

# MAINE STATE LEGISLATURE

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# **TENTH ANNUAL REPORT TO THE MAINE LEGISLATURE**

**FY09: July 2008-June 2009**

**Prepared for:  
The Business, Research and Economic Development Committee**

*The Maine Technology Institute “shall encourage, promote, stimulate and support research and development activity leading to the commercialization of new products and services in the State’s technology-intensive industrial sectors to enhance the competitive position of those sectors and increase the likelihood that one or more of the sectors will support clusters of industrial activity and to create jobs for Maine people.”*

1999, 5MRSA c407 § 15302

[www.mainetechnology.org](http://www.mainetechnology.org)



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Targeted Technologies:

- Advanced Forestry & Agriculture
- Aquaculture & Marine
- Biotechnology
- Composite Materials
- Environmental
- Information
- Precision Manufacturing

December 15, 2009

Dear Friend of MTI:

We are pleased to present the Tenth Annual Report of the Maine Technology Institute (MTI) for the period July 1, 2008 - June 30, 2009.

MTI strengthens Maine's innovation economy as the State's only source of research and development financing for businesses and the cultivation of our technology industries. This fiscal year, MTI oversaw two very competitive rounds of applications for its Maine Technology Asset Fund (MTAF), financed by \$50 million in State bonds. From 115 applications, the MTI Board approved a total of 28 awards for projects in our traditional and emerging technology sectors, ranging from forest products to renewable energy. These projects are leveraging more than \$70 million in matching funds and are sustaining and creating good jobs across the state. They also position our higher education and nonprofit research institutions to attract more Federal funds to Maine for work on cutting-edge technologies. Finally, they are inspiring a new generation of young people across Maine to continue pursuing advanced training in technology, as they know that they can have a bright future here in Maine.

In addition to MTAF, MTI launched its expanded Cluster Initiative Award program aiming to accelerate the growth of Maine's technology clusters. We added awards that will increase technology transfer from Maine's universities and research institutions to Maine companies and boost the success of Maine companies receiving Federal innovation grants. And MTI began developing a three year strategic plan. All this in a challenging budget year.

MTI's most recent independent evaluation (available at [www.mainetechnology.org](http://www.mainetechnology.org)) gave the organization high marks, noting that **every \$1 awarded by MTI leveraged more than \$14 in public and private financing for Maine's innovation economy** – a robust return on investment for Maine taxpayers.

Thanks to the sustained support of our partners, policy makers, and the hard work of the more than 100 members of our volunteer boards and the MTI staff team, it has been another very successful year. Looking forward, MTI pledges to continue to invest in promising technologies that boost the competitiveness of Maine companies and sustain and grow quality jobs for people across the State. Thank you for your support.



Jim Detert, CEO of Rynel, Inc.  
MTI Board Chair



Betsy Biemann  
MTI President

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## Executive Summary

The Maine Technology Institute (MTI) supports technology development by Maine businesses and entrepreneurs in the state's targeted sectors, helping them bring to market cutting edge products, processes and services. With MTI's support, companies become more competitive, provide higher-paying jobs for people across the state and purchase goods and services from other Maine companies, thus stimulating Maine's economy.

Early-stage technology development is the most challenging step to finance on the way to profitability and growth. As the state's only financial support for private sector research and development (R&D), MTI funding provides the crucial link that helps drive ideas from the laboratory to the marketplace. MTI also supports the development of Maine's technology clusters, providing funds and incentives for collaborative ventures that strengthen innovation, networks and collective marketing in industries poised to benefit Maine's economy.

MTI accomplishes its purpose by cost-sharing R&D and industry cluster-building projects with Maine businesses and organizations through competitive award programs and by helping Maine companies secure Federal funds for research and development projects. Per its legislative mandate (5MRSA §15302), MTI's funding programs target seven technology sectors designated by the State of Maine:

- Advanced technologies for forestry and agriculture
- Aquaculture and marine technology
- Biotechnology
- Composite materials technology
- Environmental technology
- Information technology
- Precision manufacturing technology

MTI also administers the Maine Technology Asset Fund, financed by state bonds, which aims to strengthen Maine's economy by moving technologies to the commercial market and help Maine institutions compete for Federal research funds through funding equipment and facilities expansion for R&D. Previous bond-funded programs still administered by MTI have helped build the research and development capacity of Maine's nonprofit research laboratories and strengthen the State's biomedical and marine industries, while expanding the state's technology employment base.

The Institute is a private nonprofit corporation, governed by a private-sector led Board of Directors (Appendix A). The president of the Institute is appointed by the Governor, confirmed by the Senate, and reports to the Commissioner of the Department of Economic and Community Development via the Director of the Office of Innovation.

MTI's success is due in large part to the dedication of over 100 business leaders and technology experts who serve as volunteers on MTI's Board of Directors and seven technology boards (Appendix B). Each year these volunteers together contribute over 5,000 hours to proposal evaluation, funding recommendations and guidance on matters of policy and direction, based on their in-depth knowledge of their industries' technologies and Maine's assets.

Compared to its ambitious mission, MTI is a lean, cost-effective operation. MTI began the fiscal year with ten employees, which through attrition fell to eight by the fiscal year's close. Together with the MTI president, this team implements the policies and programs of the MTI Board (Appendix C).



MTI staff at the gazebo of historic Gardiner's Common. Top row: Patti Sutter, Hal Norvell (until February 2009), Roger Brooks. Middle row: Elizabeth Crabtree (until February 2009), Jessie Gogan, Joe Migliaccio, Betsy Biemann. Bottom row: Shane Beckim, Andrea Phillips, Linda Adams.

## **The Maine Technology Institute During Fiscal Year '09**

The Institute fulfills its mission by co-funding high-potential technology development projects with Maine entrepreneurs and organizations that bring new products, systems and services to the market, invigorate Maine's industry clusters and create and sustain good jobs across the State. During this fiscal year, MTI approved two rounds of Maine Technology Asset Fund awards and launched two new programs, a Technology Transfer Research and Development Award and the Pre-Phase II Matching Grant program. MTI also completed its previous strategic plan and began developing a new plan, to be implemented beginning early 2010.

MTI's core programs are:

- Business Innovation Programs
  - Seed Grants
  - Development Awards
  - Accelerated Commercialization Fund
  - SBIR/STTR Awards and Federal Funding Assistance
- Cluster Initiative Program
- Maine Technology Asset Fund and other State Bond-funded Research Programs

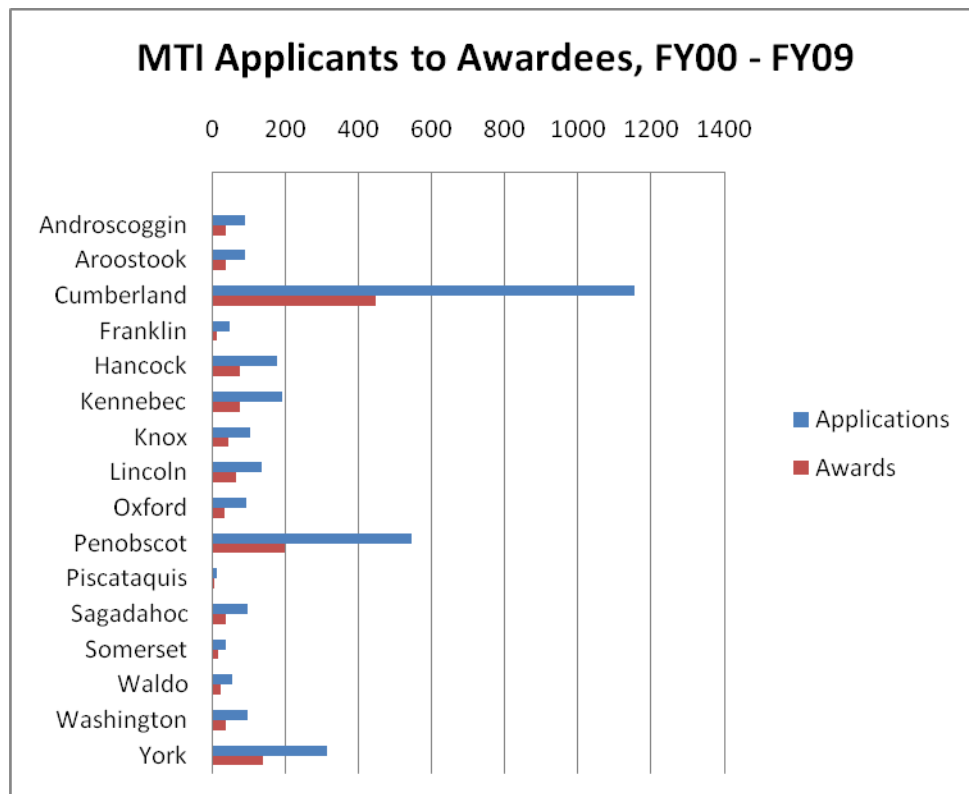


## MTI Funds Innovative Maine Companies and Organizations

During FY09, MTI funded 142 new technology development projects, totaling just over \$56.6 million. This funding leveraged an additional \$93 million in matching capital investment by the companies themselves.

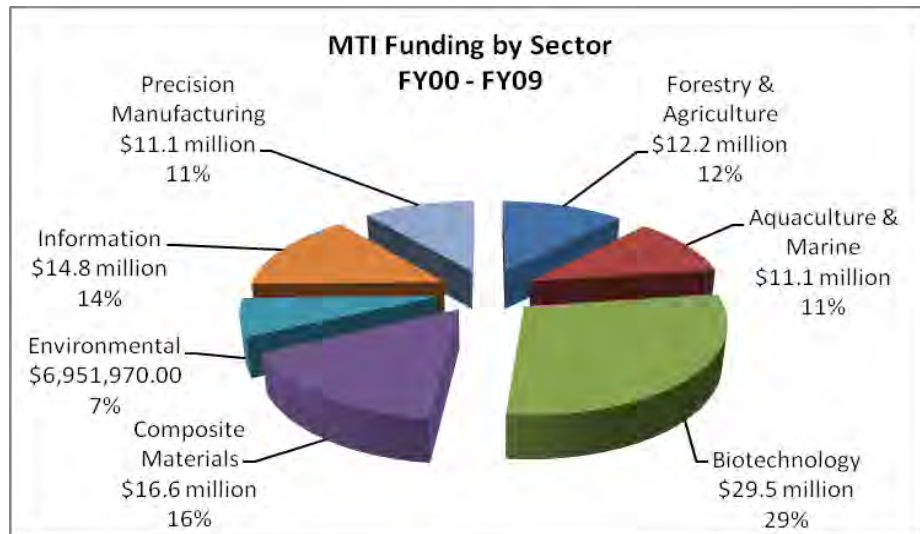
Since its inception in 1999, MTI has funded 1,295 technology development projects throughout the state of Maine, a financial commitment of nearly \$106 million that has leveraged an additional \$173 million for a total \$280 million. These resources have enabled Maine companies to secure their intellectual property, launch more competitive products and services, grow faster than average companies across the state, generate jobs and purchase goods and services from other Maine companies.

These early stage R&D efforts are helping to drive new products and services to the market, creating jobs in the technology-intensive sectors. Independent researchers from the University of Southern Maine have noted that “MTI programs have been very successful in a short time supporting substantial innovative activity, particularly in the private sector, that is likely to have positive economic impacts throughout Maine.”



MTI funding reaches all 16 counties in Maine and across the State's targeted technology sectors, as shown in these tables.



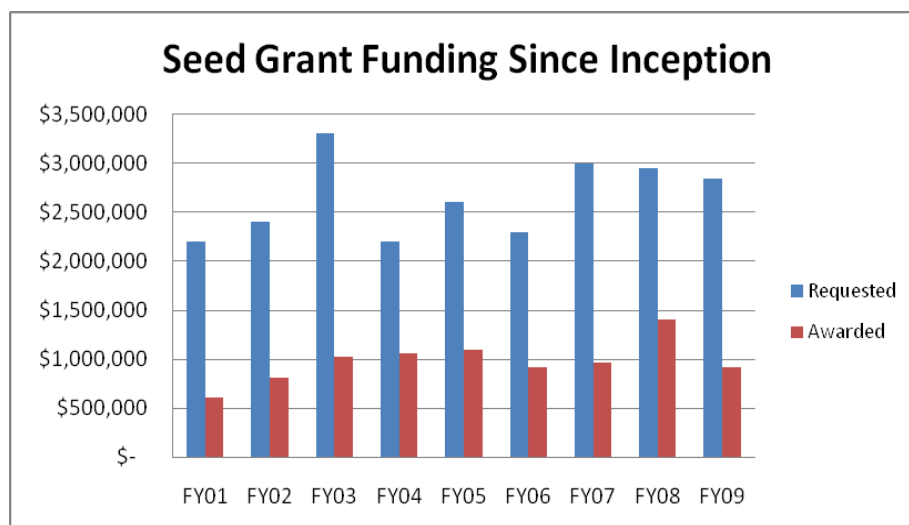


## Core Funding Programs

### Business Innovation Programs

#### Seed Grants

Seed Grants of up to \$12,500 each are offered six times a year to support early-stage R&D activities, such as market research, patent filings, feasibility studies and early prototype development. A company may win multiple Seed Grants, but may not exceed \$25,000 for any one technology. In FY09, 126 Seed Grants totaling over \$910,000 were awarded in six rounds that averaged 39 applications per round. The matching funds leveraged by these awards totaled over \$1.4 million (Appendix D). In addition, MTI modified the program to add technology transfer projects to the mix of eligible activities, in order to encourage university and nonprofit researchers to work with companies to transfer research into technologies for the market. Since 2002, MTI has approved 993 Seed Grants for over \$8.9 million and matched by over \$14.4 million.



### Award Recipient Profile: Falcon Performance Footwear, Lewiston

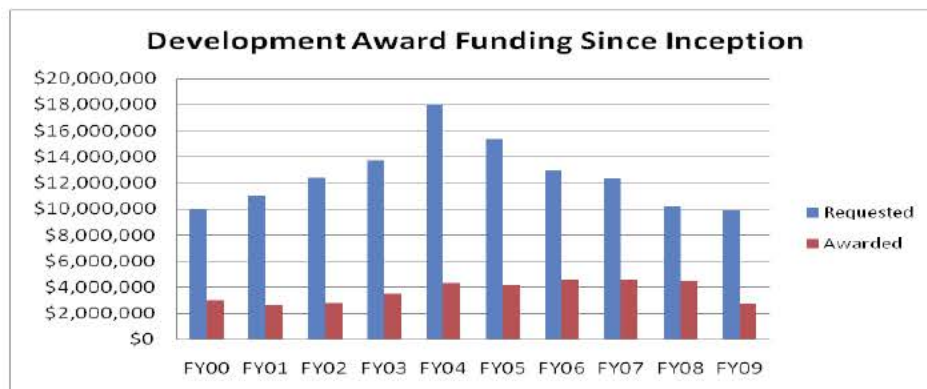
Falcon has been manufacturing shoes and boots for 45 years. The company manufactures safety footwear and used an MTI Seed Grant to incorporate radio frequency identification tags in their firefighter and mining boots, so that the boots can be tracked. Tracking systems are mandated to be implemented by end of 2009 by the 2006 Mine Improvement and New Emergency Response Act and Falcon has already secured a contract from a large metropolitan area fire department to supply them with their safe and trackable boots. In recognition of this company's creative, value-added manufacturing, Tech Maine named Carl Spang, Falcon's President, 2009 Technology Innovator of the Year.

### Development Awards

Development Awards are conditional loans of up to \$500,000 offered three times a year to fund later stage R&D activities leading to commercialization, such as prototype development, testing and manufacturing pilot projects. This year MTI added a Technology Transfer Research and Development Award of up to \$100,000 to the Development Award program. This will encourage Maine public and private colleges, universities and nonprofit research institutions to seek out industry partners and carry out joint R&D activity required to transfer technology to the market. This new type of Development Award was created in response to recent state evaluations noting that Maine has succeeded in boosting its R&D yet more of that research capacity could and should transition to Maine industry in order to maximize its benefit to the state's economy.

In response to the recognition that the experience level of the management teams carrying out Development Award projects was correlated with project success, MTI also boosted its emphasis on this factor in its application review and its project support.

During the fiscal year, MTI Technology Boards reviewed 41 Development Award applications of which eight were funded for a total of \$2.7 million and matched by nearly \$3 million (Appendix E). Companies that have received earlier development awards, which require repayment to MTI within three years of selling a new product or service, made payments back to MTI totaling just over \$871,221 during the fiscal year. These repayments are recycled into new awards for Maine companies in support of technology-intensive businesses across the state.





