Almost Half of Them Are MTI Portfolio Companies



In August 2022, Mainebiz featured a story highlighting the twelve Maine companies that made Inc. Magazine’s 2022 annual list of the 5,000 fastest-growing private companies in the United States. To make the list, businesses must have had revenue of at least \$2 million in the most recent year, and be privately held, independent companies.

Twelve Maine organizations made the prestigious list. Almost half of them—Origin in Farmington; SaviLinx and STARC Systems of Brunswick; and Tilson Technology and Sea Bags of Portland—are MTI portfolio companies. Being a portfolio company signifies that the entity has received some level of funding or assistance from MTI over the course of their business journey.

Maine Science Festival Returns

Sponsored in part by MTI, the Maine Science Festival brings Maine science to the public by showcasing national and world leading science by the Mainers who do it. Each March, the Bangor festival features more than 70 events for all ages.



Biome Student Showcase: Promoting Visionaries

The Bioscience Association of Maine (BioME) offers Maine high school and college students an opportunity to share their life science research. Sponsored in part by MTI, this event is designed to “support innovation and commercialization of student ideas in Maine, as well as connect current students with potential future employers and entrepreneurial resources in the state.” The competition features two categories—one for students in grades 9–12, as well as one for undergraduate and graduate college students.



Maine Start Summit: Lowering Barriers for Aspiring Founders

The Roux Institute presents the Maine Start Summits designed to help startup-curious individuals learn how to build and pitch a successful business. The periodic events consists of four, three-day-long hackathons and kicks-off with a keynote speaker. Participants attend workshops focused on the process of formulating ideas, as well as building and pitching successful businesses. Teams have an opportunity to build out their ideas, develop prototypes and pitch for cash prizes at the conclusion of the summit. MTI is a sponsor of the Start Summits.



MxG: Supporting Maine Innovators

Maine Accelerates Growth (MxG) was founded in 2015 to advance Maine’s entrepreneurial ecosystem through funding, collaboration and networking. It helped fund a number of projects such as the Innovate for Maine Fellows Program, the Top Gun Pitch Competition, and other innovation challenges.



Sponsored by MTI and the Department of Economic and Community Development (DECD), MxG was re-established in 2020 to work in conjunction with the state’s Economic Recovery and 10-Year Development plans. This dynamic network of organizations meets monthly to focus on strategic initiatives. By sharing expertise, amplifying successes, and seeking best practices, MxG aims to address issues, support innovators, and create an inclusive entrepreneurial ecosystem statewide.

Greenlight Maine Season 8: Promoting Maine Innovators

Greenlight Maine is “a series that highlights innovative small business owners in a competitive format.” The show provides a platform for Maine entrepreneurs to pitch their businesses to a panel of judges throughout each season, compete for cash prizes, and



take their products and services to the next level. Greenlight Maine shines a light on Maine’s diverse business community, championing the visionaries who are influencing the state’s economic future.

MTI Senior Investment Officers Bianca Kowal and Tom Kittredge served as contest judges.

Greenlight Maine College Series: A Path to Possibilities

Student entrepreneurs from Maine’s colleges and universities compete for cash prizes in the Greenlight Maine’s College Series. The episodes air on Maine Public. The College Series provides aspiring students a platform to present fresh ideas, start businesses and create jobs in Maine, thereby boosting the state’s innovation economy. Greenlight Maine is a “collaboration of entrepreneurs and corporate leaders, designed to promote and mentor the development and growth of business in our great state.”

In addition to the College Series, it also features a Head-to-Head Series with cutting-edge entrepreneurs as well as the Elevating Voices Series which spotlights racially diverse businesses and the significant role they play in Maine’s business community. MTI is pleased to be an ongoing Greenlight Maine sponsor.

Big Gig Pitch-Off Finale: Boosting Maine Economic Growth

Maine entrepreneurs pitch their innovative, early-stage businesses or business ideas to an audience and a panel of judges for the opportunity to win \$5,000 in the Big Gig Finale. Following each of the four pitches, the audience and judges cast votes to determine which participant will carry off the win and take home the \$5,000 prize. Big Gig is a partnership between municipalities,



universities, and organizations in Maine who strive to “create a supportive network and to bring positive change and economic growth to our communities” by collaborating with innovators and entrepreneurs across the state. MTI is proud to be an ongoing Big Gig sponsor.

Top Gun Showcase 2023: Advancing Maine’s Entrepreneurs

Administered by the Maine Center for Entrepreneurs (MCE), the Top Gun accelerator program is “designed specifically for the entrepreneur with a desire to grow his/her business and achieve long-term success through



the use of the right tools, resources, and related mentorship.”

MTI has been an ongoing Top Gun supporter since its inception in 2009 and applauds the program for the positive impact it has had on Maine’s innovation economy.

In May 2023, the 2023 Top Gun finalists pitched their businesses to a panel of experts. This event presents an opportunity for all attendees to learn

about innovative technologies and unique products developed in the state, as the five Maine-based entrepreneurs compete for a chance to win the \$25,000 grand prize, courtesy of MTI.

Maine Hosts International Seaweed Conference

On September 7 & 8, Europe’s leading conference for the Seaweed industry hosted its first North American event—in Maine! Seagriculture USA 2022 featured top speakers from across the globe who shared their expertise around various applications of seaweed such as feed, food, offshore cultivation, biorefinery and more. The two-day event also included small group sessions, interactive presentations, trade shows, and debates. 300 registrants from 12 countries and 14 states attended the conference, with delegates traveling from as far away as Australia, New Zealand, Alaska and Hawaii—and over 100 Maine participants. Greater Portland realized nearly \$1M in economic impact during the two-day conference.

BioME Annual Conference 2023

The BioME Annual Conference provided the community with a chance to learn about the life sciences industry in Maine, as well as connected industry professionals, academia, research institutions and government. The theme of this year’s Conference was “State of the Industry.”

This in-person event covered key findings from the BioME Industry Report and focused on the industry’s importance within Maine. In addition to significant networking opportunities, participants also “heard from executives and thought leaders from some of New England’s most innovative organizations and took part in dynamic panel discussions.” MTI’s President, Brian Whitney served as one of the expert panelists.

The BioME Annual Conference 2023 was sponsored in part by MTI.

On The Road With MaineBiz Spotlights Business Communities Across Maine

Sponsored by MTI, the ‘On The Road’ reception series provides a platform for business leaders to connect, exchange ideas, and showcase their communities. Hosted by MaineBiz, the series is an excellent conduit for participants to become better acquainted with their region and mingle with other members of the local business community.

MaineBiz

During the year, the On The Road series traveled throughout Maine offering networking and business opportunities in multiple regions across the state. The series made the following stops: Scarborough, Presque Isle, Brewer, Augusta, and Kennebunkport. MTI was proud to sponsor the On The Road events to help spread the word about the services and funding that it makes available to aspiring entrepreneurs and businesses.

DISCOVER WHAT MAINE HAS TO OFFER

- \$5B** Projected market growth of commercial seaweed in the U.S.
- 60%** Of farmed edible seaweed in the U.S. comes from Maine.
- 11** Types of commercially harvested seaweed.
- \$800M** That's how much Maine's aquaculture exports could be worth by 2025.

BOUNTIFUL

- 3,478** Miles of coastline in Maine
- 2,967** Commercial fishing vessels
- 30+** Active commercial farms
- 16M+ lbs** Seaweed harvested in 2020

INNOVATIVE
Maine businesses are transforming seaweed into:

- Cost-effective delicacies
- Edible packaging
- Natural skincare and cosmetics
- Nutrient-rich soil amendment
- Animal feed



500,000

readers served
worldwide

25,000

clubs

90%

organic growth

\$286k

multiple awards

Bookclubs

A BETTER BOOK CLUB EXPERIENCE

Innovative online platform simplifies the book club experience

In the United States, 125 million people read more than 10 books a year and 13 million readers are part of a book club. Although being in a book club has many benefits, it comes with logistical challenges such as the endless chains of emails. Frustrated with her experience of managing a book club with friends, co-founder and CEO Anna Ford created Bookclubs, a free app and website that helps simplify the process of book club management.

Bookclubs brings readers together with useful tools to start, organize, and join a book club. With funding from MTI, Bookclubs was able to invest in redesigning its website and refreshing its creative assets. Additionally, MTI's support enabled Bookclubs' growth through the development of an effective marketing strategy using experimental paid and organic user channels.

In early 2022, the company also rebranded from Bookclubz.com to Bookclubs.com thanks to MTI's investment, which assisted in the domain purchase. This name change increased its annual user growth by two to three times and quadrupled its organic traffic to the website. Bookclubs used some of the funds to build an ad sales platform to partner with authors and publishers, a core component of the company's current revenue model. In addition to financial support, MTI's team also connected Bookclubs to other resources for additional funding, collaborative projects, and learning opportunities. With this connection, Bookclubs found additional investment which helped launch pilot book clubs with Maine-based bookstores, businesses, and libraries.



MTI's support took Bookclubs from a personal passion project to a high-growth consumer SaaS platform with elevated branding and a sophisticated product development and marketing strategy."

