

Annual Report 2024





Contents

A Message from MTI’s President	3
Maine Jobs & Recovery Plan	5
Key Events & Happenings	8
MTI FY24 Funding Report	12
Other Programs	14
MTI Celebrates 25 Years	16
Partnerships To Promote Maine’s Innovation Economy . . .	20
Looking Ahead to FY25	21
Organization	23
Financial Statements	24

A Message from MTI's President



I am incredibly honored to lead this unique public-private partnership called the Maine Technology Institute (MTI) and it is my pleasure to present MTI's Fiscal Year 2024 annual report.

Without question, it is extremely humbling to guide an organization that has such a monumental impact on the livelihoods of Mainers and our state's economic vitality.

MTI's core mission is to help diversify and grow Maine's economy by helping to catalyze innovation and its transformation into new products, processes, and companies. We have been providing early stage capital and commercialization assistance, as well as entrepreneurial guidance and mentorship, for 25 years now. As we reflect on some of the meaningful milestones that have been achieved over the years, one cannot help but swell with pride and gratitude.

Created by the Legislature and Governor in 1999, MTI has now disbursed over \$372 million across more than 4,000 distinct projects throughout Maine and that funding has leveraged well over \$2.2 billion in private sector matching investment. This fiscal year alone, MTI deployed \$7.6 million across 238 distinct projects generating an additional \$24.9 million in private sector matching investment.

MTI demonstrated its immense value this past year by assisting the state and federal government in the deployment of much-needed funding and support to help Maine businesses sustain and grow operations. The organization also led a consortium of Maine organizations that earned designation from the federal Economic Development Administration (EDA) as a Forest Bioproducts Advanced Manufacturing Technology Hub. This designation recognizes Maine's potential to become a global leader in bioproducts that replace plastics, sequester carbon in buildings, or use nanocellulose polymers to replace harmful synthetics. It's another example of how MTI and Maine's technology-based companies and research institutions play a leading role in our nation's economic recovery.

This year's report provides a wonderful overview of MTI's activities, investments, and impact and the indelible imprint the organization has had—and continues to have—on Maine and its economy. It truly is a beacon for economic optimism in the State of Maine.

Best,

A handwritten signature in black ink, appearing to read 'Brian'. The signature is stylized and fluid, with a large loop at the beginning and a long, sweeping tail.

Brian



Compotech

MANUFACTURING BALLISTIC PROTECTION SHELTERS FOR THE MILITARY

As a spin-off from the University of Maine's Advanced Structures and Composites Laboratory, Compotech has evolved from a two-person engineering company into one of Maine's top composite and precision manufacturing companies. MTI has been a partner in its growth since its inception in 2012.

Its flagship product — the Expeditionary Shelter Protection System — has advanced from R&D to production through key contracts with the US Army and with financial and non-financial assistance from MTI.

The ESPS — made of fiber-reinforced polymer composite — are lightweight, mobile, and easy to deploy, making them ideal for safeguarding everything from tents and containers to hospitals and government buildings.

The development of this innovative shelter protection system began by using MTI's Technical Assistance Program (TAP) team to help write a successful proposal for the Department of Defense to fund their design and prototyping research. The multi-million-dollar research contract led Compotech to develop FRAG-CT software for the Army. Two hundred times faster than hand-count methods, the platform streamlines the collection and analysis of explosion data and was called one of 'the most transformative security innovations of 2021' by Popular Science. This bomb shrapnel data helped Compotech, and the Army refine the design of the Expeditionary Shelter Protection System.

After finalizing the design and passing rigorous tests, Compotech was awarded a very competitive multi-million-dollar contract with the US Army to produce thousands of units of ESPS.

A loan from MTI enabled Compotech to have the necessary capital to build a state-of-the-art production line at its facility in Brewer, Maine. Compotech's workforce doubled in 2021 when the manufacturing line started.

With a mission of serving the defense industry with 'Made-in-Maine' solutions, Compotech will continue to bring new engineering and precision manufacturing jobs to Maine.

\$1,452,925

Multiple Awards

15,000

ESPS modules contracted to the US Army

20,000

Square foot precision manufacturing facility

||
MTI's support led to the creation of new advanced manufacturing and engineering jobs in Brewer, Maine that never existed in the region. Throughout Compotech's journey, MTI played a key role in awarding multiple grants to support business development activities related to R&D proposal preparation, equipment purchase, and international sales."

Paul Melrose

Co-founder
Compotech

Maine Jobs & Recovery Plan

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.

PRIME

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/FY25.

Electric Grid Upgrade Program

MTI working with the Department of Economic and Community Development (DECD) and the Governor’s Energy Office, launched the Electric Grid Upgrade Program in September 2023. The program made \$6.5 million in grant funding available for Maine businesses who needed to upgrade the electrical grid capacity to their facilities in order to grow their operations and employment base.

The program offered competitive grants for grid upgrades, such as polyphase service, with an emphasis on rural communities. Priority was given to projects where public and private

capital were identified that supported the achievement of the state’s emission reduction



and clean energy requirements. The funding was 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.

After reviewing and scoring the proposals in a competitive process, six projects were awarded funding in February 2024, including catalytic projects in Knox, Somerset, Waldo, Washington, and York counties. The funds leveraged approximately \$11 million in private sector matching funds.

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.”

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.

Bixby & Co

MTI HELPED THIS LOCAL CHOCOLATIER GAIN A PRESENCE IN MAINE'S FIRST COSTCO

Bixby & Co is Maine's first "bean to bar" chocolate factory, using organic cocoa beans from various Caribbean countries to make their confectionery delights in a historic building in Rockland, Maine.

Premier big box wholesaler Costco was poised to open its first store in Maine in 2023. Bixby & Co founder and CEO Kate McAleer saw an opportunity to display her chocolates at Costco. In discussions with Costco, they decided to showcase two Bixby products – Needhams and the Allagash White Beer Brittle.

To sell at Costco, Bixby & Co would have to pass a third-party audit for Good Manufacturing Practices (GMP) for food safety. Costco's audit criteria went beyond the standard GMP audit guidelines of other grocery chains. At stake would be the potential \$60,000 loss in sales annually.

MTI's Maine Entrepreneurial Resource Corps (MERC) program connected Bixby & Co with Patricia Hinds, a contractor with Maine MEP (Manufacturing Extension Partnership). Hinds is a certified instructor for HACCP (Hazard Analysis Critical Control Point), the accepted food safety standards for GMP. Hinds helped them compile all of the requirements of the Costco audit, and also helped them develop updated policies, procedures, and templates for documentation.