**Award Recipient Profile: CashStar, Inc., Portland**

CashStar provides a hosted gift card platform for retailers, enabling branded and personalized gift card management. With MTI funding, including an MTI Development Award, they are building a unique, new offer management system that allows retailers to create, track, and redeem offers for gift card purchases, and analyze gift card sales and the effectiveness of corresponding offers. The company, a recent start-up, has added 17 employees and secured \$5 million of private investment in the last year. It is a first mover in the online gift card market and has signed on major players like Travelocity, Home Depot and CVS.

**Accelerated Commercialization Fund**

The Accelerated Commercialization Fund (ACF) provides follow-on funding to help successful MTI-funded companies bring their new products or services to market. The funding is available for companies that have successfully completed an MTI Development Award-funded project and are seeking next stage investment from outside angel investor(s) or venture capital funds. The ACF program fills a gap for companies seeking to raise equity capital needed to bring their new products and services to market. In FY09, MTI made four Accelerated Commercialization Fund investments totaling \$475,000 to four companies that had previously completed Development Award-funded projects (Appendix F).

**Award Recipient Profile: Ocean Renewable Power Company (ORPC), Portland and Eastport**

ORPC is a Maine-based developer of technology and projects that generate clean, predictable, competitively priced electricity from the world's tidal, river and deep water ocean currents. It is one of the first companies in the United States testing cutting edge ocean and river basin tidal power systems to generate renewable energy. MTI provided ORPC with an Accelerated Commercialization Fund investment that provided the much-needed capital matched by private investment to further develop their proprietary technology and grow their company. Helped by this financing, ORPC has doubled its employment in Portland and Eastport to 20 full time and part-time workers.

**SBIR/STTR Awards and Federal Funding Assistance**

The Federal Small Business Innovation Research and Small Business Technology Transfer Research award programs are Federal programs that award more than \$2.3 billion annually to small companies across the nation for research and development projects in areas of interest to approximately a dozen Federal agencies. MTI helps Maine companies learn about these programs, prepare competitive applications to secure this funding, and then build successful enterprises based on the new technologies developed with the funding. MTI does this through the following awards and technical assistance.



## **Phase 0 Awards**

MTI's Phase 0 Program provides financial assistance to Maine companies that are interested in applying to the Federal government's Small Business Innovation Research/Small Business Technology Transfer program (SBIR/STTR). Maine companies can request up to \$5,000 from MTI to help them prepare competitive proposals for these Federal grants. Applications to MTI for Phase 0 support are accepted on a rolling basis to better coincide with the SBIR award schedules and allow maximum time for the preparation of the most competitive proposals. In FY09, seven Phase 0 awards were approved, totaling \$33,460, matched by company contributions of over \$41,500 (Appendix G). Since MTI's Phase 0 program's inception in early 2005, more than \$370,000 in Phase 0 awards have been approved and matched by over \$530,000. Through calendar year 2008, Maine company applications for this Federal funding assisted by MTI Phase 0 awards was more than \$2.4 million in SBIR grants from Federal agencies.

## **Pre-Phase II Matching Grants**

MTI's Pre-Phase II Grants provide up to \$10,000 per proposal on a competitive basis to foster and support competitive Federal Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) proposal submissions from Maine applicants. Funds can be used for direct costs associated with preparing an SBIR/STTR proposal like market research, consultant services, proposal preparation and review. This program was launched in March 2009. In FY09, one Pre-Phase II award was approved for \$10,000 and matched by an SBIR Phase I Award totaling \$99,161 (Appendix G).

### **Award Recipient Profile: Ocean Farm Technologies, Searsmont**

Ocean Farm Technologies, Inc. (OFC), manufactures innovative containment systems for marine fish aquaculture in deep water, open-ocean conditions. Its patented submersible AquaPod™ net pen is suited for extreme open-ocean conditions and a diversity of species. Constructed of recycled polyethylene and wire mesh panels fastened together in a strong, stable spherical geodesic structure, AquaPod™ net pens have set a new standard for predator resistance, escape prevention and security for marine fish farms.

With help from MTI Seed Grants and a \$250,000 Development Award, OFT has raised a million dollars in venture capital and obtained over \$400,000 in SBIR funding from National Oceanographic and Atmospheric Administration. OFT has established its manufacturing facility in Morrill, Maine. OFT exports Maine-built AquaPod™ net pens to Panama and South Korea, and expects growth in markets worldwide.

## **Assistance Securing Federal Funding**

MTI also helps Maine companies learn about and navigate the complex Federal SBIR/STTR program through no-cost technical assistance. During the last several years, MTI's efforts have helped increase the amount of Federal funding received

by Maine companies for research and development under this program, which has contributed to the competitiveness and growth of these companies. Since MTI's inception in 1999 through Federal FY09, Maine small businesses have won 221 awards totaling over \$54.2 million, an average of \$5.55 million in SBIR/STTR funding coming into Maine each year.

MTI's outreach, awards and SBIR no-cost consulting support continue to help Maine companies learn about these important Federal programs, identify opportunities that fit their technology areas, and prepare competitive applications for SBIR funding. During this fiscal year, Maine companies continue to secure SBIR/STTR funding. Based on information released to date for Federal FY09 ending in September 2009, Maine small businesses received seven SBIR awards totaling \$1.8 million. In addition to its SBIR/STTR education and outreach, MTI conducted two workshops for Maine companies on the availability of funding from the National Oceanic and Atmospheric Administration and the U.S. Department of Agriculture, two significant sources of innovation funding for Maine companies.

## **Awards to Strengthen Maine's Technology Clusters**

Recognizing that dynamic technology clusters require more than a group of individually successful companies, MTI began offering awards for collaborative, industry-driven activities aiming to boost activity within and among the seven targeted industry sectors. These awards support the connection among and joint action by similar companies, growing out of the common knowledge, skills, obstacles and innovation shared by these companies and technology partners. These joint efforts in turn stimulate entrepreneurship and lead to new products and services in Maine's technology-intensive clusters.

The original program, called the Cluster Enhancement Award program, was in FY 09 expanded, fine-tuned and renamed the Cluster Initiative Award. This program provides planning and feasibility projects (applications accepted on a rolling basis) of up to \$50,000 and competitive multi-year implementation awards totaling up to \$500,000, with applications accepted twice a year. The new program also allows applications that aim to strengthen multiple clusters simultaneously by addressing a common challenge (such as entrepreneurial development).

In FY09, MTI approved funding for 11 awards aiming to strengthen Maine's high-potential technology clusters, totaling nearly \$2.5 million and matched by over \$4.5 million. All together MTI has provided almost \$7.5 million in cluster awards, matched by more than \$17 million for 59 projects that support Maine's technology-driven businesses by improving the infrastructure, resources, connections and linkages necessary for the innovation economy to thrive (Appendix H). Awards made in FY09 included collaborative projects in the areas of composite materials, ocean and wind energy, aerospace manufacturing, potatoes to plastics, sustainable fisheries, specialty foods, and forest resources.



In FY09 MTI contracted with Dr. Charles Colgan to review the impact of MTI's early cluster awards, the framework and direction of the new Cluster Initiative Program, and to make recommendations on how MTI's efforts to accelerate the development of Maine's technology intensive clusters could be strengthened. His report will be available at the end of 2009.

**Award Recipient Profile: Maine Center for Enterprise Development (MCED)  
Portland**

The Maine Center for Enterprise Development, one of the State's Technology Centers, secured a Cluster Initiative Award to pilot an incubator program providing training, resources and mentoring to technology-focused entrepreneurs across multiple technology clusters. The Applied Entrepreneurship Program – aka 'Top Gun' – is a customized program that links promising growth-oriented entrepreneurs with some of Maine's seasoned business professionals who through weekly classes and coaching sessions help guide the entrepreneurs to expand their networks, fine-tune their business strategy, prepare their case for private investors, and secure needed capital for growth. This program was conducted in the first six months of FY10 and included 12 companies ranging from southern Maine to Bangor.

**Bond Programs: Building the Research-to-Market Pipeline in Maine**

MTI administers three bond-funded programs: the Maine Technology Asset Fund aimed at bringing innovative Maine technologies to the market by supporting equipment and lab facilities, and the Maine Biomedical Research Fund and the Maine Marine Research Funds to expand Maine's research capacity in biomedical and marine research.

**Maine Technology Asset Fund**

In November 2007, the Maine State Legislature authorized and the voters of the State of Maine approved \$50 million in bond funds for research, development and commercialization projects that boost economic development and create and sustain good jobs across the State. The Legislature directed MTI to develop and administer this venture, based on its track record of managing high-impact innovation funding programs in the for-profit, nonprofit and university sectors. MTI established the Maine Technology Asset Fund (MTAF) in response, and approved awards totaling approximately \$25 million in each of two competitive rounds.

MTI requires MTAF applicants to outline how they will use the requested equipment or facilities to develop products, processes and other innovations that can be brought to the marketplace, grow job opportunities and businesses in Maine, and/or to attract Federal and other funding that expands the State's research infrastructure in ways that boost the Maine economy.

Awards are available to Maine-based higher-education institutions, non-profit organizations and for-profit companies that work in the State's targeted technology sectors. Award recipients are required to match the MTAF funds with at least one dollar for every dollar awarded. The recipient's co-investment in the project helps to insure the organization is equally invested in the new technology and has adequate resources to advance the project; it also expands considerably the overall economic benefit for Maine.

Awards approved in Round One (August 2008) and Round Two (June 2009) were reviewed via an independent and competitive process managed by MTI together with the American Association for the Advancement of Science (AAAS), a respected scientific organization that has worked with over 30 states to implement research and technology commercialization programs. Awards were based on five criteria, listed in order of priority:

- Economic Growth and Impact
- Scientific or Engineering Merit and Feasibility
- Team and Institutional Merit and Commitment
- Relevance to Maine's Innovation Economy Needs
- Collaboration

In Round One, MTI received 66 applications requesting over \$111 million in funding. This round resulted in the August 2008 announcement of funding for 12 projects totaling approximately \$25 million (two other projects were approved for funding but did not go forward) (Appendix I). These awards have already leveraged \$33 million in matching funds; as the projects advance this figure will increase, expanding the level of private investment in Maine companies, universities and non-profit research organizations and boosting the state's economic competitiveness. The following are two Round One awards:

- **FHC, Inc. (Bowdoin)** was awarded \$438,077 for the development of a microfabrication facility for neurosurgical devices. This company employing approximately 80 people in its Bowdoin facility designs, manufactures and internationally markets quality products for the study of the brain and nervous system and neurosurgical research.
- **The Jackson Laboratory (Bar Harbor)** was awarded \$4,700,000 to expand the Laboratory's product delivery pipeline. The Jackson Laboratory's approximately 1,400 employees carry out genetic research to advance human health.

MTI announced a second Request for Applications in October 2008 and reviewed 49 applications seeking over \$104 million. Sixteen awards were announced on June 8, 2009 to the teams that received the highest scores (Appendix I). The following are two Round Two awardees:

- **Bigelow Center for Blue Biotechnology (Boothbay Harbor)** was awarded \$4,453,971 to establish a center for discovery of new technologies that harness the potential of the ocean's microbial ecosystems. This will lead to patents, intellectual



property licensing, product development, and creation of startup companies. MTAF funds are expected to attract approximately \$34 million in new funds to Maine over the next five years and bring a portfolio of quality jobs to this rural mid-coast region.

- **The University of Maine Process Development Center (PDC) at the University of Maine (Orono)** was awarded \$1,083,197 to update and modernize the pulp and paper pilot equipment located on its Orono campus. The PDC's collaboration with Maine's forest products industry will help introduce new products, reduce manufacturing costs, and improve production efficiencies at facilities throughout Maine and North America.

The approximately \$50 million in MTAF awards, once all are executed, will leverage over \$70 million of matching investment in these cutting edge technology projects across Maine.

In addition to the MTAF program, MTI continues to administer two previous bond-funded programs that target Maine's biomedical and marine research institutions.

### **Maine Biomedical Research Fund**

MTI administers the Maine Biomedical Research Fund, which supports biomedical research in Maine and is financed by State bonds (as well as General Funds in its early years) and is governed by the Maine Biomedical Research Board. Since its inception, the State has approved \$42.5 million for the Fund and these funds have been awarded by the Maine Biomedical Research Board for biomedical research projects that typically extend over several years.

During the fiscal year, no new funds were appropriated by the State for this program and no new awards were made by the program. MTI continued to make payments and monitor previous awards to six organizations from Biddeford to Bar Harbor that are carrying out biomedical research. These organizations include the Foundation for Blood Research, Jackson Laboratory, Maine Institute for Human Genetics and Health, Maine Medical Center, Mt. Desert Island Biological Laboratory and the University of New England.

During FY09, MTI disbursed \$3.44 million to this Fund's awardees for projects that had been approved in previous fiscal years. These funds continued projects, such as expansion of computational science and information technology infrastructure at The Jackson Laboratory, and continued development of the Maine Center for Clinical Epidemiology at the Foundation for Blood Research.

### **Maine Marine Research Fund**

The Maine Marine Research Fund was created to support marine research and boost employment in Maine through investment in eligible Maine non-profit institutions, state government and quasi-governmental agencies and academic institutions. The Fund is governed and administered by the MTI Board of Directors. Similar to the Maine Biomedical Research Fund, there were no new funds appropriated by the State for this

program in the FY09 and no new awards were made by the program. In FY09, MTI disbursed over \$500,000 to this Fund's award recipients as they achieved their project milestones. These funds continued projects such as a Marine Imaging Center at Mount Desert Island Biological Laboratory, and equipping the Maine Aquatic Animal Health Laboratory at the University of Maine for use by researchers and industrial partners.

## **Sector-Specific Assistance: The North Star Alliance Initiative**

From time to time, MTI has the opportunity to focus additional support on a particular sector. During the 2009 fiscal year, MTI continued to administer funds to companies in the composites and boatbuilding sectors as part of the North Star Alliance initiative.

MTI is one of the participating agencies in the North Star Alliance, an initiative funded by a \$15 million United States Department of Labor (US DOL) Workforce Innovation and Economic Development (WIRED) grant to the State of Maine. The North Star Alliance aims to grow Maine's boatbuilding, composite manufacturing and related marine-trade industries, emphasizing job creation in high-growth, high-skill occupations.

As part of this program, the Maine Department of Community and Economic Development contracted with MTI to administer approximately \$1,400,000. The goal of this funding is to enable Maine's innovative companies in these industries to boost their competitiveness and create quality jobs for Maine people. Fifteen percent of the funding goes to MTI to cover administration and outreach by MTI staff. During this fiscal year, the MTI Board approved funds for the University of Maine's Advanced Engineered Wood Composites Center for activities that advance quality employment in the composites sector in Maine by expanding that industry into the rapidly-growing wind energy sector.

## **Effective Partnerships**

### **University of Maine System**

Active collaboration between the University of Maine System and MTI continued in FY09. MTI approved three Seed Grants, one Cluster Initiative Award and ten MTAF awards to University of Maine projects, in Orono, Franklin and Presque Isle during the fiscal year. Moreover, the University of Maine was involved with 47 of MTI's 142 awards approved during FY09. Involvement ranged from being the award recipient, a subcontractor, providing incubator support, commercialization support of UM technology, technology licensing, and business development support. In addition, Jake Ward, the University of Maine's Assistant Vice President for Research, Economic Development and Governmental Relations served on the MTI Board (as the University Chancellor's designate) and as MTI's Board Secretary.

## **Maine's Technology Development Centers**

MTI funding is critical to the start-up technology companies that receive assistance through Maine's incubators, called Technology Centers. Most of the companies that are either located at the Centers as tenants or avail themselves of support and counseling from the Centers are very early stage companies that are still in the research and development phase as they move towards commercialization. MTI funding is critical to their survival as they are still too early for angel or venture capital investment and far from being "bankable".

In FY09, MTI continued its relationships with these Centers. Two out of three of the Center directors served on MTI technology boards and thereby participated in MTI award review processes. In addition, the Centers provided facilities for MTI's workshops and seminars and promoted MTI programs to their clients. As noted above, MTI funded the development of a pilot entrepreneurship development program, called "Top Gun", implemented by the Maine Center for Enterprise Development and involving twelve companies and some two dozen volunteer industry mentors.

In the case of the Target Technology Center in Orono, MTI funding has been critical to moving affiliated companies and technologies forward either to the point of successful commercialization or to the point that their companies become attractive to other, later stage investors. During FY09, Target Technology Center staff assisted companies to prepare successful proposals for MTI funding, including Carsten Steenberg/Power House Dynamics, Market My Menu, Professor Senthil Vel, and Zeomatrix.