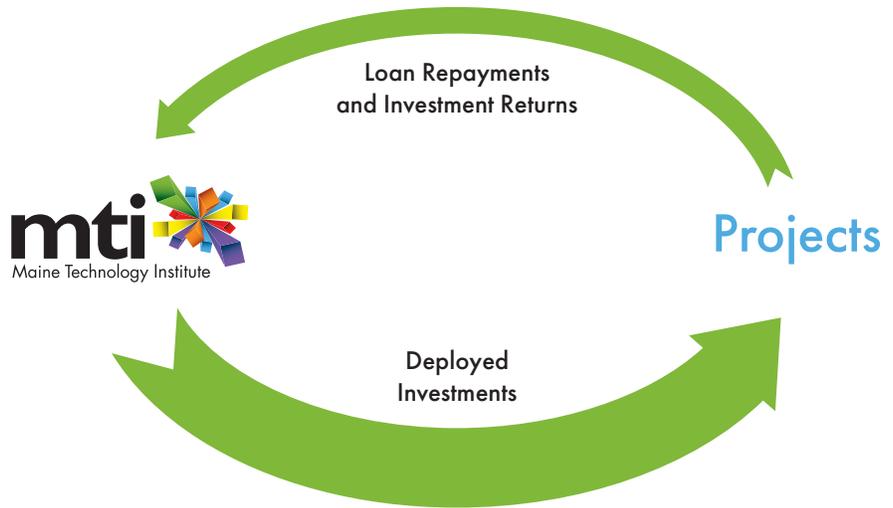
Anna Ford

Co-founder & CEO
Bookclubs

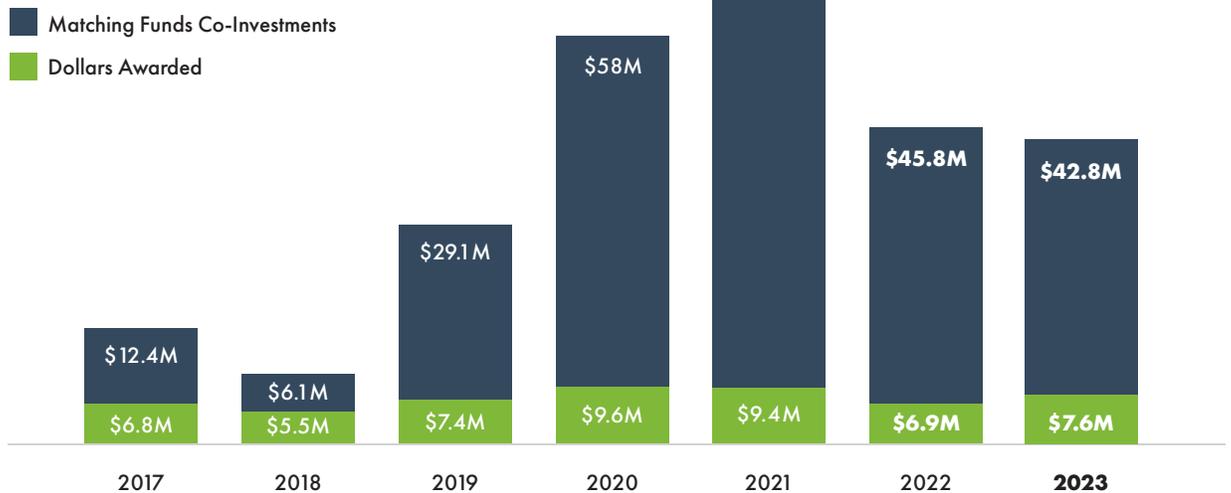
MTI FY23 Funding Report

MTI receives an annual appropriation from the Maine Legislature. For the fifth consecutive year we were able to put additional money to work as a result of loan repayments and sound investment returns.

- \$7.8M**
Deployed
- 123**
Distinct Projects
- \$42.8M**
Private Sector Match



Total Dollars Awarded/Matched by Year



Awards by Technology Sector

The State of Maine has targeted seven technology sectors best suited for investment and other forms of support. These include both mature industries (like forestry and agriculture) as well as emerging ones (such as composite

materials and biotechnology). In FY23, MTI invested in businesses within all seven of these targeted sectors, helping to create a more vibrant and diversified economy.

Sector	No. Awards	Amount
Aquaculture & Marine	30	\$ 1,083,790.00
Biotechnology	19	\$ 1,276,213.00
Composite Materials	8	\$ 452,809.00
Environmental Technology	8	\$ 217,800.00
Forestry & Agricultural	9	\$ 577,720.00
Information Technology	32	\$ 3,617,358.00
Precision Manufacturing	9	\$ 327,000.00
Economic Development	8	\$ 226,250.00
Total	123	\$ 7,778,940.00

Awards by Range

Range	No. Awards	Amount
Range 1	26	\$ 613,858.00
Range 2	22	\$ 747,412.00
Range 3	22	\$ 1,946,180.00
Range 4	13	\$ 3,916,790.00
Special Opportunities	4	\$ 240,000.00
Sponsorships	33	\$ 314,700.00
Total	120	\$ 7,778,940.00

Because MTI invests in businesses of varying maturity, and because we individualize our approach and investment to the clients needs, we distribute our levels of funding across four

ranges. Generally, we fund a greater number of projects at a lower level, then dedicate larger levels of investment to a smaller number of projects that will have a greater impact.

Other Bond Funded Program Activities

On occasion, the Maine Legislature passes research and development bond initiatives that are presented to Maine voters. Once approved by voters, MTI typically administers the funds on behalf of the State. The following bond initiatives are currently under active management by MTI.

Maine Technology Asset Fund 2.0 (MTAF 2.0)

In June 2017, voters approved the second Maine Technology Asset Fund 2.0 (MTAF 2.0) program. The initiative specified that “forty-five million dollars (\$45,000,000) would be distributed by the Maine Technology Institute in the form of grants to support infrastructure, equipment and technology upgrades in the

following targeted technology sectors: biotechnology, aquaculture and marine technology, composite materials technology, environmental technology, advanced technology for forestry and agriculture, information technology, and

precision manufacturing technology. Funds were awarded to public and private entities in Maine through a competitive process, and recipients were required to match these State dollars with an equivalent amount of federal or private funds.”

MTI solicited proposals in the fall of 2017 and received 183 applications seeking, in aggregate, nearly \$400 million. These proposals flowed in from all 16 Maine counties and represented businesses of all levels of maturity from startups to publicly traded companies. MTI conducted extensive due diligence and ultimately made 18 funding awards in early 2019. MTI augmented the \$45 million in bond funds with an additional \$1,063,836 to further maximize the impact of the awards. In total, MTI awarded \$46,063,836 (matched by \$192,536,123). According to an independent economic impact analysis, the awards will result in 5,350 jobs and \$1.4 billion in economic impact over the next 3 years.



Marine Jobs Fund

In 2014, the Legislature authorized, and the voters of the State of Maine approved, (Public Law 2014, Chapter 592) a seven million dollar (\$7,000,000) bond issue to facilitate the growth of marine businesses and commercial enterprises that create jobs and improve the sustainability of the state’s marine economy and related industries through capital investments.

In May 2016, the newly formed Alliance for Maine’s Marine Economy, a consortium of Maine-based marine businesses, research institutions and educational organizations, was selected by the State of Maine as the recipient of the \$7 million in funding and pledged to provide \$9.3 million in matching funds. The Alliance’s plan, spearheaded by the University of Maine, called for immediate infrastructure investments in public and private institutions throughout Maine. The \$7 million award also included \$1.92 million to

fund a competitive Marine Jobs Fund Small Capital Grants Program. MTI was asked to administer this competitive process and issued a request for proposals in July 2017. MTI received 39 letters of intent. The Alliance for Maine’s Marine Economy conducted the review and evaluations of the proposals and made recommendations to the MTI Board of Directors. Ultimately, in FY20, the MTI Board of Directors made 10 awards from the Marine Jobs Fund Small Capital Grants program totaling \$1,924,303 (matched by \$6,507,200).



Maine Cancer and Aging Resource Bond

In 2014, the Legislature authorized (Public Law 2014, Chapter 574), and the voters of the State of Maine approved, \$10 million in bond funds to build a research center, to discover genetic solutions for cancer and the diseases of aging, and to promote job growth and private sector investment in Maine. The funds were awarded through a competitive state process to expand the state's research capabilities in the areas of mammalian genetics and murine biometric analytics, make the state a global resource for precision medicine, improve the state's capacity to attract and retain young professionals, and bring additional grant funding, private sector investment, job growth, and economic activity to the state. In July of 2015 (FY16), the Jackson Laboratory in Bar Harbor was announced as the highest scoring bidder and matched its \$10 million award with more than \$11 million in matching funds. The project remains under active management by MTI.



Maine Biomedical Research Bond

Also in 2014, the Legislature authorized (Public Law 2014, Chapter 568), and the voters of the State of Maine approved, a \$3,000,000 bond issue to modernize and expand infrastructure in a biological laboratory specializing in tissue repair and regeneration located in the state. The funds were awarded through a competitive process to modernize and expand infrastructure in a biological laboratory specializing in tissue repair and regeneration located in the state, in order to increase biotechnology workforce training, retain and recruit to the state multiple biomedical research and development groups and create a drug discovery and development facility that will improve human health and stimulate biotechnology job growth and economic activity. In July of 2015 (FY16), the Mount Desert Island Biological Laboratory was

announced as the highest scoring bidder and matched its \$3 million award with more than \$5.7 million in matching funds.

The project remains under active management by MTI.



Maine Technology Asset Fund (MTAF)

MTI also administers the Maine Technology Asset Fund (MTAF), a competitive bond-funded program providing investments for facilities construction, renovation, and equipment, which advance emerging technologies on the research, development and commercialization path to help Maine companies, university centers and non-profit research institutions secure further investment. MTAF was first approved by the Maine Legislature and the state's voters in 2007 and capitalized with \$50 million in bond funding focused on increasing research and development (R&D) facilities and resources in our

state's seven targeted technology sectors. These monies were mostly disbursed in funding rounds in 2008, 2009 and 2010. The Legislature and voters approved an additional MTAF funding bill in the amount of \$3 million in 2009. MTI received the \$3M in MTAF funds in FY15. Those funds, including approximately \$900,000 not awarded from earlier rounds and augmented by another \$921,871



in MTI funding, were used to issue 8 new MTAF awards totaling approximately \$4.9 million and matched by \$12 million. While the funding awards were made in FY15, the projects are still under active MTI management.