The MERC funded project was a triumph. The audit results were an impressive 99% compliance with Costco's standards, and 100% compliance with general GMP audit standards.

Without MERC investment, Bixby & Co would have struggled to find the resources needed to meet Costco's audit requirements in the time needed to continue their working relationship.

Kate McAleer is passionate about keeping her business in Maine. Bixby & Co is committed to being a progressive employer for its staff, and a good neighbor in its community. All this, in addition to continuing to create innovative and tasty confections, of course.



We largely attribute our outstanding performance for the 2024 audits to the generous grant from MTI and our work with Maine MEP."

Kate McAleer
Founder and CEO
Bixby & Co

99%
compliance with Costco

3
additional Costco orders

up to
\$60,000
in sales through Costco



Key Events & Happenings

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 Summits: 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 consist 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.



The Roux Institute presents the Maine 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 9: 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 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 2024: 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 2024, the 2024 Top Gun finalists pitched their businesses to a panel of experts. This event presented an opportunity for all attendees to learn about innovative technologies and unique products developed in the state, as the five Maine-based entrepreneurs competed for a chance to win the \$25,000 grand prize, courtesy of MTI.

Startup Maine Week

Startup Maine, a resource hub within the entrepreneurial ecosystem, hosted Startup Maine Week from May 14 – 17 in Portland. There were a number of events and panels throughout the four-day experience highlighting Maine’s supportive entrepreneurial ecosystem. MTI was a presenting sponsor of Startup Maine Week.



Maine Hosts International Seaweed Conference . . . Again



On September 6 & 7, the second annual international Seagrass Conference took place in Portland, Maine. The renowned seaweed conference recognized that “Maine is an ideal place to cultivate kelp, with its clean, cold water, abundant coastline, and knowledgeable fishermen.” The conference featured top speakers from across the globe who shared their seaweed expertise. Topics covered during the two-day event included the following:

- Leveraging technology to manage and optimize seaweed farms
- Increasing profitability of seaweed farming
- Investment opportunities
- Young seaweed farmer spotlights
- Seaweeds and Indigenous communities
- Novel seaweed processing trends

MTI was proud to be an Exclusive Event Sponsor.

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.”

The BioME Annual Conference 2024 was sponsored in part by MTI.

On The Road With Mainebiz Spotting Business Communities Across Maine

Sponsored by MTI, the ‘On The Road’ reception series provides a platform for business leaders

Mainebiz

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. 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: Westbrook, Farmington, Belfast, Rangeley, Ellsworth, and Millinocket. 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.

Maine Designated As Forest Bioproducts Advanced Manufacturing Technology Hub By The U.S. Department Of Commerce

MTI, in close collaboration with the Maine Department of Economic & Community Development (DECD) and the Governor’s Office of Policy Innovation & the Future (GOPIF), submitted a proposal on behalf of the State of Maine to seek designation as the “Forest Bioproducts Advanced Manufacturing Technology Hub” under the EDA’s FY 2023 Regional Technology and Innovation Hub Program Phase 1. Maine’s submission for Phase 1 of the Tech Hubs program involved two simultaneous proposals. The first was for



designation as a Tech Hub, which would make Maine eligible to compete for a future Phase 2

implementation grant of \$50-75 million. The second proposal sought a Strategy Development Grant of \$450,000.

In October 2023, the EDA announced that Maine was designated as a Tech Hub and awarded a Strategic Development Grant! Maine was one of just 31 selected out of 200 proposals.

MTI is the lead member of the Consortium that includes 31 participating organizations, including DECD, DOL, GOPIF, UMaine, the Roux Institute, as well as 10 industry firms/groups, 8 economic development organizations, 5 labor and workforce development entities, and 3 other members.

Only those that were designated as Technology Hubs in Phase 1 will be permitted to apply for Phase 2 funding.

R&D Bond Enacted & Signed By The Governor



The Legislature approved, and the Governor signed, LD 416, “An Act

to Authorize a General Fund Bond Issue for Research and Development and Commercialization.” Pending final approval by Maine voters in November, the legislation provides \$25 million to MTI to support R&D-related projects and can include facility construction, renovations or land purchase, equipment acquisition, and certain technology upgrades. The funding would be offered to Maine public and private entities through a competitive process in 2025.

Maine Funding Network Launched

The Maine Funding Network is a gateway to find funding opportunities from public and nonprofit agencies

throughout Maine. It allows businesses at every stage and every size to access multiple

funding resources in one location. Developed by the Finance Authority of Maine (FAME), MTI is a founding member of the network.



MAINE FUNDING NETWORK

Maine Startup Challenge Raises Entrepreneurial Aspirations Of Students

The Maine Venture Fund hosted its second annual business plan competition, Maine Startup Challenge! The competition, sponsored by MTI, was designed to stimulate and further entrepreneurial ideas across all age groups.

Participants had the opportunity to create and present their business plans to a panel of judges comprised of Maine investors and entrepreneurs.

The various tiers included:



- K-8: 1st Place Prize-\$1,000 and Runner-up Prize-\$500
- High school: 1st Place Prize-\$2,000 and Runner-up Prize-\$1,000
- College: 1st Place Prize-\$3,000 and Runner-up Prize-\$1,000
- Open: 1st Place Prize-\$8,000 and Runner-up Prize-\$2,500