Finally, during FY09 the Maine Aquaculture Innovation Center (MAIC) provided support to a number of MTI funded aquaculture companies, including Great Bay Aquaculture and Sea and Reef. In addition, MAIC won two MTAF awards that are improving infrastructure in its Franklin and Walpole facilities and expanding the capacity of the Center to incubate and grow commercial aquaculture production in Maine.

## **Maine International Trade Center**

Export markets are an increasingly important source of customers for Maine technology companies. MTI and the Maine International Trade Center (MITC) partnered for a third year to offer MTI Development Award companies one year of free membership to the Trade Center so that they can access the Center's export assistance services and be more likely to position their technologies for export. As part of our collaboration, MTI staff annually make at least one presentation to MITC members, to make sure that they are familiar with MTI programs, and MTI and MITC staff meet each year to explore new avenues for joint work.

## **Maine Manufacturing Extension Partnership (Maine MEP)**

In the period July 2008 through June 2009, based on an independent economic impact survey conducted by the National Institute of Standards and Technology for Maine

Manufacturing Extension Partnership (MEP) projects with 56 Maine manufacturers, 17 MTI awardees out of the group reported that they:

- Saved: \$ 1.4M
- Increased or Retained Sales by: \$14.9M
- Invested: \$ 2.9M
- Created or Retained Jobs by: 180

To achieve the above reported impacts and return on investment rate by Maine manufacturers, Maine MEP engages with MTI clients for follow-on technical assistance projects. Maine MEP projects with MTI recipients concentrated on quality management systems audits, lean manufacturing training and implementations, facility layouts, and workforce development, accounting for hundreds of hours of focused training and consulting services.

According to Maine MEP records, Maine MEP also contributed over 280 staff hours during this period to promote MTI programs to Maine manufacturers and to introduce MEP services to MTI awardees.

Through the MTI supported “Quick Start Program to Accelerate Growth for Maine Manufacturers”, Maine MEP in partnership with the University of Maine’s Foster Innovation Center trained 41 manufacturers and entrepreneurs in a series of workshops from Eureka! Ranch on profitable growth concepts. This program with its product and process commercialization training to small and medium-sized manufacturers in Maine was part of the foundation for Maine’s Innovation Marketplace website.

### **Small Business Development Center (SBDC)**

MTI and the Small Business Development Center have worked collaboratively together since MTI’s founding. Six years ago, MTI became a founding funder of the SBDC’s Small Business Technology Development Center (SBTDC), an effort that began with a business counselor specifically dedicated to counseling technology-intensive companies in Maine who was hosted at the MTI office. Over time, the program goals, strategy and staffing of each organization evolved, and in FY09, after the SBTDC director resigned from the SBDC, the MTI Board voted to discontinue its financial support for the SBDC. SBDC counselors continue to counsel MTI funded companies as well as other technology intensive companies across Maine.

The Maine SBDC’s technology center director was hosted at MTI through December 2008. According to Maine SBDC data, SBDC counselors counseled 104 MTI-funded companies and organizations during the fiscal year.

### **Small Enterprise Growth Fund**

MTI continued a close and mutually supportive relationship with the State-sponsored venture capital fund, the Small Enterprise Growth Fund (SEGF). The director of the

Office of Innovation sits on both the MTI and SEGF boards, providing an important link between MTI funding assistance and the equity investments made by SEGF. MTI and SEGF also worked collaboratively to educate Maine entrepreneurs about sources of capital in Maine, including meeting with companies together and making joint presentations in a variety of events. The two organizations also collaborated closely on the development and implementation of the aforementioned MCED Top Gun program. Finally, nine out of the current 23 SEGF portfolio companies have secured financing and other assistance from MTI. This confirms that MTI is helping to build a pipeline of companies ready for equity financing here in Maine.

### **Maine Procurement Technical Assistance Center (PTAC)**

Maine PTAC helps Maine companies secure contracts with government agencies at the federal, state and local levels. Maine PTAC fulfills its Federal mandate to support the Federal SBIR program by partnering with MTI. MTI's SBIR program expenses provided approximately \$114,328 of in-kind match funding for Maine PTAC's Federal procurement assistance program in FY09.

### **Maine Patent Program**

In FY09, MTI continued to fund intellectual property-related activities as part of its awards to Maine companies. This work is only funded after companies have received advice from the Maine Patent Program or intellectual property lawyers that the proposed activity is merited. According to data collected for the State's Comprehensive R&D Evaluation, the Maine Patent Program counseled 109 companies during FY09 that had previously received MTI support. Furthermore, MPP staff and MTI staff meet periodically to provide each other with program updates and to discuss opportunities for further collaboration.

### **Private Capital Sources**

To help boost access of MTI-funded companies to follow-on funding from private venture capital sources as well, MTI maintained close relationships with many of the venture capital funds and investors in the state and region. The MTI president serves as a member of the Maine Investment Exchange (MIX) Advisory Committee, and in that role helps introduce Maine's technology-intensive companies to early stage equity investors. MTI strengthened its partnership with the Maine Angel Network this year, organizing two joint events to introduce MTI-funded companies to Maine angel investors. Finally, two of MTI's Board of Directors represent the finance sector and include a venture capitalist and a banker. They advise MTI on how the organization can best help Maine companies secure private capital to fund the commercialization of new technologies.

The MTI president and staff network informally on a regular basis with organizations and groups that are potential capital sources, such as the Small Enterprise Growth Fund, the Finance Authority of Maine, Coastal Enterprises, Inc., other early-stage venture funds in the State, as well as the Maine Angel Network and individual investors.

## Outreach

It is important that all MTI programs be available and accessible to all eligible entrepreneurs and businesses throughout the State of Maine. In the past year, MTI promoted its programs in a variety of ways, including:

- MTI prepared **statewide press releases** and **worked closely with media outlets** in an effort to promote its programs, program milestones, and to highlight companies who received MTI funding. MTI sent statewide press releases after each round of awards and to announce new programs.
- MTI sent its **bi-monthly e-NEWS** to nearly 1,800 individuals, companies and organizations with award deadlines, workshops and seminars, announcements of relevance to the targeted industry sectors and notices of MTI award recipients in the news.
- MTI continues to highlight the technologies brought to market by MTI funded companies and the employment impact that these companies are having in their communities through its **newsletter, The Innovator**. In addition to MTI award recipients, the newsletter is sent to Maine's legislators, small businesses, economic service providers, state and Federal officials, and various trade associations around the state.
- MTI conducts **workshops about how to apply for its programs** and makes **presentations about the importance of innovation to the Maine economy**. Publicized in the press and through the economic development community, these educate the public and help entrepreneurs develop competitive applications and proposals for MTI funding.
- MTI's **website, [www.mainetechnology.org](http://www.mainetechnology.org)**, is updated frequently with all of the information and documents necessary to apply for funding, the latest MTI news and deadlines, MTI recipients in the news, a calendar of events, and business resources with lists of partners and a directory of professionals, among others.
- MTI attendance, sponsorship or presentations at sector-related events continued to increase. In the past year MTI participated in events of or provided support to the following:
  - Biotech Association of Maine
  - Coastal Enterprises, Inc.
  - E2Tech Council
  - Eastern Maine Development Corporation
  - Economic Development Council of Maine
  - Environmental and Energy Council of Maine
  - Finance Authority of Maine
  - Governor's Economic Development Efficiency Working Group
  - GrowSmart Maine
  - Joint Standing Committee on Agriculture, Conservation, and Forestry
  - Juice: Powering the Creative Economy

- Maine Angel Network
- Maine Aquaculture Association
- Maine Association of Nonprofits
- Maine Association of Professional Consultants
- Maine Center for Enterprise Development
- Maine CreativeShare
- Maine Development Foundation
- Maine Innovation Economic Advisory Board
- Maine International Trade Center
- Maine Investment Exchange (MIX) Forum
- Maine Manufacturing Extension Partnership
- Maine Procurement Technical Assistance Center
- Maine Patent Program
- Maine Philanthropy Center
- Maine Public Utilities Commission
- Maine Small Business Development Center
- Maine Service Center Coalition
- Maine State Economic Delivery System Working Group
- Manufacturers Association of Maine
- Mid Coast Chamber of Commerce
- National Collegiate Inventors and Innovators Alliance
- National Governors Association
- North Star Alliance Initiative
- Ocean Energy Task Force
- Renewable Fuels Association
- Science, Technology, Engineering and Mathematics Summit and Dialogue
- Service Core Of Retired Executives (SCORE)
- Small Enterprise Growth Fund
- State Science and Technology Institute
- Tech Maine, formerly known as MESDA
- UMaine Center for Law and Innovation
- UMaine Target Technology Center

MTI's **Annual MIXER** brings together Maine's technology entrepreneurs, investors, state and Federal policy makers, economic development assistance providers, state and regional press, MTI partners and others interested in technology-based business development in Maine. On September 30, 2008, over 300 people were welcomed to the MTI MIXER in Orono by MTI President Betsy Biemann for networking and to view MTI-funded technologies.

## **Impact and Accountability**

All MTI-funded award recipients are required to submit information annually to the State's evaluator for its Comprehensive Research and Development Evaluation for five years following a project's completion. The compiled data are independently evaluated to



determine the impact of MTI' programs as well as other publicly funded innovation programs on Maine's economy.

Data from awards ending between July 1, 2006 and June 30, 2008 were analyzed by the Center for Business and Economic Research at the University of Southern Maine led by Dr. Charles Colgan. These results were then presented to the Joint Standing Committee on Business, Research and Economic Development in January of 2009.

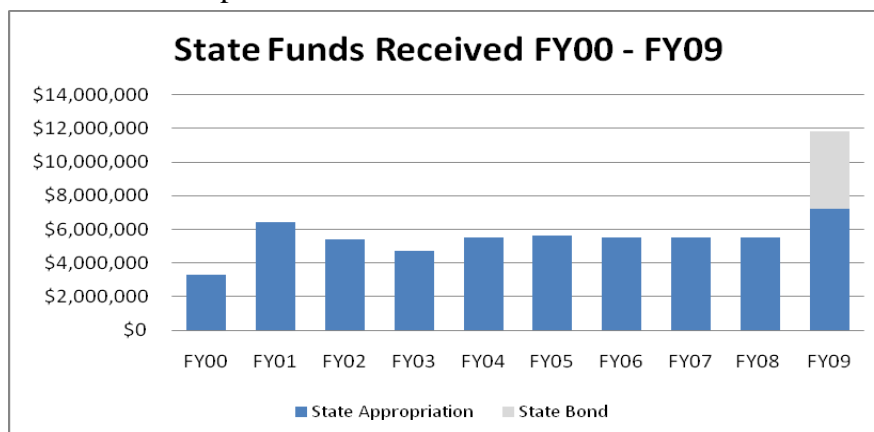
Highlights of the evaluation included the following:

- "MTI projects closing in 2007 and 2008 yielded \$14.27 for every \$1.00 of MTI funds, up from \$12.00 in 2002-2006."
- "Research is an inherently risky activity, but MTI-funded companies have had a high rate of success."
- "The number of new products resulting from MTI research that are on sale at the time of survey has been at a consistently high level over the last three years."
- "MTI research projects continue to generate a high level of successful efforts to secure intellectual property protection in the form of patents, trademarks, and registered trade secrets."
- "Almost [four out of five] MTI companies reported stable or growing employment from year to year."
- "MTI is ...the organization whose assistance is most frequently cited as "critically important" by those who use it."

The complete MTI evaluation report is posted at [www.mainetechnology.org](http://www.mainetechnology.org). The data from the surveys of MTI award recipients are also included in the State's comprehensive R&D evaluation report, which can be found at [www.maineinnovation.com](http://www.maineinnovation.com).

## FINANCES

MTI is funded through an appropriation to the Department of Economic and Community Development (DECD), and is limited by statute to using no more than 7% of the appropriated funds for its operations.



Financial highlights of FY09 include the following:

- MTI received \$7,195,884 from a State appropriation through the Department of Economic and Community Development for general programs and \$4,584,400 of the \$50,000,000 of State bond funds for research, development and commercialization via the Maine Technology Asset Fund (MTAF).
- MTI approved for funding 142 projects totaling just over \$56.6 million, an increase of approximately \$49.6 million in approved awards over the previous year. \$50 million in awards were approved this year under the MTAF Program and other award approvals decreased slightly, from \$7 million to \$ 6.6 million.
- MTI disbursed nearly \$9,888,500 according to agreed-upon project award milestones, \$4.6 million more than in the previous fiscal year, which reflects an increase in disbursements for core program awards as well as the initial MTAF disbursements.
- MTI's outstanding commitments for its core awards comprise just under \$6.3 million, including approximately \$4.3 million in approved awards with unexecuted contracts as of June 30, 2009. Commitments under the North Star Alliance project were \$612,037, including an approved but not yet executed award in the amount of \$240,000. MTAF outstanding commitments total just over \$45.7 million, including approximately \$26.2 million in approved awards with unexecuted contracts subject to specific conditions as of June 30, 2009.
- MTI received \$871,221 in Development Award repayments, over \$700,000 more than in fiscal year 2008.
- MTI received \$395,332 as a contractor to the Department of Economic and Community Development for the Federally-funded North Star Alliance project aiming to boost employment in the composite technologies and boatbuilding sectors. \$356,188 of this amount was paid out for awards and \$39,144 represents MTI's contract management fee.
- \$329,739 was realized from interest, a decrease of approximately \$179,000 compared to the previous year, primarily due to declining interest rates.
- The bonds that funded the Maine Technology Asset Fund were approved by Maine voters in November 2007. MTI received General Funds of \$568,200 in FY09 to continue its administration of two competitive rounds of applications to the MTAF program, in partnership with the American Association for the Advancement of Science. \$223,615 was carried over from the FY08 allocation. \$464,037 was expended in FY09, leaving \$327,777 to cover MTI's ongoing monitoring and administration costs of the \$50 million in MTAF awards approved during FY09. This monitoring obligation will extend for five years.
- The Legislature had previously approved \$2.28 million in new funding for a cluster innovation program, which was launched by MTI in FY09. MTI took on increased staffing and outreach costs related to this new program beginning in the middle of FY08 and continuing in FY09.
- FY09 administrative and operating costs were approximately \$1,295,000, a 9% increase over the previous year. This increase included \$464,037 in operating costs

associated with the aforementioned Maine Technology Asset Fund (funded by a special legislative appropriation) and also costs to manage the expanded Cluster Initiative Program. All operating expenses other than the costs to monitor and administer the Maine Technology Asset Fund are paid by interest earnings plus 7% of the State appropriation and 7% of development award repayments.

- In December of FY09, MTI's State appropriation was curtailed by \$454,079, which the MTI Board agreed to manage by using MTI's unrestricted reserves to fund administration, thereby preserving 100% of the State's appropriation for programs during the fiscal year.

For detailed audited financial information for FY09, see Appendix J.

## **Looking Ahead: A Plan To Guide MTI Into Its Second Decade**

In early 2009, MTI's Board recognized that the context for the organization was changing and it was time to develop a new strategic plan. The national economy had descended into the worst recession since the Great Depression, the field of technology-based economic development had evolved, and a new administration in Washington appeared to be calling for a greater focus on innovation and entrepreneurship.

The context for MTI's work was also changing at the State level. Budgets were under pressure; MTI had already had its State appropriation curtailed and further State budget reductions appeared inevitable. Furthermore, the Office of Innovation and the Maine Innovation Economy Advisory Board were beginning to draft a new five year plan guiding Maine's research and development investments. Organizationally, MTI had largely completed its most recent (2006) three-year strategic plan as well as launched several major programs not anticipated in that plan, and had several more years of lessons learned to contribute to its continuous improvement.

Consequently, in the early spring MTI launched a nine-month strategic planning process that aimed to take stock of its accomplishments to date, get feedback from selected stakeholders, incorporate the lessons learned from MTI's peers in other states, identify strategic priorities for the next three-five years, and chart its course forward. The resulting strategic plan, to be completed in FY10, will include a renewed vision and interpretation of MTI's purpose (which is set in statute), strategic priorities for MTI's programs and management, and a two-year operating plan to guide the Institute's work into the future. As Maine enters more challenging financial times, this plan will ensure that MTI's continues to help Maine's existing companies remain competitive and nurtures a new generation of technology intensive companies across the State.