Seed Funding

MTAF 2.5, Range 3, and PRIME (\$667,751 total)

54

new employees,
since 2019

900%

increase in monthly
revenue since 2020

GoodGames

GAME EXPERIENCES THAT IGNITE PRODUCTIVITY

Combatting zoom fatigue one game at a time

GoodGames was founded by Daniel Stephens in the midst of the pandemic, when he was asked by the Red Cross to come up with a solution for a communication problem that they were having. GoodGames helps organizations and their teams enhance communication, creativity, and problem solving remotely. Their products feature remote and hybrid team-oriented games and game-like experiences that are meant to give everyone a voice during meetings and keep everyone engaged.

MTI has been instrumental in GoodGames' success and growth. Not only did MTI provide grants and loans totalling \$210k, but they also supported GoodGames' application for national grants. With coaching from MTI's grant writing team, GoodGames secured an EPA grant for \$100k. MTI grant support has funded early software development and marketing efforts, and the loan has helped GoodGames narrow down on the market fit for their SaaS product.

MTI funding has given GoodGames the time they needed to better identify their product/market fit as well as try out numerous marketing strategies to more effectively target their market. GoodGames has also benefited from the MERC program, which provided grant-writing expertise and C-suite level support. MTI is also in the process of helping GoodGames hire a fractional CFO and a fractional co-CEO to help them grow and achieve their short and long term business and financial goals.



MTI's investment has helped our company to expand our product and feature offerings, increase our revenue, enter new markets and grow our team."

Daniel G. Stephens

CEO/founder
GoodGames

Other Programs

E-Resident Program

MTI employs an E-Resident program to provide portfolio firms with direct access to experienced entrepreneurs who have taken big risks, founded companies, raised capital, and created jobs. One of the most powerful tools to startups or to less experienced teams is access to network contacts and mentorship support from seasoned entrepreneurs.

The Maine Entrepreneurial Resource Corps (MERC)

The Maine Entrepreneurial Resource Corps (MERC) program provides Maine businesses with funding to complete short-term consulting projects with experts throughout the state. From digital marketing strategy to custom software development, MERC helps eligible businesses access the essential technical assistance they

\$6.8M

in federal awards made to companies receiving TAP assistance

need to elevate their performance. MERC approved 71 awards to businesses across 11 counties in its first year. Thanks to the expertise of MERC’s network of 118 consultants, 97% of awardees reported an increase in their business’s productivity as a direct result of their MERC project.

SBIR/STTR Technical Assistance Program

The federal Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) programs provide over \$4B in annual funding for small businesses to conduct research and development of innovative technology. MTI’s Technical Assistance Program (TAP) helps Maine small businesses develop competitive SBIR/STTR proposals. This service is free to clients.

Summary of awards to Maine companies receiving TAP assistance

Company	Agency/Phase	Amount	YEAR
Home Grown Fuels	USDA SBIR Ph I	\$ 175,000	2022
Wicked Wild, LLC	USDA SBIR Ph I	\$ 125,000	2022
GoodGames	EPA SBIR Ph I	\$ 100,000	2022
BluShift Aerospace, Inc.	DOD AF DTPH II	\$ 1,250,000	2023
Atlantic Corporation	USDA AFRI	\$ 500,000	2023
The Boat Yard	NE SARE	\$ 250,000	2023
Prapela, Inc.	NIH Blue Print	\$ 3,500,000	2023
Tardigrade Optics	DOD - BAA Ph 3	\$ 881,561	2023

- MTI is actively working with five FY22 applicants to submit federal grant proposals with a potential award value of \$4.3M
- SBIR Discovery—we’ve also worked with 20 companies that did not advance to Active Management (submitting a proposal)

Active MTI Collaborations, Affiliations and Partnerships



Partnerships To Promote Maine's Innovation Economy

33
sponsorships
awarded worth
\$314K+

In addition to direct support of innovators, MTI also supports programs and infrastructure that encourage innovation. Under its governing statute, MTI is instructed to cooperate with the Maine Department of Economic & Community Development (DECD), Manufacturing Extension Partnership (MEP), University of Maine (UMaine), and others to ensure a complementary system of support services is available to companies and research laboratories.

To foster this complementary system of support services, MTI works collaboratively with organizations across Maine to support programs and initiatives designed to assist entrepreneurs and small businesses and to promote and celebrate Maine's culture of ingenuity and its vibrant startup community.

Here are just some of the programs, events and organizations that have received MTI support:

- University of Maine
- UpStart Maine
- Maine Community Foundation
- Maine Development Foundation
- Maine Discovery Museum
- Manufacturers Association of Maine
- Maine International Trade Center
- Northeast Clean Energy Council Institute
- Bioscience Association of Maine
- Mount Desert Island Biological Laboratory

Looking Ahead to FY24

Review of Maine’s Seven Targeted Technology Sectors to Occur in FY2024

This past legislative session, a proposal was introduced to direct MTI to review the state’s seven targeted technology sectors and industry clusters for relevancy. As drafted, LD1318 instructs MTI to conduct a review of the state’s seven targeted technology sectors, utilizing a public process, and then reporting back to the Joint Standing Committee on Innovation, Development, Economic Advancement and Business (IDEA) in early 2024 with a report detailing findings and recommendations for any legislative changes that ought to be considered. The bill was enacted by both the House and Senate and signed by the Governor. MTI plans to conduct the review in the fall and winter of 2023 to comply with the reporting mandate.

Entrepreneurship for All



Back in August of 2020, MTI engaged in a series of community discussions to get input into its proposed plan to distribute ARPA funding. Several of those sessions were focused on the needs of Black, Indigenous, and People of Color (BIPOC) communities and entrepreneurs. One of the clear takeaways from our conversations with the BIPOC communities was that MTI’s 1:1 matching funds requirement presented an almost insurmountable barrier to accessing funding. Also, deep community connections were necessary to bridge the digital, language, and knowledge divide. To address the financial barrier, we discussed a potential collaboration with philanthropic organizations where they would help seed a fund to provide a matching grant for BIPOC, women, and rural entrepreneurs otherwise eligible to receive ARPA funding. MTI also

examined what other states were doing to help accelerate or restart the economic engines in underserved communities. Our search led us to the successful Entrepreneurship for All (EforAll) program, based in Massachusetts, whose mission is to accelerate economic and social impact in communities nationwide through inclusive entrepreneurship. EforAll serves historically excluded and underserved communities and offers its programming for free to participants. EforAll has demonstrated success driven by deep community engagement and its model is part community economic development and part business accelerator. MTI made a three-year sponsorship commitment to bring the program to Maine. EforAll’s first startup pitch competition took place in October of 2023 and the first cohort of its business accelerator is slated for early 2024.

Seagrass 2023

In September 2023, Maine hosted the 2nd international Seagrass Conference USA in Portland, the leading conference for the Seaweed industry. The conference gathered top speakers, who shared their know-how within seaweed for feed, food, offshore cultivation, biorefinery of seaweed and more. The two-day program combined plenary sessions with interactive poster presentations, trade shows and debate sessions. The Maine edition—the second ever in Maine and the U.S.—was an

opportunity to highlight the great industry support, innovative businesses,

research, and collaborations in Maine’s seaweed sector. MTI was a leading sponsor, along with the Maine International Trade Center, the Maine Department of Economic & Community Development, and the Maine



North Atlantic Development Office. Over 300 participants attended from around the globe.

Grow Maine Program

The Grow Maine Program will provide up to \$62 million of State Small Business Credit Initiative (SSBCI) funding to eligible Maine businesses. Funding will be available through FAME and its intermediary partners via loan guarantees, direct loans, and equity capital. SSBCI is a federal program administered by the U.S. Department of the Treasury that was created to strengthen state programs that support private financing to small businesses. MTI is an approved partner with FAME on the deployment of the SSBCI funds.

Electric Grid Upgrade Program (EGUP)

MTI, working with the Department of Economic and Community Development (DECD) and the Governor's Energy Office is making available up to \$6.5 million in grant funding for Maine businesses who need to upgrade the electrical

grid capacity to their facilities in order to grow their operations and employment base.

The program will offer competitive grants for grid upgrades, such as polyphase service, with an emphasis on rural communities. Priority will be given to projects where public and private capital are identified that support the achievement of the state's emission reduction and clean



energy requirements. The funding is specifically designed to support improved electricity grid access for economic development projects in heritage industries and other sectors central to Maine's recovery, such as food systems, seafood harvesting, forestry, manufacturing, and housing. The program launched in the fall of 2023.



Organization

MTI leads the development of a strong culture of innovation in the State of Maine and is well-positioned for continued growth and effectiveness. It is organized as a nonprofit corporation, consistent with the provisions of the Federal Internal Revenue Code. By-laws were drafted and corporation documents filed in September of 1999. A Board of Directors consisting of thirteen voting members and two non-voting members governs MTI. The Governor appoints ten directors, eight representing the targeted technologies and two of whom have demonstrated finance, lending, or venture capital experience. The Commissioner of the Maine Department of Economic and Community Development, the Chancellor of the University of Maine System, the President of the Maine Community College System and the Director of the Office

of Innovation Policy & the Future, or their designees, are ex-officio members. The MTI President is a non-voting director. Seven subsidiary boards, each representing a targeted technology sector, were formed to support the MTI Board. Approximately 120 subject matter experts comprise the membership of these Tech Boards.

