

MAINE STATE LEGISLATURE

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Cover Memorandum

To: Chairs, Joint Standing Committee on
Housing and Economic Development

From: Dr. Brien Walton, Chair, Board of Directors
Joe Powers, Managing Director

Date: December 20, 2024

Re: Periodic Report for Fiscal Year 2024

Overview

Maine Venture Fund ("MVF" or the "Fund") was established through legislation in 1996 as the Small Enterprise Growth Fund, 10 M.R.S.A., Ch. 13, §381. Maine Venture Fund is the "doing business as" name for the Fund. The Fund was created to address the paucity of risk capital in Maine for early-stage companies that have the potential to expand significantly and therefore contribute to the growth of Maine's economy. In general, Venture Capital as an asset class tends to outperform other types of capital investment and contributes disproportionately to job creation and economic vitality¹.

Statutory authority for the Fund resides with an eleven-member Board of Directors actively working with and overseeing the efforts of a small professional staff.

The Fund invests in innovative Maine companies that are relatively early stage and therefore often too risky for traditional sources of capital, like banks. Typically, MVF organizes the capital raise process, mobilizing experts and potential co-investors. MVF is a proactive investor, working closely with entrepreneurs and other investors to help portfolio companies grow. The companies in which MVF invests have a unique product or service in a rapidly growing sector and possess the potential to provide a very strong return on investment and make a significant impact on the State's economy.

Below is a formal summary submitted annually, per statute. It provides detail on MVF's charter, history, status, and key plans.

The MVF team looks forward to working with the Committee on issues related to innovation and economic development and particularly capital access issues.

¹ *The Economic Impact of Venture Capital*, https://www.researchgate.net/publication/286349579_The_economic_impact_of_venture_capital

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2024 Periodic Report

MVF respectfully submits this Fiscal Year 2024 Periodic Report as required by 10 M.R.S.A. §388(1), providing a detailed review of the Fund's activities and status.

In October 2022, MVF was approved by the Finance Authority of Maine ("FAME") to assist in allocating \$20M in federal funding through a U.S. Department of Treasury stimulus program called the State Small Business Credit Initiative ("SSBCI"). MVF deployed \$16,131,666 in SSBCI funding through investments, alongside other investors, from November 2022 through November 2023.

From July 1, 2023 through December 2024, MVF invested into:

- a) one company new to the portfolio;
- b) eleven companies which were already in the MVF portfolio in the form of follow-on investments; and
- c) the Roux Institute's Future of Healthcare Founder Residency² program, which in turn invested into 10 health technology companies new to the portfolio.

There are currently 55 companies in the MVF portfolio; this total includes 19 Roux Institute Healthcare Founder Residency companies into which MVF has invested indirectly through that program since its inception.

Overall, the Fund's portfolio is healthy given the macroeconomic (i.e., inflation, geopolitical tumult) and state-level (i.e. rural, aging population) challenges that Maine companies navigate, as evidenced by the ~10% unrealized internal rate of return³ across the portfolio. In this post-Covid 19 era, where talent is still diffused away from traditional urban tech clusters and after several climate disasters in other areas of the country, companies are increasingly viewing Maine as a viable place to start and scale innovative ideas.

Since 2000, twenty-one portfolio companies have "exited", meaning that new buyers have injected capital into these companies sufficient to pay back early investors and employees. In most cases, these companies remain and continue to grow in Maine. The aggregate capital returned to MVF from those investments, over \$16 million, has been invested into other promising scalable Maine companies per MVF's "evergreen" statutory structure. This provides both a positive financial return on the State's investment and enables a flywheel of impact as the Fund continues to grow.

² The Roux Institute at Northeastern University's Future of Healthcare Founder Residency, the first of its kind in Northern New England, is designed in partnership with Maine Venture Fund, Northern Light Health and MaineHealth to bring to Maine 30 early-stage healthtech companies over three years (2023 – 2025).

³ This is the theoretical return that MVF would realize upon selling all current shares at the current market price (as pegged to the price last paid in a given previous funding round), roughly equivalent to growing MVF's investments at a rate of 10% compounded annually.



In fiscal 2024 and through December 2024, the Fund invested a total of \$5,546,330, comprised of \$3,349,000 in SSBCI funds and \$2,197,330 in MVF core funds; the remaining \$258,511 was the conversion of accrued interest on Notes.

1. An Initial investment of \$200K in ReVert Technologies, Inc., creator of smart power outlet adaptors that regulate power delivered to electrical appliances for energy savings.
2. Follow-on investments in:
 - Alakazam, Inc., developer of an immersive web platform for businesses;
 - Circa Labs, Inc. n/k/a Stake Network, Inc. - Flexible payments for renters and building owners
 - CourseStorm, Inc. - Class registration software
 - Defendify, Inc. - Cybersecurity protection for small businesses
 - Highbyte, Inc. - Industrial Internet of Things ("IIoT") service provider to manufacturers
 - Katahdin Salmon, Inc. dba Great Northern Salmon - Producer of fresh farmed salmon
 - Kinotek, Inc., technology that provides access to better movement health;
 - MedRhythms, Inc. - Digital therapeutics company that improves walking
 - Mobile Price Card, Inc. - Application for digital retail displays
 - Nearpeer, Inc. - Education technology platform used by students to increase belonging
 - Ocean Approved, Inc., harvester and processor of Maine kelp;
 - Sea Bags LLC - Manufacturer of hand bags made from recycled sails
 - Senscio Systems, Inc. - Developer of automated chronic health management support

Several follow-on investments included the conversion of compounded or accrued Note interest to equity holdings. In total, \$258,511 in interest was converted to equity holdings in FY24 and through December 2024.

3. The second of MVF's three-year commitment in:
 - Future of Healthcare Fund

The Roux Institute at Northeastern University's Future of Healthcare Founder Residency accelerator program, the first of its kind in Northern New England, designed in partnership with MVF, Northern Light Health and MaineHealth, will bring to Maine 30 early-stage healthtech companies over three years (2023 – 2025). This second commitment funded 10 companies indirectly with 19 funded across the program to date and 11 additional companies expected to be funded in the same program in 2025.



Fund Capacity

MVF has a larger portfolio today (55 companies) than at any time in its history. Part of this has been driven by a higher volume of investment by MVF over the past 5 years than in any other 5 year period in the Fund's history. The other part is driven by a macroeconomic trend of [fewer exit opportunities](#) that would generally provide liquidity back to the Fund at a more robust rate. As a result, MVF's capital available for investment is roughly \$4M entering the calendar year 2025, which is a 7-year low. The Fund has approved and kicked off a 10 year strategic plan to address this capital constraint to allow for continued aggressive investment into the Maine startup economy at a time when critical mass is beginning to emerge in what historically has been a nascent and relatively isolated innovation sector. This plan is covered in more detail on the following page.

In general, year-to-year results and return events are uneven within the venture capital industry; history shows there will be good and bad periods. Predicting when Maine Venture Fund will see a return on its invested capital is difficult due to this type of investing.

Maine Venture Fund was included in the FY18/FY19, FY20/FY21, FY22/FY23, FY24/FY25 biennium budgets for a \$500,000 annual appropriation, with the FY21 appropriation reduced to \$450,000 per the Governor's request of all agencies because of the Covid-19 pandemic. MVF heretofore had only one annual appropriation, in 2000. This steady stream of baseline funding is critical to ensure that MVF remains effective and visible as a resource within the Maine innovation economy ecosystem and covers most of MVF's overhead expense, but does not allow for added investment capacity in its own right.

FY '24		Lifetime
\$5.5 M	Capital Invested	\$49.2 M
12	# of Investments	238
756	# Jobs Years	14,883
\$27.8 M	Co-Investment Catalyzed	\$380 M



Per above, in May 2024, the MVF Board established a 10-year strategic goal to grow the fund from its current size (roughly \$33M of assets under management, \$4M of which is investable cash on the balance sheet) to \$100M. This growth would represent a roughly 2X rate of growth than that during the first 27 years of the Fund's history, and is meant to ensure that MVF is able to provide sufficient support to entrepreneurs in the state as Maine's economy continues to expand. The plan included four pillars:

1. Expand Funding Sources - *aggressively pursue additional capital from a variety of sources, including federal grant programs, state-level legislation and private sector investment in the form of a sidecar fund to be managed alongside MVF's core fund.*
2. Expand Investment Vehicles - *broaden aperture beyond typical equity investment vehicles to consider cases where unsecured credit, project finance and/or revenue-based finance may be more suitable.*
3. Grow Pipeline - *conduct a multi-pronged effort for building both volume and quality of investable companies in Maine through activities like the Maine Startup Challenge (MVF's annual business plan competition for all ages), regional channel partnerships, research-to-commercialization collaborations, ex-Maine company attraction efforts and broad-based marketing to build awareness of MVF among key constituents.*
4. Improve Portfolio Success - *build stronger bridges with co-investors both in and outside of Maine, optimize MVF Management support to portfolio companies that can yield the greatest benefit and expand general financial literacy and fundraising educational sessions.*

MVF Management is actively pursuing all four pillars and will continue to update the MVF Board and this Committee through the Periodic Report as progress is made toward these goals over the 10-year time horizon. In general, the team feels confident in delivering on most if not all of these objectives.

Impact

The MVF Board and Management Team are proud of what the Fund has accomplished to date on behalf of Maine people. MVF has developed a process that is flexible and provides entrepreneurs with prompt decisions and guidance. Maine Venture Fund's Management Team and Board work closely with portfolio companies and companies of interest, analyzing each investment opportunity, serving as advisors, working with company boards, and helping source additional capital. The accompanying documents, graphs, and tables present data portraying the impact of the Fund.

Following are some of the highlights:

- As of the submission of this report, Maine Venture Fund has 55 portfolio companies that employ 636 FTEs in Maine and 120 outside the State, for a total of 756 FTEs. Jobs added in these types of growth companies are primarily high wage and high benefit. Since 1997, Maine Venture Fund portfolio companies have created nearly 14,883 job-years, which are calculated as the cumulative of one job for one year for FTE employees for all portfolio companies. Many of these jobs have attracted talented technical, managerial, and sales/customer service workers back to the State to join these exciting companies.



- Maine Venture Fund's successful execution of its mission over the years led FAME to allocate the entirety of the roughly \$5M million in State Small Business Credit Initiative (SSBCI) federal equity funds to MVF for deployment from 2014 to 2018. MVF similarly took the lead in a revived version of the program "SSBCI 2.0" with the goal of deploying \$20M starting in Q4 2022, this time in league with other state-affiliated partners. MVF invested over \$16.1M SSBCI dollars from November 2022 through November 2023.
- Maine Venture Fund plays a key role in Maine's research and development (R&D) continuum from research to commercialization. Many companies that have successfully leveraged Maine Technology Institute ("MTI") grants and loans are often not ready for traditional venture capital. Maine Venture Fund plays a critical role in filling that gap, helping to continue to shepherd those most promising companies. MVF brings guidance and expertise to portfolio companies, prospect companies, and companies at very early stages. A Maine Venture Fund investment complements and protects the investment of earlier resource providers like MTI (and ecosystem mentors, incubators, and accelerators) by improving those companies' chances for success and reducing the likelihood of stranded investments by MTI and others. Significant time is spent communicating and coordinating with other entities in the ecosystem – the shared goal is to serve the interests of the State and these companies by applying MVF's distinctive competencies.
- Sources of risk capital for Maine companies continue to be limited. One of the critical functions of Maine Venture Fund is its ability to leverage and attract private capital to invest alongside. Maine Venture Fund works to create linkages to capital providers in and outside of Maine to bring more attention to Maine-based opportunities. Management and the Board cultivate and maintain relationships with early-stage venture capital funds, angel groups, and other investment professionals throughout northern New England and beyond. MVF often negotiates terms of investment with companies, providing a framework and catalyst for other investors to participate alongside with confidence that the investment is well structured and appropriately researched. To date, nearly \$8 has been invested by other capital providers for each \$1 invested by Maine Venture Fund, or just over \$380M in outside funding catalyzed by \$49M in funding from MVF.
- In 2020, Maine Venture Fund established a social equity subcommittee focused on examining Fund processes and practices to drive towards better outcomes across diverse communities in Maine. The Board enacted several changes to internal policies to better articulate its orientation towards social equity, conducted anti-bias training, established metrics to better measure diversity within portfolio companies and set a course for ongoing monitoring.