# Appendices

| <p style="text-align: center;"><b>Maine Technology Institute</b><br/> <b>Board of Directors</b><br/> <b>FY09</b></p> |                   |                                |  |
|--|-------------------|--------------------------------|--|
| <b>Member</b>  | <b>Term Ends*</b> | <b>Affiliation</b>             | <b>Sector or Organization</b>                    |
| Timothy Agnew<br>Chair   | 2009              | Masthead Venture Partners      | Financial  |
| Ken Priest<br>Vice Chair 2008  | 2008              | Kenway Corporation             | Composites                                       |
| David Daigler<br>Treasurer   | S                 | Maine Community College System | Maine Community College System                   |
| Jake Ward<br>Secretary   | S                 | University of Maine, Orono     | University of Maine System                       |
| Peter Cowin<br>(resigned Spring 09)  | 2010              | BioEdge Fishing Products       | Aquaculture and Marine                           |
| Jim Detert   | 2009              | Rynel, Inc.                    | Precision Manufacturing                          |
| Steven Hand  | 2010              | Know Technology                | Information                                      |
| Sue Inches   | S, NV             | State Planning Office          | State of Maine                                   |
| Cathy McKelway   | 2008              |                                | Financial  |
| Karen Gordon Mills<br>(resigned Spring 09)   | 2010              | MMP Group, Inc.                | Financial  |
| Catherine Renault  | S                 | Office of Innovation           | Department of Economic and Community Development |
| Jane Sheehan   | 2009              | Foundation for Blood Research  | Biotechnology                                    |
| Peter Triandafillou  | 2008              | Huber Resources Corporation    | Forestry and Agriculture                         |
| Paul Turina<br>Vice Chair 2008   | 2010              | Consultant                     | Environmental                                    |
| David Erb  | 2011              | Textech Industries, Inc.       | Composites                                       |
| Tim Nightingale  | 2011              | Camden National Bank           | Financial  |
| Betsy Biemann<br>President   | S, NV             |                                | Maine Technology Institute                       |

S = Serves as the designee of their organization  
NV = Nonvoting

\*MTI Board members serve three year terms and can serve for up to two consecutive terms. Terms typically end in September of the year noted.

| <p>Maine Technology Institute</p> <p><b>Technology Boards</b></p> <p><b>FY09</b></p> |  |
|--|--|
| <b>Member</b>  | <b>Affiliation</b>                           |
| <b><i>Aquaculture &amp; Marine</i></b>   |  |
| Dr. John Annala  | Gulf of Maine Research Institute             |
| Nick Brown   | Center for Cooperative Aquaculture Research  |
| Philip Conkling  | Island Institute                             |
| Hugh S. Cowperthwaite  | Coastal Enterprises, Inc.                    |
| Chris Davis  | Maine Aquaculture Innovation Center          |
| Michael Devin  | Devin Consulting                             |
| Paul Dobbins   | Consultant                                   |
| Steve Jury   | MariCal, Inc.                                |
| Ike Levine   | Biological Services, Inc.                    |
| Pat Pinto  | Saltwater Marketing                          |
| Louis Sage   | Consultant                                   |
| Jim Salisbury  | Consultant                                   |
| Jere Shaw, Chair   | Evergreen Credit Union                       |
| <b><i>Biotechnology</i></b>  |  |
| Brian Connelly   | Faber, Daeufer and Rosenberg PC              |
| Linda Diou   | Meridian Life Science                        |
| Clyde Dyar   | Teague Biotech Center of Maine               |
| Joan Gordon  | Maine Molecular Quality Controls, Inc.       |
| Karin Gregory  | Furman Gregory Hahn, LLC                     |
| Pam Gustin   | Toxicon                                      |
| William Harris   | MariCal, Inc.                                |
| Jane K. Havey  | Capricorn Products, Inc.                     |
| Douglas McAllister   | ViroStat                                     |
| Ed Mamenta   | Consultant                                   |
| Charles Micoeau  | Curtis Thaxter Stevens Broder & Micoeau, LLC |
| Ah-Kau Ng  | University of Southern Maine                 |
| Christopher Speh   | TwoLights Insights Co.                       |
| Calvin Vary, Chair   | Maine Medical Center Research Institute      |
| William Worden   | Pierce Atwood                                |
| Janet Yancey-Wrona   | Aiko Biotechnology                           |

| <b><i>Composite Materials</i></b>        |   |
|--|---|
| Jay Brown                                | Bath Technical Services                             |
| Robert Carr                              | Applied Therman Sciences, Inc.                      |
| Andre Cocquyt                            | ACSM, Inc.  |
| Gordon Davis                             | Gordon Davis Associates                             |
| Stan Farrell                             | Tex Tech Industries                                 |
| Erik Grimnes                             | Harbor Technologies, Inc.                           |
| Martin Grimnes                           | Harbor Technologies, Inc.                           |
| Martin Grohman                           | Correct Building Products                           |
| Steve Hassett                            | Custom Composite Technologies                       |
| David Jansen                             | Consultant  |
| Steve Levesque                           | Midcoast Regional Redevelopment Authority           |
| Robert Lindyberg, Chair                  | UMaine Advanced Engineered Wood Composites Center   |
| Debra Mattson                            | Maine Advanced Technology Center                    |
| Dale Peabody                             | Maine Department of Transportation                  |
| Ken Priest                               | Kenway Corporation                                  |
| Steve Schaefer                           | Consultant  |
| Steve VonVogt                            | Maine Marine Composites                             |
| <b><i>Environmental Technology</i></b>   |   |
| John Adelman                             | Commercial Paving and Recycling Company             |
| Jim Atwell                               | Sevee & Maher Engineers, Inc.                       |
| Ronald Dyer                              | Nestlé Waters North America/Poland Spring Water     |
| Amos Eno                                 | Resources First                                     |
| John Ferland                             | ORPC Maine, Inc.                                    |
| John Fox, Vice Chair                     | Consultant  |
| Peter Ingraham                           | First Wind  |
| John Logan                               | Water Energy Distributors, Inc.                     |
| Kwabena Osei                             | Hydro International                                 |
| Patrick Scanlon                          | Preti Flaherty Beliveau and Pachios                 |
| Michael Stoddard                         | Environment Northeast                               |
| Bill Warren, Chair                       | Katahdin Analytical Services                        |
| Timothy Vrabel                           | Maine Public Utilities Commission                   |
| <b><i>Forestry &amp; Agriculture</i></b> |   |
| Bill Blaiklock                           | Woodcock Farm                                       |
| Richard Dorey                            | Consultant  |
| Cal Hancock                              | Hancock Gourmet Lobster company                     |
| Eric Kingsley                            | Innovative Natural Resource Solutions, LLC          |
| Thom Labrie                              | Auburn Enterprises, LLC                             |
| John Manoush, Chair                      | Manoush Associates                                  |
| Ed Nickerson                             | Loring Applied Technology Center                    |
| Melissa Norton                           |   |
| Robert Phillips                          | Maine Wild Blueberry/Cherryfield Foods              |
| Pat Rice                                 | Maine Procurement Technical Assistance Center       |
| Denise Skonberg                          | UMaine Department of Food Science & Human Nutrition |



| <b><i>Information Technology</i></b>             |  |
|--|--|
| John Brown                                       | AeroHydro, Inc.  |
| Bill Davis                                       | Mass Integrated Systems Tops Electronics                 |
| Charlene Hamiwka                                 | Consultant   |
| Kirk Hill  | Idexx Laboratories                                       |
| Jeff Honeycomb                                   | Consultant   |
| Stephen Howard                                   | Howard Associates  |
| Dana Hutchins                                    | Image Works  |
| Jerry King                                       | Consultant   |
| Scott Knoll                                      | North Atlantic Capital                                   |
| Tom Lovering                                     | Portland Webworks, Inc.                                  |
| Patrick Martin                                   | Consultant   |
| Peter Murray                                     | Quantrix   |
| Debbie Neuman                                    | Target Technology Center                                 |
| Eric Page  | Data Domain  |
| David Rubenstein                                 | Maine Aerospace Consulting                               |
| Michael Shattow                                  | Consultant   |
| Greg Schueman                                    | Edward Jones   |
| Scott Stefanski                                  | Bazaar Strategies  |
| David Stone                                      | CashStar   |
| Robert Waeldner                                  | Law Office of Robert Waeldner                            |
| <b><i>Precision Manufacturing Technology</i></b> |  |
| Todd Bachelder                                   | Duratherm Windows  |
| Walter Butler                                    | New England Castings                                     |
| Jennine Cannizzo                                 |  |
| David Clark                                      | Bath Iron Works  |
| Bruce Drouin                                     | Consultant   |
| John Grondin                                     | Prescott Metal   |
| Daniel Huber                                     | Consultant   |
| Adam Jones                                       | Shively Labs   |
| Lisa G. Martin, Chair                            | Manufacturers Association of Maine                       |
| Thomas Maurey                                    | Nichols Portland   |
| Norman MacIntyre                                 | MacIntyre Consulting                                     |
| James Olson                                      | Citi Smith Barney  |
| Dennis Rogers                                    | Proctor & Gamble   |
| Bruce Segee                                      | UMaine Department of Electrical and Computer Engineering |
| Thomas West                                      | Limerick Machine, LLC                                    |

## **MTI Staff Biographies**

### **Betsy Biemann, President**

In January of 2005, Betsy Biemann was appointed by Governor John Baldacci to head the Maine Technology Institute. The Institute's purpose is to support entrepreneurs in the State's seven targeted technology sectors to bring innovations to market and create jobs for Maine residents. She serves on the Maine Innovation Economy Advisory Board, the CEI Community Ventures, Inc., Board, the Maine Investment Exchange Advisory Board and the Board of the Maine Philanthropy Center.

Betsy joined the Maine Technology Institute after serving as an associate director at the Rockefeller Foundation in New York City. There she led the Foundation's program expanding access to skills training and employment in the United States. She also oversaw Rockefeller's equity investments in community development venture capital funds and below-market loans to social enterprises that furthered the program's goals. Betsy joined Rockefeller's staff in 1996, after working in the field of international development for 10 years, principally in Africa and Latin America. Her prior experience included work as a program officer with the Synergos Institute and consultancies with the World Bank, UNICEF and other foundations and non-profit organizations.

Betsy earned a bachelor's degree in biology and the history of science from Harvard University, a master's degree in public policy from Princeton University and certificates from the National Venture Capital Association's Venture Capital Institute and Stanford Business School. She lives in Brunswick with her husband, Sean Callahan, and two children.

### **Linda Adams, Program Assistant**

Linda joined MTI as the program assistant in June 2006. Prior to joining MTI, Linda accumulated over 20 years of combined experience as an executive/administrative/legal assistant in New Hampshire and Maine. She provides administrative and facilitative support during the application and review processes for the Seed Grant, Development Award and Cluster Enhancement programs.

Linda graduated from Plymouth State College in 1972 with a bachelor of science degree in music education and has completed additional coursework in human resource management, micro economics and financial accounting at the University of New Hampshire.

### **Shane Beckim, Seed Grant Specialist**

Shane joined MTI in March of 2004 and is primarily responsible for managing the Seed Grant program, but he also manages MTI's IT needs and database platform. Shane has over 10 years of experience with accounting management and program assistance. While he continues working toward a degree in business management through the University of Maine, he is also a dedicated board member and coach for various youth sports program in the Augusta area, where he lives with his wife and children.

### **Roger Brooks, Manager Commercialization and Cluster Support**

Roger joined MTI in February 2008 and is responsible for Cluster Enhancement Awards and activities to advance commercialization success among MTI awardees. Prior to joining MTI, Roger spent more than 25 years with a variety of technology companies, including serving as CEO of Intelligent Controls, Saco, Maine, and President of Dynisco, Inc., Sharon, Mass. He serves on several small business boards and as lead director of Moldflow Corporation (MFLO), a provider of CAE software to the plastic injection molding industry. His experience also includes private equity. He is a member of the Maine Angels network.

Roger holds an undergraduate degree in economics and government from the University of Connecticut and a masters degree in business administration from the New York University Stern School of Business. He lives in Cumberland with his wife, Elizabeth, and an assortment of farm animals and house pets. They have four grown children and five grandchildren.

### **Elizabeth Crabtree, Manager, Maine Technology Asset Fund (until February, 2009)**

Elizabeth manages for the Maine Technology Asset Fund. She joined MTI in October 2001 and managed MTI's Seed Grant program until February 2008. In addition to the Maine Technology Asset Fund, she also manages other bond funds and MTI's annual impact evaluation.

Elizabeth graduated from the University of Maine at Orono with a bachelor of science degree in mechanical engineering technology. A Maine native, Elizabeth spent 16 years with Central Maine Power Company, where she focused on customer service, energy management, market research and sales. She lives in the midcoast area with her husband, Richard.

### **Jessica Gogan, Development Award Specialist**

Jessie joined MTI in April of 2008 to administer the development award program. She has a background in program management and event coordination in the non-profit sector.

Jessie graduated from the University of Maine at Augusta with a bachelor of science degree in business management. She and her husband, Derek, live in Windsor and have two pets.

### **Marilyn Gondek, Finance and Administration Manager**

Marilyn joined MTI in July of 2007 after seven years as executive vice president, finance and administration, at the Institute for Global Ethics. Prior to that, she was manager of financial policy and procedure development at Yale University, where she had also been business manager of the School of Drama and had taught graduate classes in theater management.

She holds a bachelor's degree from Bowdoin College, a master's degree from Harvard University, and studied accounting and auditing at Quinnipiac University. Marilyn is a native of Bingham, Maine. She serves on the board of the Old Canada Road Historical Society and on the finance committee of the Topsham Public Library. She and her husband, Richard, live in Topsham and Bingham, and have two grown children.

### **Joseph Migliaccio, Manager, Business Innovation Programs**

Joe joined MTI in 2000 and is the manager of the business innovation team, which covers the seed grant, development award, accelerated commercialization fund and Phase 0 programs.

Involved with the small business "family" throughout his life, he has also worked in commercial shellfish harvesting and testing while earning his undergraduate degree. He has formal and practical training in immunology and bioassay development. During 10 years at IDEXX Laboratories in Westbrook, Maine, he worked as an assay development project leader in veterinary R&D, a supervisor of global technical product support and product manager of a multi-million dollar product line of tests with primary responsibility for product-line strategy, customer satisfaction and achievement of revenue goals.

Joe attended the University of Maine and the University of Southern Maine and holds a bachelor's degree in biology and a master's degree in business administration from Southern New Hampshire University. He, his wife and two daughters live in Freeport, where they own a small business and he serves on the town council.

### **Hal Norvell, Communications Specialist (until February, 2009)**

Hal joined MTI in October 2007. Before moving to Maine to enjoy its quality of life, Hal worked for 28 years at AARP, Washington, DC, where he was a relationship manager for national accounts and a program manager in member travel benefits and services. Responsibilities included marketing, Internet marketing, communications, member benefit and program development, public relations and event management.

He holds a bachelor's degree from the College of Charleston and a master's degree from the University of North Carolina, Chapel Hill, where he completed courses and exams for a doctorate in French, Spanish, and Radio, Television, and Motion Picture Production. While he has also studied and worked in France, Germany, and Spain, he prefers life in Gardiner and Maine.

### **Andrea Phillips, Office Manager**

Andrea joined MTI in March 2004 as a temp, was hired full time in August 2004 and was promoted to office manager in October 2005. Her responsibilities include administrative support to the president and staff, coordinating meetings, supporting the bookkeeper, and assisting the staff with the proposal review process.

Andrea has attended classes at the University of New Hampshire in Durham and Rivier College in Nashua. She has an extensive background in office administration with 24 years at Lockheed Martin, Alpha One, Center for Independent Living, and Goodwill Industries of Northern New England. She grew up in Salem, New Hampshire, and lived and worked in the area for over 14 years before moving to her current residence in Windsor with her husband, Lambros, and daughter, Amy.

### **Patti Sutter, Program Assistant**

Patti joined MTI as the program assistant for the Maine Technology Asset Fund and other bond funds in February 2008. She had worked in similar capacities for the Maine Nutrition Network, Muskie School of Public Service (USM) and the University of Maine at Augusta.

Patti earned an associate of arts degree in liberal studies from the University of Maine at Augusta and is currently enrolled in its baccalaureate program for liberal studies. She resides in West Gardiner.