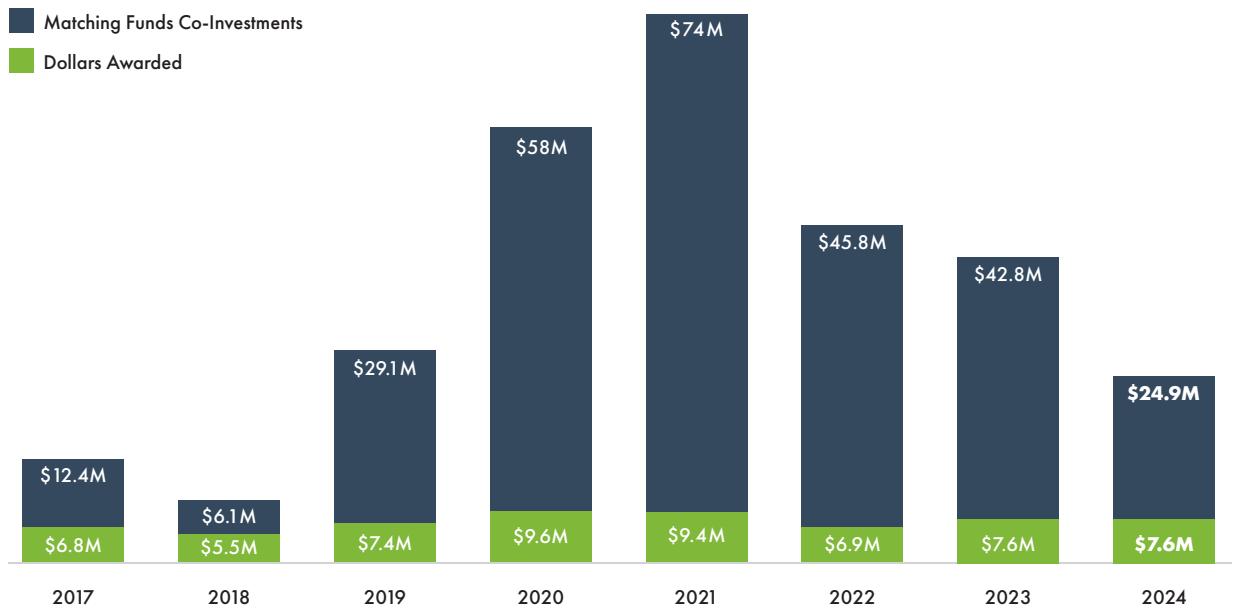
The Maine Startup Challenge culminated in a showcase event at the Roux Institute in Portland.

MTI FY24 Funding Report

In FY24, MTI made 238 awards totaling \$7.64 million. The organizations receiving those awards matched MTI's funding with \$24.9 million.



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 FY24, 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	61	\$1,353,692
Biotechnology	27	\$2,192,500
Composite Materials	8	\$591,276
Environmental Technology	18	\$344,197
Forestry & Agricultural	19	\$926,708
Information Technology	69	\$1,556,501
Precision Manufacturing	14	\$416,810
Economic Development	22	\$260,857
Total	238	\$7,642,541

Awards by Range

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.

Range	No. Awards	Amount
Range 1	36	\$741,710
Range 2	22	\$721,531
Range 3	21	\$1,425,714
Range 4	8	\$2,749,700
MERC	85	\$460,585
SBIR	13	\$93,500
Special Opportunities	6	\$1,215,000
Sponsorships	47	\$234,800
Total	238	\$7,642,541

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 need to elevate their performance. MERC

approved 85 awards to businesses across Maine, totaling more than \$460,000. Thanks to the expertise of MERC’s network of 196 consultants, 100% of awardees reported an increase in their businesses 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.

\$10.6M
in federal awards made to companies receiving TAP assistance

Summary of awards to Maine companies receiving TAP assistance

Company	Agency/Phase	Year	Amount
WAVED Medical	NIH STTR Ph I	2023	\$405,950
Cold Current Kelp	NOAA S-K	2023	\$300,000
NKENNE ESM Glo Prod	NSF Ph II	2023	\$275,000
FPN, LLC	NOAA SBIR Ph II	2023	\$650,000
UNAR Labs	NIH STTR Ph II	2023	\$1,646,903
Viable Gear	NOAA SBIR Ph I	2023	\$175,000
Oceans Balance	NOAA SBIR Ph II	2023	\$650,000
Compotech Inc	DoD Army SBIR Ph II	2023	\$1,900,000
Cold Current Kelp	USDA SBIR Ph I	2024	\$175,000
Compotech	DoD/Army Ph II	2024	\$1,100,000
ESM Global Productions, LLC	NSF SBIR Ph II	2024	\$1,000,000
Pepin Associates, Inc.	DoD STTR Ph II	2024	\$1,000,000
The Boat Yard, LLC	USDA Ph I Resubmit	2024	\$125,000
Home Grown Fuels, LLC	USDA STTR Ph II	2024	\$600,000
Viable Gear	NOAA SBIR Ph II	2024	\$650,000

Peregrine Turbine Technologies, LLC

POWER CONVERSION THAT'S MAKING GREEN ENERGY A REALITY

Peregrine Turbine Technologies is dedicated to producing more power with less of a carbon footprint. Their turbine-based power conversion technology is changing the nature of power generation, energy storage, and propulsion.

Their breakthrough sCO₂ (supercritical carbon dioxide) technology provides a total energy management system that will help Maine achieve its renewable energy goals. Peregrine Turbine's energy generation and storage products are modular and easy to install even in remote communities. This new system will enable constant solar and wind energy supply.

Peregrine Turbine is starting to build and place two commercial level prototypes in Maine. The first is a Thermal Energy Storage (TES) unit in Pittsfield, Maine, that will serve as a more efficient way to store renewable energy. The second is a sCO₂ enabled Combined Heat and Power system at a Forest Products Innovation Hub planned for Millinocket, Maine. The installations are targeted for a 2025 start-up.

MTI's SBIR grant writing assistance resulted in Peregrine Turbine securing Phase I and Phase II awards. Following that success, Peregrine Turbine received a grant from MTI which helped them hire an accountant to handle corporate bookkeeping.

Further MTI funding and support has helped Peregrine Turbine to build the highest performing Proof of Concept heat engine test vehicle in the world. This Proof of Concept is currently undergoing a rigorous testing process that will de-risk their products and qualify their systems for active field testing applications.

Peregrine Turbine also credits their Maine location as a factor in their success. The rarity of technology companies in the energy space in the state increases their visibility, resulting in better access to Maine investors and government agencies.

Peregrine Turbine is preparing for the commercialization and production of their ground-breaking technology, resulting in more manufacturing and STEM jobs in Maine.

100%

Heat source & fuel adaptability

50%

Lower cost of storage

60%

Efficiency & emissions improvement



Maine Technology Institute is the sole entity in the state of Maine whose purpose is to promote and advance the objectives of technology companies like Peregrine. MTI is a much needed and vital organization for the future health of technology companies in the state.

David Stapp

CEO

Peregrine Turbine Technologies



MTI Celebrates 25 Years

To help MTI celebrate, entrepreneurs shared how strategic funding and guidance propelled their ventures from ambitious ideas to expanding enterprises, driving economic growth across the state. This collection of heartfelt snippets captures the essence of a far-reaching influence, with each quote a testament to an enduring legacy of support and inspiration.

MTI is the best. Especially the TAP team. They make grant writing significantly less painful. We are so lucky in Maine to have such a knowledgeable group of folks and an entity like MTI to support small businesses like Cold Current Kelp. Thank you so much!!!