Maine Venture Fund is an essential part of the State's continuum of support for innovative Maine companies, along with Maine Technology Institute, Finance Authority of Maine, institutional investors like Coastal Ventures, Inc., and private investors like Maine Angels. The Fund looks forward to maintaining a strong partnership with the Legislature to ensure that MVF continues its important role in the enhancement of Maine's economic development.

The MVF Board and Management Team invites Committee members to reach out at any time, and encourages perusal of the MVF [website](#) to learn more.

Thank you for your support.

Digital copies of this report along with the Funds FY24 Audited Financials will be provided to:

Honorable Janet Mills, Governor
Heather Johnson, Commissioner, DECD
Denise Garland, Deputy Commissioner, DECD
Jake Daniele, Small Business Development Manager, DECD
Joan Ferrini-Mundy, Chair, Maine Innovation Economy Advisory Board
Carlos Mello, Acting Chief Executive Officer, Finance Authority of Maine
William Norbert, Governmental Affairs Manager, Finance Authority of Maine
Brian Whitney, President, Maine Technology Institute
Amanda Ouellette, Library Associate, Law and Legislative Reference Library



Periodic Report for Fiscal Year 2024
(7.1.23 – 6.30.24)

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About Maine Venture Fund (“MVF”)

[*Maine Venture Fund*](#) has been actively investing in Maine companies since 1997, after its creation by an act of the Maine Legislature in 1995. Over \$49 million has been invested in Maine, which operates as a revolving “evergreen” fund, recycling any returns back into Maine companies.

Governance

Authority for the Fund resides with an eleven-member Board of Directors. The Governor appoints ten individual board members through the gubernatorial appointment application process, and the eleventh is an *Ex-Officio* seat for the Department of Economic and Community Development Commissioner (or designee).

The governing statute requires specific experience/knowledge requirements for each gubernatorial board seat appointment:

- *Five members must have relevant experience or background in early-stage investing, or in managing high-growth small businesses,*
- *Three members must have experience in the development of technological innovation,*
- *One must be involved in commercial lending, and*
- *One must be an attorney with experience in securities law.*

The function of the Board is to:

- *determine the Fund’s mission and purpose in keeping with the Statute;*
- *approve investments to qualifying small Maine businesses;*
- *provide ongoing support and guidance to, and evaluation of, the Managing Director and management team;*
- *provide ongoing support and guidance to portfolio companies in pursuit of the Fund’s dual goals of driving financial returns and supporting companies in the creation of high-quality jobs and other community benefits; and*
- *work closely with the Managing Director in keeping the Legislature and Governor apprised of the Fund’s activities.*

This highly experienced Board devotes a tremendous amount of volunteer time from their busy professional schedules to help make the Fund successful in reaching the goals of its mission.

History

The Small Enterprise Growth Fund, now doing business as Maine Venture Fund (“Fund” or “MVF”), is the State of Maine’s venture capital fund. The Fund was created by statute in the 117th Maine Legislature in 1996, and as of June 2024, has received \$21,450,000 in capital from the State, through both economic development bond proceeds and, beginning in FY 2019, appropriations from the Governor’s annual budget. Maine Venture Fund recycles returns and pays its annual expenses from

the Fund itself for a total investment amount directly into Maine companies of \$49,269,578¹ during the lifetime of the Fund.

In addition to State resources, MVF has successfully invested federal funding into Maine-based companies. In September 2011, the Finance Authority of Maine ("FAME") received approval from the U.S. Department of the Treasury to administer \$13.2M in federal funding through the State Small Business Credit Initiative (SSBCI). In recognition of the Fund's role as a key resource for high growth startups in Maine, FAME chose to allocate \$4,953,645, or 100% of the available equity pool from this program, to MVF which was fully dispersed prior to the official close of the program in May 2019.

In October 2022, in the wake of the Covid-19 pandemic, the SSBCI program was reinvigorated with \$62 million in additional federal capital for Maine, with \$20M directed towards equity funding. MVF was officially approved as one of several state-affiliated entities to deploy these equity funds, and as of June 30, 2024, MVF invested \$16,116,870 of this federal capital in seven new companies, made its first indirect investment in the Future of Healthcare Founder Residency accelerator program² and made eighteen follow-on investments in existing portfolio companies.

In fiscal 2024 and through December 2024, the Fund invested a total of \$5,596,330, comprised of \$3,349,000 in SSBCI funds and \$2,247,330 in MVF core funds; the remaining \$258,511 was the conversion of accrued interest on Notes.

Maine Venture Fund is a competitive venture capital fund, meaning many business plans are reviewed, but the Fund invests, after thorough due diligence, in only those companies that stand out as providing the combination of best expected return on investment and the greatest positive impact on the State.

Maine Venture Fund seeks to accomplish the Fund's mission in partnership with other public and private entities engaged in the entrepreneurial and small business marketplace in Maine, including FAME, Maine Technology Institute ("MTI"), DECD, CDFIs and EDDs like Coastal Enterprises, privately managed venture capital funds, individual investors (including angel groups like Maine Angels) and entrepreneurs and small business owners throughout the State of Maine.

Since its first investment in December of 1997 through June 30, 2024, the end of FY24, the Fund has invested \$49,269,578 in 111 Maine companies and has a portfolio of 55³ companies.

At the end of Fiscal Year 2024, for every \$1 invested by the Maine Venture Fund, other private investors have typically invested an additional \$8, providing significant leverage on Maine Venture Fund dollars.

¹ As of 6/30/24

² The Roux Institute at Northeastern University's Future of Healthcare Founder Residency accelerator program, the first of its kind in Northern New England, designed in partnership with MVF, Northern Light Health and MaineHealth, will bring to Maine 30 early-stage healthtech companies over three years (2023 – 2025).

³ This total includes nineteen Future of Healthcare Founder Residency healthtech companies.



Summary of FY24 Investment Activity (7/1/23 - 6/30/24)

Company Name	County	Security	Activity Date	MVF Core Investment	SSBCI Investment	Accrued Interest (Notes)	# of FTEs	Type
CourseStorm, Inc.	Penobscot	Ser A2 PS	7/21/2023		\$ 195,000.00		20	Follow on
Mobile Price Card, Inc.	Penobscot	Ser B PS	7/28/2023	\$ 96,000.00	\$ 254,000.00		14	Follow on
						\$ 6,039.45		Interest Conv.
Alakazam, Inc.	Cumberland	Note	8/11/2023	\$ 15,000.00				Follow on
Senscio Systems, Inc.	Cumberland	Ser B1 PS	8/14/2023	\$ 100,000.00			39	Follow on
Nearpeer, Inc.	Cumberland	Conv. Note	8/29/2023	\$ 203,000.00			5	Follow on
Kinotek, Inc.	Cumberland	Conv. Note	11/13/2023	\$ 200,000.00			17.5	Follow on
Senscio Systems, Inc.	Cumberland	Ser B1 PS	11/17/2023		\$400,000.00			Follow on
MedRhythms, Inc.	Cumberland	Ser B2 PS	11/27/2023	\$300,000.00	\$2,500,000.00		38	Follow on
						\$ 108,800.00		Interest Conv.
Future of Healthcare Fund I	Cumberland	Admin/Notes	2/15/2024	\$ 333,330.00				Fund of Funds
Revert Technologies	Cumberland	Ser Seed 1 PS	2/21/2024	\$ 200,000.00			4	New Company
Sea Bags LLC	Cumberland	Ser A Conv PS	3/5/2024	\$ 50,000.00			158	Follow on
Defendify, Inc.	Cumberland	P-Note	4/1/2024	\$ 350,000.00			20	Follow on
HighByte, Inc.	Cumberland	Ser A-1 PS	4/17/2024	\$ 300,000.00			27	Follow on
		Ser A-2 PS				\$ 143,671.23		Interest Conv.
Circa Labs, Inc. n/k/a Stake Network, Inc.	Cumberland		6/4/2024	\$ 50,000.00			10	Follow on
Total Investments				\$ 2,197,330.00	\$ 3,349,000.00			
Total Accrued Interested Converted/Compounded						\$258,510.68		
Grand Total FY24				\$5,546,330.00				

Subsequent Investment Activities - FY25 YTD (7/1/24 - Report Submission Date)

Company Name	County	Security	Activity Date	Investment		Interest (Notes)	# of FTEs	Type
Ocean Approved, Inc. d/b/a Atlantic Sea Farms	York	Ser 1-A PS	7/2/2024	\$ 25,000.00			22	Follow on
Ocean Approved, Inc. d/b/a Atlantic Sea Farms	York	Ser 1-A PS	10/31/2024	\$ 25,000.00				Follow on
Total Funds Invested				\$ 50,000.00	\$ -			
Total Accrued Interested Converted/Compounded						\$0.00		
Grand Total FY25 to date				\$50,000.00				

Economic and Social Impact of the Fund

Maine Venture Fund ("MVF") measures the performance and impact of the Fund often and in a variety of ways. The Fund looks at financial, impact, and ecosystem outcomes to evaluate performance. The charts and graphs that follow provide information on the impact of MVF.

Co-Investment

MVF invests in Maine companies alongside other venture capital funds and individual accredited investors.

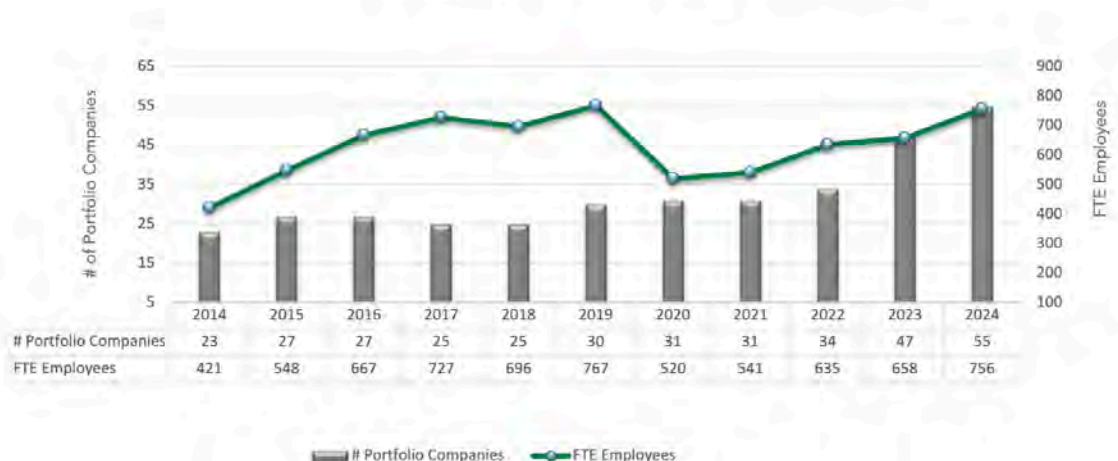
In FY24, MVF invested \$5,546,330 in twelve Maine companies with an average investment of \$434,417 per company, accompanied by additional venture capital and angel investments of nearly \$28 million, representing a leverage ratio of roughly \$5 catalyzed for every dollar of MVF investment.

Job Creation

MVF portfolio companies provide careers to highly skilled, educated Maine professionals, and job opportunities for a range of skill levels as companies grow. Typical jobs include information technology, sales, marketing, and finance, including executive level positions. Additionally, MVF encourages diversity, equity, and inclusion best practices among its portfolio of companies, as well as meaningful benefits and equity ownership for employees.

- Since 1997, MVF portfolio companies are estimated to have created over 14,883 job-years, which are calculated as the cumulative of one job for one year for FTE employees for all portfolio companies.
- In Fiscal Year 2024, MVF portfolio companies employed approximately 756 people.

FTE Positions at MVF Portfolio Companies



Diversity, Equity, and Inclusion ("DEI")

In 2020, Maine Venture Fund redoubled efforts to create impact across diverse communities in Maine, which included a review and modification of our screening process, investment criteria, internal processes, and portfolio company governance best practices. As part of this, the Fund began tracking several specific demographic metrics to better measure the impact the Fund has across these communities.

FY24 impact percentages:

- 80% of portfolio companies in CDFI identified Investment Areas
- 30% of Investment into Female-led companies last 5 years (vs. 2% industry-wide in 2021)
- 6% of Investment into BIPOC-led companies last 5 years (vs. 20% US SBA target)
- 34% of Investment into Maine heritage industries (farming, fishing, forestry) last 5 years

Here's a link to MVF's [2023 Impact Report](#). The 2024 report will be complete in Q2 2025 and available after that via [MVF's website](#) or upon request.