MTI operates from its office in Brunswick, as well as remotely. The staff is composed of a Director of Finance & Administration, five Senior Investment Officers, one Investment Officer, a Director of Portfolio Advancement, one Lending & Grant Associate, one Coordinator of the Maine Entrepreneurial Resource Corps, and one Media Manager. The MTI President is employed by the Maine Department of Economic & Community Development.



Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Maine Technology Institute

Opinion

We have audited the accompanying financial statements of the business-type activities and fiduciary funds of Maine Technology Institute (a component unit of the State of Maine) (the Institute) as of June 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Institute and the fiduciary funds of the Institute as of June 30, 2023 and 2022, and the respective changes in the business-type activities and cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Institute adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* during the year ended June 30, 2023. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for twelve months beyond the date that the financial statement date, including any currently known information that may raise substantial doubt thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. GAAP require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion on or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
October 16, 2023

MAINE TECHNOLOGY INSTITUTE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2023 and 2022

As management of the Maine Technology Institute (the "Institute" or "MTI"), we offer readers of these financial statements this narrative, overview, and analysis of the financial activities of the Institute for the fiscal years ended June 30, 2023 and 2022 ("FY2023 and FY2022" or "Fiscal 2023 and 2022"). We encourage readers to consider the information presented here together with the basic financial statements as a whole.

Financial Highlights

- MTI received \$6,572,814 annually in FYs 2023, 2022, and 2021 from a State of Maine (the State) appropriation through the Department of Economic and Community Development ("DECD") for general programs. During 2023, MTI received \$750,000 to fund the Life Science Research Program. During FY2023, \$23,524,471 in federal funds was received to administer the Pandemic Recovery for an Innovative Maine Economy (PRIME) Fund. During FY2023, \$1,672,770 in federal funds was received to administer the Forestry Recovery Initiative. During FY2023, MTI received \$104,308 in federal funds to supplement the Maine Entrepreneurial Resource Corps (MERC) program from the State Trade Promotion Program. During FY2022, \$5.5 million in federal funds was received to administer the Forestry Recovery Initiative. During FY2021, \$610,000 in additional funding was received to administer the Maine Economic Recovery Grant Program and certain expenses.
- During FY2021, MTI's funding was curtailed by \$336,515, due to State needs, and the amount was returned during September of that fiscal year. During FY2023 and FY2022, there was no curtailment.
- In FY 2023, MTI approved 83 projects totaling \$5,529,240, compared to 91 projects totaling \$5.2 million, and 97 projects totaling \$7.1 million in FY2022 and FY2021, respectively. During FY2021, \$2 million in MTAF awards were approved.
- MTI expended \$6.6 million in FY2023 according to agreed-upon project award milestones, versus \$6.0 million and \$17.1 million during FY2022 and FY2021, respectively. During FY2023, core award payments decreased by \$624,000 from FY2022. During FY2022, core award program payments decreased by \$1.1 million from FY2021. In FY2023, MTAF payments decreased by \$904,000 and in FY2022, MTAF payments decreased by \$7.9 million. Payments for the Maine Marine Economy and Jobs Bond decreased by \$460,000 for FY2021.
- In FY2023, MTI's outstanding commitments for its core awards totaled \$3,994,428, including \$787,918 in approved awards awaiting contract finalization. For FY2022, commitments totaled \$4.9 million, including \$1.6 million in approved awards awaiting contract finalization. For FY2021, commitments totaled \$6.0 million, including \$2.2 million in approved awards awaiting contract finalization. For FY2023, MTAF funds totaling \$5.3 million were committed, with all awards being contracted. For FY 2022, MTAF funds totaling \$5.9 million were committed, with all awards being contracted. For FY2021, MTAF funds in the amount of \$7.2 million were committed, with \$280,000 awaiting contract finalization. The Maine Marine Economy and Jobs Bond Fund outstanding commitments for FY 2023 were \$464,000. As of June 30, 2022 and June 30, 2021, commitments for the Maine Marine Economy and Jobs Bond Fund were \$464,000.
- MTI received \$2.6 million of Development Award repayments during FY2023, compared to \$1.2 million in repayments during FY2022; \$2.0 million was received in FY2021.

MAINE TECHNOLOGY INSTITUTE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

June 30, 2023 and 2022

- The amount of \$760,000 was realized from interest in FY2023, compared to \$155,000 in FY2022. For FY2021, \$542,000 was received.
- The bonds that created the Maine Technology Asset Fund, which MTI was directed to administer by the Legislature, were approved by Maine voters in November 2007, June 2010, and June 2017. FY2023 MTAF operating costs were \$7,500 and paid out of net position. For FY2022, MTAF operating costs were \$5,100. For FY2021, MTAF operating costs were \$10,000.
- The bond that created the Maine Marine Economy and Jobs Bond Fund, which MTI was directed to administer, was approved by Maine voters in November 2014. No administration costs were approved with these bond funds, and so operating costs for these funds were paid out of net position.
- During FY2017, MTI developed and promoted the Maine Accelerates Growth Initiative (MxG). This initiative accelerates the growth of companies, communities, and talent by funding, creating, and leveraging high impact entrepreneurship and innovation programs and events through a collaborative and complementary network of organizations and individuals propelling prosperity across Maine. During FY2023, the related expenses were \$68,750. For FY2022 and 2021, those related expenses were \$75,000 and \$66,750, respectively.
- As good caretakers of the monies related to all bond funds which MTI administers, MTI returns all interest earned on the funds held to the Maine State Treasurer's Office on a quarterly basis. For FY2023, this amounted to a return of \$56,000. For FY2022, this amounted to \$62,000, and it totaled \$368,000 for FY2021.
- FY2023 administrative and operating costs, excluding award payments, were \$2.7 million, representing a 60.7% increase from FY2022. FY2022 administrative and operating costs, excluding award payments, were \$1.68 million, representing a slight increase from FY2021. Operating expenses, including the costs to monitor and administer the MTAF, are paid from administration fees of 10% of the State appropriation (7% during all FYs prior to 2014), fees on development award repayments and interest earnings.
- During FY2023, MTI continued its Entrepreneur-In-Residence program. The program consists of several consultants who are assigned to assist MTI-funded companies and their personnel on a variety of projects of particular significance to the recipients. During FY2023, expenditures were in the amount of \$234,000 and were paid primarily through program funding. During FY2022, \$242,000 was expended and in FY2021, \$106,000. This program offers services to assist recipients in developing marketing channels and resources, identifying sources for growth funding, developing internet marketing strategies and solving production planning or process concerns, among other needs. MTI believes that expanding its resources beyond funding meets other critical client needs in the areas of growth planning and management and developing connections to required resources.
- We believe the operating procedures and policies of MTI demonstrate a record of outstanding stewardship of the public funds entrusted to it for investment in ventures pursuing the creation of technology-based economic development.

MAINE TECHNOLOGY INSTITUTE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

June 30, 2023 and 2022

- FY2023's change in net position resulted in an increase in net position of \$660,000. FY2022's change in net position resulted in a decrease in net position of \$238,000. FY2021's surplus resulted in an increase in net position of \$214,000.

Overview of the Institute

MTI was created by the Maine legislature in 1999 to “encourage, promote, stimulate and support research and development activity leading to the commercialization of new products and services in the State’s technology-intensive industrial sectors...” (5 MRSA, CH. 407). MTI is funded primarily by the State from a direct appropriation that is granted to MTI from the DECD. To maximize the benefits of a public-private partnership, MTI is a private, nonprofit 501(c)(3) organization governed by a Governor-appointed, private-sector led Board of Directors. The Director of the Institute is appointed by the Governor, is an employee of the DECD, and is President of the Institute as elected by the Board of Directors.

The Institute has functioned with a staff of up to 11 full-time equivalent employees who report to the Director, an increase of one and one-half full-time employees since its previous high in February 2009. MTI is limited by statute to using only up to 10% of its State appropriation for administration, with the exception of the funds that MTI received to administer MTAF. There are no statutory restrictions on the use of other income which the Institute may receive.

During FY23, MTI increased the percentage of repaid funds applied to administrative costs from 20% to 35%. This percentage was last modified in 2014.

Overview of the Financial Statements

This discussion is intended to serve as an introduction to the Institute’s financial statements, which include the basic financial statements and the notes to the financial statements.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Institute’s finances, in a manner similar to a private-sector business.

The statements of net position present information on the Institute’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Institute is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities result in increased net position, which may indicate an improved financial position.

The statements of revenues, expenses, and changes in net position present information showing how the Institute’s net position changed during the fiscal year. Changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

MAINE TECHNOLOGY INSTITUTE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

June 30, 2023 and 2022

The statements of cash flows present information related to cash inflows and outflows summarized by operating, investing, and capital financing activities and help measure the ability to meet financial obligations as they mature.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The Institute adopted governmental accounting standards board (GASB) Statement No. 84, *Fiduciary Funds* in 2021. As described in Note 1, GASB 84 requires the Institute to report certain fiduciary activity in separate statements of fiduciary net position and changes in fiduciary net position.

The Institute adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* in 2023.

Financial Analysis: 2023 Compared to 2022 and 2021

Net position may serve, over time, as a useful indicator of the Institute's financial position. In the case of the Institute, its assets exceed liabilities by \$2,562,819 on June 30, 2023, compared with \$1,903,017 in 2022 and \$2,140,803 in 2021.