Krista Rosen
Cold Current Kelp



MTI has played a key role in encouraging young people to pursue their STEM passions by supporting the Maine State Science Fair. This annual event is the culmination of months-long work by Maine teens on science and engineering projects that seek to make a difference in the world. Without MTI's sponsorship, the Maine Mathematics & Science Alliance would not have been able to provide our top-notch support to these students and their teachers.

Stefany Burrell
Maine State Science Fair

In 2017 Atlantic Cookie Company received two grants from MTI to improve our heat-control system in our oven in order to produce more cookies. In 2023 we received another grant to re-engineer our heating system to increase capacity to over 200%. We now feel we can handle large quantity orders that we had to steer away from in the past. Without these improvements and help from MTI, our future wouldn't look so bright.

Matt Flynn
Atlantic Cookie Company

MTI has sponsored our ideas and events - from the annual conference to the exhibition at TechCrunch Disrupt in San Francisco. Because they support organizations such as Startup Maine and our ecosystem building work, we are able to focus on being a convener and champion of the innovation ecosystem so that entrepreneurs (and future entrepreneurs) are able to thrive.

Katie Shorey
Startup Maine



Maine Technology Institute (MTI) has played a pivotal role in DeepCharge's journey from innovation to market. Thanks to MTI, we are now well-positioned to expand our technology across various sectors, including airports, offices, and educational institutions, while maintaining a strong manufacturing base in Maine.

Yusof Naderi
DeepCharge



MTI's support not only provided the financial resources we needed but also gave us credibility within our industry, opening doors to new opportunities and partnerships. Their belief in our vision helped us secure additional funding, accelerate product development, and bring value to our early customers. We are excited about our progress so far and grateful for MTI's role in helping us build a strong foundation for future growth.

Ken Shapiro
Apriqot

The Maine Technology Institute has been instrumental in helping ATX build a top-notch technology team here in Maine. The resources and guidance have been invaluable in helping us grow, innovate, and deploy new products. We're extremely grateful for the partnership and the positive impact MTI has made on our organization.

Mark DiGiovanni
ATX

MTI has been an invaluable supporter & contributor to SCORE Maine! Congratulations on a quarter century of empowering innovation in Maine.

Nancy Strojny
SCORE Maine



25 YEARS

of Innovation and Impact

2000
First 37 awards totaling \$3 million

2005
500 awards total

2011
1500+ total projects funded

2015
\$195 million in total investments

2017
Over \$200 million in total investments

1999
Creation of MTI

2000
Makes first awards

2007
Creation of \$50 million Maine Technology Asset Fund (MTAF)

2008
Overall Maine employment increases 0.8% while MTI-assisted companies' employment increases 2.6%

2010
Completes distribution of \$52.85 million in MTAF funds

2011
Begins administering \$3 million Blackstone Accelerates Growth initiative to foster entrepreneurship

2014
Battelle study identifies technology clusters in Maine well-positioned for growth

2015
Administers \$10 million Maine Cancer & Aging Research bond and \$3 million Maine Biomedical Research bond

2016
Administers \$7 million Marine Economy & Jobs bond

Blackstone Accelerates Growth initiative ends successfully and inspires creation of Maine Accelerates Growth to support Maine's innovation, startup and creative technology community

2019

\$270 million
in total funding across
2,800 projects

HISTORIC TOTAL IMPACT

\$372 Million +
Funds deployed

4,000+
Projects across Maine

\$2.2 Billion +
Private sector co-investment

2018

Awards \$45 million in MTAF 2.0 funds to 18 projects, matched by \$192 million in private investment, creating 5,350 jobs, generating \$1.4 billion in economic impact over next 3 years

Launched new approach to funding Maine innovation focused on individual needs of customers

2019

Maine Office of the U.S. Small Business Administration recognizes MTI as Financial Services Champion

2020

MTI pandemic response offers loan flexibility, new funding opportunities and fast-tracks COVID solution approvals for rapid market entry

2021

Helps distribute \$1 billion in federal ARPA funds via Maine Jobs & Recovery Plan, focusing on forestry (\$20 million), seafood processing (\$15.3 million) and tech innovation (\$39.6 million)

Awards \$7.4 million to new and early-stage businesses seeking funding relief

2022

Creates Maine Entrepreneurial Resource Corps (MERC) to connect companies with Maine consultants for short-term projects

2023

Deploys ~\$50 million in state and federal funding to 330+ Maine businesses and organizations
Leads Maine consortium, earning federal "Forest Bioproducts Manufacturing Hub" designation

2024

Manages Electric Grid Upgrade Program, awarding \$6.5 million to drive Maine businesses' expansion
MTI's 3-year, federally funded initiative SEAMaine launches roadmap to promote Maine seafood industry resilience

Active MTI Collaborations, Affiliations and Partnerships



Partnerships To Promote Maine's Innovation Economy

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.

47
sponsorships
awarded
\$234,800
value

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 FY25

Artificial Intelligence Training Program

To better enable Maine technology startups to leverage artificial intelligence (AI) to improve productivity and efficiency, MTI is exploring a new program to help businesses access training resources to demystify AI and to educate companies on the benefits associated with its adoption. The MTI team will explore potential training collaborations with AI training providers and MTI partners to flesh out a more structured proposal. We will begin by surveying our portfolio companies and partners to help validate our assumptions and to gauge interest in accessing training opportunities. If the survey results validate our assumptions, we will launch a program in the next fiscal year that broadens MTI's Maine Entrepreneurial Resource Corps (MERC) program to provide funding for Maine companies to access AI training.

\$25M R&D Bond To Be Administered By MTI

The \$25 million R&D bond earned passage by Maine voters on November 5, 2024. MTI will start developing the program guidelines in early 2025 but they will likely mirror past bond funded programs, the last being the \$45 million R&D bond that passed in 2017. So, MTI will likely evaluate proposals to assess the overall economic impact potential of the project: what's the potential for job and revenue growth, and will it attract additional investment? We will also assess the team overseeing the project to determine if they are likely to execute successfully. We will examine the innovation itself and the value proposition. We will review the target customer and market to ensure there is sufficient evidence there is a market for the innovation. We will look at the organization's business model, as well as assessing if the scope of work and budget are realistic with measurable outcomes.

Given it's a competitive process, projects will be ranked against the standard criteria but also against each other.

To maximize statewide impact, we will likely also balance other factors like geography, company maturity level, business attraction vs retention, big bets, and sure bets, and far-to-market vs. near-to-market outputs.