Portfolio Returns

It is the aim of MVF to have a positive impact on the growth and stability of scalable Maine companies, thus contributing to job growth and sustainable economic development in Maine and prosperity for the public more broadly. The Fund does this by investing capital in the highest potential Maine companies. When these companies have a successful "liquidity event", usually a sale of the company to another industry participant or private equity firm, that financial return, which can be far greater than the original investment, gets recycled back into the Fund for investment into other promising scalable Maine based companies. Venture investing provides the opportunity for high return but is also high-risk. As a result, some investments produce very profitable returns while others fail to produce any or very little return. The Fund has had several successful "exits" over the years which have returned capital to the Fund and have been used to invest in other promising Maine companies. Overall, Venture Capital as an asset class tends to outperform other types of capital investment and contributes disproportionately to job creation and economic vitality¹.

At the end of FY24, MVF has been awarded \$21,450,000 in total funding from the State in occasional allocations since the Fund's inception (listed below), combined with \$21,070,515 in Federal SSBCI funds, for a total capitalization of \$42,520,515. With this capital, along with that returned through successful returns back to the Fund, MVF has made over 200 investments totaling \$49.2 million dollars in Maine companies, paid for 27 years of Fund operations and returned \$16,234,799 from successful investments, with active investments totaling \$29,919,774 (which are expected to provide additional returns) in 55 companies as of this report.

¹ *The Economic Impact of Venture Capital*, https://www.researchgate.net/publication/286349579_The_economic_impact_of_venture_capital

Maine state funding awards to MVF:

1997 - \$5M (bond)
2000 - \$3M (bond)
2005 - \$1M (bond)
2010 - \$4M (bond)
2018 - \$5.5M (bond)
2019 - \$0.5M (Governor's appropriation)
2020 - \$0.45M (Governor's appropriation)
2021 - \$0.5M (Governor's appropriation)
2022 - \$0.5M (Governor's appropriation)
2023 - \$0.5M (Governor's appropriation)
2024 - \$0.5M (Governor's appropriation)

[Historical fund returns table follows]

MVF Portfolio Company	Industry	Investment Date	Investment Amount	Exit Date	Capital Returned	Rate of Return	Return Multiple	Exit Type
Academic Merit LLC d/b/a Fine Tune Learning	Software/Student assessment	Dec'15	\$350,000	Aug'22	\$666,419	IRR: 11%	1.9X	Acquired by Prometric
America's Premier Fundraisers, Inc.	School Fundraising	Mar '07	\$75,000	Oct'07	\$78,397	IRR: 10.5%	1.0%	Note Repayment
Amplify, Inc. d/b/a Amplify Additive	Medical device supply	May'19	\$206,575	Jul'22	\$200,952	IRR: -0.8%	1.0%	Acquired by ARCH Medical Solutions
Angela Adams LLC	Consumer Products	Oct'02	\$400,000	Aug'09	\$600,000	IRR: 15%	1.5X	Stock Buy Back
Anodyne Health Systems, Inc.	Healthcare Services	Aug'06	\$425,000	Oct'09	\$944,886	IRR: 35.4%	2.2X	Acquired by athenahealth, Inc. (NASDAQ: ATHN), and AdvantEdge
BlueTarp, Inc.	Contractor Credit Card Service	Dec'04 and multiple add'l dates	\$604,223	Nov'19	\$335,728	IRR: -4.4%	0X	Acquired by CapitalOne
Bourgeois Guitars LLC	Luthiers	May'01	\$404,000	Mar'16	\$197,769	IRR: -8.5%	.5X	Note Repayment
Capricorn Products, Inc.	Medical device supply	Oct'98	\$150,000	Dec'07	\$213,835	IRR: 7.8%	1.4X	Note Repayment
Certify Inc.	Software/Business Expense Management	Aug'09	\$500,000	May'17	\$3,437,313	IRR: 40.4%	6.9X	Acquired by Nexonia Investors, LLC
Coast Of Maine Organic Products, Inc.	Soil amendments	Apr'00	\$85,000	Jul'16	\$394,072	IRR: 9.8%	4.6X	Acquired by Gemini Investors
Common Census, Inc.	Software/Insurance	Dec'99	\$500,000	Feb'13	\$810,250	IRR: 6.7%	1.6X	Conversion of Equity to Note followed by full repayment
ComNav Engineering, Inc.	Electronics Manufacturing	Jan'98	\$150,000	Nov'11	\$237,356	IRR: 2%	1.6X	Note Repayment
Humane Space, Inc. (The)	Digital platform/ learning	Sep'22	\$50,000	Apr'24	\$54,002	IRR: 6%	1.0%	Note Repayment
Interspec. Inc	Software/Architecture & construction	Jun'01	\$200,003	Jan'17	\$252,326	IRR: 1.5%	1.3X	Acquired by Arcom, Inc
Looks Gourmet Food Company, Inc.	Premium seafood products	Apr'07	\$300,000	Sep'16	\$754,150	IRR: 10.7%	2.5X	Acquired by SeaWatch, Inc
Nyle Systems, Inc.	Lumber Drying / Heat Pumps	Nov'10 and multiple add'l dates	\$471,060	May'21	\$653,714	IRR: 4.0%	1.4X	Unit Buy Back and Note Repayment
Pen Bay Solutions, Inc.	Software/real estate portfolios /mapping	Apr'12 and Jun'14	\$450,000	Jan'20	\$536,492	IRR: 6.9%	1.5X	Acquired by Cartegraph, Inc.
Pika Energy, Inc.	Home Energy Storage	Apr'13 and multiple add'l dates	\$677,554	Apr'19	\$1,868,050	IRR: 30.2%	2.8X	Acquired by Generac, Inc.
Phytex LLC	Specialty Chemicals	Sep'01	\$150,000	Mar'07	\$195,945	IRR: 28.9%	1.3X	Partner buyout of SEGF
RecruiterNet, Inc.	Software/Recruitment	Jun'01	\$250,000	Jan'13	\$1,970,241	IRR: 63%	7.9X	Acquired by First Advantage (NASDAQ: FADV)
RedZone Wireless, Inc.	Wifi	Dec'08	\$50,000	Aug'14	\$81,760	IRR: 9.1%	1.6X	Note Repayment

Portfolio Company Exit / Total Returns	\$14,483,657
Portfolio Company Exit / Loss with Partial Recovery	\$1,368,460
Current Portfolio Company / Returns (P&I, Dividends)	\$382,682
	\$16,234,799

Ecosystem Building & Education

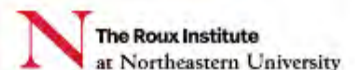
MVF Management Team and Board Members maintain relationships with a broad range of regional economic development entities as well as equity and near-equity providers and are active participants in Maine's innovation economy ecosystem. In April 2022, MVF's Managing Director was appointed by Maine Governor Janet Mills to the Maine Innovation Economy Advisory Board ("MIEAB"), responsible for developing the State's five-year innovation action plan.

MVF is highly selective in the companies in which it invests; however, the Fund's Management Team actively assists all interested companies in finding appropriate capital and resources, regardless of whether MVF becomes an investor or not.

A few key educational and ecosystem building partnerships and events:

- **Portfolio Company Recognition Event** (annual event hosted by MVF): Portfolio Company CEOs and key figures in the Maine entrepreneurial community come together each fall for an evening of learning, networking, awards, and idea sharing. This annual event features a keynote speaker and provides both education and inspiration for the growth stage company community.
- **Maine Startup Challenge** (annual event hosted by MVF): Entrepreneurs across age groups (K-8, high school, college, open adult) compete in a state-wide business plan competition to cultivate creative business ideas and inspire Maine's future business leaders.
- **Roux Institute at Northeastern University**: MVF is an "embedded partner" at the Roux Institute, Northeastern's graduate school satellite campus in Portland. MVF works closely with entrepreneurs participating in the Roux Founder Residency Series accelerator programs as well as the Techstars accelerator program to compel founders to grow their companies in Maine
- **Upstart Maine & Dirigo Labs**: MVF has partnered with both Upstart Maine, a regional accelerator located in Bangor, and Dirigo Labs, an accelerator located in Waterville, to provide startup support, including educational events and materials with the goal of increasing capital investment into those regions.

Memberships, Partners, & Co-investors





Abierto Networks, LLC

www.ab-net.us

Digital engagement solutions for convenience store retailers

Total MVF Investment \$283,956

Total capital raised \$1.9M

Management Team

Rick Sales, CEO

Location

York, Maine

State of Maine Support

MTI Grant

9 employees



Management Team

Michael Wing, CEO

Location

Biddeford, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

2 employees



Accelera, Inc.

<https://accelera.us>

Movement therapy technology

Total MVF Investment \$200,000

Total capital raised \$860K



American Unagi LLC

www.americanunagi.com

Locally sourced, live, butterflied and smoked eels

Total MVF Investment \$350,000
Total capital raised \$5.5M

Management Team

Sara Rademaker, CEO/Founder

Location

Waldoboro, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grants

10 employees



Management Team

Anna Ford, CEO

Location

Camden, Maine

State of Maine Support
MTI Grants

5 employees



Bookclubz, Inc.

<https://bookclubs.com>

Digital platform to keep bookclubs organized and community-oriented

Total MVF Investment \$200,000
Total capital raised \$3.6M



Chimani, Inc.

<https://www.chimani.com>

App for navigating national & state parks

Total MVF Investment \$100,000

Total outside capital \$1.1M

Management Team

Kerry Gallivan, CEO/Founder

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

1 employee



Management Team

Brian Rahill, CEO/Founder

Matt James, CTO

Location

Orono, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant and Equity Program

19 employees



Coursestorm, Inc.

<https://www.coursestorm.com>

Course registration software

Total MVF Investment \$1,510,000

Total outside capital \$4.4M



Defendify, Inc.

<https://www.defendify.com>

All-in-one cybersecurity platform for organizations without security teams

Total MVF Investment \$2.25M

Total outside capital \$10.1M

Management Team

Rob Simopoulos, Co-Founder
Andrew Rinaldi, Co-Founder

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grant

20 employees



Management Team
Shannon Kinney, CEO

Location
Rockland, Maine

State of Maine Support
Seed Capital Tax Credit Program
MTI Grant
Blackstone Accelerates Growth

15 employees



DreamLocal Digital Ltd.

<https://dreamlocal.com>

Digital marketing solutions

Total MVF Investment \$458,071

Total outside capital \$1.6M



Farming Fungi LLC dba Mousam Valley Mushrooms

<https://mousamvalleymushrooms.com>

Sustainable and organic exotic mushrooms

Total MVF Investment \$361,394
Total outside capital \$3.7M

Management Team
Emily Sharood, CEO

Location
Springvale, Maine

State of Maine Support
Seed Capital Tax Credit Program
MTI Grant

18 employees



TimberBoard



TimberBatt



TimberFill



Management Team
Matt O'Malia, Acting CEO
Susan Wood, CFO

Location
Madison, Maine

State of Maine Support
Seed Capital Tax Credit Program
MTI Grants

75 employees



GO Lab, Inc. dba Timber HP
www.timberhp.com

Wood fiber insulation, made in America

Total MVF Investment \$3.5M
Total outside capital \$57.9M



Good To-Go, Inc.

<https://goodto-go.com>

Delicious, on-the-go meals for any adventure

Total MVF Investment \$250,000

Total outside capital \$2.2M

Management Team

Jennifer Schism, CEO

Location

Kittery, Maine

State of Maine Support

Seed Capital Tax Credit Program

17 employees



Management Team

Tony Paine, CEO/Co-Founder

John Harrington, CPO/Co-Founder

Torey Penrod-Cambra, CCO/Co-Founder

Aaron Semle, CTO

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grants

30 employees

HighByte

Highbyte, Inc.

<https://www.highbyte.com>

Big data software and analytics for industrial manufacturers

Total MVF Investment \$2.23M

Total outside capital \$17.3M



Hyperlite Mountain Gear, Inc.