Maine Technology Institute  
Seed Grant Recipients FY09

| Company Name                      | Proposal Name                                      | Sector   | City             | County       | Original Award Amount | Match Amount |
|-----------------------------------|--|--|------------------|--------------|-----------------------|--------------|
| Artel Inc                         | Find New Market Size and Required Design Features  | Precision Manufacturing Technology               | Westbrook        | Cumberland   | \$12,500.00           | \$5,078.00   |
| Auburn Enterprises LLC            | Prototyping of Curved SIP Panel Casting Technology | Composite Materials Technology                   | Greene           | Androscoggin | \$11,600.00           | \$19,515.00  |
| The Evolution Company Inc         | Prototype Dual Counter Rotating Propeller Shaft    | Precision Manufacturing Technology               | Rockland         | Knox         | \$12,500.00           | \$13,381.00  |
| Life Story Commons                | Life Story Commons                                 | Information Technology                           | Scarborough      | Cumberland   | \$11,000.00           | \$13,355.00  |
| New England Rare Reagents         | Reagent Development for MRSA                       | Biotechnology                                    | Gorham           | Cumberland   | \$12,500.00           | \$27,046.00  |
| SJV Trailers Inc                  | U.L. Testing For Wood Gasification Boilers         | Precision Manufacturing Technology               | Fort Kent        | Aroostook    | \$8,705.00            | \$8,705.00   |
| AccelGolf                         | mCaddie.com  | Information Technology                           | Portland         | Cumberland   | \$12,500.00           | \$25,075.00  |
| Micro Technologies Inc            | DNA Production for Use in Photonic Devices         | Biotechnology                                    | Richmond         | Sagadahoc    | \$6,622.00            | \$6,623.00   |
| Harbor Technologies LLC           | Pumpout Station Program                            | Environmental Technology                         | Brunswick        | Cumberland   | \$12,500.00           | \$36,000.00  |
| KV Tooling Systems                | Strategic Marketing Plan for KV Tooling Systems    | Precision Manufacturing Technology               | Augusta          | Kennebec     | \$8,900.00            | \$11,136.00  |
| Flexor Energy Company             | Aeroflexor Wind Energy System                      | Environmental Technology                         | Orono            | Penobscot    | \$12,380.00           | \$18,076.00  |
| C-Link Systems Inc                | Autonomous Robotic Vehicle Omni-chassis            | Precision Manufacturing Technology               | Norway           | Oxford       | \$11,900.00           | \$13,518.00  |
| Fetch Enterprises                 | Direct Vet Meds                                    | Information Technology                           | Portland         | Cumberland   | \$12,500.00           | \$35,651.00  |
| Flagsuit LLC                      | Custom Sizing of Astronaut Gloves                  | Precision Manufacturing Technology               | Southwest Harbor | Hancock      | \$5,286.00            | \$5,286.00   |
| Zeomatrix LLC                     | Patent Application: Ceramic Membrane Technology    | Composite Materials Technology                   | Orono            | Penobscot    | \$6,000.00            | \$6,260.00   |
| Jotul North America               | Development of new Jotul C550 Fireplace Insert     | Advanced Technologies for Forestry & Agriculture | Gorham           | Cumberland   | \$12,500.00           | \$12,500.00  |
| The Little Pearl                  | Aquaculture Pilot Seed Grant - Little Pearl        | Aquaculture & Marine Technology                  | Walpole          | Lincoln      | \$12,035.00           | \$12,035.00  |
| Wood Waste Industries             | redesign prototype bricking project                | Advanced Technologies for Forestry & Agriculture | Sanford          | York         | \$12,500.00           | \$12,988.00  |
| Yetiface Software, LLC            | RMT Testing and Market Research                    | Information Technology                           | Orono            | Penobscot    | \$4,425.00            | \$7,360.00   |
| US Windblade LLC                  | Alternative Surface Coating For Wind Turbine Blade | Composite Materials Technology                   | Bath             | Cumberland   | \$11,805.00           | \$11,805.00  |
| Artascope Playworks LLC           | Beta Test of Kids Art Party products               | Information Technology                           | South Portland   | Cumberland   | \$10,180.00           | \$15,260.00  |
| Windham Millwork Inc              | Windham Millwork Maine Mystique Marine Products    | Precision Manufacturing Technology               | Windham          | Cumberland   | \$12,500.00           | \$22,587.00  |
| MainEnergy LLC                    | Business Plan for Torrifried wood pellet plant     | Advanced Technologies for Forestry & Agriculture | Scarborough      | Cumberland   | \$11,500.00           | \$12,166.00  |
| Critter Ridder LLC                | Critter Skimmer                                    | Environmental Technology                         | Cape Neddick     | York         | \$12,500.00           | \$22,572.00  |
| Local Interactive Strategies, LLC | Network to connect music artists and fans          | Information Technology                           | Cumberland       | Cumberland   | \$10,780.00           | \$24,068.00  |
| Callinectes Boatworks LLC         | Mold Development for Flexible Runabout Production  | Composite Materials Technology                   | Kennebunkport    | York         | \$12,500.00           | \$12,626.00  |
| Planet Botanicals                 | Planet Botanicals Product Development              | Advanced Technologies for Forestry & Agriculture | South Portland   | Cumberland   | \$11,225.00           | \$11,225.00  |
| Solar-Eye                         | Feasibility to manufacturer a Unique Solar Cell    | Environmental Technology                         | Sanford          | York         | \$12,500.00           | \$12,500.00  |
| PowerHouse Dynamics LLC           | PowerHouse eMonitor development                    | Information Technology                           | Blue Hill        | Hancock      | \$12,500.00           | \$41,565.00  |
| Fretz Design                      | Strech Forming Jig                                 | Precision Manufacturing Technology               | Bucksport        | Hancock      | \$12,500.00           | \$15,500.00  |
| The Montalvo Corporation          | Universal load Cell Amplifier                      | Precision Manufacturing Technology               | Gorham           | Cumberland   | \$12,500.00           | \$14,665.00  |
| OR Design Solutions LLC           | Research for Final Business Plan Completion        | Precision Manufacturing Technology               | Limerick         | York         | \$12,500.00           | \$12,500.00  |
| Purestat Technologies Inc         | Build equip to mfg a plastic bipolar electrode.    | Composite Materials Technology                   | Lewiston         | Androscoggin | \$12,500.00           | \$94,602.00  |
| Maine Renewable Energy Consortium | Technology evaluation for biofuel production       | Advanced Technologies for Forestry & Agriculture | South Portland   | Cumberland   | \$12,200.00           | \$13,788.00  |
| Zeomatrix LLC                     | Market Research- Odor-Free Compostable Packaging   | Advanced Technologies for Forestry & Agriculture | Orono            | Kennebec     | \$10,400.00           | \$12,409.00  |
| Bar Harbor Biotechnology Inc      | qPCR-based Molecular Profiling of Human Xenografts | Biotechnology                                    | Trenton          | Hancock      | \$12,228.00           | \$12,228.00  |
| AccelGolf                         | mCaddie: Golf Social Network & Mobile Applications | Information Technology                           | Portland         | Cumberland   | \$12,500.00           | \$38,850.00  |
| John A. Phinney                   | Whelk Trap Design                                  | Aquaculture & Marine Technology                  | Trescott         | Washington   | \$12,500.00           | \$14,750.00  |
| Maine Manufacturing LLC           | Tech R&D for LIF Filtered Flask                    | Precision Manufacturing Technology               | Sanford          | York         | \$12,500.00           | \$12,500.00  |
| Abbott Engineering                | Water Supply Source Detection Device               | Environmental Technology                         | Durham           | Androscoggin | \$6,255.00            | \$6,605.00   |
| Sea Bags Inc                      | Sea Bags, Inc. Product Development                 | Environmental Technology                         | Portland         | Cumberland   | \$11,860.00           | \$13,580.00  |
| X Cafe LLC                        | Fuel Pellets from Coffee Bean Waste Biomass        | Environmental Technology                         | Portland         | Cumberland   | \$12,500.00           | \$14,000.00  |
| Alfred G Warner Sole Proprietor   | Elevating rolling shelf system                     | Precision Manufacturing Technology               | Biddeford        | York         | \$12,500.00           | \$12,500.00  |
| Heliotropic Technologies PA       | Concentrating solar electric collector system      | Environmental Technology                         | Boothbay Harbor  | Lincoln      | \$12,500.00           | \$19,076.00  |
| Saco River Rowing                 | R&D to Support New Composite Rowing Shell Designs  | Composite Materials Technology                   | Biddeford        | York         | \$11,060.00           | \$13,938.00  |
| Lullhaven Research LLC            | Reader for Lateral Flow Infectious Disease Tests   | Biotechnology                                    | Windham          | Cumberland   | \$12,370.00           | \$15,433.00  |
| Jotul North America               | Dev. of New Jotul Gas Fireplace w/ IPI Technology  | Precision Manufacturing Technology               | Gorham           | Cumberland   | \$12,500.00           | \$18,060.00  |
| Falcon Performance Footwear       | Manufacturing Mining Boots with RFID circuits      | Precision Manufacturing Technology               | Lewiston         | Androscoggin | \$10,000.00           | \$3,450.00   |
| AMS LLC                           | Bench to production models sticky buns/ turnovers  | Precision Manufacturing Technology               | Bath             | Sagadahoc    | \$12,500.00           | \$17,951.00  |
| Rite-Way Cleaning                 | Technology Implementation to Scour Natural Fiber   | Advanced Technologies for Forestry & Agriculture | Waldoboro        | Knox         | \$7,132.00            | \$22,901.00  |
| Union River Boat Company          | Union River Boat Composite RIB                     | Composite Materials Technology                   | Bucksport        | Hancock      | \$12,500.00           | \$12,500.00  |
| Thermal Closure, LLC              | Efficient Drying Process: Patent, Market Research  | Environmental Technology                         | Gorham           | Cumberland   | \$8,750.00            | \$10,050.00  |
| The Jackson Laboratory            | Commercialization of Novel Mouse Stem Cell Lines   | Biotechnology                                    | Bar Harbor       | Hancock      | \$12,500.00           | \$14,790.00  |

Maine Technology Institute  
Seed Grant Recipients FY09

|  |  |  |                |              |                     |                       |
|--|--|--|----------------|--------------|---------------------|-----------------------|
| Auburn Manufacturing Inc   | Insulation Kit for District Energy Systems         | Composite Materials Technology                   | Mechanic Falls | Androscoggin | \$12,500.00         | \$38,380.00           |
| Fiddler's Reach LLC  | Biomass Analysis in the Blueberry Mead Process     | Advanced Technologies for Forestry & Agriculture | Bath           | Sagadahoc    | \$12,500.00         | \$16,840.00           |
| University Of Maine  | Self-Guiding Robotic Intubation Device Development | Biotechnology                                    | Orono          | Penobscot    | \$12,500.00         | \$14,660.00           |
| Mega Industries LLC  | Ultra High Vacuum Glow Discharge Cleaning Apparatu | Precision Manufacturing Technology               | Gorham         | Cumberland   | \$12,500.00         | \$16,500.00           |
| George F. McBride Sole Proprietor                                | Water Generator                                    | Aquaculture & Marine Technology                  | Machiasport    | Washington   | \$4,800.00          | \$4,800.00            |
| Center For Cooperative Aquaculture Research                      | Development of a polychaete worm reactor           | Aquaculture & Marine Technology                  | Franklin       | Penobscot    | \$12,500.00         | \$20,141.00           |
| Paul Richards Sole Proprietor                                    | Continued development of a proof of concept flow s | Precision Manufacturing Technology               | Falmouth       | Cumberland   | \$9,000.00          | \$13,613.00           |
| DM Technologies LLC  | Extended Range Capacitor                           | Precision Manufacturing Technology               | Sanford        | York         | \$5,225.00          | \$43,286.00           |
| University Of Maine System Acting Through<br>University Of Maine | Value-added product from lobster processing wastes | Biotechnology                                    | Orono          | Penobscot    | \$12,500.00         | \$13,335.00           |
| Fitts Geosolutions   | Aquifer Simulation Software Development            | Information Technology                           | Scarborough    | Cumberland   | \$6,870.00          | \$14,400.00           |
| Powerhouse Dynamics LLC  | Preparation for the eMonitors commercial launch    | Information Technology                           | Blue Hill      | Hancock      | \$12,440.00         | \$57,520.00           |
| Ocean Approved, LLC  | Aquaculture Reef Extension for Seaweed Cultivation | Aquaculture & Marine Technology                  | Portland       | Cumberland   | \$11,849.00         | \$20,550.00           |
| Boatsense Solutions Inc  | R&D of CDMA Wireless Remote Monitoring System      | Aquaculture & Marine Technology                  | Edgecomb       | Lincoln      | \$12,450.00         | \$12,450.00           |
| Sea And Reef Aquaculture   | Development of Marine Ornamental Culture Systems   | Aquaculture & Marine Technology                  | Orono          | Penobscot    | \$12,500.00         | \$14,550.00           |
| Flexor Energy Company  | Aeroflexor and Hydroflexor Energy Systems          | Environmental Technology                         | Orono          | Penobscot    | \$12,000.00         | \$16,850.00           |
| DM Technologies LLC  | Custom Product For Next Generation Radar System    | Precision Manufacturing Technology               | Sanford        | York         | \$12,500.00         | \$16,000.00           |
| Waveonics LP   | Waveonics Company Market Analysis                  | Composite Materials Technology                   | Georgetown     | Sagadahoc    | \$5,000.00          | \$7,115.00            |
| Maine Machine Products Company                                   | Complex Measuring Devices                          | Precision Manufacturing Technology               | South Paris    | Oxford       | \$12,500.00         | \$38,693.00           |
| SunSpuds Global Inc.   | Field Trial for Harvest and Planting of SunSpuds   | Advanced Technologies for Forestry & Agriculture | Presque Isle   | Aroostook    | \$7,750.00          | \$7,900.00            |
| JL Products Service Design                                       | Articulate JL                                      | Precision Manufacturing Technology               | West Newfield  | York         | \$12,500.00         | \$14,000.00           |
| American Solartechnics   | Development of a Low Mass Wood Gasifier Boiler     | Environmental Technology                         | Searsport      | Waldo        | \$12,500.00         | \$12,500.00           |
| Evaluation Practice Group  | ZG Jogger Refinement                               | Composite Materials Technology                   | Newburgh       | Penobscot    | \$12,500.00         | \$32,832.00           |
| Knight Underwater Bearing LLC                                    | Business Plan/Market Research for Marine Bearing   | Precision Manufacturing Technology               | Ogunquit       | York         | \$12,500.00         | \$14,700.00           |
| CONTECH Construction Products, Inc.                              | Pilot-Scale Testing of Stormwater Filtration Media | Environmental Technology                         | Scarborough    | Cumberland   | \$12,500.00         | \$20,485.00           |
| Ben Brickett Sole Proprietor                                     | V.F.G. wind turbine                                | Precision Manufacturing Technology               | Eliot          | York         | \$12,000.00         | \$17,810.00           |
| Method Gelardi   | Discrete Bottle Reclamation Process                | Environmental Technology                         | Kennebunk      | York         | \$10,000.00         | \$20,000.00           |
| Foundation For Blood Research                                    | Bio-repository Process Commercialization           | Biotechnology                                    | Scarborough    | Cumberland   | \$12,500.00         | \$31,803.00           |
| Mitokine Bioscience, LLC   | Pilot Study of Novel Chronic Disease Therapies     | Biotechnology                                    | Hancock        | Hancock      | \$9,455.00          | \$16,900.00           |
| Maine Marine Composites  | Economical Ocean Measurement Probes                | Information Technology                           | Portland       | Cumberland   | \$9,645.00          | \$10,880.00           |
| <b>Total: 83</b>   |  |  |                |              | <b>\$910,082.00</b> | <b>\$1,492,081.00</b> |



Maine Technology Institute  
**Development Award Recipients FY09**

| Company Name          | Proposal Name                                      | Sector                             | City           | County     | Original Award Amount | Match Amount          |
|-----------------------|--|------------------------------------|----------------|------------|-----------------------|-----------------------|
| Edots Technology, LLC | Photovoltaic Devices Using Europium Nanoparticles  | Precision Manufacturing Technology | Portland       | Cumberland | \$138,100.00          | \$122,725.00          |
| HC Bridge Maine, LLC  | Hybrid-Composite Beam Bridge System                | Composite Materials Technology     | Brunswick      | Cumberland | \$405,498.00          | \$518,000.00          |
| AccelGolf             | mCaddie: Golf Social Network & Mobile Applications | Information Technology             | Portland       | Cumberland | \$235,540.00          | \$325,768.00          |
| Envirologix, Inc      | Rapid NEAR-DNA Assay for Detecting Tomato Canker   | Biotechnology                      | Portland       | Cumberland | \$499,727.00          | \$499,805.00          |
| Cashstar, Inc         | CashStar Offer Management System                   | Information Technology             | Portland       | Cumberland | \$472,572.00          | \$472,572.00          |
| Marketshare, LLC      | Physician Group Outcome Analytics                  | Information Technology             | New Gloucester | Cumberland | \$300,325.00          | \$375,084.00          |
| Academic Merit LLC    | Literary Companion                                 | Information Technology             | Portland       | Cumberland | \$152,295.00          | \$210,200.00          |
| Foneshow, LLC         | Dynamic Parametrized Programming Platform          | Information Technology             | Portland       | Cumberland | \$498,600.00          | \$525,000.00          |
| <b>Total: 8</b>       |  |                                    |                |            | <b>\$2,702,657.00</b> | <b>\$3,049,154.00</b> |