Again, the work fleshing out the program will begin in earnest in early 2025. After securing MTI Board approval for the framework of the program, we will conduct listening sessions across Maine to solicit additional feedback. We will incorporate the feedback and finalize the program details for MTI Board approval.



Tanbark

SCALING SUSTAINABLE SOLUTIONS FOR A PLASTIC-FREE FUTURE

In an era where industrial innovation meets environmental consciousness, Tanbark Molded Fiber is leading the charge in sustainable packaging solutions. Based in Saco, Maine, this pioneering company creates custom, sustainable molded fiber products that serve as compelling alternatives to single-use plastics.

Under the leadership of CEO Melissa LaCasse, Tanbark has embarked on an ambitious expansion journey, supported by a strategic investment from the Maine Technology Institute (MTI). Through a combination of loans and grants, MTI is financing a significant capacity expansion at Tanbark’s production facility—a project that will quadruple their current production capabilities.

“MTI has been a critical partner in Tanbark’s mission to provide sustainable, plant-based alternatives to single-use plastics,” says LaCasse. “Their investment and ongoing support have empowered us to innovate, grow, and lead the way in developing solutions that benefit Maine’s economy and environment.”

The impact of MTI’s investment extends beyond mere production numbers. With increased capacity, Tanbark has expanded its team to 13 employees and is transitioning from inbound to proactive sales efforts. Beyond financial backing, MTI has provided valuable mentorship and guidance around scaling the business.

LaCasse emphasizes the unique advantages of building a business in Maine, explaining, “Maine’s population of just over 1 million fosters a uniquely accessible business environment. Decision-makers, entrepreneurs, and policymakers are approachable and collaborative. People here tend to follow through on commitments and embody a strong work ethic.”

Looking ahead, Tanbark aims to continue innovating within the molded fiber industry while expanding into markets connected to Maine’s forestry and pulp and paper heritage. Through MTI’s ongoing support and connections to key resources, Tanbark is creating a more sustainable future—one molded fiber product at a time.

People here tend to follow through on commitments and embody a strong work ethic, which makes Maine an ideal place to build and scale a business.”

Melissa LaCasse
CEO, Tanbark



100%
plant-based alternatives

1st
to-market machinery

4x
production capacity increase



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.

The MTI staff is composed of a Director of Finance & Administration, five Senior Investment Officers, one Investment Officer, a Director of Portfolio Advancement, one Office Coordinator, one Staff Accountant, one Contracts & System Manager, and one Coordinator of the Maine Entrepreneurial Resource Corps. The MTI President is employed by the Maine Department of Economic & Community Development.



FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION

June 30, 2024 and 2023
With Independent Auditor's Report

MAINE TECHNOLOGY INSTITUTE
Financial Statements
Years Ended June 30, 2024 and 2023

TABLE OF CONTENTS

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Statements of Net Position

Statements of Revenues, Expenses, and Changes in Net Position

Statements of Cash Flows

Statements of Fiduciary Net Position

Statements of Changes in Fiduciary Net Position

Notes to Financial Statements

Supplementary Schedule

Statement of Activities



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, 2024 and 2023 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, 2024 and 2023, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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

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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.

Board of Directors
Maine Technology Institute

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
December 6, 2024

MAINE TECHNOLOGY INSTITUTE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2024 and 2023

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, 2024 and 2023 ("FY2024 and FY2023" or "Fiscal 2024 and 2023"). 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 2024, 2023, and 2022 from a State of Maine (the State) appropriation through the Department of Economic and Community Development ("DECD") for general programs. During 2024, \$3,246,858 in federal funds was received to administer the Pandemic Recovery for an Innovative Maine Economy (PRIME) Fund. 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 FY2024, \$8,037,408 in federal funds was received to administer the Forestry Recovery Initiative. During FY2023, \$1,672,770 in federal funds was received to administer the Forestry Recovery Initiative. During FY2022, \$5.5 million in federal funds was received to administer the Forestry Recovery Initiative. During FY2024, MTI received \$267,599 in federal funds to supplement the Maine Entrepreneurial Resource Corps (MERC) program from the State Trade Promotion Program. During FY2023, MTI received \$104,308 in federal funds to supplement the Maine Entrepreneurial Resource Corps (MERC) program from the State Trade Promotion Program.
- In FY2024, MTI approved 89 projects totaling \$6.6 million, compared to 83 projects totaling \$5.5 million, and 91 projects totaling \$5.2 million in FY2023 and FY2022, respectively.
- MTI expended \$6.2 million in FY2024 according to agreed-upon project award milestones, versus \$6.6 million and \$6.0 million during FY2023 and FY2022, respectively. During FY2024, core award payments decreased by \$407,000 from FY2023. During FY2023, core award program payments decreased by \$624,000 from FY2022. During FY2022, core award program payments decreased by \$1.1 million from FY2021. In FY2024, the Maine Technology Asset Fund (MTAF) payments increased by \$3.9 million, in FY2023, MTAF payments decreased by \$904,000 and in FY2022, MTAF payments decreased by \$7.9 million.
- In FY2024, MTI's outstanding commitments for its core awards totaled \$3.3 million including \$325,500 in approved awards awaiting contract finalization. For 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 FY2024, MTAF funds totaling \$355,000 were committed, with all awards being contracted. For FY2023, MTAF funds totaling \$5.3 million were committed, with all awards being contracted. For FY2022, MTAF funds totaling \$5.9 million were committed, with all awards being contracted. The Maine Marine Economy and Jobs Bond Fund outstanding commitments for FY2024 were \$60,700. As of June 30, 2023 and June 30, 2022, commitments for the Maine Marine Economy and Jobs Bond Fund were \$464,000.
- MTI received \$1,845,535 million of Development Award repayments during FY2024, compared to \$2.6 million in repayments during FY2023; \$1.2 million was received in FY2022.
- The amount of \$1,088,000 was realized from interest in FY2024, compared to \$760,000 in FY2023. For FY2022, \$155,000 was received.

MAINE TECHNOLOGY INSTITUTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2024 and 2023

- 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. FY2024 MTAF operating costs were \$2,500 and paid out of net position. For FY2023, MTAF operating costs were \$7,500. For FY2022, MTAF operating costs were \$5,100.
- 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 FY2024, the related expenses were \$25,000. For FY2023 and 2022, those related expenses were \$68,750 and \$75,000, 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 FY2024, this amounted to a return of \$37,553. For FY2023, this amounted to \$56,000, and it totaled \$62,000 for FY2022.
- FY2024 administrative and operating costs, excluding award payments, were \$3.2 million, representing a 16.1% increase from FY2023. FY2023 administrative and operating costs, excluding award payments, were \$2.7 million, representing a 60.7% increase from FY2022. 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 FY2024, 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 FY2024, expenditures were in the amount of \$153,000 and were paid primarily through program funding. During FY2023, \$234,000 was expended and in FY2022, \$242,000. 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.
- FY2024's change in net position resulted in an increase in net position of approximately \$515,000. FY2023's change in net position resulted in an increase in net position of approximately \$660,000. FY2022's change in net position resulted in a decrease in net position of approximately \$238,000.