<https://www.hyperlitemountaingear.com>

Ultralight backcountry gear

Total MVF Investment \$754,870

Total outside capital \$10M

Management Team

Mike St. Pierre, CEO

Dan St. Pierre, CFO

Location

Biddeford, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

27 employees



Management Team

Marianne Naess, CEO

Erik Heim, Executive Advisor

Location

Millinocket, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grants

4 employees



Katahdin Salmon, Inc. dba Great Northern Salmon

<https://www.katahdinsalmon.com>

Fresh salmon from clean Maine waters

Total MVF Investment \$50,000

Total outside capital \$2.03M



Kinotek, Inc.

<https://kinotek.com>

Digital health platform for physical therapists

Total MVF Investment \$400,000

Total outside capital \$5.7M

Management Team

Pat Panaia, CEO

David Holomakoff, CPO/Co-founder

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grants

17 employees



Management Team

Rob Barrett, CEO

Will Fisher, COO

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

9 employees



KitNA Brewing, Inc.

<https://www.kitna.beer>

Craft beer without alcohol

Total MVF Investment \$100,000

Total outside capital \$2.9M



Maine Craft Distilling LLC

<https://www.mainecraftdistilling.com>

Farm-to-flask distillery

Total MVF Investment \$703,275

Total outside capital \$3.4M

Management Team

Luke Davidson, Founder

Joe Swanson, CEO

Joe Masters, COO

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

20 employees



CURRICULUM™
ENGINE

Management Team

Al Noyes, CEO

Location

South Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

15 employees



Mathematics & Problem Solving, LLC dba Walch

<https://www.bwwalch.com>

Testing and assessment software for educators

Total MVF Investment \$370,000

Total outside capital \$2.3M



MedRhythms, Inc.

<https://medrhythms.com>

Digital therapeutics for neurologic injuries and diseases

Total MVF Investment \$4,996,335

Total outside capital \$43.1M

Management Team

Brian Harris, CEO/Co-Founder

Owen McCarthy, President/Co-Founder

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

38 employees



Management Team

William West, CEO

Daniel Mingle, MD, Executive Chair

Location

So. Paris, Maine

Salt Lake City, Utah

29 employees



Mingle Healthcare Solutions, Inc.

<https://minglehealth.com>

Big data software for medical providers

Total MVF Investment \$250,221

Total outside capital \$40M

MOBILE PRICE CARD

Mobile Price Card, Inc.

<https://mobilepricecard.com>

Digital display technology for mobile phone retailers

Total MVF Investment \$738,082

Total outside capital \$5.0M

Management Team

Chad O'Leary, CEO

Kevin Downs, CTO

Location

Bangor, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

7 employees



Management Team

Dustin Manocha, CEO

Christopher Quinn, COO

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

5 employees,



Nearpeer

Nearpeer, Inc.

<https://nearpeer.com>

Peer-to-peer software for student bonding

Total MVF Investment \$453,000

Total outside capital \$1.8M



**Ocean Approved, Inc. dba
Atlantic Sea Farms**

<https://atlanticseafarms.com>

Crave-able and innovative products made
from sustainably farmed sea greens

Total MVF Investment \$1,093,658
Total outside capital \$9.6M

Management Team

Briana Warner, CEO

Location

Biddeford, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grants

22 employees



Management Team
Tom Ruff, CEO/Founder

Location
Portland, Maine

State of Maine Support
Seed Capital Tax Credit Program

4 employees



**Orange Bike Brewing
Company, Inc.**

<https://www.orangebikebrewing.com>

Sustainable and inclusive craft gluten-free
beer

Total MVF Investment \$100,000
Total outside capital \$1.4M



Orono Spectral Solutions, Inc.

<https://www.ossmaine.com>

Next generation water sampling technology for industrial manufacturers

Total MVF Investment \$615,255

Total outside capital \$1.5M

Management Team

Roland Sirois, CEO

Location

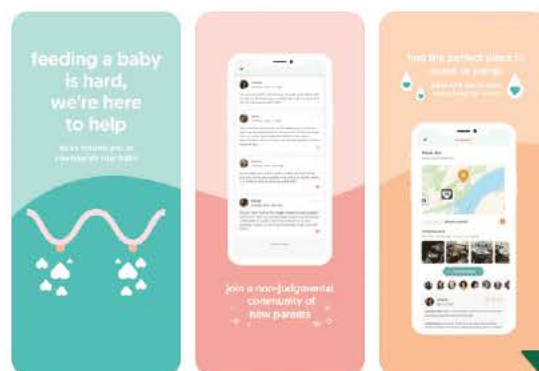
Hermon, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

4 employees



Management Team

Amy VanHaren, CEO

Location

Eliot, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grants

5 employees



pumpspotting

Pumpspotting, Inc.

<https://www.pumpspotting.com>

Digital platform solving the challenges of breastfeeding at work & everywhere else

Total MVF Investment \$810,000

Total outside capital \$3.7M



Reconnect, Inc.

<https://reconnect.io>

Technology that fights recidivism,
incarceration and addiction

Total MVF Investment \$931,000

Total outside capital \$7.3M

Management Team

Pete Andrews, CEO

Location

Cumberland, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grants

14 employees



Management Team

Ryan Li, CEO/Founder

Joe Lybik, CTO

Location

Brunswick, Maine

3.5 employees



Revert Technologies, Inc.

<https://revert-tech.com>

Smart power outlet adaptors that regulate
power delivered to electrical appliances for
energy savings.

Total MVF Investment \$200,000

Total outside capital \$2.2M



Sea Bags, LLC

<https://seabags.com>

Totes and accessories handcrafted from recycled sails

Total MVF Investment \$650,000

Total outside capital \$5.55M

Management Team

Beth Shissler, Acting CEO

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

158 employees



Dedicated Patient Ibis tablet



FDA-approved monitoring devices

Management Team

Piali De, CEO

Tom Arneman, CCO

Keiron Stoddart, CTO

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

39 employees



Senscio Systems, Inc.

<https://www.sensciosystems.com>

Automated chronic health management support

Total MVF Investment \$700,000

Total outside capital \$4.2M



**Shellfish Solutions, Inc. dba
Blue Trace**

<https://www.blue-trace.com>

Powerful tagging and traceability solutions
for the shellfish industry

Total MVF Investment \$550,000
Total outside capital \$4.3M

Management Team
Wyllys "Chip" Terry, CEO

Location
Castine, Maine

State of Maine Support
MTI Grant

9 employees



Save Money on Debt

Management Team
Sean Hundtofte, CEO

Location
Portland, Maine

State of Maine Support
MTI Grants

1 employee



Solve Finance, Inc.
<https://www.solve.finance>

Digital platform to help households
reduce debt

Total MVF Investment \$50,000
Total outside capital \$1.6M



SoulBeing, Inc.

<https://soulbeing.com>

Unites health providers with individuals needing their service

Total MVF Investment \$50,000

Total outside capital \$2.1M

Management Team

Colleen Kavanaugh, CEO

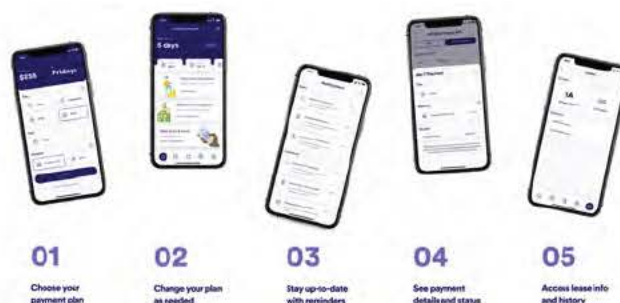
Location

Portland, Maine

State of Maine Support

MTI Grants

4 employees



Management Team

Rowland Hobbs, CEO

Leslie Hyman, Head of External Affairs

Location

Salt Lake City, UT

State of Maine Support

Seed Capital Tax Credit Program

MTI Grants

12 employees



Stake Network, Inc.

<https://www.stakerent.com>

Flexible payments platform for renters and building owners. *In 2024, Circa Labs, Inc. merged with Stake Network, Inc.*

Total MVF Investment \$300,000

Total outside capital \$3.4M



Tanbark
Molded Fiber Products, Inc.

<https://www.tanbarkmfp.com>

Custom, sustainable molded fiber packaging

Total MVF Investment \$250,000
Total outside capital \$3.3M

Management Team

Melissa LeCasse, CEO
Ben Fogg, COO

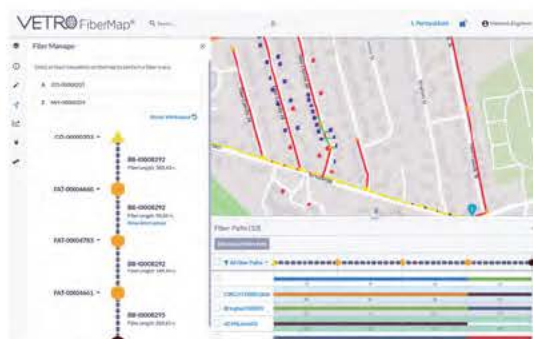
State of Maine Support

Seed Capital Tax Credit Program
MTI Grants

Location

Saco, Maine

17 employees



Management Team

Will Mitchell, CEO/Founder
JD Doyle, CTO
Jim Freeze, CCO
Michaela Goodwin, CFO

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grant

80 employees



Vetro, Inc

<https://vetrofibermap.com>

Intuitive, cloud-based fiber management
and GIS mapping

Total MVF Investment \$2,667,949
Total outside capital \$13.1M

Future of Healthcare Founder Residency

The Roux Institute's Future of Healthcare Founder Residency Fund supports a healthcare-focused accelerator program as well as provides equity financing in 30 companies over three years; the 2023 cohort is a group of nine companies.

Descriptions for Cohort One companies follow logo pages.

YEAR ONE

Total MVF Investment: \$333,333

Total outside capital: \$666,666



Transforming healthcare,
one conversation at a time.



RADIOLIFE



119



EmTechCare

Future of Healthcare Founder Residency

The Roux Institute's Future of Healthcare Founder Residency Fund supports a healthcare-focused accelerator program as well as provides equity financing in 30 companies over three years; the 2024 cohort is a group of ten companies.

Descriptions for Cohort Two companies follow logo pages

YEAR TWO:

Total MVF Investment: \$333,330

Total outside capital: \$666,660



COHORT ONE COMPANIES:

Althea - AI virtual assistant that improves the healthcare experience.

Apriqot - produces dynamic population health estimates.

Empallo - personalized treatment plans and improves clinical trials.

EmTech Care Labs - digital solutions in managing long-term.

Mother of Fact - digital health platform that connects patients with registered dietitians.

PragmaClin -patient monitoring and assessment tool for supporting neurologists.

Radiolife - diagnostic platform that offers fast and accurate test results.

Stratos Medical - technology to solve challenges in vascular access.

119 - communication tool that is a medical alert system.

COHORT TWO COMPANIES:

Coredio - heart failure detection and management device.

EmpowerRx - healthcare staffing platform.

Health For Mankind - diabetes management software.

HUB Healthcare - healthcare delivery team coordination.

Legacy - automated advance care planning.

Metis - software enables technology solutions for healthcare.

Novobeing - VR solutions to relieve anxiety.

OPTT - AI for mental health teams.

Parrots Inc. - advanced solutions for neurological disorders.

Valhalla - automated platform for medical office operations.

Small Enterprise Growth Board

The Small Enterprise Growth Fund is overseen by the Small Enterprise Growth Board (the “Board”), an eleven-member Board of Directors, ten are private sector individuals appointed by the Governor. The eleventh board member is the DECD Commissioner, or his/her appointee.

For more about the mechanics of the Board, see this Report’s “About Maine Venture Fund” section.

In June 2024, the Board appointed Dr. Brien Walton, Chair; Peter DelGreco, Vice Chair and Julie Viola, Treasurer for fiscal year 2025.