The Institute's financial position, excluding fiduciary funds, as of, and operations for, fiscal years 2023, 2022, and 2021 are summarized below based on information included in the financial statements.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$10,708,403	\$ 9,535,949	\$ 9,932,260
Loans and investments (net of allowances)	10,289,305	9,933,547	10,133,739
Capital assets, net of depreciation	29,950	31,255	41,033
Other assets	<u>1,315,104</u>	<u>161,248</u>	<u>128,075</u>
Total assets	<u>22,342,762</u>	<u>19,661,999</u>	<u>20,235,107</u>
Refundable advances	19,320,077	17,641,017	17,936,209
Other liabilities	<u>459,866</u>	<u>117,965</u>	<u>158,095</u>
Total liabilities	<u>19,779,943</u>	<u>17,758,982</u>	<u>18,094,304</u>
Net position, all unrestricted	<u>\$ 2,562,819</u>	<u>\$ 1,903,017</u>	<u>\$ 2,140,803</u>

MAINE TECHNOLOGY INSTITUTE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

June 30, 2023 and 2022

Cash and cash equivalents compose a significant majority of MTI's assets. The amount of funding received from the State as well as any funding carried over from previous years is included in this line until expended. Some loans held by MTI were transferred from the Maine Science and Technology Foundation (no longer in existence), and terms have been renegotiated as the payments have come due.

In FY2023, MTI made seven investments in equity or convertible note positions. In FY2022, MTI made one investment in an equity position. In FY2021, MTI made four investments in equity or convertible note positions. MTI's loan and investment portfolio increasingly comprises preferred stock units and convertible notes which, if converted, will provide MTI the opportunity to participate in any equity appreciation that will accrue to a successful enterprise.

Refundable advances represent all funding on hand for use in MTI programs. Funding is disbursed according to achievement of milestones by the recipients. As noted earlier, \$4.0 and \$4.9 million were committed, but not yet disbursed for MTI's core awards at the close of June 2023 and 2022, respectively. MTAF outstanding commitments total \$5.3 and \$5.9 million at the close of June 30, 2023 and 2022, respectively.

Other liabilities are comprised primarily of accounts and awards payable and subscription based lease obligation which, combined, increased by \$342,000 from 2022 to 2023.

Changes of net position, excluding fiduciary funds, were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues			
State of Maine funding	\$ 8,545,988	\$ 8,480,270	\$ 9,877,681
Other operating revenues	<u>26,907,081</u>	<u>6,224,011</u>	<u>496,999</u>
Total operating revenues	<u>35,453,069</u>	<u>14,704,281</u>	<u>10,374,680</u>
Operating expenses			
Program grants	32,356,119	13,363,768	8,755,752
Special grants	226,092	224,339	325,871
Salaries and wages	974,394	867,096	832,014
Other operating expenses	<u>1,995,172</u>	<u>808,095</u>	<u>788,589</u>
Total operating expenses	<u>35,551,777</u>	<u>15,263,298</u>	<u>10,702,226</u>
Net operating loss	(98,708)	(559,017)	(327,546)
Nonoperating revenues, net	<u>758,510</u>	<u>321,231</u>	<u>541,787</u>
Change in net position	<u>\$ 659,802</u>	<u>\$ (237,786)</u>	<u>\$ 214,241</u>

MAINE TECHNOLOGY INSTITUTE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

June 30, 2023 and 2022

Operating revenues – State of Maine funding reflects MTI's State appropriations and bond funds received and grants made. The changes in FY2023 and FY2022 reflect the change each year in awards funded.

The following table shows the relationship between the appropriation and bond funds received and revenues recognized, excluding fiduciary funds:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
State appropriation received	\$ 6,572,814	\$ 6,572,814	\$ 6,572,814
Supplemental funds received	750,000	5,484,133	610,000
State bond funds received	-	-	-
Accrual basis accounting effect	<u>1,223,174</u>	<u>(3,576,677)</u>	<u>2,694,867</u>
Revenues recognized	<u>\$ 8,545,988</u>	<u>\$ 8,480,270</u>	<u>\$ 9,877,681</u>

The "accrual basis accounting effect" reflects appropriations received that are being deferred or recognized as revenues in periods when corresponding award payments are made and reflects payments to the State for curtailments.

MTI's operating expenses (which include award disbursements and accruals) were 133% higher in 2023 than 2022. Program grants were 142% higher. Special grants were 1% higher. Salaries and wages were 12% higher due to increased staffing costs. Other operating expenses increased by 147% due to increases in legal and support costs. MTI's operating expenses were 42% lower in 2022 than 2021. Program grants were 53% lower. Special grants were 31% lower due to decreased Small Business Innovation Research (SBIR) activity. Salaries and wages were 4% higher due to an unfilled vacancy in the prior year. Other operating expenses increased by 2% due in part to increased marketing costs. Operating expenses were 25% lower in 2021 than 2020. Program grants were 27% lower due to reduced grant payments. Special grants were 63% higher due to increased activity. Salaries and wages were 5% lower due to an unfilled vacancy. Other operating expenses decreased by 24% due in part to reduced travel and marketing costs.

Cash Flow Highlights

Cash and cash equivalents increased \$1,172,000 between FY2023 and FY2022, primarily due to a significant increase in award repayments. This compares to a decrease between FY2022 and FY2021 of \$396,000, primarily due to the disbursement of prior awards.

Looking Ahead

Maine Jobs & Recovery Plan

In FY2022 and FY2023, in addition to its core funding program, MTI began administering several new funding buckets associated with the Maine Jobs & Recovery Plan, the State's roadmap for allocating more than \$1 billion in federal discretionary funding associated with the American Rescue Plan Act of 2021.

MAINE TECHNOLOGY INSTITUTE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

June 30, 2023 and 2022

The new funding included \$20 million for “one-time grants funding for economic recovery and development opportunities in the forest products industry to address reduced demand from economic disruption of the COVID-19 pandemic and other industry effects.” In collaboration with the Maine Department of Agriculture, Conservation and Forestry (DACF), and the DECD, we launched Phase 1 of what we called the Forest Recovery Initiative (FRI) in FY2022. During Phase 1, we made 211 awards totaling \$5.4 million to provide financial relief to forest products industry businesses.

A second phase of the FRI was launched in FY2023 and sought to improve market opportunities for Maine timber. During Phase 2, we made 21 awards totaling \$14 million. The awards spanned projects across 10 Maine counties from York to Aroostook and leveraged more than \$642 million in private sector matching funds.

MTI is also administering \$39.6M for “one-time funding to support and leverage private investments in research, development, and innovation in the State of Maine’s technology sectors. These funds, which must be matched by the recipient, will be awarded to Maine organizations through a competitive process to help them increase revenue, create and preserve jobs, and grow market share.” To fulfill this legislative mandate, we created the PRIME Fund.

The PRIME Fund awarded grants in several phases. Phase 1, whose 174 awards were announced in early FY2023, focused on direct support to businesses who suffered negative impacts from the pandemic. More than \$23 million in awards were associated with PRIME Phase 1.

PRIME Fund Phase 2 was designed to provide funding to public-private partnerships to spur the development of entrepreneurial support programs that provide a catalyst for startup companies as they scale and grow in Maine. Referred to as the PRIME Ecosystem Program, MTI made \$5 million in total funding available. That funding was awarded to 16 of the highest scoring, most impactful projects that will help spur innovation, job creation, and wage-growth for Maine workers.

The remaining PRIME funding will be deployed in FY2024.

MTI will also be administering a \$6.5 million Electric Grid Upgrade program in FY2024 to improve electricity grid access for economic development projects in heritage industries and other sectors central to Maine’s pandemic recovery, such as food systems, forestry, and manufacturing.

The MTI team is looking forward to continuing to administer the Maine Jobs & Recovery Plan funding to help mitigate some of the harmful economic impacts associated with the global pandemic and to sustain and grow innovative enterprises in the State of Maine.

MAINE TECHNOLOGY INSTITUTE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Concluded)

June 30, 2023 and 2022

Review of Maine's Seven Targeted Technology Sectors to Occur in FY2024

This past legislative session, a proposal was introduced to direct MTI to review the State of Maine's seven targeted technology sectors and industry clusters for relevancy. As drafted, LD1318 instructs MTI to conduct a review of the State of Maine's seven targeted technology sectors, utilizing a public process, and then reporting back to the Joint Standing Committee on Innovation, Development, Economic Advancement and Business (IDEA) in early 2024 with a report detailing findings and recommendations for any legislative changes that ought to be considered. The bill was enacted by both the House and Senate and signed by the Governor. MTI plans to conduct the review in the fall and winter of 2023 to comply with the reporting mandate.

Request for Information

This financial report is designed to provide a general overview of MTI's financial statements for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to MTI's President.

MAINE TECHNOLOGY INSTITUTE

Statements of Net Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 10,708,403	\$ 9,535,949
Other receivables	883,724	14,863
Prepaid expenses	163,759	146,385
Loans receivable - current, net of allowance for loan losses of \$731,031 in 2023 and \$465,914 in 2022 (Note 3)	<u>833,923</u>	<u>540,009</u>
Total current assets	<u>12,589,809</u>	<u>10,237,206</u>
Noncurrent assets:		
Property and equipment, at cost		
Leasehold improvements	39,870	39,870
Equipment	128,991	153,982
Computer software	<u>125,995</u>	<u>125,995</u>
	294,856	319,847
Less accumulated depreciation	<u>(264,906)</u>	<u>(288,592)</u>
Net property and equipment	29,950	31,255
Subscription-based right-of-use-asset	267,621	-
Loans receivable, net of allowance for loan losses of \$8,202,542 in 2023 and \$8,559,152 in 2022, and investments, excluding current portion (Note 3)	<u>9,455,382</u>	<u>9,393,538</u>
Total assets	<u>\$ 22,342,762</u>	<u>\$ 19,661,999</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 190,203	\$ 111,368
Current portion of other liabilities	968	5,633
Current portion of refundable advances	9,864,695	8,247,479
Current portion of subscription-based lease obligation	<u>79,577</u>	<u>-</u>
Total current liabilities	10,135,443	8,364,480
Noncurrent liabilities:		
Other liabilities, net of current portion	-	964
Refundable advances, net of current portion	9,455,382	9,393,538
Subscription-based lease obligation, net of current portion	<u>189,118</u>	<u>-</u>
Total liabilities	<u>\$ 19,779,943</u>	<u>\$ 17,758,982</u>
NET POSITION		
Undesignated net position	\$ 1,633,837	\$ 978,359
Net investment in capital assets	28,982	24,658
Board-designated (Note 4)	<u>900,000</u>	<u>900,000</u>
Total unrestricted net position	<u>\$ 2,562,819</u>	<u>\$ 1,903,017</u>

The accompanying notes are an integral part of these financial statements.