Maine Technology Institute  
**Accelerated Commercialization Fund Recipients FY09**

| Company Name                  | Proposal Name                                | Sector                         | City      | County     | Original Award Amount | Match Amount          |
|-------------------------------|--|--------------------------------|-----------|------------|-----------------------|-----------------------|
| Emergent Discovery, LLC       | FlyFi (formerly branded as Goombah)          | Information Technology         | Portland  | Cumberland | \$75,000.00           | \$550,000.00          |
| Ocean Renewable Power Company | OCGen Prototype Tidal Turbine Generator Unit | Environmental Technology       | Portland  | Cumberland | \$150,000.00          | \$150,000.00          |
| The Pet Health Network        | Pet Health                                   | Information Technology         | Portland  | Cumberland | \$100,000.00          | \$600,000.00          |
| Harbor Technologies LLC       | ACF Initial Investment                       | Composite Materials Technology | Brunswick | Cumberland | \$150,000.00          | \$600,000.00          |
| <b>Total: 4</b>               |  |                                |           |            | <b>\$475,000.00</b>   | <b>\$1,900,000.00</b> |

Maine Technology Institute  
**SBIR Assistance Program Awards FY09**

**Pre-Phase II Matching Grant**

| Company Name    | Proposal Name                    | Sector                   | City  | County    | Original Award Amount | Match Amount       |
|-----------------|----------------------------------|--------------------------|-------|-----------|-----------------------|--------------------|
| Zeomatrix LLC   | Z-Sep Membrane Commercialization | Environmental Technology | Orono | Penobscot | \$10,000.00           | \$99,161.00        |
| <b>Total: 1</b> |                                  |                          |       |           | <b>\$10,000.00</b>    | <b>\$99,161.00</b> |

**Phase 0**

| Company Name                 | Proposal Name  | Sector                          | City          | County    | Original Award Amount | Match Amount       |
|------------------------------|--|---------------------------------|---------------|-----------|-----------------------|--------------------|
| Bar Harbor Biotechnology Inc | High throughput small molecule inhibitor arrays for protein activity analysis              | Biotechnology                   | Trenton       | Hancock   | \$5,000.00            | \$5,070.00         |
| Mainely Sensors LLC          | Phase II Proposal Preparation: A Monolithic Spiral Coil Acoustic Transduction Immunosensor | Biotechnology                   | Orono         | Penobscot | \$5,000.00            | \$5,400.00         |
| Microptix                    | Real-Time Assessment of In-Water Contaminants  | Environmental Technology        | Wilton        | Franklin  | \$4,060.00            | \$4,840.00         |
| Mook Sea Farm Inc            | Cost Effective Bivalve Food: Phase II  | Aquaculture & Marine Technology | Walpole       | Lincoln   | \$4,400.00            | \$4,400.00         |
| Collinge And Associates      | SBIR Phae I Proposal Preparation for Veteran PTSD Project                                  | Information Technology          | Kittery Point | York      | \$5,000.00            | \$5,000.00         |
| Zeomatrix LLC                | NSF Phase II Proposal Preparation, Ceramic to Membrane                                     | Biotechnology                   | Orono         | Penobscot | \$5,000.00            | \$5,390.00         |
| Trefoil Corporation          | An Active, Adaptive Monitor for Sensitive Systems  | Information Technology          | Orono         | Penobscot | \$5,000.00            | \$11,415.00        |
| <b>Total: 7</b>              |  |                                 |               |           | <b>\$33,460.00</b>    | <b>\$41,515.00</b> |

Maine Technology Institute  
**Cluster Enhancement and Cluster Initiative Program Awards FY09**

| Company Name   | Proposal Name  | Sector   | City       | County     | Original Award Amount | Match Amount          |
|--|--|--|------------|------------|-----------------------|-----------------------|
| Midcoast Regional Redevelopment Authority            | Renewable Energy Center at NASB - Phase II   | Environmental Technology                         | Brunswick  | Cumberland | \$107,619.00          | \$453,322.00          |
| Gulf Of Maine Research Institute                     | Developing a sustainable harvested certification tailored to Maines fisheries            | Aquaculture & Marine Technology                  | Portland   | Cumberland | \$200,000.00          | \$650,000.00          |
| Maine Pulp And Paper Association                     | Study of the Best Utilization of the Forest Resource in Maine and the Maritime Provinces | Advanced Technologies for Forestry & Agriculture | Augusta    | Kennebec   | \$200,000.00          | \$200,000.00          |
| Eastern Maine Development Corporation                | Katahdin Region Forest Products Cluster Enhancement                                      | Advanced Technologies for Forestry & Agriculture | Bangor     | Penobscot  | \$50,000.00           | \$50,000.00           |
| Foster Technology Center                             | Developing a Bridge Between Education and Industry                                       | Composite Materials Technology                   | Farmington | Franklin   | \$30,000.00           | \$30,000.00           |
| Manufacturers Association Of Maine                   | Maine Aerospace Alliance   | Precision Manufacturing Technology               | Westbrook  | Cumberland | \$499,604.00          | \$572,415.00          |
| Maine Manufacturing Extension Partnership            | Maine Food Producers Alliance  | Precision Manufacturing Technology               | Augusta    | Kennebec   | \$458,922.00          | \$680,268.00          |
| Environmental And Energy Technology Council Of Maine | Showcasing Maine's Emerging Ocean Energy Cluster   | Environmental Technology                         | Portland   | Cumberland | \$50,000.00           | \$50,000.00           |
| Maine Center For Enterprise Development              | Applied Entrepreneurship Program   | Information Technology                           | Portland   | Cumberland | \$49,377.00           | \$98,896.00           |
| Advanced Engineered Wood Composite Center            | Diversifying Maine's Composites Industry into the Wind Energy Market                     | Composite Materials Technology                   | Orono      | Penobscot  | \$339,070.00          | \$604,572.00          |
| Tides Center   | Sustainable Bioplastics Phase II Cluster Initiative                                      | Advanced Technologies for Forestry & Agriculture | Bangor     | Penobscot  | \$500,000.00          | \$1,179,637.00        |
| <b>Total: 11</b>                                     |  |  |            |            | <b>\$2,484,592.00</b> | <b>\$4,569,110.00</b> |

Maine Technology Institute  
**Maine Technology Asset Fund Approved Awards FY09**

| Company Name   | Proposal Name  | Sector   | City         | County     | Original Award Amount | Match Amount    |
|--|--|--|--------------|------------|-----------------------|-----------------|
| University Of New England  | University of New England College of Pharmacy Drug Research and Development  | Biotechnology                                    | Portland     | Cumberland | \$4,000,000.00        | \$6,998,521 00  |
| CrossRate Technology, LLC  | Portable Non-Magnetic Compass/Positioning/Timing Device  | Information Technology                           | Windham      | Cumberland | \$794,445.00          | \$2,048,357 00  |
| Advanced Engineered Wood Composite Center                                | Advanced Nanocomposites for the Renewable Energy Industry  | Composite Materials Technology                   | Orono        | Penobscot  | \$4,999,460.00        | \$7,728,704 00  |
| FHC INC  | Development of Micro-fabrication Facility for Neurosurgical Devices  | Biotechnology                                    | Bowdoin      | Sagadahoc  | \$438,077.00          | \$766,231 00    |
| The Jackson Laboratory   | Expanding The Jackson Laboratory Product Development Pipeline  | Biotechnology                                    | Bar Harbor   | Hancock    | \$4,700,000.00        | \$11,910,820 00 |
| Downeast Institute For Applied Marine Research And Education             | Investing in Downeast Maine s Marine Resource-Based Economy: Creating the Capacity for Technology Transfer and Commercialization Initiatives at the Downeast Institute | Aquaculture & Marine Technology                  | Beals        | Washington | \$1,009,450.00        | \$1,372,852 00  |
| Bar Harbor Biotechnology Inc   | Development of gene dense, high throughput qPCR arrays   | Biotechnology                                    | Trenton      | Hancock    | \$440,000.00          | \$491,985 00    |
| Center For Cooperative Aquaculture Research                              | Building Capacity and Excellence in Maine s Marine Aquaculture R&D Infrastructure  | Aquaculture & Marine Technology                  | Franklin     | Hancock    | \$2,619,807.00        | \$2,879,932 00  |
| The Maine Aquaculture Innovation Center                                  | Improvements to Maine s Aquaculture Business Incubation Infrastructure   | Aquaculture & Marine Technology                  | Orono        | Penobscot  | \$360,548.00          | \$1,085,238 00  |
| Laboratory For Surface Science And Technology                            | Maine Nanofabrication R&D Infrastructure Enhancement   | Precision Manufacturing Technology               | Orono        | Penobscot  | \$480,000.00          | \$480,019 00    |
| University Of Maine Forest Bioproducts Research (Fbri) Technology Center | Forest & Ag Bioproducts Research, Development, and Commercialization Facility  | Advanced Technologies for Forestry & Agriculture | Orono        | Penobscot  | \$4,800,000.00        | \$4,840,000 00  |
| University Of Maine Department Of Physics And Astronomy                  | Ultra-High Resolution Imaging Facility   | Biotechnology                                    | Orono        | Penobscot  | \$158,706.00          | \$360,257 00    |
| University Of Maine At Presque Isle                                      | Implementing an Advanced Geospatial Information Mapping and Analysis Facility for Economic Development in Northern Maine   | Information Technology                           | Presque Isle | Aroostook  | \$96,800.00           | \$121,200 00    |
| University Of Maine  | University of Maine Process Development Center Infrastructure Improvement Project  | Advanced Technologies for Forestry & Agriculture | Orono        | Penobscot  | \$1,083,197.00        | \$2,364,812 00  |
| Maine Institute for Human Genetics and Health                            | Maine Regional Flow Cytometry Collaborative  | Biotechnology                                    | Brewer       | Penobscot  | \$1,247,875.00        | \$4,139,478 00  |
| Hodgdon Defense Composites   | A World Class Composite Materials Shipyard & 21st Century Manufacturing Complex  | Composite Materials Technology                   | Portland     | Cumberland | \$3,874,719.00        | \$6,927,400 00  |
| University Of Maine  | The University of Maine Innovative Industries Initiative-R&D Bond Request  | Information Technology                           | Orono        | Penobscot  | \$3,690,000.00        | \$3,934,830 00  |
| University Of Maine  | Maine Center for Autonomous Marine Survey (MCAMS)  | Aquaculture & Marine Technology                  | Orono        | Penobscot  | \$1,283,822.00        | \$1,601,421 00  |
| Seldon Technologies Inc  | Manufacturing Nanocomposite Material for Structural and Filtration Applications  | Composite Materials Technology                   | Windsor      | Penobscot  | \$575,409.00          | \$3,903,537 00  |
| Ocean Renewable Power Company  | OCGen Turbine Generator Unit Commercialization Project   | Environmental Technology                         | Portland     | Cumberland | \$806,138.00          | \$897,702 00    |
| Gulf Of Maine Research Institute   | Hydroacoustic Equipment for Herring Surveys in the Gulf of Maine   | Aquaculture & Marine Technology                  | Portland     | Cumberland | \$543,750.00          | \$543,750 00    |
| Dielectric Communications  | A New Design for Universal Rural Wireless Connectivity to Fixed and Mobile Users   | Information Technology                           | Raymond      | Cumberland | \$2,200,000.00        | \$2,200,000 00  |
| University Of New England  | Animal Facilities to Enhance Translational Neuroscience & Pharmacology Research  | Biotechnology                                    | Portland     | Cumberland | \$1,533,929.00        | \$2,209,669 00  |

Maine Technology Institute  
**Maine Technology Asset Fund Approved Awards FY09**

|                                       |   |                                 |                      |           |                        |                        |
|---------------------------------------|---|---------------------------------|----------------------|-----------|------------------------|------------------------|
| Maine Aquaculture Innovation Center   | Improvements to Maine's Aquaculture Business Incubation Infrastructure            | Aquaculture & Marine Technology | Orono                | Penobscot | \$213,900.00           | \$236,348 00           |
| Bigelow Laboratory For Ocean Sciences | Bigelow Center for Blue Biotechnology (BCBB)                                      | Biotechnology                   | West Boothbay Harbor | Lincoln   | \$4,453,971.00         | \$4,453,971 00         |
| Ascendant Energy Company Inc          | A Solar Center for Excellence: Advanced Photovoltaic Production Facility (APPV)   | Environmental Technology        | Rockland             | Knox      | \$575,408.00           | \$3,877,500 00         |
| The Jackson Laboratory                | Solidifying The Jackson Laboratory's Position in the Emerging Biomedical Market   | Biotechnology                   | Bar Harbor           | hancock   | \$2,137,429.00         | \$2,137,429 00         |
| University Of Maine                   | Strengthening Biotechnology and Supporting the STEM Education Initiative in Maine | Biotechnology                   | Orono                | penobscot | \$883,160.00           | \$993,430 00           |
| <b>Total: 28</b>                      |   |                                 |                      |           | <b>\$50,000,000.00</b> | <b>\$81,505,393.00</b> |

**MAINE TECHNOLOGY INSTITUTE**

**FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY INFORMATION**

**June 30, 2009 and 2008**

**With Independent Auditors' Report**

CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT CONSULTANTS**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Maine Technology Institute

We have audited the accompanying balance sheet of Maine Technology Institute (a component unit of the State of Maine) as of June 30, 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Maine Technology Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Maine Technology Institute as of and for the year ended June 30, 2008 were audited by other auditors whose report dated November 11, 2008 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maine Technology Institute as of June 30, 2009, and the changes in net assets and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Management discussion and analysis on pages 2 through 8 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for 2009 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Such information for 2008 was audited by other auditors whose report dated November 11, 2008 expressed an unqualified opinion on the information in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Berry, Dunn, McNeil &amp; Parker". The signature is written in a cursive, flowing style.

Bangor, Maine  
October 02, 2009



**MAINE TECHNOLOGY INSTITUTE  
(A COMPONENT UNIT OF THE STATE OF MAINE)**

**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

**June 30, 2009**

As management of the Maine Technology Institute (the “Institute” or “MTI”), we offer readers of these financial statements this narrative, overview and analysis of the financial activities of the Institute for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here together with the basic financial statements as a whole.

**Financial Highlights**

- MTI received \$7,195,884 from a State appropriation through the Department of Economic and Community Development for general programs and \$4,584,400 of the \$50,000,000 of State bond funds for research, development and commercialization via the Maine Technology Asset Fund (MTAF).
- MTI approved for funding 142 projects totaling just over \$56.6 million, an increase of approximately \$49.6 million in approved awards over the previous year. \$50 million in awards were approved this year under the MTAF Program and other award approvals decreased slightly, from \$7 million to \$6.6 million.
- MTI disbursed nearly \$9,888,500 according to agreed-upon project award milestones, \$4.6 million more than in the previous fiscal year, which reflects an increase in disbursements for core program awards as well as the initial MTAF disbursements.
- MTI’s outstanding commitments for its core awards comprise just under \$6.3 million, including approximately \$4.3 million in approved awards with unexecuted contracts as of June 30, 2009. Commitments under the North Star Alliance project were \$612,037, including an approved but not executed award in the amount of \$240,000. MTAF outstanding commitments total just over \$45.7 million, including approximately \$26.2 million in approved awards with unexecuted contracts subject to specific conditions as of June 30, 2009.
- MTI received \$871,221 in Development Award repayments, over \$700,000 more than in fiscal year 2008.
- MTI received \$395,332 as a contractor to the Department of Economic and Community Development for the federally-funded North Star Alliance project aiming to boost employment in the composite technologies and boatbuilding sectors. \$356,188 of this amount was paid out for awards and \$39,144 represents MTI’s contract management fee.
- \$329,739 was realized from interest, a decrease of approximately \$179,000 compared to the previous year, primarily due to declining interest rates.
- The bonds that funded the Maine Technology Asset Fund were approved by Maine voters in November 2007. MTI received General Funds of \$568,200 in FY09 to continue its administration of two competitive rounds of applications to the MTAF program, in partnership with the American Association for the Advancement of Science. \$223,615 was carried over from the FY08 allocation. \$464,037 was expended in FY09, leaving \$327,778 to cover MTI’s ongoing monitoring and

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**June 30, 2009**

administration costs of the \$50 million in MTAF awards approved during FY09. This monitoring obligation will extend for five years.

- The Legislature had previously approved \$2.28 million in new funding for a cluster innovation program, which was launched by MTI in FY09. MTI took on increased staffing and outreach costs related to this new program beginning in the middle of FY08 and continuing in FY09.
- FY09 administrative and operating costs were approximately \$1,295,000, a 9% increase over the previous year. This increase included \$464,037 in operating costs associated with the aforementioned Maine Technology Asset Fund (funded by a special legislative appropriation) and also costs to manage the Cluster Initiative Program. All operating expenses other than the costs to monitor and administer the Maine Technology Asset Fund are paid by interest earnings plus 7% of the State appropriation and 7% of development award repayments.
- In December of FY09, MTI's State appropriation was curtailed by \$454,079, which the Board of Directors agreed to manage by using MTI's unrestricted reserves to fund administration, thereby preserving 100% of the State's appropriation for programs.