Current Board composition

[Dr. Brien Walton](#), Chair, CEO of Acadia Capital Management, L3C, a nationally certified Community Development Entity (CDE) and strategic advisory firm that works directly with government agencies, municipal leaders, and social impact funds on strategies that can eliminate poverty through sustainable job growth and permanent job creation in economically distressed communities. In this role, he creates innovative funding pathways that enable communities to attract social impact investments through stackable, federal, state, and local risk mitigation incentives. He is also the director of the Richard E. Dyke Center for Family Business at Husson University, where he has led initiatives analyzing the challenges of Maine’s entrepreneurs and developed a collaborative innovation ecosystem between academia and the business community. In 2020, the White House Opportunity and Revitalization Council and the U.S. Department of Housing and Urban Development invited Walton to speak to a national audience on leveraging public and private resources to maximize economic growth and permanent job creation in federally designated Opportunity Zones. A former corporate tax attorney, commercial banker, and real estate broker, he was the founding CEO of the first university based EdTech venture capital fund in the U.S. at the University of Pennsylvania. There he created an award-winning shared space innovation hub in downtown Philadelphia, and more than half of the inaugural cohort was acquired by large or publicly traded companies within seven years. Brien earned his Doctorate of Education in Organizational Learning Leadership at the University of Pennsylvania with a concentration in Leadership Development at the Wharton School of Business; a Juris Doctorate in Law at the University of D.C., a Master of Science in Education in Workforce Development at the University of Pennsylvania; a Master of Arts in Educational Technologies at Harvard University; and a Master of Laws in Taxation at Georgetown University.

[Peter DelGreco](#), Vice Chair, serves as President and CEO of Maine & Company, a privately funded business attraction and economic development organization. Charged with helping companies establish successful and profitable operations in Maine, Maine & Company’s Board of Directors consists of top executives from Maine’s business community. During Peter’s tenure, Maine & Company has attracted numerous companies to Maine that now employ thousands of people across the state. Peter is a graduate of Colby College, and he earned his MBA from the University of Southern Maine. Peter and his wife and son reside in North Yarmouth, Maine.

[Julie Viola](#), Treasurer, (elected to serve beginning November 2, 2023) is Senior Business Development Officer and Small Business Manager with Gorham Savings Bank. She is responsible for leading a commercial banking team, as well as managing her own loan portfolio. Julie began her corporate career at Seafax/Gofish.com in Portland where she worked for 11 years prior to joining Gorham Savings Bank in December 2001. A Portland native and graduate of Portland High School, Julie holds a B.S. from Bentley University and MBA from Thomas College. Julie was named SBA Star Award Recipient in 2021 by the Maine SBA District Office. She volunteers for Score Maine as a Subject Matter Expert and is a Co-Presenter for their quarterly workshop, "Funding your Business." She is the past Board President of Portland Economic Development Corp and active in the Scarborough community.

[Elizabeth Chabe](#) runs a privately held business strategy consultancy. She has held management positions at The Jackson Laboratory and the University of Maine's Advanced Structures and Composites Center and remains active in Maine's research and development community. An avid entrepreneur, her startups have been recognized by Global Entrepreneurship Week, Entrepreneur Magazine, CNBC, and more. She serves as a board member of the Maine Venture Fund and is the chair of the Chinese Language and Culture Center of Maine. In her spare time, Elizabeth enjoys studying languages, investing, and travel.

[Helen Sterling Coburn](#), a corporate and securities attorney at Bernstein Shur, where she co-chairs the firm's private capital group. In that role, she counsels start-up companies raising investment capital and represents investors making investments in early-stage companies. She serves on the Board of Directors of Startup Maine, Inc., on the investment committee of the Indus Fund, and has also served on advisory boards of several enterprises. Helen holds a BA from Dartmouth College and a JD from Boston College Law School.

[Gregory Fryer](#) heads the Securities Law Group of Verrill Dana, LLP, a New England regional firm of more than 150 lawyers, with offices in Portland ME, Boston MA, and Westport CT. A substantial part of Greg's practice is advising startup companies or investors in transactions to raise capital. His other practice areas are corporate law, securities regulation, contract negotiations, and mergers and acquisitions. Greg has been associated with the Small Enterprise Growth Board since 1997, first as counsel and later as a Board member. He previously was member of Maine Angels, a group of accredited investors who meet monthly in Portland, Maine and provide investment and mentoring to early-stage companies.

[Malinda Gagnon](#), CEO of Uprise Partners, a business technology firm specializing in IT, cybersecurity, marketing technology, and software engineering. Malinda has more than 20 years of experience in business strategy and technology. At Google, she was a founding team member of the ad technology organization. She was a senior partner at WPP, the world's largest media holding company, where she founded and led their consulting organization and the Product Management and Technology group. She specializes in business resiliency planning, media and communications technologies, analytics technologies, product management, and technology operations. She has advised clients such as Procter and Gamble, General Electric, Volkswagen, BlackRock, and Walmart, as well as hundreds of startups. She's also a mentor with Techstars, MassChallenge, and Maine Center for Entrepreneurs.

[Susan Hammond](#), a Penobscot tribal member, is the long-standing Executive Director of Four Directions Development Corporation (FDDC), a Native-governed Community Development Financial Institution (CDFI) serving the four tribes of Maine. As one of the founders, she has been involved with FDDC since the earliest planning stages which began in the fall of 2000. She serves on the Boards of Maine Community Foundation, Eastern Maine Development Corporation, MaineStream Finance, and Coastal Enterprises Inc. as well as Oweesta Corporation, a national intermediary Native American CDFI. She has been awarded the Maine SBA Minority Small Business Advocate of the Year Award and is also a recipient of the Visionary Leader Award and Circle of Honor Award from the national CDFI association, Opportunity Finance Network and Oweesta Corporation. Susan graduated from the University of Maine at Orono with a BS in Business Administration and is well connected in both the local Wabanaki communities and national Native American organizations.

[Peter Handy](#), President & CEO of Bristol Seafood, a processor and distributor known for its uncompromising Maine standards. Bristol is the first seafood company in America to earn a Fair Trade designation and has been named to the Top 25 Seafood Sustainability & Conservation and Top 25 Seafood Product Innovations lists. In addition to his role at Bristol, he serves on the boards of Bigelow Laboratory for Ocean Sciences, the Boys & Girls Clubs of Southern Maine, Maine Public Radio, the Maine Venture Fund, and the investment committee of the Portland Museum of Art. Before joining Bristol, Peter co-founded [BoxMyDorm.com](#), a national storage and shipping company for college students, and held financial services roles in New York. He is a graduate of the Wharton School at the University of Pennsylvania and a Chartered Financial Analyst.

[Heather Johnson](#), Commissioner of the Maine Department of Economic and Community Development, which works with statewide and local partners, private industry, and small businesses to enhance and sustain economic prosperity in Maine. Heather resides in her hometown of Skowhegan and is a graduate of the University of Maine. Her career spans the private and public sectors and has included roles in global telecommunications, rural economic development, and broadband expansion in Maine.



MVF Management Team

The Management team is hired as the professional staff for Maine Venture Fund by the Small Enterprise Growth Board (the "Board"). The team has deep startup funding and management experience and conducts the day-to-day activities of the Fund which include but are not limited to company sourcing, deal structuring and investment deployment and management.

For more about the mechanics of the Board, see this Report's "About Maine Venture Fund" and "Board" sections.

[Joe Powers](#), Managing Director

Mr. Powers joined Maine Venture Fund in 2019 as Investment Manager, was promoted to Principal in 2020 and assumed the Managing Director role in July 2021. Prior to MVF, Joe worked for a number of venture capital-funded startup technology firms (Tesla, Zoox, Clean Marine Energy) in a variety of operational roles. Joe also has experience as an entrepreneur (Ripso) and angel investor. Joe volunteers in Maine with SCORE, Maine Center for Entrepreneurs and Junior Achievement and holds an MBA from Dartmouth's Tuck School of Business.

[Nina Scheepers](#), Principal

Ms. Scheepers joined Maine Venture Fund in 2021 as Investment Manager and was promoted to Principal in 2022. Prior to MVF, she held a variety of roles at Unum, most recently as a Product Manager leading work to transform the company's technology and operations. She earned an undergraduate degree from Bowdoin College and an MBA from Dartmouth's Tuck School of Business.

Terri Wark, Office Operations Manager

Ms. Wark worked as Administrative Associate for the Fund starting in 2001. Prior to Maine Venture Fund, she worked with the Finance Authority of Maine (FAME) in the Legal Department and in the Small Business and Commercial Loan Division. Terri attended the University of Maine.

BAKER
NEWMAN
NOYES

**Small Enterprise Growth Fund
d/b/a Maine Venture Fund**
(A Component Unit of the State of Maine)

Basic Financial Statements,
Management's Discussion and Analysis, and
Supplementary Information

Years Ended June 30, 2024 and 2023

Baker Newman & Noyes LLC
MAINE | MASSACHUSETTS | NEW HAMPSHIRE
800.244.7444 | www.bnn CPA.com



**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Small Enterprise Growth Fund
d/b/a Maine Venture Fund

Opinion

We have audited the financial statements of Small Enterprise Growth Fund d/b/a Maine Venture Fund (the Fund), a component unit of the State of Maine, which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund 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 opinion.

Emphasis of Matter

As explained in note 1, the financial statements include investments in small businesses valued at \$21,400,781 (66% of net position) and \$14,378,031 (48% of net position) at June 30, 2024 and 2023, respectively, which are not actively traded and whose carrying values have been estimated by management in the absence of readily determinable fair values. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Fund'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 shortly thereafter.

The Board of Directors
 Small Enterprise Growth Fund
 d/b/a Maine Venture Fund

Auditors' 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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Fund'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 Fund'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

Accounting principles generally accepted in the United States of America 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, who considers it to be an essential part of 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 auditing standards generally accepted in the United States of America, 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 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.

The Board of Directors
Small Enterprise Growth Fund
d/b/a Maine Venture Fund

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedule 1 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Newman & Noyes LLC

Portland, Maine
October 15, 2024

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2024 and 2023

As Management of the Small Enterprise Growth Fund d/b/a Maine Venture Fund (the Fund, the SEGF or MVF), we offer readers of the Fund’s financial statements this narrative overview and analysis of the financial activities of the Fund for the fiscal years ended June 30, 2024 and 2023. As required, the Fund’s financial statements are presented in the manner prescribed by Governmental Accounting Standards Board (GASB). The Fund is identified as a Proprietary Fund. Proprietary Funds are accounted for in a manner similar to a private business enterprise.

Overview of the Fund

The Fund was created in 1996 by an Act of the Maine Legislature, as a body corporate and politic and a tax-exempt instrumentality of the State of Maine. The Fund’s purpose is to provide capital to small Maine businesses with the potential for high growth and public benefit, but which are unable to obtain adequate conventional financing. The Fund is a revolving, non-lapsing fund, with net earnings remaining in the Fund for use in providing additional capital to businesses.

Overview of the Financial Statements

Management’s Discussion and Analysis is intended to serve as an introduction to the Fund’s basic financial statements. The basic financial statements include the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, the Statements of Cash Flows and related notes to the financial statements. The Statements of Net Position present information on all of the Fund’s assets, liabilities and net position. The Statements of Revenues, Expenses and Changes in Net Position present information on the Fund’s revenues and expenses. The Statements of Cash Flows supplement those statements providing relevant information about cash sources and uses. The Fund’s financial statements are presented on an accrual basis. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

FY 2024 Highlights

- Maine Venture Fund (MVF or Fund) invested \$5,363,000 (including notes) in twelve companies and converted to equity approximately \$3,244,000 in notes receivable along with accrued interest of \$258,511 in FY24, comprised of one new to the portfolio and eleven receiving follow-on investments. MVF made its second “fund of funds” investment in FY24 in Roux Institute’s Founder Residency Fund, Future of Healthcare Fund I (Roux Fund), which resulted in adding ten new companies (Cohort 2) to the MVF portfolio. In FY23, the Fund invested \$14,070,005 (including notes) in twenty-four companies and converted to equity approximately \$596,098 in notes receivable along with accrued interest of \$80,426, comprised of nine new to the portfolio and fifteen receiving follow-on investments.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024 and 2023