MAINE TECHNOLOGY INSTITUTE

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues		
State of Maine funding		
Program grants	\$ 7,435,453	\$ 7,357,010
Administrative grants	908,037	901,512
Matching grants	<u>202,498</u>	<u>221,748</u>
Total State of Maine funding	8,545,988	8,480,270
Royalties	805,154	159,421
Federal grants	26,100,680	6,063,747
Other income	<u>1,247</u>	<u>843</u>
Total operating revenues	<u>35,453,069</u>	<u>14,704,281</u>
Operating expenses (Note 5)		
Program grants	32,356,119	13,363,768
Special grants	226,092	224,339
Salaries and wages	974,394	867,096
Benefits and payroll taxes	284,638	288,263
Travel	10,185	1,699
Depreciation	16,222	17,379
Amortization of subscription based right-of-use asset	7,646	-
Marketing and advertising	87,398	77,085
Consulting fees	-	12,603
Other	<u>1,589,083</u>	<u>398,463</u>
Total operating expenses	<u>35,551,777</u>	<u>15,263,298</u>
Net operating loss	<u>(98,708)</u>	<u>(559,017)</u>
Nonoperating revenues (expenses)		
Investment income	759,664	321,677
Interest expense	<u>(1,154)</u>	<u>(446)</u>
Nonoperating revenues, net	<u>758,510</u>	<u>321,231</u>
Increase (decrease) in net position	659,802	(237,786)
Net position, beginning of year	<u>1,903,017</u>	<u>2,140,803</u>
Net position, end of year	<u>\$ 2,562,819</u>	<u>\$ 1,903,017</u>

The accompanying notes are an integral part of these financial statements.

MAINE TECHNOLOGY INSTITUTE

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
State of Maine funding	\$ 6,661,680	\$ 6,165,841
Grants received	26,911,528	6,063,747
Award repayments	1,785,978	1,202,106
Royalties received	805,154	159,421
Other receipts	1,247	(632)
Grants paid	(32,586,058)	(12,060,506)
Paid to employees, including benefits	(1,241,032)	(1,164,684)
Paid to vendors	<u>(1,642,905)</u>	<u>(576,017)</u>
Net cash provided (used) by operating activities	<u>695,592</u>	<u>(210,724)</u>
Cash flows from investing activities		
Loans funded	(1,538,895)	(2,333,037)
Loans repaid	2,587,928	1,231,633
Net investment income received	686,580	321,677
Investments (funded) returned	<u>(1,237,052)</u>	<u>607,563</u>
Net cash provided (used) by investing activities	<u>498,561</u>	<u>(172,164)</u>
Cash flows from capital and related financing activities		
Purchase of property and equipment	(14,916)	(7,602)
Lease obligation payments	(5,629)	(5,375)
Interest payments	<u>(1,154)</u>	<u>(446)</u>
Net cash used by capital and related financing activities	<u>(21,699)</u>	<u>(13,423)</u>
Net increase (decrease) in cash and cash equivalents	1,172,454	(396,311)
Cash and cash equivalents, beginning of year	<u>9,535,949</u>	<u>9,932,260</u>
Cash and cash equivalents, end of year	<u>\$ 10,708,403</u>	<u>\$ 9,535,949</u>
Reconciliation of net operating loss to net cash used by operating activities		
Net operating loss	\$ (98,708)	\$ (559,017)
Adjustments to reconcile net operating loss to net cash provided by (used) by operating activities		
Depreciation	16,222	17,379
Changes in the provision for loan losses and investment impairment	(122,274)	694,035
Changes in operating assets and liabilities		
Subscription-based right-of-use asset	(267,621)	-
Subscription-based lease obligation	268,695	-
Other receivables	(841,243)	14,959
Prepaid expenses	(17,374)	(48,132)
Accounts payable and accrued expenses	78,835	(34,756)
Refundable advances	<u>1,679,060</u>	<u>(295,192)</u>
Net cash provided (used) by operating activities	<u>\$ 695,592</u>	<u>\$ (210,724)</u>

The accompanying notes are an integral part of these financial statements.

MAINE TECHNOLOGY INSTITUTE
MAINE TECHNOLOGY ASSET FUND
AND MAINE MARINE ECONOMY AND JOB BOND FUND
Statements of Fiduciary Net Position

June 30, 2023

	<u>Maine Technology Asset Fund</u>	<u>Maine Marine Economy and Job Bond Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents (Note 9)	\$ <u>5,560,603</u>	\$ <u>473,854</u>	\$ <u>6,034,457</u>
Total assets	<u>5,560,603</u>	<u>473,854</u>	<u>6,034,457</u>
Liabilities			
Refundable advances (Note 9)	<u>5,560,603</u>	<u>473,854</u>	<u>6,034,457</u>
Total liabilities	<u>5,560,603</u>	<u>473,854</u>	<u>6,034,457</u>
Fiduciary net position held in fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

MAINE TECHNOLOGY INSTITUTE
MAINE TECHNOLOGY ASSET FUND
AND MAINE MARINE ECONOMY AND JOB BOND FUND
Statements of Fiduciary Net Position

June 30, 2022

	<u>Maine Technology Asset Fund</u>	<u>Maine Marine Economy and Job Bond Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents (Note 9)	\$ <u>6,053,951</u>	\$ <u>464,682</u>	\$ <u>6,518,633</u>
Total assets	<u>6,053,951</u>	<u>464,682</u>	<u>6,518,633</u>
Liabilities			
Refundable advances (Note 9)	<u>6,053,951</u>	<u>464,682</u>	<u>6,518,633</u>
Total liabilities	<u>6,053,951</u>	<u>464,682</u>	<u>6,518,633</u>
Fiduciary net position held in fund	\$ <u><u> -</u></u>	\$ <u><u> -</u></u>	\$ <u><u> -</u></u>

The accompanying notes are an integral part of these financial statements.

MAINE TECHNOLOGY INSTITUTE

**MAINE TECHNOLOGY ASSET FUND
AND MAINE MARINE ECONOMY AND JOB BOND FUND
Statements of Changes in Fiduciary Net Position**

June 30, 2023

	<u>Maine Technology Asset Fund</u>	<u>Maine Marine Economy and Job Bond Fund</u>	<u>Total</u>
Additions			
Program grants (Note 9)	\$ <u>588,334</u>	\$ <u> -</u>	\$ <u>588,334</u>
Total additions	<u>588,334</u>	<u> -</u>	<u>588,334</u>
Deductions			
Grant award payments (Note 9)	<u>588,334</u>	<u> -</u>	<u>588,334</u>
Total deductions	<u>588,334</u>	<u> -</u>	<u>588,334</u>
Net change	<u> -</u>	<u> -</u>	<u> -</u>
Fiduciary net position held in fund, beginning of year	<u> -</u>	<u> -</u>	<u> -</u>
Fiduciary net position held in fund, end of year	\$ <u><u> -</u></u>	\$ <u><u> -</u></u>	\$ <u><u> -</u></u>

The accompanying notes are an integral part of these financial statements.

MAINE TECHNOLOGY INSTITUTE
MAINE TECHNOLOGY ASSET FUND
AND MAINE MARINE ECONOMY AND JOB BOND FUND
Statements of Changes in Fiduciary Net Position

June 30, 2022

	<u>Maine Technology Asset Fund</u>	<u>Maine Marine Economy and Job Bond Fund</u>	<u>Total</u>
Additions			
Program grants (Note 9)	\$ <u>1,492,541</u>	\$ <u> -</u>	\$ <u>1,492,541</u>
Total additions	<u>1,492,541</u>	<u> -</u>	<u>1,492,541</u>
Deductions			
Grant award payments (Note 9)	<u>1,492,541</u>	<u> -</u>	<u>1,492,541</u>
Total deductions	<u>1,492,541</u>	<u> -</u>	<u>1,492,541</u>
Net change	<u> -</u>	<u> -</u>	<u> -</u>
Fiduciary net position held in fund, beginning of year	<u> -</u>	<u> -</u>	<u> -</u>
Fiduciary net position held in fund, end of year	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

The accompanying notes are an integral part of these financial statements.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2023 and 2022

Nature of Organization

Maine Technology Institute (the Institute), a nonprofit corporation which commenced operations in November 1999, was established to encourage, promote, stimulate, and support research and development activity leading to commercialization of new products and services in the State of Maine's technology intensive sectors. Businesses, non-profit organizations, academic institutions, and entrepreneurs are eligible for funding under the Institute's programs.

The Institute awards funds to applicants in the State of Maine who submit proposals, which are reviewed and approved by the Institute. Grants are distributed in stages upon the successful completion of certain milestones. The Institute is governed by a voluntary statewide Board of Directors appointed by the Governor of the State of Maine.