**Overview of the Institute**

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

The Institute has functioned with a lean staff of eight full-time employees who report to the Director, a decrease of two full-time employees since its high in February 2009. MTI is limited by statute to using only up to 7% of its State appropriation for administration, with the exception of the funds that MTI receives to administer the Maine Technology Asset Fund. There are no statutory restrictions on the use of other income the Institute may receive.

**Overview of the Financial Statements**

This discussion is intended to serve as an introduction to the Institute's financial statements, which are comprised of the basic financial statements and the notes to the financial statements.

**MAINE TECHNOLOGY INSTITUTE  
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**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

**June 30, 2009**

**Basic Financial Statements**

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

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

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

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

**Notes to the Financial Statements**

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

**Financial Analysis: 2009 Compared to 2008**

Net assets may serve, over time, as a useful indicator of the Institute's financial position. In the case of the Institute, its assets exceeded liabilities by \$1,662,339 on June 30, 2009, compared with \$1,821,538 in 2008. The decrease in net assets is due to a mid-year reduction in MTI's State appropriation. In December of FY09, that appropriation was curtailed by \$454,079, which the Board of Directors agreed to manage by using MTI's unrestricted reserves to fund administration, thereby preserving 100% of the State's appropriation to programs. This resulted in a planned use of MTI's unrestricted net assets in the amount of \$159,200.

**MAINE TECHNOLOGY INSTITUTE  
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**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

**June 30, 2009**

The Institute's financial position and operations as of and for fiscal years 2009 and 2008 are summarized below based on information included in the financial statements.

|  | <u><b>2009</b></u>             | <u><b>2008</b></u>      |
|--|--------------------------------|-------------------------|
| Cash and cash equivalents  | \$ <b>14,991,333</b>           | \$ 12,201,625           |
| Cash held as fiscal agent for Maine Biomedical Research Board    | <b>798,298</b>                 | 4,202,705               |
| Loans receivable and investments (net of allowances)             | <b>1,189,845</b>               | 1,390,634               |
| Capital assets, net of depreciation                              | <b>104,699</b>                 | 106,628                 |
| Other assets   | <u><b>1,114,984</b></u>        | <u>41,505</u>           |
| <br>Total assets   | <br><u><b>18,199,159</b></u>   | <br><u>17,943,097</u>   |
| <br>Deferred revenue   | <br><b>13,834,035</b>          | <br>11,743,763          |
| Amounts held as fiscal agent for Maine Biomedical Research Board | <b>798,298</b>                 | 4,202,705               |
| Other liabilities  | <u><b>1,904,488</b></u>        | <u>175,091</u>          |
| <br>Total liabilities  | <br><u><b>16,536,821</b></u>   | <br><u>16,121,559</u>   |
| <br>Net assets, all unrestricted                                 | <br>\$ <u><b>1,662,338</b></u> | <br>\$ <u>1,821,538</u> |

Cash and equivalents comprise the vast majority of MTI's assets. The amount of funding received from the State as well as any funding carried over from previous years is included in this line. Some loans held by MTI were transferred from the Maine Science and Technology Foundation (no longer in existence), and terms have been renegotiated as the payments have come due. In FY2009, MTI made six Accelerated Commercialization Fund (ACF) investments to companies that had previously completed Development Award-funded projects. Increasingly, MTI's loan and investment portfolio reflects commercial notes negotiated as commercialized development awards mature and trigger repayment.

Deferred revenue indicates all funding on hand for use in MTI programs. Since funding is disbursed according to achievement of milestones by the recipients, approximately \$6.3 million of this funding was committed for MTI's core awards at the close of June 2009, but not yet disbursed. Commitments under the North Star Alliance project were \$612,037. MTAF outstanding commitments total just over \$45.7 million, including approximately \$26.2 million in approved awards with unexecuted contracts as of June 30, 2009. Most of these awards were approved in the late spring of 2009 and are expected to be executed, subject to specific conditions, early in the subsequent fiscal year.

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**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

**June 30, 2009**

|                                   | <u><b>2009</b></u>                | <u><b>2008</b></u>       |
|-----------------------------------|-----------------------------------|--------------------------|
| Operating revenues                |                                   |                          |
| State of Maine funding            | \$ <b>12,266,516</b>              | \$ 7,406,929             |
| Grant income – other              | <b>395,332</b>                    | 434,064                  |
| Other operating revenues          | <u><b>80,154</b></u>              | <u>20,193</u>            |
| Total operating revenues          | <b>12,742,002</b>                 | 7,861,186                |
| Operating expenses                |                                   |                          |
| Program grants                    | <b>11,492,076</b>                 | 6,615,657                |
| Special grants                    | <b>442,718</b>                    | 439,839                  |
| Salaries and wages                | <b>530,679</b>                    | 461,382                  |
| Other operating expenses          | <u><b>764,473</b></u>             | <u>726,817</u>           |
| Total operating expenses          | <u><b>13,229,946</b></u>          | <u>8,243,695</u>         |
| Net operating loss                | <b>(487,944)</b>                  | (382,509)                |
| Nonoperating revenues, net        | <u><b>328,744</b></u>             | <u>507,276</u>           |
| Increase (decrease) in net assets | \$ <u><u><b>(159,200)</b></u></u> | \$ <u><u>124,767</u></u> |

Operating revenues – State of Maine funding reflect MTT's State appropriations and grants made. The increase during this fiscal year stems primarily from award payments under the MTAF program.

The following table shows the relationship between the appropriation and revenues recognized:

|  | <u><b>2009</b></u>                 | <u><b>2008</b></u>         |
|--|------------------------------------|----------------------------|
| State appropriation received               | \$ <b>7,315,231</b>                | \$ 5,463,326               |
| Marine Research Funds                      | <b>25,000</b>                      | 25,000                     |
| Maine Technology Asset Funds Program       | <b>4,584,400</b>                   | -                          |
| Maine Technology Asset Fund Administration | <b>568,200</b>                     | 450,000                    |
| Accrual basis accounting effect            | <u><b>(226,315)</b></u>            | <u>1,468,603</u>           |
| Revenues recognized                        | \$ <u><u><b>12,266,516</b></u></u> | \$ <u><u>7,406,929</u></u> |

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**June 30, 2009**

The “accrual basis accounting effect” reflects amounts recognized as revenues based on award and other matching grant payments during the year, plus 7% of the State appropriation allowed for operating purposes.

MTI’s operating expenses (which include award disbursements and accruals) were approximately 60% higher in 2009. Program grants were about 74% higher primarily due to the commencement of MTAF award payments. Special grants were slightly higher due to an increase in North Star Alliance Matching Fund program award payments. Salaries and wages were approximately 15% higher primarily because MTI hired a program manager in mid-2008 to manage its cluster and commercialization program (a position vacant for several years); at the same time hired an assistant to support the new MTAF program; and in April of 2008 a development award specialist as part of a reorganization to shift an existing staff member to the position of MTAF Program Manager. There were full-year costs for these positions in 2009. Other operating expenses included approximately \$278,000 of award review process expenses for the MTAF program and about \$7,200 in review expenses for other awards. Depreciation expense was nearly \$18,000 (85%) higher in 2009, due to the installation of a new proprietary database for the management of program award information.

**Looking Ahead**

MTI’s ultimate goal is to help Maine companies to use technology to grow and remain vibrant and competitive, therefore creating good jobs, greater wealth, and a vibrant economy in Maine. The organization does this by providing seed capital and targeted business assistance to Maine companies for technology development and commercialization and making grants to strengthen Maine’s high-potential technology clusters. MTI has operated since 2000 and has developed into a mature organization with an independently evaluated track record that demonstrates a return on investment of more than \$14 for every \$1 awarded. An independent evaluation report of MTI’s performance (see [www.mainetechnology.org](http://www.mainetechnology.org)) was published in January 2009 that provides more detail.

In the fiscal year covered by this report, MTI stewarded six times the resources that it had in the previous year, due to the launch of the MTAF and Cluster Initiative programs, with minimal increases in administrative costs. Going forward, MTI is managing this expanded menu of programs in an environment of fiscal austerity, with a continued commitment to excellence in its operations and a high return on investment for taxpayers in terms of growing technology companies, strengthened technology clusters, and good jobs for people across Maine. The related fiscal picture includes a reduction in MTI’s general appropriation in FY10 and FY11 of approximately 10% in each of the two years. MTI’s Board has agreed to manage the cuts by forgoing the allowed 7% administration portion of the appropriation and funding administrative expenses from reserves to the extent possible, when they exceed other available income. This will preserve maximum funding for programs and in so doing is likely to use significant amounts of MTI’s net asset reserves to ensure appropriate levels of monitoring and administration for our expanded portfolio.

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**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

**June 30, 2009**

During this period, MTI expects to see continued repayment of development awards by MTI-funded companies as products developed with support of early awards enter the market and gain market share; however, these repayments are by nature dependent on company success and broader economic conditions. Over time, such repayments will continue to provide a limited and erratic source of revenues for MTI. This is because MTI awards are made at a very early stage of technology development when technology and business risks are extremely high. In addition, development awards are the only MTI awards that have a payback requirement, which is conditioned only when commercialization is successful. (No interest is charged during the first three years after commercialization, unless the company moves out of state, when special and immediate repayment is required.) Thus, award repayments will never grow sufficiently to replace the funding received through State appropriation and outside grants.

To ensure that MTI continues to achieve its high standards, the organization has commissioned an assessment of MTI's past and current cluster development programs and is undertaking a strategic planning process with its Board, staff and partners to review and fine-tune its strategies and programs. The latter is particularly timely given the economic challenges facing MTI-funded companies and our state and the fact that MTI is coming up on the tenth anniversary of its founding, with longitudinal evaluation data and lessons learned from its operations. Finally, the technology-based economic development field has also evolved over the last decade and MTI seeks to continue to learn from its peers in other states.

**Request for Information**

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

# MAINE TECHNOLOGY INSTITUTE

## Balance Sheets

June 30, 2009 and 2008

### ASSETS

|   | <u>2009</u>          | <u>2008</u>          |
|---|----------------------|----------------------|
| Current assets  |                      |                      |
| Cash and cash equivalents (Note 2)  | \$ 14,991,333        | \$ 12,201,625        |
| Grant income receivable   | 1,036,196            | 21,289               |
| Other receivables, net of allowance for doubtful accounts<br>of \$3,290 in 2009 and \$0 in 2008   | 63,261               | 6,666                |
| Prepaid expenses  | 15,527               | 13,550               |
| Loans receivable - current (Note 3)   | 204,500              | 240,149              |
| Cash held as fiscal agent for the Maine Biomedical<br>Research Board (Notes 2 and 7)  | <u>798,298</u>       | <u>4,202,705</u>     |
| Total current assets  | 17,109,115           | 16,685,984           |
| Property and equipment, at cost   |                      |                      |
| Leasehold improvements  | 5,500                | 5,500                |
| Equipment   | 95,858               | 100,586              |
| Computer software   | <u>95,716</u>        | <u>62,978</u>        |
|   | 197,074              | 169,064              |
| Less accumulated depreciation   | <u>(92,375)</u>      | <u>(62,436)</u>      |
| Net property and equipment  | 104,699              | 106,628              |
| Loans receivable and investments, excluding current portion, net of allowance for<br>losses of \$561,825 in 2009 and \$228,200 in 2008 (Note 3) | <u>985,345</u>       | <u>1,150,485</u>     |
|   | <u>\$ 18,199,159</u> | <u>\$ 17,943,097</u> |

### LIABILITIES AND NET ASSETS

|   |                      |                      |
|---|----------------------|----------------------|
| Current liabilities   |                      |                      |
| Accounts and awards payable and accrued expenses (Note 9)                     | \$ 1,894,353         | \$ 161,452           |
| Current portion of obligations under capital lease (Note 6)                   | 3,806                | 3,505                |
| Deferred revenue  | 13,834,035           | 11,743,763           |
| Amounts held as fiscal agent for the Maine Biomedical Research Board (Note 7) | <u>798,298</u>       | <u>4,202,705</u>     |
| Total current liabilities   | 16,530,492           | 16,111,425           |
| Obligations under capital lease, net of current portion (Note 6)              | <u>6,329</u>         | <u>10,134</u>        |
| Total liabilities   | 16,536,821           | 16,121,559           |
| Commitments (Notes 6, 7 and 9)  |                      |                      |
| Unrestricted net assets   |                      |                      |
| Undesignated  | 762,338              | 921,538              |
| Board-designated (Note 4)   | <u>900,000</u>       | <u>900,000</u>       |
| Total unrestricted net assets   | <u>1,662,338</u>     | <u>1,821,538</u>     |
|   | <u>\$ 18,199,159</u> | <u>\$ 17,943,097</u> |

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



# MAINE TECHNOLOGY INSTITUTE

## Statements of Revenues, Expenses and Changes in Net Assets

Years Ended June 30, 2009 and 2008

|                                       | <u>2009</u>                | <u>2008</u>         |
|---------------------------------------|----------------------------|---------------------|
| Operating revenues                    |                            |                     |
| State of Maine funding                |                            |                     |
| Program grants                        | \$ <b>11,492,076</b>       | \$ 6,615,657        |
| Administrative grants                 | <b>687,910</b>             | 710,223             |
| Matching grants                       | <u><b>86,530</b></u>       | <u>81,049</u>       |
| Total State of Maine funding          | <b>12,266,516</b>          | 7,406,929           |
| Grant income - other                  | <b>395,332</b>             | 434,064             |
| Royalties                             | <b>62,035</b>              | 9,541               |
| Other income                          | <u><b>18,119</b></u>       | <u>10,652</u>       |
| Total operating revenues              | <b>12,742,002</b>          | 7,861,186           |
| Operating expenses (Note 5)           |                            |                     |
| Program grants (Notes 9 and 10)       | <b>11,492,076</b>          | 6,615,657           |
| Special grants                        | <b>442,718</b>             | 439,839             |
| Salaries and wages                    | <b>530,679</b>             | 461,382             |
| Benefits and payroll taxes            | <b>143,326</b>             | 94,084              |
| Travel                                | <b>15,128</b>              | 10,759              |
| Depreciation                          | <b>38,328</b>              | 20,773              |
| Other (Notes 5 and 6)                 | <u><b>567,691</b></u>      | <u>601,201</u>      |
| Total operating expenses              | <u><b>13,229,946</b></u>   | <u>8,243,695</u>    |
| Net operating loss                    | <b>(487,944)</b>           | (382,509)           |
| Nonoperating revenues (expenses)      |                            |                     |
| Investment income (Note 3)            | <b>329,739</b>             | 508,547             |
| Interest expense                      | <u><b>(995)</b></u>        | <u>(1,271)</u>      |
| Nonoperating revenues (expenses), net | <u><b>328,744</b></u>      | <u>507,276</u>      |
| (Decrease) increase in net assets     | <b>(159,200)</b>           | 124,767             |
| Net assets at beginning of year       | <u><b>1,821,538</b></u>    | <u>1,696,771</u>    |
| Net assets at end of year             | <u><b>\$ 1,662,338</b></u> | <u>\$ 1,821,538</u> |

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

# MAINE TECHNOLOGY INSTITUTE

## Statements of Cash Flows

Years Ended June 30, 2009 and 2008

|  | <u>2009</u>          | <u>2008</u>           |
|--|----------------------|-----------------------|
| Cash flows from operating activities   |                      |                       |
| State of Maine funding   | \$ 13,052,409        | \$ 6,086,224          |
| Grants received  | 3,500                | 151,991               |
| Award repayments   | 806,271              | 126,775               |
| Royalties received   | 58,405               | 9,541                 |
| Other receipts   | 122,985              | 81,708                |
| Received from escrow   | -                    | 1,081,267             |
| Grants paid  | (9,513,618)          | (7,087,624)           |
| Paid to employees, including benefits  | (575,169)            | (443,307)             |
| Paid to vendors  | (826,967)            | (1,100,447)           |
| Loans/investments funded   | <u>(608,011)</u>     | <u>(100,000)</u>      |
| Net cash provided (used) by operating activities   | <u>2,519,805</u>     | <u>(1,193,872)</u>    |
| Cash flows from investing activities   |                      |                       |
| Net investment income received   | <u>310,800</u>       | <u>508,547</u>        |
| Cash flows from capital and related financing activities                                       |                      |                       |
| Purchase of equipment  | (36,398)             | (99,275)              |
| Lease obligation payments made   | (3,504)              | (3,229)               |
| Interest payments made   | <u>(995)</u>         | <u>(1,271)</u>        |
| Net cash used by capital and related financing activities                                      | <u>(40,897)</u>      | <u>(103,775)</u>      |
| Net increase (decrease) in cash and cash equivalents   | 2,789,708            | (789,100)             |
| Cash and cash equivalents, beginning of year   | <u>12,201,625</u>    | <u>12,990,725</u>     |
| Cash and cash equivalents, end of year   | <u>\$ 14,991,333</u> | <u>\$ 12,201,625</u>  |
| Reconciliation of net operating loss to net cash provided (used) by operating activities       |                      |                       |
| Net operating loss   | \$ (487,944)         | \$ (382,509)          |
| Adjustment to reconcile net operating loss to net cash provided (used) by operating activities |                      |                       |
| Depreciation   | 38,328               | 20,773                |
| Loss on disposal of assets   | -                    | 1,903                 |
| Changes in operating assets and liabilities  |                      |                       |
| Interest-bearing escrow account  | -                    | 1,081,267             |
| Grant income receivable and other receivables  | (1,065,452)          | 78,370                |
| Prepaid expenses   | (1,977)              | (13,550)              |
| Loans receivable   | (305,647)            | (1,100,634)           |
| Accounts payable and other accrued expenses  | 1,732,900            | (498,317)             |
| Deferred revenue   | 2,609,597            | (381,275)             |
| Other assets   | <u>-</u>             | <u>100</u>            |
| Net cash provided (used) by operating activities   | <u>\$ 2,519,805</u>  | <u>\$ (1,193,872)</u> |
| Noncash activities   |                      |                       |
| Decrease in cash held as fiscal agent for the Maine Biomedical Research Board                  | \$ (3,404,407)       | \$ (842,505)          |
| Development awards capitalized as notes receivable   | -                    | 1,000,634             |

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

# MAINE TECHNOLOGY INSTITUTE

## Notes to Financial Statements

June 30, 2009 and 2008

### **Nature of Organization**

Maine Technology Institute (the Institute), a nonprofit corporation which commenced operations in November 1999, was established to encourage, promote, stimulate and support research and development activity leading to commercialization of new products and services in the State's technology intensive sectors. The financial statements of the Institute include the activities of the Maine Marine Research Fund. The Institute is a component unit of the State of Maine.