- MVF partnered with the Finance Authority of Maine (FAME) in its contract with the second round of the U.S. Treasury Department's State Small Business Credit Initiative (SSBCI II). This program began in November 2022 and was paused in November 2023 until another tranche of funding became available. At June 30, 2024, the program has not started back up. FY24 investments using SSBCI II funding totaled \$3,349,000 in four follow-on investments in existing portfolio companies. Overall, investments using SSBCI II funds in FY23 totaled \$12,767,870 from November 2022 to June 2023 with nineteen investments, seven to new companies and twelve follow-on investments in existing portfolio companies. MVF was a partner with the Finance Authority of Maine (FAME) in its first contract with the U.S. Treasury Department's State Small Business Credit Initiative (SSBCI) which began in December 2011 and concluded in the spring of 2019. Overall investments using SSBCI funds totaled \$4,953,645 from December 2011 to May 2019. MVF provided quarterly and annual investment reporting to FAME which, in turn, was reported to the U.S. Treasury Department.
- The Fund had three note-to-equity conversions during FY24. In July 2023, a note was purchased from Mobile Price Card, Inc. (April 2021 for \$44,000). The note, plus accrued interest of \$6,039, was converted to Series B Preferred Stock. In November 2023, a note was purchased from Medrhythms, Inc (February 2023 for \$1,700,000). The note, plus accrued interest of \$108,800, was converted to Series B-2 Preferred Stock. In April 2024, a note was purchased from HighByte, Inc. (February 2023 for \$1,500,000). The note, plus accrued interest of \$143,671, was converted to Series A-2 Preferred Stock.
- Two portfolio companies are paying down term notes to the Fund. Farming Fungi LLC is paying down a term note that originated September 2021 with monthly principal and interest payments. The note is due to be paid in full in October 2025. In May 2024, Defendify, Inc. began making interest-only payments on a \$350,000 Promissory Note that originated in April 2024. Beginning November 2024, the company will begin making principal and interest payments. The Note is due to be paid in full April 2026.
- One portfolio company, The Humane Space, Inc., paid in full its Microfund Convertible Note totaling \$50,000 and a combination SSBCI II and MVF core funded Note, along with accrued interest of \$4,001.
- In FY24, Circa Labs, Inc. was acquired by Stake Network, Inc. The acquisition, completed June 13, 2024, resulted in all shares held by the Fund being converted into the right to receive 1.70422 shares of the acquirer's preferred stock issued at \$29.2552/share. The Fund's original \$300,000 investment in Circa Labs, Inc. resulted in total converted holdings of 8,923 and an adjusted valuation of \$261,044. Circa paid out to the holders of the Company Preferred Stock, as a dividend, all cash in the Company's accounts in accordance with the Company's Certificate of Incorporation, with MVF receiving \$19,966. In FY23, two portfolio companies were acquired, resulting in capital gains for the Fund. In July 2022, Amplify, Inc., was acquired by Arch Medical Solutions, returning a total of \$170,000 to the Fund and a final payment of \$30,952 was received in August 2023. In August 2022, Academic Merit LLC dba Finetune Learning was acquired by Prometric and, as a result, the Fund received \$581,578 as of June 30, 2023. A final distribution, a 10% holdback, was released January 2024 and MVF received \$69,942. The Company has a potential earnout opportunity for an additional distribution should the Company reach revenue hurdles for 2025. The Fund's Equity Securities investment of \$350,000 was paid in full and a cumulative capital gain total of \$301,520 was reached in FY24.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024 and 2023

- In April 2023, MVF participated in the first of a three-year investment plan with the Roux Fund, alongside Maine Health and Northern Light Health. In FY23, a cumulative total of nearly \$1 million was invested, resulting in the Roux Fund's investment in nine early-stage healthtech companies (Cohort One), all of which were added to MVF's portfolio. MVF participated in the second round of investments in February 2024, with a cumulative total of nearly \$1 million resulting in the Roux Fund's investment in ten early-stage, healthtech companies (Cohort Two), all of which were also added to MVF's portfolio. The Roux Fund is the first of its kind in Northern New England and is turbocharging Maine's growing healthcare technology industry by bringing thirty early stage healthtech companies to the State of Maine. At June 30, 2024, the Fund has invested \$300,000 across nineteen companies.
- Co-investors invested nearly \$27.5 million alongside the \$5.4 million invested by MVF for a ratio of 5:1. The investment ratio in FY23 was 3:1 with Co-investors investing nearly \$42 million alongside the \$14.3 million invested by MVF.
- According to the Fund's internal tracking, portfolio companies employed 797 full-time equivalent people as of June 30, 2024, an increase of 182 FTEs from the prior fiscal year end.
- For FY24, the Fund was included in the State budget and received an annual appropriation of \$500,000, half received in July of 2023 and the remaining half in February of 2024.
- The Fund conducted its second Maine Startup Challenge business plan competition event in October 2023 in which applicants from grade school, high school, college and open tiers competed. MVF received sponsorship money totaling \$23,500 and awarded a total of \$19,500: \$8,000 to the Open Tier winner and \$2,500 to the Open Tier runner up; \$3,000 to the Collegiate winner and \$1,000 to the Collegiate runner up, \$2,000 to the High School winner and \$1,000 to the High School runner up, \$1,000 to the K-8 winner and \$500 to the K-8 runner up and \$500 to the Audience Choice of all competitors. Competition expenses totaled just over \$2,300.
- MVF continues to play a prominent role within Maine's entrepreneurial support network, often collaborating with partners like Maine Technology Institute, Maine Center for Entrepreneurs, Coastal Enterprises and the Maine Angels investment group, among others. Additionally, the staff sits on numerous boards throughout the State, including portfolio company boards in an observer role and the Maine Innovation Economy Advisory Board.
- The Small Enterprise Growth Board is a deeply experienced Board knowledgeable in early-stage equity investing and in growing successful companies. For a list of current board members and their backgrounds, visit maineventurefund.com/team.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024 and 2023

Financial Information

Statements of Net Position

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Assets:			
Cash equivalents	\$ 4,078,428	\$ 6,063,749	(32.7)%
Interest receivable	458,937	229,433	100.0
Notes receivable, net	6,552,644	9,189,173	(28.7)
Other receivable	—	30,952	(100.0)
Investments, net	21,400,781	14,378,031	48.8
Prepaid expense	<u>121,025</u>	<u>140,159</u>	<u>(13.7)</u>
Total assets	<u>\$32,611,815</u>	<u>\$30,031,497</u>	<u>8.6%</u>
Liabilities:			
Accounts payable	\$ 2,128	\$ 2,037	4.5
Accrued expenses	<u>38,489</u>	<u>44,712</u>	<u>(13.9)</u>
Total liabilities	40,617	46,749	(13.1)
Net Position:			
Unrestricted net position	<u>32,571,198</u>	<u>29,984,748</u>	<u>8.6</u>
Total net position	<u>\$32,571,198</u>	<u>\$29,984,748</u>	<u>8.6%</u>

Interest receivable increased by \$229,504, or 100.0%, primarily driven by the issuance of new notes during the year at higher yields. The increases in notes receivable and investments, collectively \$4,386,221, was driven by the additional funding received in FY24 under the SSBCI. Individually, notes receivable decreased and investments increased partially due to the large amount of notes receivable converted to equity during the year.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024 and 2023

Statements of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Operating revenues:			
Investment income	\$ 201,234	\$ 138,901	44.9%
Dividend income	19,566	—	—
Interest income on notes receivable	532,195	218,757	143.3
Realized gains on sales of investments	69,942	302,531	(76.9)
Grant income	3,349,000	12,767,870	(73.8)
Other income	<u>25,201</u>	<u>22,500</u>	<u>12.0</u>
Total operating revenues	4,197,138	13,450,559	(68.8)
Operating expenses:			
Salary expense	338,028	318,915	6.0
Payroll benefits expense	158,170	162,870	(2.9)
General and administrative expense	<u>420,456</u>	<u>194,162</u>	<u>116.5</u>
Total administrative operating expenses	916,654	675,947	35.6
Write-down/provision on investments/notes receivable	<u>1,194,034</u>	<u>450,000</u>	<u>165.3</u>
Total operating expenses	<u>2,110,688</u>	<u>1,125,947</u>	<u>87.5</u>
Operating income	2,086,450	12,324,612	(83.1)
Capital contribution from State of Maine	500,000	500,000	—
Net position at beginning of year	<u>29,984,748</u>	<u>17,160,136</u>	<u>74.7</u>
Net position at end of year	<u>\$32,571,198</u>	<u>\$29,984,748</u>	<u>8.6%</u>

The Fund had operating income of \$2,086,450 for the fiscal year. Operating revenues decreased 68.8% or \$9,253,421, primarily due to the Fund's access to, and use of, the federal program funds from SSBCI II being paused in November 2023. Operating expenses increased by 87.5% or \$984,741 due to investment write-downs, an increased fee paid for the use of SSBCI investment dollars in calendar 2023 and the addition of Fund of Funds (Roux Fund) investment administrative fees.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024 and 2023

FY 2023 Highlights

- Maine Venture Fund (MVF or Fund) invested \$14,070,005 (including notes) in twenty-four companies and converted to equity approximately \$596,098 in notes receivable along with accrued interest of \$80,426 in FY23, comprised of nine new to the portfolio and fifteen receiving follow-on investments. MVF made its first “fund of funds” investment in FY23 in Roux Institute’s Founder Residency Fund, Future of Healthcare Fund I. In FY22, the Fund invested \$2,609,754 and converted to equity \$104,496 in accrued note interest in sixteen Maine companies: six new to the portfolio and ten receiving follow-on investments.
- MVF partnered with the Finance Authority of Maine (FAME) in its contract with the second round of the U.S. Treasury Department’s State Small Business Credit Initiative (SSBCI II). This program began in November 2022. Overall, SSBCI II funds used in FY23 totaled \$12,767,870 from November 2022 to June 2023 with nineteen investments: seven new companies and twelve follow-on investments in existing portfolio companies. MVF was a partner with FAME in its first contract with the U.S. Treasury Department’s State Small Business Credit Initiative (SSBCI) which began in December 2011 and concluded in the spring of 2019. Overall, investments using SSBCI funds totaled \$4,953,645 from December 2011 to May 2019. MVF provided quarterly and annual investment reporting to FAME which, in turn, was reported to the U.S. Treasury Department.
- The Fund had seven note-to-equity conversions during FY23. Four in November 2022: these notes were purchased from Orono Spectral Solutions, Inc. (February 2018 for \$39,398, May 2018 for \$61,700, March 2019 for \$45,000 and December 2019 for \$50,000); notes plus accrued interest of \$44,158 were converted into Series A1 Preferred Stock. One in May 2023: this note was purchased from CourseStorm, Inc. (April 2020 for \$150,000); note plus accrued interest of \$27,542 converted to Series A-2 Preferred Stock. Two in June 2023: these notes were purchased from Pumpspotting, Inc. (May 2022 for \$100,000 and December 2022 for \$150,000); notes plus accrued interest of \$8,726 were converted to Series Seed-2 Preferred Stock.
- One portfolio company, Farming Fungi LLC, is paying down a term note that originated September 2021 with monthly principal and interest payments. The note is due to be paid in full in October 2025.
- Two portfolio companies were acquired in FY23, resulting in capital gains for the Fund. In July 2022, Amplify, Inc. was acquired by Arch Medical Solutions, returning a total of \$170,000 to the Fund. The Fund expects a third and final payment from this acquisition in early FY24. In August 2022, Academic Merit LLC dba Finetune Learning was acquired by Prometric and, as a result, the Fund received \$581,578 as of year end. A final distribution, the 10% holdback, is scheduled to be released January 2024 and MVF has two potential earn out opportunities for additional distributions should the company reach revenue hurdles for 2024 and 2025. The Fund’s recorded Equity Securities investment of \$350,000 was collected in full and capital gain total of \$231,578 for this investment was realized in FY23.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2024 and 2023

- In April 2023, MVF participated in the first of a three-year investment plan with The Roux Institute’s Founder Residency Fund, Future of Healthcare Fund I, alongside Maine Health and Northern Light Health. The Future of Healthcare Fund is the first of its kind in Northern New England and is turbocharging Maine’s growing healthcare technology industry by bringing thirty early stage healthtech companies to the State of Maine, starting in 2023. At June 30, 2023, the Fund has invested \$150,000 in convertible notes across nine companies.
- Co-investors invested nearly \$42 million alongside the \$14.3 million invested by MVF for a ratio of 3:1. The investment ratio in FY22 was 19:1 with Co-investors investing nearly \$50 million alongside the \$2,609,754 invested by MVF.
- According to the Fund’s internal tracking, portfolio companies employed 615 full-time equivalent people as of June 30, 2023, an increase of 152 FTEs from the prior fiscal year end.
- For FY23, the Fund was included in the State budget and received an annual appropriation of \$500,000, half received in July of 2022 and the remaining half in February of 2023.
- The Fund conducted its first Maine Startup Challenge business plan competition event in October 2022 in which applicants from grade school, high school, college and open tiers competed. MVF received sponsorship money totaling \$11,500, contributed \$500 and awarded \$500 in the grade school tier, \$1,000 in the high school tier, \$1,500 in the college tier and in the open tier, third place received \$1,500, second place received \$2,500 and first place received \$5,000.
- MVF continues to play a prominent role within Maine’s entrepreneurial support network, often collaborating with partners like Maine Technology Institute, Maine Center for Entrepreneurs, Coastal Enterprises and the Maine Angels investment group, among others. Additionally, the staff sits on numerous boards throughout the State, including portfolio company boards in an observer role and the Maine Innovation Economy Advisory Board.
- The Small Enterprise Growth Board is a deeply experienced Board knowledgeable in early-stage equity investing and in growing successful companies. For a list of current board members and their backgrounds, visit maineventurefund.com/team.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024 and 2023