MAINE TECHNOLOGY INSTITUTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2024 and 2023

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.

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.

MAINE TECHNOLOGY INSTITUTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2024 and 2023

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

Financial Analysis: 2024 Compared to 2023 and 2022

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 \$3,076,913 on June 30, 2024, compared with \$2,562,819 in 2023 and \$1,903,017 in 2022.

The Institute's financial position, excluding fiduciary funds, as of, and operations for, fiscal years 2024, 2023, and 2022 are summarized below based on information included in the financial statements.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$16,695,364	\$10,708,403	\$ 9,535,949
Loans and investments (net of allowances)	12,130,587	10,289,305	9,933,547
Capital assets, net of depreciation	21,004	29,950	31,255
Other assets	<u>403,554</u>	<u>1,315,104</u>	<u>161,248</u>
Total assets	<u>29,250,509</u>	<u>22,342,762</u>	<u>19,661,999</u>
Refundable advances	25,765,329	19,320,077	17,641,017
Other liabilities	<u>407,170</u>	<u>459,866</u>	<u>117,965</u>
Total liabilities	<u>26,172,499</u>	<u>19,779,943</u>	<u>17,758,982</u>
Net position, all unrestricted	<u>\$3,078,010</u>	<u>\$ 2,562,819</u>	<u>\$ 1,903,017</u>

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 FY2024, MTI made five investments in equity or convertible note positions. In FY2023, MTI made seven investments in equity or convertible note positions. In FY2022, MTI made one investment in an equity position. 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, \$3.3 and \$4.0 million were committed, but not yet disbursed for MTI's core awards at the close of June 2024 and 2023, respectively. MTAF outstanding commitments total \$355,000 and \$5.3 million at the close of June 30, 2024 and 2023, respectively.

MAINE TECHNOLOGY INSTITUTE
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2024 and 2023

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues			
State of Maine funding	\$ 9,312,525	\$ 8,545,988	\$ 8,480,270
Other operating revenues	<u>12,276,767</u>	<u>26,907,081</u>	<u>6,224,011</u>
Total operating revenues	<u>21,589,292</u>	<u>35,453,069</u>	<u>14,704,281</u>
Operating expenses			
Program grants	19,693,804	32,356,119	13,363,768
Special grants	201,245	226,092	224,339
Salaries and wages	1,144,184	974,394	867,096
Other operating expenses	<u>1,111,015</u>	<u>1,995,172</u>	<u>808,095</u>
Total operating expenses	<u>22,150,248</u>	<u>35,551,777</u>	<u>15,263,298</u>
Net operating loss	(560,956)	(98,708)	(559,017)
Nonoperating revenues, net	<u>1,076,147</u>	<u>758,510</u>	<u>321,231</u>
Change in net position	\$ <u>515,191</u>	\$ <u>659,802</u>	\$ <u>(237,786)</u>

Operating revenues – State of Maine funding reflects MTI’s State appropriations and bond funds received and grants made. The changes in FY2024 and FY2023 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>2024</u>	<u>2023</u>	<u>2022</u>
State appropriation received	\$ 6,572,814	\$ 6,572,814	\$ 6,572,814
Supplemental funds received	-	750,000	5,484,133
Accrual basis accounting effect	<u>2,739,711</u>	<u>1,223,174</u>	<u>(3,576,677)</u>
Revenues recognized	\$ <u>9,312,525</u>	\$ <u>8,545,988</u>	\$ <u>8,480,270</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 38% lower in 2024 than 2023. Program grants were 39% lower. Special grants were 11% lower. Salaries and wages were 17% higher due to increased staffing costs. Other operating expenses were 44% lower. 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

MAINE TECHNOLOGY INSTITUTE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2024 and 2023

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.

Cash Flow Highlights

Cash and cash equivalents increased \$5,986,961 between FY2024 and FY2023, primarily due to a significant increase in funding receipts to be disbursed. This compares to an increase between FY2023 and FY2022 of \$1,172,000, primarily due to the disbursement of prior awards.

Looking Ahead

Maine Jobs & Recovery Plan

In FY2022, FY2023, and FY2024, in addition to its core funding program, MTI has been 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.

The new funding included \$39.6M 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, were to 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, MTI created the Pandemic Recovery for an Innovative Maine Economy (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, and final unallocated MTI Maine Jobs & Recovery Plan programming dollars, will be deployed in FY2025.

The MTI team is looking forward to finalizing its deployment of Maine Jobs & Recovery Plan funding and tracking the impacts associated with its efforts to 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)
June 30, 2024 and 2023

R&D Bond

This past legislative session, the Second Regular Session of the 131st Maine Legislature, lawmakers approved, and the Governor signed, LD 416, “An Act to Authorize a General Fund Bond Issue for Research and Development and Commercialization.” Pending final approval by Maine voters in November 2024, the legislation will provide \$25 million to MTI to support R&D-related projects and can include facility construction, renovations or land purchase, equipment acquisition, and certain technology upgrades. The funding will be offered to Maine public and private entities through a competitive process in 2025. Again, if approved by voters, MTI will use the language in the bond bill and the “intent and content” guidance provided to voters by the Secretary of State, as well as soliciting statewide input through outreach and listening sessions, to develop a competitive funding program and process.

MTI 25th Anniversary

MTI, created by the Maine Legislature in 1999 as a unique public-private partnership with a core mission of diversifying and growing Maine’s economy by encouraging, promoting, stimulating, and supporting innovation and its transformation into new products, services, and companies, will celebrate its 25th anniversary in 2024. To commemorate and celebrate the milestone, MTI will be holding an event on October 29, 2024 at USM’s Abromson Center in Portland. There will be exhibitors from MTI’s portfolio of companies, as well as a brief panel discussion to tout MTI’s impact and plans for the future.