The core programs the Institute operated until August 2018 were as follows:

- TechStart Grant Program – grants up to \$5,000 to support technology-based innovation, business plan development, intellectual property filings, market analysis, and activities related to planning and submission of Federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants.
- Seed Grant Program – grants up to \$25,000 to fund small, early-stage research and development projects, and development activities leading to commercialization.
- Development Loan Program – awards ranging from \$30,000 to \$500,000 to fund new and/or enhanced technologies or tech transfer leading to market sales. If a product is successfully commercialized, the award becomes repayable.
- Business Accelerator Grants – grants to support commercialization and business development/capacity activities not eligible for SBIR or Development Loan funding, but required to advance new technology to market and to firmly establish and increase the scope and sustainability of the business enterprise.
- Equity Capital Fund – helps eligible Seed Grant, SBIR, and Development Loan recipients bridge the financing gap between product development and sales, moving them toward the market by providing equity or near-equity capital.
- SBIR Awards – help support SBIR/STTR proposal submissions and technology commercialization.
- Cluster Initiative Awards – awards up to \$50,000 for industry-driven cluster-initiative planning or feasibility activity, and up to \$500,000 to strengthen Maine's technology clusters.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2023 and 2022

Beginning in August 2018, the Institute implemented a new funding model. Initial contact is made when those interested complete an intake form. Meetings are established with entities proposing projects. Using an assessment tool, the potential applicant and the Institute review eight different areas, including: Team Ability, Innovation and Value Proposition, Customer and Market, Business/Organization Model, and Scope of Work/Budget. At this point the process may continue with the Institute or may be referred to a business partner. If the determination is to apply for support, the appropriate level of funding request will be determined, and the application will be submitted. The funding level will also determine the level of due diligence needed with the application. Funding levels may also help to determine the nature of the award. The Institute awards grants, loans, and equity investments. Successful applicants who receive funds are also required to submit reporting on their projects for five years post-award.

Four funding levels are used in the application process, as follows:

Range One – Awards less than \$25,000

Range Two – Awards between \$25,000 and \$100,000

Range Three – Awards between \$100,000 and \$250,000

Range Four – Awards over \$250,000

In addition to the core programs listed, the Institute is also asked, on occasion, to administer bond funds on behalf of the State of Maine. The application, review, and award process on these activities is not necessarily handled in the same manner as the core offerings. This process is often dictated by the terms of the bond itself.

During the years ended June 30, 2023 and 2022, two such instances were in place.

- Maine Technology Asset Fund (MTAF) – funded by bonds totaling \$98,000,000, approved by State of Maine voters; this program helps fund capital expenditures supporting research, development, and commercialization. The activity for this fiduciary fund is not included in the entity-wide financial statements of the Institute.
- Maine's Marine Economy and Jobs Bond Fund (MMEJBF) – funded by a \$7,000,000 bond approved by State of Maine voters to facilitate the growth of marine businesses and commercial enterprises that create jobs and improve the sustainability of the State's marine economy and related industries. The activity for this fiduciary fund is not included in the entity-wide financial statements of the Institute.

The Institute is a component unit of the State of Maine for financial reporting purposes. The Institute is considered a business-type activity because of royalty payments and interest charged to award recipients.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2023 and 2022

Starting in September of 2020, the Institute leads the application review and financial disbursement of awards from a fund of up to \$5 million as part of the Maine Economic Recovery Grant Program. The intent is to support the viability of businesses less than a year old, which fall into the seven sectors served by the Institute.

Beginning in fiscal year 2022, the Institute began administering several new funding buckets associated with the Maine Jobs & Recovery Plan, the State of Maine's roadmap for allocating more than \$1 billion in Federal discretionary funding associated with the American Rescue Plan Act of 2021. The new funding included \$20 million for "one-time grants funding for economic recovery and development opportunities in the forest products industry to address reduced demand from economic disruption of the COVID-19 pandemic and other industry effects." In collaboration with the Maine Department of Agriculture, Conservation and Forestry (DACF), and the Maine Department of Economic & Community Development (DECD), the Institute launched Phase 1 of the Forest Recovery Initiative (FRI) in 2022. Phase 2 was launched in fiscal year ended June 30, 2023 and sought to improve market opportunities for Maine timber.

MTI also created the Pandemic Recovery for an Innovative Maine Economy (PRIME) Fund to administer funds to support and leverage private investments in research, development, and innovation in the State of Maine's technology sectors. The PRIME Fund awarded grants in several phases. Phase 1 awards were announced in early fiscal year 2023, focused on direct support to businesses who suffered negative impacts from the pandemic. PRIME Fund Phase 2 was designed to provide funding to public-private partnerships to spur the development of entrepreneurial support programs that provide a catalyst for startup companies as they scale and grow in Maine.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accounts of the Institute are maintained in accordance with the principles of fund accounting with the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Reporting Entity

The financial reporting entity consists of the primary government (the Institute) and its blended component unit, Maine Technology Holdings (MTH). The financial statements also include two fiduciary activities. The accompanying financial statements separately present the statements of fiduciary net position and statements of changes in fiduciary net position for MTAF and MMEJBF.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2023 and 2022

MTH is a legally separate component unit of the Institute that was formed in 2011. MTH holds an investment in a privately-held company that was granted an award from the Institute and reached successful commercialization. Because the Institute is the sole shareholder of MTH and the intent of owning MTH is to directly enhance its ability to fulfill its mission, MTH is considered a blended component unit of the Institute. MTH's balance sheet at June 30 is as follows:

	<u>2023</u>	<u>2022</u>
ASSETS		
Investments	\$ <u>48,539</u>	\$ <u>48,539</u>
LIABILITIES AND NET POSITION		
Due to Maine Technology Institute	\$ 643	\$ 643
Refundable advances	<u>42,900</u>	<u>42,900</u>
Total liabilities	43,543	43,543
Net position	<u>4,996</u>	<u>4,996</u>
	\$ <u>48,539</u>	\$ <u>48,539</u>

MTH had no operating revenues or expenses in either 2023 or 2022.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

All highly liquid savings deposits and investments with maturities of three months or less when purchased are considered to be cash equivalents.

Loans Receivable and Investments

Loans receivable are reported at their outstanding unpaid principal balances adjusted for charge-offs, net of the allowance for losses. Investments are stated at their cost, net of impairment where appropriate. These loans receivable and investments are with closely-held small companies and there is no readily available market or fair value. When indicators of impairment of investments are noted, they are written down to fair value, if below carrying amount, via an impairment charge.

Interest and dividend income on loans receivable and investments are recognized when received due to the uncertainty of collection.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2023 and 2022

Allowance for Loan Losses

An allowance for loan losses is established when it is probable that loans receivable will be uncollectible. Loans are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated regularly based upon management's periodic review of the collectibility of the loans in light of the companies' current financial position situations. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

Credit Risk

Financial instruments which subject the Institute to credit risk consist of cash equivalents, loans receivable, and investments. The risk with respect to cash equivalents is mitigated by the Institute's policy of investing in financial instruments with short-term maturities issued by highly-rated financial institutions. The risk with respect to loans and investments is managed by establishing limits on the amounts loaned to, or invested in, any one company.

Property and Equipment

Property and equipment is stated at cost. The provision for depreciation is determined by straight-line method to depreciate the cost of assets over their estimated useful lives. Expenditures for repairs and maintenance which do not extend the useful lives of the assets are charged to operations.

Revenues

The Institute's programs are primarily funded by the State of Maine. This funding is to support operations and programs; 90% is required by legislation to support programs and 10% can be used for administration. The program support amounts received are classified as refundable advances until the related qualifying grants are made or expenses have been incurred to match other grants; the amounts used for administration of core programs are recognized as revenue upon receipt. The amounts used for administration of the MTAF are held as refundable advances until expended, as the money is required to be expended for MTAF administration only.

Certain grants awarded by the Institute have provisions requiring the recipient to make repayments to the Institute if certain conditions are met. The Institute classifies 80% of award repayments as refundable advances upon receipt; the remaining 20% are recognized as royalties revenue. When awards enter repayment status and notes receivable are signed or investments are made, the entire carrying balance of the note or investment is offset by refundable advances; when payments are received, 20% of the payments is recognized as royalties revenue. Refundable advances are reduced as additions to the allowances for loan losses and investment impairments are recorded. At the same time, program grant revenue is also recorded with an offsetting program grant expense. The amount of these revenues and expenses recognized during the years ended June 30, 2023 and 2022 was \$122,274 and \$327,219, respectively.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2023 and 2022

The Institute has recognized \$176,557 and \$172,265 in 2023 and 2022, respectively, of revenue and expense for salary and benefits paid by the DECD.

The Institute considers State of Maine funding, grant income, and royalties to be operating revenues.

Retirement Benefits

The Institute sponsors an Internal Revenue Code (the Code) Section 401(k) defined contribution plan. Under the plan, retirement benefits are provided to substantially all employees who meet certain age and service requirements. Employee contributions are limited to the maximum yearly limit as determined by the Code or 100% of the employee's compensation. The Institute contributes 5% of gross salary. Employer contributions vest 100% to the employees immediately. Retirement expense was \$41,581 and \$38,290 for the years ended June 30, 2023 and 2022, respectively.

Risk Management

The Institute is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Income Taxes

The Institute is exempt from taxation under Code Section 501(c)(3). Only unrelated business income, defined by Section 512(a)(1) of the Code, is subject to federal and state income tax.

Subsequent Events

Management has considered subsequent events occurring through October 16, 2023, the date the financial statements were available to be issued, and determined no additional adjustments or disclosures are required for the financial statements to be fairly stated.