Financial Information

Statements of Net Position

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Assets:			
Cash equivalents	\$ 6,063,749	\$ 6,741,758	(10.1)%
Interest receivable	229,433	93,336	145.8
Notes receivable, net	9,189,173	1,053,437	772.3
Other receivable	30,952	130,000	(76.2)
Investments, net	14,378,031	9,181,502	56.6
Prepaid expense	<u>140,159</u>	<u>9,328</u>	<u>1,402.6</u>
Total assets	<u>\$30,031,497</u>	<u>\$17,209,361</u>	<u>74.5</u>
Liabilities:			
Accounts payable	\$ 2,037	\$ 2,574	(20.9)
Accrued expenses	<u>44,712</u>	<u>46,651</u>	<u>(4.2)</u>
Total liabilities	46,749	49,225	(5.0)
Net Position:			
Unrestricted net position	<u>29,984,748</u>	<u>17,160,136</u>	<u>74.7</u>
Total net position	<u>\$29,984,748</u>	<u>\$17,160,136</u>	<u>74.7%</u>

Interest receivable increased by \$136,097, or 145.8%, and this was mainly driven by the issuance of new notes during the year at higher yields. The increases in notes receivable and investments, collectively \$13,332,265, was driven by the funding received in FY23 under the SSBCI. Prepaid expenses increased \$130,831, or 1,402.6%, which is mainly due to prepaid fees related to the Fund's participation in the Roux Institute's Founder Residency Fund, Future of Healthcare Fund I.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024 and 2023

Statements of Revenues, Expenses and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Operating revenues:			
Investment income	\$ 138,901	\$ 27,375	407.4%
Interest income on notes receivable	218,757	75,006	191.7
Realized gains on sales of investments	302,531	126,007	140.1
Grant income	12,767,870	—	—
Other income	<u>22,500</u>	<u>11,973</u>	<u>87.9</u>
Total operating revenues	13,450,559	240,361	5,496.0
Operating expenses:			
Salary expense	318,915	334,803	(4.7)
Payroll benefits expense	162,870	120,898	34.7
General and administrative expense	<u>194,162</u>	<u>151,708</u>	<u>28.0</u>
Total administrative operating expenses	675,947	607,409	11.3
Write-down/provision on investments/notes receivable	<u>450,000</u>	<u>500,430</u>	<u>(10.1)</u>
Total operating expenses	<u>1,125,947</u>	<u>1,107,839</u>	<u>1.6</u>
Operating income (loss)	12,324,612	(867,478)	1,520.7
Capital contribution from State of Maine	500,000	500,000	—
Net position at beginning of year	<u>17,160,136</u>	<u>17,527,614</u>	<u>(2.1)</u>
Net position at end of year	<u>\$29,984,748</u>	<u>\$17,160,136</u>	<u>74.7%</u>

The Fund had operating income of \$12,324,612 for the fiscal year. Operating revenues increased 5,496%, or \$13,210,198, primarily due to the Fund's access to and use of the federal program funds from SSBCI II. Overall expenses remained consistent from FY22 and increased 1.6%, or \$18,108. Investment income increased due to a higher interest rate environment in FY23 compared to FY22. Interest income on notes receivable increased due to a higher overall notes receivable balance and increased rates on new notes.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

STATEMENTS OF NET POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current assets:		
Cash equivalents (note 2)	\$ 4,078,428	\$ 6,063,749
Interest receivable	444,883	48,718
Notes receivable, net (note 3)	5,602,644	300,000
Other receivable	—	30,952
Prepaid expenses	<u>121,025</u>	<u>140,159</u>
Total current assets	10,246,980	6,583,578
Noncurrent assets:		
Interest receivable	14,054	180,715
Notes receivable, net (note 3)	950,000	8,889,173
Investments, net	<u>21,400,781</u>	<u>14,378,031</u>
Total noncurrent assets	<u>22,364,835</u>	<u>23,447,919</u>
Total assets	<u>\$32,611,815</u>	<u>\$30,031,497</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	2,128	2,037
Accrued expenses	<u>38,489</u>	<u>44,712</u>
Total current liabilities	<u>40,617</u>	<u>46,749</u>
Total liabilities	40,617	46,749
Commitments (note 4)		
<u>NET POSITION (note 7)</u>		
Unrestricted net position	<u>32,571,198</u>	<u>29,984,748</u>
Total net position	<u>\$32,571,198</u>	<u>\$29,984,748</u>

See accompanying notes.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Investment income	\$ 201,234	\$ 138,901
Dividend income	19,566	—
Interest income on notes receivable	532,195	218,757
Realized gains on sales of investments	69,942	302,531
Grant income (note 9)	3,349,000	12,767,870
Other income	<u>25,201</u>	<u>22,500</u>
Total operating revenues	4,197,138	13,450,559
Operating expenses:		
Salary expense	338,028	318,915
Payroll benefits expense	158,170	162,870
General and administrative expense (note 6)	<u>420,456</u>	<u>194,162</u>
Total administrative operating expenses	916,654	675,947
Write-down/provision on investments/notes receivable	<u>1,194,034</u>	<u>450,000</u>
Total operating expenses	<u>2,110,688</u>	<u>1,125,947</u>
Operating income	2,086,450	12,324,612
Capital contribution from State of Maine (note 1)	500,000	500,000
Net position, beginning of year	<u>29,984,748</u>	<u>17,160,136</u>
Net position, end of year	<u>\$32,571,198</u>	<u>\$29,984,748</u>

See accompanying notes.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Interest received on notes receivable	\$ 14,908	\$ 2,851
Principal received on notes receivable	70,528	18,166
Notes receivable originated	(918,000)	(9,200,000)
Disbursements for investments	(4,445,000)	(4,870,005)
Proceeds from sale of investments	100,894	757,201
Grant income received	3,349,000	12,767,870
Dividend and other income received	44,767	22,500
Investment income received	201,234	138,901
Payments for operating expenses	(551,591)	(491,273)
Payments to employees	<u>(352,061)</u>	<u>(324,220)</u>
Net cash used by operating activities	(2,485,321)	(1,178,009)
Cash flows from financing activities:		
Contributed capital	<u>500,000</u>	<u>500,000</u>
Net decrease in cash equivalents	(1,985,321)	(678,009)
Cash equivalents, at beginning of year	<u>6,063,749</u>	<u>6,741,758</u>
Cash equivalents, at end of year	\$ <u>4,078,428</u>	\$ <u>6,063,749</u>
Reconciliation of operating income to net cash used by operating activities:		
Operating income	\$ 2,086,450	\$ 12,324,612
Adjustments to reconcile operating income to net cash used by operating activities:		
Provision for losses on notes receivable	269,274	450,000
Provision for losses on investments	924,760	—
Realized gain on sale of investments	(69,942)	(302,531)
Changes in assets and liabilities:		
Interest receivable	(258,778)	(136,097)
Prepaid expenses	19,134	(130,831)
Other receivable	30,952	99,048
Notes receivable, net	2,396,529	(8,585,736)
Investments, net	(7,877,568)	(4,893,998)
Accounts payable	91	(537)
Accrued expenses	<u>(6,223)</u>	<u>(1,939)</u>
Net cash used by operating activities	\$ <u>(2,485,321)</u>	\$ <u>(1,178,009)</u>

Supplemental disclosure of noncash activities:

During 2024, \$3,244,000 of net notes receivable and \$258,510 of interest receivable was converted to investments.

During 2023, \$596,098 of net notes receivable and \$80,426 of interest receivable was converted to investments.

See accompanying notes.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

1. Organization and Significant Accounting Policies

The accounting policies of the Small Enterprise Growth Fund d/b/a Maine Venture Fund (the Fund) conform to accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting principles are described below.

Authorizing Legislation

The Small Enterprise Growth Program was established in 1996 by the State of Maine legislature through the enactment of L.D. 1831 “An Act to Create the Small Enterprise Growth Program.” The law created the Fund as a revolving fund. The Fund is an instrumentality and component unit of the State of Maine and is a tax-exempt entity.

Purpose of the Fund

The Fund is used to provide capital to small Maine businesses that show potential for high growth and public benefit but are unable to obtain adequate conventional financing from financial institutions. The State of Maine capitalized the Fund by issuing general obligation bonds. The initial capitalization was \$5,000,000. The Fund received additional capital of \$3,000,000 in fiscal year 2001 from general fund appropriations of the State of Maine, \$1,000,000 in fiscal year 2008 from proceeds of a State of Maine economic development bond, \$4,000,000 in fiscal year 2011 from proceeds of a State of Maine economic development bond, \$5,000,000 in fiscal year 2019 from the proceeds of a State of Maine economic development bond, and \$500,000 in each fiscal year 2019 through 2024 from general fund appropriations of the State of Maine. Currently, financing is provided to qualifying business enterprises through lending arrangements and direct equity investments. Lending agreements generally provide for the issuance of warrants to the Fund or the option of converting its investment from debt to equity through the use of convertible debentures. The Fund also makes direct equity investments in Maine businesses. Operating activities of the Fund include lending and direct equity investments.

In June 2010, the State Legislature amended the statute governing the Fund to broaden the powers of the Board of Directors. The new authority given to the Board allows it to take capital from individuals and entities other than the State for investment in Maine Companies through return-based “side car” funds. Through June 30, 2024, the Fund had not exercised such powers.

In March 2022, the State Legislature amended the statute governing the Fund to allow it to invest in third-party venture capital funds, subject to board discretion. During 2024 and 2023, the Fund invested in such third-party funds through a Limited Liability Company (LLC) subscription agreement for Roux Institute’s Founder Residency Fund, Future of Healthcare Fund I (Roux Fund). The investments made are structured as convertible notes. The Fund also pays administrative costs for participating in the Roux Fund. The Fund paid \$198,560 and \$183,333 of such expenses in 2024 and 2023, respectively, which are being amortized over the life of the administration period. At June 30, 2024 and 2023, \$120,975 and \$137,500, respectively, of unamortized costs are included in the prepaid expenses on the accompanying statements of net position.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

1. Organization and Significant Accounting Policies (Continued)

Basis of Accounting

The accounts of the Fund are maintained in accordance with the principles of “fund accounting.” These principles require that resources for various purposes be classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. The Fund only has one fund, which is a proprietary fund. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and collectibility is assumed and expenses are recorded at the time liabilities are incurred.

Fund Administration

The Fund is overseen by the Small Enterprise Growth Board which establishes rules for operations, approves and denies applications and monitors investment agreements on an ongoing basis. The Governor of the State of Maine appoints the Board members.

The Fund is administered and maintained by the Finance Authority of Maine (the Authority) per statute. The Board of the Fund has engaged a Fund Manager to provide management and oversight of the Fund.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Fund to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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. The most significant estimates utilized in the preparation of the financial statements of the Fund relate to the allowance for losses on notes receivable and the valuation of investments. The Fund’s investments are not traded in an active market. Because the Fund lends to and invests in small start-up businesses, some of which have not begun to generate revenues, there is a significant risk that such estimates could be revised substantially in the future.

Cash Equivalents

For purposes of preparing the statements of cash flows, the Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2024 and 2023, the Fund’s cash equivalents consisted of amounts held in the State of Maine Treasurer’s cash pool and bank deposits.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

1. Organization and Significant Accounting Policies (Continued)

Investments

The Fund makes direct equity investments in Maine businesses. These investments consist of Common and Preferred Stock and Units in Limited Liability Companies. These investments are not actively traded, nor are they insured. The Fund's ownership interest in any of these businesses is normally less than 20% at any given time. The Fund owns all investments directly, therefore, there is no custodial credit risk. Investments are carried at cost on the Fund's statements of net position until there is evidence of a decrease in fair value as estimated by management in the absence of readily determinable fair values. It is the Fund's policy to review each investment for probable loss and if necessary, to write down the investment through a charge to operating expenses. Realized gains and losses on the sale of investments are determined based on the specific identification method.