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 16,695,364	\$ 10,708,403
Other receivables	50,151	883,724
Prepaid expenses	169,872	163,759
Loans receivable – current, net of allowance for loan losses of \$1,180,954 in 2024 and \$731,031 in 2023 (Note 3)	<u>1,599,959</u>	<u>833,923</u>
Total current assets	<u>18,515,346</u>	<u>12,589,809</u>
Noncurrent assets:		
Property and equipment, at cost		
Leasehold improvements	39,870	39,870
Equipment	132,580	128,991
Computer software	<u>125,995</u>	<u>125,995</u>
	298,445	294,856
Less accumulated depreciation	<u>(277,441)</u>	<u>(264,906)</u>
Net property and equipment	21,004	29,950
Subscription-based right-of-use-asset	183,532	267,621
Loans receivable, net of allowance for loan losses of \$8,772,426 in 2024 and \$8,202,542 in 2023, and investments, excluding current portion (Note 3)	<u>10,530,627</u>	<u>9,455,382</u>
Total assets	<u>\$ 29,250,509</u>	<u>\$ 22,342,762</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 219,149	\$ 190,203
Current portion of other liabilities	-	968
Current portion of refundable advances	15,234,702	9,864,695
Current portion of subscription-based lease obligation	<u>92,444</u>	<u>79,577</u>
Total current liabilities	15,546,295	10,135,443
Noncurrent liabilities:		
Refundable advances, net of current portion	10,530,627	9,455,382
Subscription-based lease obligation, net of current portion	<u>96,674</u>	<u>189,118</u>
Total liabilities	<u>\$ 26,173,596</u>	<u>\$ 19,779,943</u>
NET POSITION		
Undesignated net position	\$ 2,155,909	\$ 1,633,837
Net investment in capital assets	21,004	28,982
Board-designated (Note 4)	<u>900,000</u>	<u>900,000</u>
Total unrestricted net position	<u>\$ 3,076,913</u>	<u>\$ 2,562,819</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues		
State of Maine funding		
Program grants	\$ 8,243,195	\$ 7,435,453
Administrative grants	870,663	908,037
Matching grants	<u>198,667</u>	<u>202,498</u>
Total State of Maine funding	9,312,525	8,545,988
Royalties	677,684	805,154
Federal grants	11,598,664	26,100,680
Other income	<u>419</u>	<u>1,247</u>
Total operating revenues	<u>21,589,292</u>	<u>35,453,069</u>
Operating expenses (Note 5)		
Program grants	19,693,804	32,356,119
Special grants	202,342	226,092
Salaries and wages	1,144,184	974,394
Benefits and payroll taxes	376,519	284,638
Travel	6,804	10,185
Depreciation	12,534	16,222
Amortization of subscription based right-of-use asset	91,756	7,646
Marketing and advertising	155,564	87,398
Other	<u>467,838</u>	<u>1,589,083</u>
Total operating expenses	<u>22,151,345</u>	<u>35,551,777</u>
Net operating loss	<u>(562,053)</u>	<u>(98,708)</u>
Nonoperating revenues (expenses)		
Investment income	1,087,596	759,664
Interest expense	<u>(11,449)</u>	<u>(1,154)</u>
Nonoperating revenues, net	<u>1,076,147</u>	<u>758,510</u>
Increase in net position	514,094	659,802
Net position, beginning of year	<u>2,562,819</u>	<u>1,903,017</u>
Net position, end of year	<u>\$ 3,076,913</u>	<u>\$ 2,562,819</u>

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

MAINE TECHNOLOGY INSTITUTE

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
State of Maine funding	\$ 11,980,490	\$ 6,661,680
Grants received	16,122,372	26,911,528
Award repayments	1,202,227	1,785,978
Royalties received	677,684	805,154
Other receipts	(505)	1,247
Grants paid	(19,976,929)	(32,586,058)
Paid to employees, including benefits	(1,415,639)	(1,241,032)
Paid to vendors	<u>(712,437)</u>	<u>(1,642,905)</u>
Net cash provided by operating activities	<u>7,877,263</u>	<u>695,592</u>
Cash flows from investing activities		
Loans funded	(3,108,609)	(1,538,895)
Loans repaid	1,853,418	2,587,928
Net investment income received	1,030,895	686,580
Investments (funded) returned	<u>(1,650,000)</u>	<u>(1,237,052)</u>
Net cash (used) provided by investing activities	<u>(1,874,296)</u>	<u>498,561</u>
Cash flows from capital and related financing activities		
Purchase of property and equipment	(3,589)	(14,916)
Lease obligation payments	(968)	(5,629)
Interest payments	<u>(11,449)</u>	<u>(1,154)</u>
Net cash used by capital and related financing activities	<u>(16,006)</u>	<u>(21,699)</u>
Net increase in cash and cash equivalents	5,986,961	1,172,454
Cash and cash equivalents, beginning of year	<u>10,708,403</u>	<u>9,535,949</u>
Cash and cash equivalents, end of year	<u>\$ 16,695,364</u>	<u>\$ 10,708,403</u>
Reconciliation of net operating loss to net cash used by operating activities		
Net operating loss	\$ (562,053)	\$ (98,708)
Adjustments to reconcile net operating loss to net cash provided by operating activities		
Depreciation	12,534	16,222
Changes in the provision for loan losses and investment impairment	1,113,868	(122,274)
Changes in operating assets and liabilities		
Subscription-based right-of-use asset	84,089	(267,621)
Subscription-based lease obligation	(79,577)	268,695
Other receivables	840,317	(841,243)
Prepaid expenses	(6,113)	(17,374)
Accounts payable and accrued expenses	28,946	78,835
Refundable advances	<u>6,445,252</u>	<u>1,679,060</u>
Net cash provided by operating activities	<u>\$ 7,877,263</u>	<u>\$ 695,592</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, 2024

	<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>629,668</u>	\$ <u>77,433</u>	\$ <u>707,101</u>
Total assets	<u>629,668</u>	<u>77,433</u>	<u>707,101</u>
Liabilities			
Refundable advances (Note 9)	<u>629,668</u>	<u>77,433</u>	<u>707,101</u>
Total liabilities	<u>629,668</u>	<u>77,433</u>	<u>707,101</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, 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 Changes in Fiduciary Net Position

June 30, 2024

	<u>Maine Technology Asset Fund</u>	<u>Maine Marine Economy and Job Bond Fund</u>	<u>Total</u>
Additions			
Program grants (Note 9)	\$ <u>4,520,894</u>	\$ <u>403,284</u>	\$ <u>4,924,178</u>
Total additions	<u>4,520,894</u>	<u>403,284</u>	<u>4,924,178</u>
Deductions			
Grant award payments (Note 9)	<u>4,520,894</u>	<u>403,284</u>	<u>4,924,178</u>
Total deductions	<u>4,520,894</u>	<u>403,284</u>	<u>4,924,178</u>
Net change	_____ -	_____ -	_____ -
Fiduciary net position held in fund, beginning of year	_____ -	_____ -	_____ -
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
MAINE TECHNOLOGY ASSET FUND
AND MAINE MARINE ECONOMY AND JOB BOND FUND

Statements of Changes in Fiduciary Net Position

June 30, 2023

	Maine Technology Asset Fund	Maine Marine Economy and Job Bond Fund	Total
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

Notes to Financial Statements

June 30, 2024 and 2023

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, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023

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, 2024 and 2023

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>2024</u>	<u>2023</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 2024 or 2023.