The Institute is also the fiscal agent for the Maine Biomedical Research Board (MBRB). Accordingly, the Institute's financial statements reflect the cash held for MBRB and an offsetting liability owed MBRB. See Note 6 for more information.

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

The Institute is considered a business-type activity because of royalty payments and interest charged to award recipients.

### **1. Summary of Significant Accounting Policies**

#### **Basis of Presentation**

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

#### **Accounting Standards**

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds* and GASB Statement No. 29, *Other Governmental Entities That Use Proprietary Fund Accounting*, the Institute has elected not to comply with the relevant pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

#### **Use of Estimates**

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

# MAINE TECHNOLOGY INSTITUTE

## Notes to Financial Statements

June 30, 2009 and 2008

### **Cash and Cash Equivalents**

All highly liquid savings deposits and investments with maturities of three months or less when purchased are considered to be cash equivalents, except those held as fiscal agent for other entities.

### **Loans Receivable and Investments**

Loans receivable and investments are stated at their cost, net of allowance for losses. These loans and investments are with closely-held small companies and there is no readily available market or fair value available. An allowance is established when it is probable that loans receivable and investments will be uncollectible. Loans receivable and investments are evaluated individually for impairment. Interest income is recognized when probable of collection.

### **Credit Risk**

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

### **Property and Equipment**

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

### **Revenues**

The Institute's programs are primarily funded by the State of Maine. This funding is to support operations and programs; 93% is required by legislation to support programs and 7% can be used for administration. The program support amounts received are classified as deferred revenue until the related qualifying grants are made or expenses have been incurred to match other grants; the amounts used for administration of core programs are recognized as revenue upon receipt. The amounts used for administration of the Maine Technology Asset Fund (MTAF) are held as deferred revenue until expended, as the money is required to be expended for MTAF administration only.

Certain grants awarded by the Institute have provisions requiring the recipient to make repayments to the Institute if certain conditions are met. Because of the requirement that 93% of state funding be used for program support, the Institute has treated repayment of awards in the same manner and classified 93% of those repayments as deferred revenue upon receipt; the remaining 7% is

# MAINE TECHNOLOGY INSTITUTE

## Notes to Financial Statements

June 30, 2009 and 2008

recognized as royalties revenue. When awards enter repayment status and notes receivable are signed or investments are made, the entire carrying balance of the note or investment is offset by deferred revenue; when payments are received, 7% of the payments are recognized as royalties revenue.

The Institute has recognized \$104,526 and \$101,408 in 2009 and 2008, respectively, of revenue and expense for salary and benefits paid by the State of Maine Department of Economic and Community Development.

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

### **Retirement Benefits**

The Institute sponsors an Internal Revenue Code Section 403(b) defined contribution plan which provides retirement benefits to substantially all employees who meet certain age and service requirements. Employee contributions are limited to the maximum yearly limit as determined by the Internal Revenue Code or 100% of the employee's compensation. The Institute contributed 5% of gross salary in 2009 and matched up to 2.5% of gross salary in 2008. Employer contributions vest 100% to the employees immediately. Retirement expense was \$22,467 and \$6,997 for the years ended June 30, 2009 and 2008, respectively.

### **Income Taxes**

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

### **Reclassifications**

Certain amounts have been reclassified in the prior year financial statements to conform with the current year presentation.

## **2. Cash and Cash Equivalents**

The Institute's cash and cash equivalents are invested in repurchase agreements, collateralized by U.S. Government securities held by the financial institution in its name and assigned to the Institute. The accounts had bank balances of \$15,484,656 and \$12,391,173 at June 30, 2009 and 2008, respectively.

The cash held as fiscal agent for MBRB is invested in repurchase agreements, collateralized by U.S. Government securities held by the financial institution in its name and assigned to the Institute. The account had bank balances of \$1,032,274 and \$4,263,640 at June 30, 2009 and 2008, respectively.

# MAINE TECHNOLOGY INSTITUTE

## Notes to Financial Statements

June 30, 2009 and 2008

The Institute maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. It has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash and cash equivalents. The Institute considers liquidity and safety in its investing decisions, and manages custodial credit risk by investing in repurchase agreements. There are no legal restrictions on the investments of the Institute.

### 3. Loans Receivable and Investments

The Institute's loans receivable and investments consist of the following at June 30, 2009 and 2008:

|                      | <u>2009</u>       | <u>2008</u>         |
|----------------------|-------------------|---------------------|
| Loans receivable     | \$ 1,338,020      | \$ 1,303,134        |
| Preferred stock      | 258,011           | 315,700             |
| Investment in LLC    | <u>155,639</u>    | <u>-</u>            |
|                      | 1,596,031         | 1,618,834           |
| Allowance for losses | <u>(561,825)</u>  | <u>(228,200)</u>    |
|                      | 1,189,845         | 1,390,634           |
| Less current portion | <u>(204,500)</u>  | <u>(240,149)</u>    |
|                      | <u>\$ 985,345</u> | <u>\$ 1,150,485</u> |

Loans receivable have a variety of terms and due dates based on the structure of the agreement and are generally collateralized by the general business assets of the borrower. Interest rates on loans receivable range from 5-15%. The loans and preferred stock are held by the Institute; thus, there is no custodial credit risk.

The allowance for losses was increased \$333,625 in 2009 and \$62,500 in 2008; the offsetting charge was to reduce deferred revenue.

Collection of interest or dividends is deferred until certain conditions have been met. Interest on loans receivable of \$39,958 and \$11,695 was recorded in net investment income in 2009 and 2008, respectively.

# MAINE TECHNOLOGY INSTITUTE

## Notes to Financial Statements

June 30, 2009 and 2008

### 4. Board-Designated Net Assets

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

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

### 5. Expenses

The Institute's other expenses include the following for the years ended June 30, 2009 and 2008:

|                                 | <u>2009</u>       | <u>2008</u>       |
|---------------------------------|-------------------|-------------------|
| Program award review process    | \$ 284,900        | \$ 157,101        |
| Program evaluation and services | -                 | 146,359           |
| Other operating                 | <u>282,791</u>    | <u>297,741</u>    |
|                                 | <u>\$ 567,691</u> | <u>\$ 601,201</u> |

Expenses are comprised of the following:

|                            | <u>2009</u>          | <u>2008</u>         |
|----------------------------|----------------------|---------------------|
| Direct program services    | \$ 11,934,794        | \$ 7,055,496        |
| General and administrative | <u>1,295,152</u>     | <u>1,188,199</u>    |
|                            | <u>\$ 13,229,946</u> | <u>\$ 8,243,695</u> |

### 6. Leases

#### Operating Leases

The Institute leases office space under an operating lease expiring in 2011. Rent expense under the lease was \$37,356 and \$34,621 for 2009 and 2008, respectively. Future minimum lease payments under the operating lease are as follows:

|      |                  |
|------|------------------|
| 2010 | \$ 39,770        |
| 2011 | <u>26,510</u>    |
|      | <u>\$ 66,280</u> |

# MAINE TECHNOLOGY INSTITUTE

## Notes to Financial Statements

June 30, 2009 and 2008

### Capital Leases

The Institute is leasing assets with an amortized cost of \$5,331 under a capital lease with an interest rate of 8.25%. The leased assets are included on the balance sheet in equipment and amortization of the leased assets is included in depreciation expense. Total annual payments, including interest, are \$4,500.

Principal payments due in the years subsequent to June 30, 2009 are as follows:

|      |    |               |
|------|----|---------------|
| 2010 | \$ | 3,806         |
| 2011 |    | 4,132         |
| 2012 |    | <u>2,197</u>  |
|      | \$ | <u>10,135</u> |

### 7. Maine Biomedical Research Board

During 2002, MBRB was created by the State of Maine Legislature and the Institute was designated as its fiscal agent. The fiscal agent contract between MBRB and the Institute provides for MBRB to pay an annual amount up to \$20,000 in 2009 and \$25,000 in 2008 for the direct labor expense of a grant administrator and related direct and indirect costs required to carry out the activities of the Maine Biomedical Research Program. The contract expires on December 30, 2012. For the years ended June 30, 2009 and 2008, such direct expenses and overhead totaled \$14,932 and \$12,759, respectively.

### 8. Collaborative Agreement

The Institute had entered into a collaborative agreement with Maine Manufacturing Extension Partnership (MMEP), an unrelated not-for-profit organization, to act as fiscal administrator and to provide project management services to the Institute and its grantees. The agreement could be terminated without cause or notice by the Institute.

MMEP acted as an administrative agent for the Institute for some awards and held cash in escrow that could be returned at the Institute's option. During 2008, \$3,500,000 was paid to MMEP. Interest earned on the escrow was transferred to the Institute to be used for operating purposes. The administrative duties during this agreement were terminated on April 30, 2008.



# MAINE TECHNOLOGY INSTITUTE

## Notes to Financial Statements

June 30, 2009 and 2008

### 9. Grant Commitments

The Institute recognizes a liability and corresponding expense for awards in the amount expected to be paid when awards are approved by the Board of Directors and awardees submit required documentation and incur costs under the awards. Awards payable were \$1,738,433 and \$82,310 at June 30, 2009 and 2008, respectively. Approximately \$1,500,000 of the increase in awards payable is due to accruals for the MTAF program. Marine fund awards payable also increased approximately \$140,000 in 2009. Conditional awards approved by the Board of Directors are recorded when the recipient organizations meet the conditions of the awards.

As of June 30, 2009, the Institute had commitments to fund awards, if recipients meet certain milestones, as follows:

|                                    |                      |
|------------------------------------|----------------------|
| North Star Alliance awards         | \$ 612,000           |
| Phase Zero awards                  | 9,000                |
| Seed grants                        | 194,000              |
| Development awards                 | 929,000              |
| Cluster awards                     | 904,300              |
| Maine Technology Asset Fund awards | <u>19,517,800</u>    |
|                                    | <u>\$ 22,166,100</u> |

As of June 30, 2009, the Institute had approved awards to recipients pending executed award contracts as follows:

|                                    |                      |
|------------------------------------|----------------------|
| Seed grants                        | \$ 116,400           |
| North Star awards                  | 240,000              |
| Development awards                 | 3,064,600            |
| Cluster awards                     | 1,089,100            |
| Maine Technology Asset Fund awards | <u>26,209,000</u>    |
|                                    | <u>\$ 30,719,100</u> |

At June 30, 2008, the Institute had commitments to fund awards, if recipients meet certain milestones, totaling approximately \$3,800,000 and approved awards totaling approximately \$2,800,000 to grantees pending executed award contracts.

# MAINE TECHNOLOGY INSTITUTE

## Notes to Financial Statements

June 30, 2009 and 2008

### 10. Maine Technology Asset Fund

In November 2007, State of Maine voters approved a \$50 million bond issue for research, development, and commercialization of projects in certain technology sectors. These funds are administered and awarded by the Institute under a program called the Maine Technology Asset Fund (MTAF). Funds awarded to the Institute for MTAF administration and program expenses were \$568,200 and \$4,584,400, respectively, as of June 30, 2009. There were no program funds drawn in 2008. Administrative funds of \$450,000 were drawn in 2008. The Institute had \$45,415,600 remaining to be drawn from the fund for program expenses as of June 30, 2009. Funds must be drawn by June 30, 2014.

## **SUPPLEMENTARY INFORMATION**

## MAINE TECHNOLOGY INSTITUTE

## Cash Basis - Assets and Equity - Maine Biomedical Research Board

Years Ended June 30, 2009 and 2008

## ASSETS

|   | <u>2009</u>       | <u>2008</u>         |
|---|-------------------|---------------------|
| Cash held by Maine Technology Institute | \$ <u>798,298</u> | \$ <u>4,202,705</u> |

## EQUITY

|  |                   |                     |
|--|-------------------|---------------------|
| Cumulative excess of receipts over disbursements | \$ <u>798,298</u> | \$ <u>4,202,705</u> |
|--|-------------------|---------------------|

## MAINE TECHNOLOGY INSTITUTE

## Schedule of Receipts and Disbursements

## Maine Biomedical Research Board

Years Ended June 30, 2009 and 2008

|  | <u>2009</u>              | <u>2008</u>                |
|--|--------------------------|----------------------------|
| Receipts   |                          |                            |
| State of Maine   | \$ -                     | \$ 2,700,000               |
| Interest   | <u>54,507</u>            | <u>162,541</u>             |
| Total receipts   | <b>54,507</b>            | 2,862,541                  |
| Disbursements  |                          |                            |
| Grants   | <b>3,443,982</b>         | 3,692,287                  |
| Administration fee   | <u>14,932</u>            | <u>12,759</u>              |
| Total disbursements  | <b><u>3,458,914</u></b>  | <b><u>3,705,046</u></b>    |
| Excess of disbursements over receipts                                    | <b>(3,404,407)</b>       | (842,505)                  |
| Cumulative excess of receipts over disbursements<br>at beginning of year | <b><u>4,202,705</u></b>  | <b><u>5,045,210</u></b>    |
| Cumulative excess of receipts over disbursements<br>at end of year       | <b><u>\$ 798,298</u></b> | <b><u>\$ 4,202,705</u></b> |

## MAINE TECHNOLOGY INSTITUTE

## Statement of Activities

Year Ended June 30, 2009

|   |                      | <u>Program Revenues</u>             |   | Net  |
|---|----------------------|-------------------------------------|---|--|
|   | <u>Expenses</u>      | <u>Charges<br/>For<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | Revenue<br>(Expense)<br>and Changes<br>in Net Assets |
| Business-type activities                      | \$ <u>13,230,941</u> | \$ <u>62,035</u>                    | \$ <u>12,661,848</u>                              | \$ <u>(507,058)</u>                                  |
| Total   | \$ <u>13,230,941</u> | \$ <u>62,035</u>                    | \$ <u>12,661,848</u>                              | <u>(507,058)</u>                                     |
| General revenues                              |                      |                                     |   |  |
| Unrestricted interest and investment earnings |                      |                                     |   | 329,739  |
| Miscellaneous income                          |                      |                                     |   | <u>18,119</u>  |
| Total general revenues                        |                      |                                     |   | <u>347,858</u>                                       |
| Change in net assets                          |                      |                                     |   | (159,200)  |
| Net assets, beginning of year                 |                      |                                     |   | <u>1,821,538</u>                                     |
| Net assets, end of year                       |                      |                                     |   | \$ <u>1,662,338</u>                                  |