The following is a summary of the cost basis and the carrying value of investments at June 30:

	<u>2024</u>	<u>2023</u>
Cost basis	<u>\$23,226,154</u>	<u>\$15,653,644</u>
Carrying value	<u>\$21,400,781</u>	<u>\$14,378,031</u>

The carrying value of \$21,400,781 at June 30, 2024 consists of investments in thirty companies, three of which have a balance greater than 10% of the Fund's recorded net investment balances. These investments made up \$10,096,796 of the carrying value at June 30, 2024. The carrying value of \$14,378,031 at June 30, 2023 consists of investments in twenty-nine companies, one of which has a balance greater than 10% of the Fund's recorded net investment balances. This investment made up \$2,604,149 of the carrying value at June 30, 2023.

Notes Receivable

Notes receivable are carried at the net principal amounts outstanding, less any allowance estimated for losses. Interest income on notes receivable is recorded only when collectibility of principal and interest are probable, otherwise interest income is recorded on a cash basis.

Allowance for Losses on Notes Receivable

The Fund has established an allowance for losses on notes receivable. The allowance for losses account is established through a provision for losses charged to operations. The amount of the allowance is determined by management's evaluation of the notes receivable portfolio. The evaluation takes into consideration such factors as the volume of the portfolio, overall portfolio quality, specific problem borrowers and current economic conditions that may affect the borrowers' ability to repay. Management believes that the allowance for losses is adequate. While management uses available information to recognize losses, changing economic conditions and the economic prospects of the borrowers might necessitate future additions to the allowance. It is the Fund's policy to review each note receivable for potential loss and establish specific allowances if necessary.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

1. Organization and Significant Accounting Policies (Continued)

Operating Revenues and Expenses

Operating revenues include interest earned on notes receivable, investment and dividend income, realized gains on sale of investments and grant income. Operating expenses include professional fees and services, payroll and administrative expenses and other costs of providing services and operating the program.

Grant Income

The Fund uses grant funds to make debt and equity investments in qualified Maine Companies. The Fund recognizes grant income when such funds are received, as the grants are expenditure-driven.

Risks and Uncertainties

The U.S. economy has experienced a number of disruptions, including inflationary pressures and interest rate increases which have had the effect of increasing economic uncertainty at the national level and by extension the State of Maine. Companies that the Fund holds a direct investment in, or notes receivable from, have been impacted by these uncertainties. Management of the Fund is monitoring the impact that these uncertainties will have on the carrying value of its notes and investments on an ongoing basis. Future uncertainties could impact the carrying value of notes and investments, though such potential impact is unknown at the date of these financial statements.

2. Cash Equivalents

The Fund does not have a formal deposit or investment policy. However, monies that are not needed for immediate use are invested with the State of Maine. The Treasurer of the State of Maine sponsors an investment pool (State of Maine Treasurer's Cash Pool). The Fund's participation is voluntary. The State of Maine's investment pool is primarily comprised of investment vehicles with short maturities and management of the Fund characterizes the investments within the pool as low risk. The State of Maine Treasurer's Cash Pool is not rated by external rating agencies. The Fund is able to make withdrawals from the State of Maine investment pool at par with little advance notice and without penalty. The Fund's management considers this investment vehicle a money market instrument and generally carries the amounts in the pool at fair value, which approximates cost. Cash equivalents consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Bank deposits	\$ 286,591	\$ 245,543
State of Maine Treasurer's cash pool	<u>3,791,837</u>	<u>5,818,206</u>
	<u>\$4,078,428</u>	<u>\$6,063,749</u>

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

2. Cash Equivalents (Continued)

At June 30, 2024 and 2023, bank deposits had a bank balance of \$286,690 and \$260,777, respectively, and a carrying amount of \$286,591 and \$245,543, respectively. The difference between the carrying amount of deposits and bank balance consists primarily of checks issued but not cashed and deposits in transit. At June 30, 2024 and 2023, \$250,000 of bank deposits are covered by Federal depository insurance and \$36,690 and \$10,777, respectively, are uninsured.

3. Notes Receivable

The following is a summary of notes receivable at June 30:

	<u>2024</u>	<u>2023</u>
Note dated December 2019, interest at 7%, interest accrued until maturity, due August 2024. This note is unsecured.	\$ 100,000	\$ 100,000
Note dated November 2020, interest at 7%, interest accrued until maturity, due August 2024. This note is unsecured.	150,000	150,000
Note dated March 2021, interest at 4%, interest accrued until maturity, due March 2026. This note is unsecured and was written off as uncollectable in 2024.	—	100,000
Note dated April 2021, interest at 6%, interest accrued until maturity, due January 2026. This note is unsecured and was converted to equity in 2024.	—	44,000
Note dated September 2021, interest at 4%, interest accrued monthly, due October 2025. This note is unsecured.	24,644	45,173
Note dated April 2022. The note bears no interest rate and is converted to equity upon a qualifying event.	50,000	50,000
Note dated May 2022, interest at 4%, interest accrued until maturity, due May 2027. This note is unsecured and was written off as uncollectable in 2024.	—	100,000
Note dated October 2022, interest at 6%, interest accrued until maturity, due October 2024. This note is unsecured.	200,000	200,000
Note dated November 2022, interest at 5%, interest accrued until maturity, due May 2024, extended to November 2025. This note is unsecured.	50,000	50,000
Note dated December 2022, interest at 6%, interest accrued until maturity, due June 2024. This note is unsecured and was written off as uncollectable in 2024.	—	250,000
Note dated December 2022, interest at 6%, interest accrued until maturity, due December 2024. This note is unsecured and was paid in full during 2024.	—	50,000
Note dated February 2023, interest at 8%, interest accrued until maturity, due February 2025. This note is unsecured and was converted to equity in 2024.	—	1,500,000

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
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NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

3. Notes Receivable (Continued)

	<u>2024</u>	<u>2023</u>
Note dated February 2023, interest at 8%, interest accrued until maturity, due February 2025. This note is unsecured and was converted to equity in 2024.	\$ —	\$ 1,700,000
Note dated February 2023, interest at 6%, interest accrued until maturity, due August 2024. This note is unsecured.	250,000	250,000
Note dated February 2023, interest at 6%, interest accrued until maturity, due February 2025. This note is unsecured.	50,000	50,000
Note dated April 2023, interest at 8%, interest accrued until maturity, due April 2025. This note is unsecured.	1,300,000	1,300,000
Note dated April 2023, interest at 10%, interest accrued until maturity, due April 2025. This note is unsecured.	50,000	50,000
Note dated May 2023, interest at 5%, interest accrued until maturity, due May 2025. This note is unsecured.	3,500,000	3,500,000
Note dated August 2023, interest at 10%, interest accrued until maturity, due August 2024. This note is unsecured.	203,000	—
Note dated November 2023, interest at 8%, interest accrued until maturity, due November 2028. This note is unsecured.	200,000	—
Note dated April 2024, interest at 16%, interest accrued until maturity, due April 2026. This note is unsecured.	350,000	—
Series of nineteen and nine notes in connection with the Fund's investment in the Roux Fund, dated March 2024 and April 2023, respectively. The notes bear no interest rate and are converted to equity upon a qualifying event.	<u>300,000</u>	<u>150,000</u>
	6,777,644	9,639,173
Allowance for losses	<u>(225,000)</u>	<u>(450,000)</u>
Notes receivable, net	6,552,644	9,189,173
Current portion of notes receivable, net	<u>5,602,644</u>	<u>300,000</u>
Noncurrent portion of notes receivable, net	\$ <u>950,000</u>	\$ <u>8,889,173</u>

The following is the activity in the allowance for losses on notes receivable during the years ended June 30:

	<u>2024</u>	<u>2023</u>
Allowance for losses on notes:		
Beginning balance	\$ 450,000	\$ 5,000
Provision for losses	269,274	450,000
Charge-offs	<u>(494,274)</u>	<u>(5,000)</u>
Ending balance	\$ <u>225,000</u>	\$ <u>450,000</u>

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
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NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

3. Notes Receivable (Continued)

The Fund's lending activities are conducted in the State of Maine. The ability and willingness of the borrowers to honor their repayment commitment is generally dependent on the health of the economic sector in the borrower's geographical area, the general economy and the borrower's financial condition. Notes receivable are issued to start-up businesses.

Certain financing agreements entered into with the business enterprises contain a provision enabling the Fund to acquire an equity interest in the business through a convertible debenture that gives the Fund future options to convert its investments from debt to equity.

4. Commitments

At June 30, 2024, the Fund did not have any commitments to provide financing to small Maine businesses. The Fund uses the same process in making commitments as it does for actual financing activities. The Fund has committed a minimum investment of \$750,000 with the Roux Fund and other Roux Venture Creation and Acceleration programs for the period from February 1, 2022 to January 1, 2025. Through June 30, 2024, \$300,000 has been disbursed.

5. Warrants

The Fund has entered into financing agreements with business enterprises that may contain a provision enabling the Fund to acquire an equity interest in the business through warrants to purchase common stock at a set price in the future and contain put and call provisions. The warrants are considered a separate investment; however, the Fund has not assigned any value to the warrants at June 30, 2024 or 2023 because there is no market for the warrants and the business enterprises are in the start-up and development phase, and as a result, the value of their common stock and related warrants is impractical to determine.

6. Transactions with the Finance Authority of Maine

On October 4, 2022, the Fund signed its second agreement with the Authority to receive monies under the State Small Business Credit Initiative (SSBCI). SSBCI was established by the *Small Business Act of 2010* as amended by the *American Rescue Plan Act of 2021* (SSBCI II). The Fund is an approved "participating State program" under SSBCI. See note 9. The Authority provides certain financial management, legal assistance and legislative liaison services for the Fund. The Authority charges the Fund for services rendered and the fees paid to the Authority are authorized by the Fund's Board. Included in general and administrative expenses in the 2024 and 2023 statements of revenues, expenses and changes in net position, is approximately \$7,000 and \$6,600, respectively, paid to the Authority for such services. Additionally, the Fund paid the Authority \$89,227 and \$5,400 in fees relating to the origination of investments under the SSBCI II program in 2024 and 2023, respectively.

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

7. Total Net Position

The following schedule presents the components of total net position as of June 30:

	<u>2024</u>	<u>2023</u>
Contributed capital	\$21,456,767	\$20,956,767
Retained earnings	<u>11,114,431</u>	<u>9,027,981</u>
Total net position	<u>\$32,571,198</u>	<u>\$29,984,748</u>

There are no restrictions on net position at June 30, 2024 and 2023. The Fund's unrestricted net position is generally reserved for program related activities.

8. Risk Management

The Fund carries insurance to cover its exposure to various risks of loss. There were no uninsured losses during the last three years.

9. State Small Business Credit Initiative

During 2024 and 2023, the Fund received monies under the SSBCI II program. The Fund recorded \$3,349,000 and \$12,767,870 of revenue related to SSBCI II for the years ended June 30, 2024 and 2023, respectively, which was utilized to make investments and issue notes receivable. Amounts are drawn down at the time the Fund makes an investment or loan.

SSBCI II funding provided to the Fund is not considered federal financial assistance for reporting purposes and is therefore not subject to Uniform Guidance Single Audit requirements.

ADDITIONAL INFORMATION

SCHEDULE 1

**SMALL ENTERPRISE GROWTH FUND D/B/A MAINE VENTURE FUND
(A COMPONENT UNIT OF THE STATE OF MAINE)**

SCHEDULE OF ACTIVITIES

Year Ended June 30, 2024

Functions/ Programs	Expenses	Program Revenues				Net Revenue and Changes in Net Position
		Charges for Services	Program Investment Income	Operating Grants and Contributions	Capital Grants/ Contributions	Total
Business-type activities:						
Capital investment program	<u>\$ (2,110,688)</u>	<u>\$ —</u>	<u>\$ 621,703</u>	<u>\$ 3,349,000</u>	<u>\$ —</u>	\$ 1,860,015
		General revenues:				
						201,234
						<u>25,201</u>
						<u>226,435</u>
						2,086,450
						500,000
						<u>29,984,748</u>
						<u>\$32,571,198</u>