New Accounting Pronouncement

As of June 30, 2023, the Institute adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The adoption of GASB No. 96 did not have a material impact on the Institute.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2023 and 2022

2. Cash and Cash Equivalents

Cash and cash equivalents, for account balances over \$10,000, are held in accounts covered under a deposit placement agreement. This arrangement allows the financial institution, acting as custodian and using a sub-custodian, to place amounts in excess of depository insurance limits in destination institutions to maximize depository coverage. The bank account balances are covered by depository insurance up to \$250,000 per bank at June 30, 2023 and 2022. The Institute's cash and cash equivalent accounts had bank balances of \$11,024,810 and \$10,171,516 at June 30, 2023 and 2022, respectively. The fiduciary fund's cash and cash equivalent accounts had bank balances of \$6,034,457 and \$6,518,633 at June 30, 2023 and 2022, respectively. Any balance in excess of depository insurance limits would be uncollateralized.

3. Loans Receivable and Investments

The Institute's loans receivable and investments consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Loans receivable	\$ 15,170,378	\$ 16,472,537
Investments in privately-held companies	<u>4,052,500</u>	<u>2,486,076</u>
	19,222,878	18,958,613
Allowance for losses	<u>(8,933,573)</u>	<u>(9,025,066)</u>
	10,289,305	9,933,547
Less current portion	<u>(833,923)</u>	<u>(540,009)</u>
	<u>\$ 9,455,382</u>	<u>\$ 9,393,538</u>

Loans receivable have a variety of terms and due dates based on the structure of the agreement and are generally collateralized by the general business assets of the borrower. Interest rates on loans receivable range from 5%-8%. The loans receivable and investments are held by the Institute; thus, there is no custodial credit risk.

4. Board-Designated Net Position

The Institute's Board of Directors has designated \$900,000 of the unrestricted net position for the following three purposes:

1. One-time program investments, such as special studies and reports.
2. High-quality program award projects that would not otherwise be funded due to lack of funds (e.g., at the end of a fiscal year).
3. One-time infrastructure or capacity investments, such as data management systems.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2023 and 2022

5. Expenses

Expenses are comprised of the following:

	<u>2023</u>	<u>2022</u>
Direct program services	\$ 33,600,923	\$ 14,214,955
General and administrative, including nonoperating expense	<u>1,952,008</u>	<u>1,048,789</u>
	<u>\$ 35,552,931</u>	<u>\$ 15,263,744</u>

6. Liabilities

Other Liabilities

The Institute leased office space under a lease with a one year term expiring September 30, 2023, with an option to renew annually for up to five years. Rent expense is calculated on a square footage basis, excluding certain occupancy charges. Rent expense under the lease was \$34,900 and \$32,340 in 2023 and 2022, respectively. In evaluating GASB 87, *Leases*, the Institute evaluated lease terms in determining the value of the right-of-use asset and related liability to be recognized, which represents the noncancellable lease term plus any renewal period that is reasonably certain to be exercised.

Long-term liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Current Portion</u>
Refundable Advance Subscription-based Lease Obligation	\$ 17,641,017	\$ 1,679,060	\$ -	\$ 19,320,077	\$ 9,864,695
Other liabilities	\$ -	\$ 268,695	\$ -	\$ 268,695	\$ 79,577
	\$ 6,597	\$ -	\$ (5,629)	\$ 968	\$ 968

Long-term liability activity for the year ended June 30, 2022 was as follows:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Current Portion</u>
Refundable Advance Other liabilities	\$ 17,936,209	\$ -	\$ (295,192)	\$ 17,641,017	\$ 8,247,479
	\$ 11,971	\$ -	\$ (5,374)	\$ 6,597	\$ 5,633

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2023 and 2022

7. Grant Commitments

The Institute recognizes a liability and corresponding expense for awards in the amount expected to be paid when awards are approved by the Board of Directors and awardees submit required documentation and incur costs under the awards. There were no awards payable at June 30, 2023 or 2022. Conditional awards approved by the Board of Directors are recorded when the recipient organizations meet the conditions of the awards.

The Institute had commitments to fund awards at June 30, if recipients meet certain milestones, as follows:

	<u>2023</u>	<u>2022</u>
Range 1	\$ 61,000	\$ 10,000
Range 2	115,000	176,000
Range 3	500,000	313,000
Range 4	2,104,000	1,189,000
Special Opportunity	1,087,000	884,000
Seed grants	13,000	13,000
TechStart grants	2,000	2,000
Development loan awards	322,000	342,000
Cluster initiative awards	85,000	388,000
Business Accelerator grants	8,000	18,000
Bridge loans and notes	5,000	5,000
	<u>\$ 4,302,000</u>	<u>\$ 3,340,000</u>

The Institute had approved awards to recipients pending executed award contracts at June 30 as follows:

	<u>2023</u>	<u>2022</u>
Range 1	\$ 92,918	\$ 78,895
Range 2	75,000	25,000
Range 3	120,000	1,079,055
Range 4	500,000	400,000
	<u>\$ 787,918</u>	<u>\$ 1,582,950</u>

8. Contingencies

The Institute is involved in potential investigations and claims arising in the normal course of business. Management estimates that any potential liabilities arising from these investigations and claims are within insurance coverage limits and the outcomes will be resolved without a material adverse effect on the Institution's financial position or results of operations. Management has not recorded any liabilities or insurance recovery receivables related to these investigations.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2023 and 2022

9. Fiduciary Funds

The Institute holds the assets and has direct administrative involvement for two custodial fiduciary funds, MTAF and MMEJBF (collectively, the Funds). In November 2007, State of Maine voters approved a \$50 million bond issue for research, development, and commercialization of projects in certain technology sectors. These funds are administered and awarded by the Institute under a program called MTAF. In June 2010, voters approved an additional \$3 million under the program. The \$3 million bond fund was received in full during fiscal year 2015.

In June 2017, State of Maine voters approved another \$50 million bond issue for research, development, and commercialization equipment, infrastructure and technology upgrades to drive innovation and produce nationally and globally competitive products and services in Maine. The amount of \$45 million was earmarked for awards to be made by MTI. In 2018, the Institute launched the program (MTAF 2.0) and awarded the funds. In April of 2018, \$25 million in bond funds were received from the State of Maine, with the remainder to be transmitted at a later date.

During 2021, MMEJBF was funded after approval by voters to facilitate the growth of marine businesses and commercial enterprises. The significant accounting policies related to the Funds are outlined below.

Basis of Accounting

The Institute follows the accrual basis of accounting as set forth by GASB.

Cash and Cash Equivalents

All highly liquid savings deposits and investments with maturities of three months or less when purchased are considered to be cash equivalents. Cash and cash equivalents are held with banks as outlined in Note 1 for the Institute.

Refundable Advances

The fiduciary fund programs are funded by the State of Maine bond funds. The program support amounts received are classified as refundable advances until the related qualifying grants are made or expenses have been incurred to match other grants.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2023 and 2022

Grant Commitments

The Funds have commitments to fund awards at June 30, if recipients meet certain milestones, as follows:

	<u>2023</u>	<u>2022</u>
MTAF Awards	\$ 5,302,000	\$ 5,890,000
Marine Jobs Bond	<u>464,000</u>	<u>464,000</u>
	<u>\$ 5,766,000</u>	<u>\$ 6,354,000</u>

10. Subscription-Based Information Technology Arrangements

The Institute entered into a three-year subscription-based lease, effective June 1, 2023.

The following table presents the lease related asset and liability as of June 30, 2023:

	<u>2023</u>
Right-of-use asset	\$ 275,267
Accumulated amortization on right of use asset	<u>(7,646)</u>
Right-of-use asset, net	<u>\$ 267,621</u>
Lease obligation - current portion	\$ 79,577
Lease obligation - long-term portion	<u>189,118</u>
Total lease obligation	<u>\$ 268,695</u>

The following is a schedule by year of future minimum SBITA payments as of June 30, 2023:

Year	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2024	\$ 91,020	\$ 11,443	\$ 79,577
2025	98,302	5,858	92,444
2026	<u>96,674</u>	<u>-</u>	<u>96,674</u>
Total minimum lease payments	<u>\$ 285,996</u>	<u>\$ 17,301</u>	<u>\$ 268,695</u>

SUPPLEMENTARY SCHEDULE

MAINE TECHNOLOGY INSTITUTE

Statement of Activities

Year Ended June 30, 2023

		<u>Program Revenues</u>		Net Expense and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	
Business-type activities	\$ <u>35,552,931</u>	\$ <u>805,154</u>	\$ <u>34,646,668</u>	\$ <u>(101,109)</u>
Total	\$ <u>35,552,931</u>	\$ <u>805,154</u>	\$ <u>34,646,668</u>	<u>(101,109)</u>
General revenues				
Unrestricted interest and investment earnings				759,664
Other income				<u>1,247</u>
Total general revenues				<u>760,911</u>
Change in net position				659,802
Net position, beginning of year				<u>1,903,017</u>
Net position, end of year				<u>\$ 2,562,819</u>



MTI is committed to serving the wide-ranging innovation needs of Maine businesses and entrepreneurs. MTI plans to continue as a leading-edge organization known throughout Maine as the driving force behind our state's thriving private-sector innovation economy. MTI is pleased to play a pivotal role in helping to bolster and support Maine's innovation economy and looks forward to building on past commitments and launching new initiatives to help foster a more robust economic climate across the state of Maine.

Maine Technology Institute
8 Venture Avenue Brunswick, Maine 04011
207.582.4790
www.MaineTechnology.org