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, 2024 and 2023

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 the 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 expenses and revenue recognized during the years ended June 30, 2024 and 2023 was \$1,111,926 and \$122,274, respectively.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2024 and 2023

The Institute has recognized \$184,126 and \$176,557 in 2024 and 2023, 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 \$52,575 and \$41,581 for the years ended June 30, 2024 and 2023, 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 December 6, 2024, 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.

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, 2024 and 2023. The Institute's cash and cash equivalent accounts had bank balances of \$16,680,696 and \$11,024,810 at June 30, 2024 and 2023, respectively. The fiduciary fund's cash and cash equivalent accounts had bank balances of \$707,101 and \$6,034,457 at June 30, 2024 and 2023, respectively. Any balance in excess of depository insurance limits would be uncollateralized.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2024 and 2023

3. Loans Receivable and Investments

The Institute's loans receivable and investments consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Loans receivable	\$ 17,477,984	\$ 15,170,378
Investments in privately-held companies	<u>4,605,982</u>	<u>4,052,500</u>
	22,083,966	19,222,878
Allowance for losses	<u>(9,953,380)</u>	<u>(8,933,573)</u>
	12,130,586	10,289,305
Less current portion	<u>(1,599,959)</u>	<u>(833,923)</u>
	<u>\$ 10,530,627</u>	<u>\$ 9,455,382</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.

5. Expenses

Expenses are comprised of the following:

	<u>2024</u>	<u>2023</u>
Direct program services	\$ 21,044,277	\$ 33,600,923
General and administrative, including nonoperating expense	<u>1,118,517</u>	<u>1,952,008</u>
	<u>\$ 22,162,794</u>	<u>\$ 35,552,931</u>

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2024 and 2023

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. The Institute renewed until July 31, 2024. Rent expense was calculated on a square footage basis, excluding certain occupancy charges. Rent expense under the lease was \$37,827 and \$34,900 in 2024 and 2023, respectively. As of August 1, 2024, the Institute leased office space under a lease with month-to-month terms. 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, 2024 was as follows:

	<u>June 30,</u> <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30,</u> <u>2024</u>	<u>Current</u> <u>Portion</u>
Refundable Advance	\$ 19,320,077	\$ 6,445,252	\$ -	\$ 25,765,329	\$ 15,234,702
Subscription-based Lease Obligation	\$ 268,695	\$ (79,577)	\$ -	\$ 189,118	\$ 92,444
Other liabilities	\$ 968	\$ -	\$ (968)	\$ -	\$ -

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

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, 2024 or 2023. Conditional awards approved by the Board of Directors are recorded when the recipient organizations meet the conditions of the awards.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2024 and 2023

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

	<u>2024</u>	<u>2023</u>
Range 1	\$ 74,000	\$ 61,000
Range 2	82,000	115,000
Range 3	355,000	500,000
Range 4	1,450,000	2,104,000
Special Opportunity	1,000,000	1,087,000
Seed grants	8,000	13,000
TechStart grants	1,000	2,000
Development loan awards	322,000	322,000
Cluster initiative awards	85,000	85,000
Business Accelerator grants	8,000	8,000
Bridge loans and notes	<u>-</u>	<u>5,000</u>
	<u>\$ 3,385,000</u>	<u>\$ 4,302,000</u>

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

	<u>2024</u>	<u>2023</u>
Range 1	\$ 25,500	\$ 92,918
Range 2	50,000	75,000
Range 3	250,000	120,000
Range 4	<u>-</u>	<u>500,000</u>
	<u>\$ 325,500</u>	<u>\$ 787,918</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.

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.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2024 and 2023

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.

Grant Commitments

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

	<u>2024</u>	<u>2023</u>
MTAF Awards	\$ 781,000	\$ 5,302,000
Marine Jobs Bond	<u>61,000</u>	<u>464,000</u>
	<u>\$ 842,000</u>	<u>\$ 5,766,000</u>

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2024 and 2023

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, 2024:

	<u>2024</u>
Right-of-use asset	\$ 275,288
Accumulated amortization on right-of-use asset	<u>(91,756)</u>
Right-of-use asset, net	<u>\$ 183,532</u>
Lease obligation – current portion	\$ 92,444
Lease obligation – long-term portion	<u>96,674</u>
Total lease obligation	<u>\$ 189,118</u>

The following is a schedule by year of future minimum SBITA payments as of June 30, 2024:

Year	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2025	\$ 98,302	\$ 5,858	\$ 92,444
2026	<u>96,674</u>	<u>-</u>	<u>96,674</u>
Total minimum lease payments	<u>\$ 194,976</u>	<u>\$ 5,858</u>	<u>\$ 189,118</u>

11. Related Party Transactions

The Institute provided donor-restricted grant support to two companies of which the CEO and CDO serve on the Board of Directors of the Institute. Grants paid to these organizations, which are included in program services in the statement of activities, were \$1,484,214 for 2024 and \$167,433 for 2023, respectively. The Institute followed their Conflict of Interest policy when awarding these grants.

SUPPLEMENTARY SCHEDULE

MAINE TECHNOLOGY INSTITUTE

Statement of Activities

Year Ended June 30, 2024

	<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>22,162,794</u>	\$ <u>677,684</u>	\$ <u>20,911,189</u>	\$ <u>(573,921)</u>
Total	\$ <u>22,162,794</u>	\$ <u>677,684</u>	\$ <u>20,911,189</u>	<u>(573,921)</u>
General revenues				
Unrestricted interest and investment earnings				1,087,596
Other income				<u>419</u>
Total general revenues				<u>1,088,015</u>
Change in net position				514,094
Net position, beginning of year				<u>2,562,819</u>
Net position, end of year				\$ <u><u>3,076,913</u></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.



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