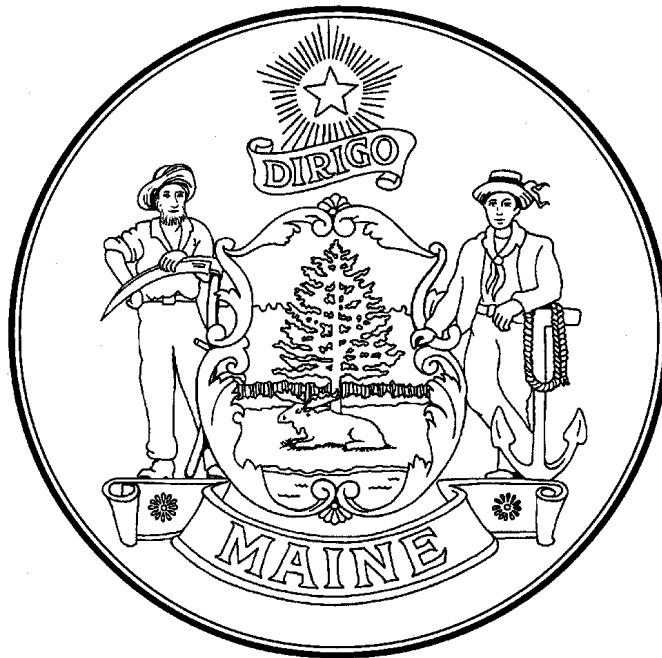


MAINE STATE LEGISLATURE

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ELEVENTH ANNUAL REPORT TO THE MAINE LEGISLATURE

FY10: July 2009-June 2010

**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



ELEVENTH ANNUAL REPORT TO THE MAINE LEGISLATURE

FY10: July 2009-June 2010

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



Dear Friend of MTI:

We are pleased to present the Eleventh Annual Report of the Maine Technology Institute (MTI) for the period July 1, 2009 - June 30, 2010.

MTI strengthens Maine's innovation economy as the State's only source of research and development financing for businesses and cultivation of our technology industries. Highlights of the fiscal year included:

MTI approved awards for 130 new technology development projects to innovative Maine companies and organizations across the state, totaling over \$6.1 million. These grants and loans leveraged an additional \$9.9 million in matching investment by the award recipients.

MTI executed 13 contracts totaling approximately \$20 million for Maine Technology Asset Fund (MTAF) technology development projects, financed by State bonds. These diverse and exciting projects, chosen through a rigorous and highly-competitive process, are leveraging more than \$27 million in matching funds and are sustaining and creating good jobs across the state.

MTI received over \$240, 000 in repayments of Development Awards from companies that have succeeded in bringing new technologies to market. MTI turns around these funds and uses them to fund awards and support for other entrepreneurial Maine companies.

MTI support was again ranked highest among 13 Maine and out-of-state business resources by more than 363 companies that completed confidential surveys as part of the State's independent evaluation of its innovation-based economic development investments.


The MTI Board approved a three-year action plan for 2010-2013 that identified four strategic priorities:

- Increase the success of MTI-funded companies;
- Help Maine's high potential clusters grow and innovate;
- Continue to enhance and build strategic alliances with key partners; and
- Continue to develop and adopt best practices in the management of MTI's programs and overall operations.

Thanks to the sustained support of our partners, policy makers, and the hard work of more than 100 volunteer board members and the MTI staff, 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 for a Maine company 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 industry-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 with a team of seven full-time and one half-time staff members. Together with the MTI president, this team implements the policies and programs of the MTI Board (Appendix C).



Front row: Shane Beckim, Jessie Gogan, Linda Adams, Andrea Phillips, Patti Sutter.
Back row: Betsy Biemann, Roger Brooks, Joe Migliaccio, James Fecteau.

The Maine Technology Institute During Fiscal Year ‘10

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.

MTI’s programs include:

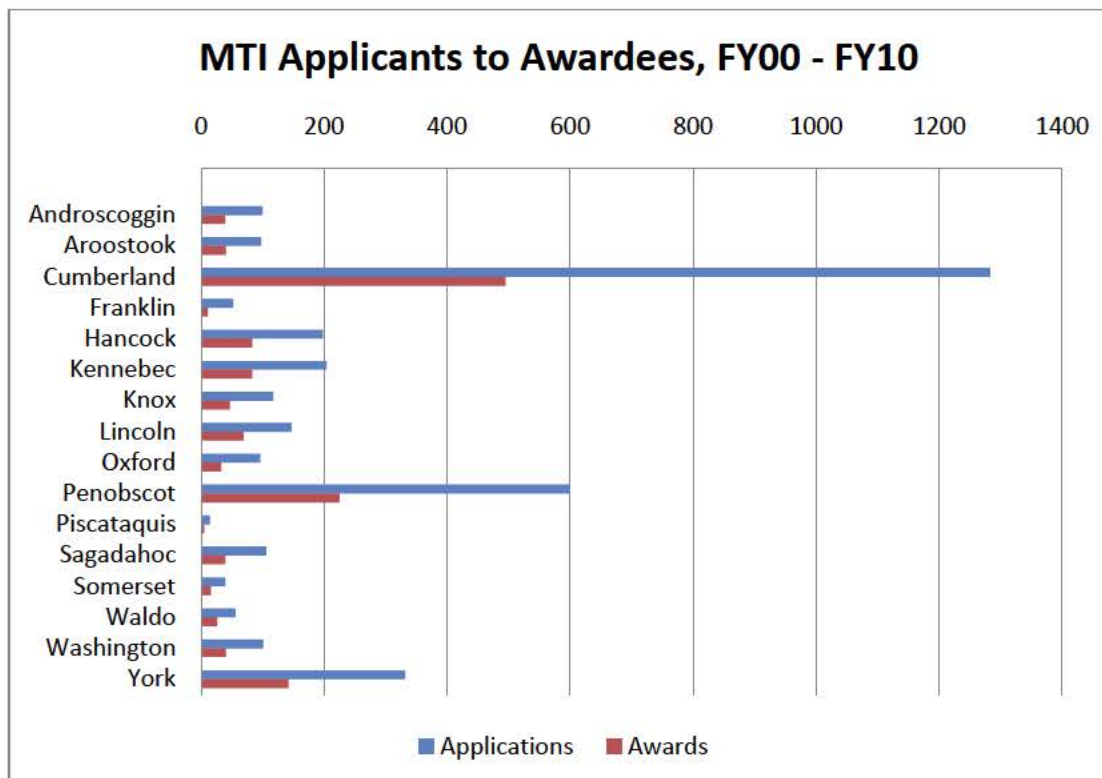
- Business Innovation Programs
 - Seed Grants
 - Development Awards
 - Accelerated Commercialization Fund
 - SBIR/STTR Awards and Federal Funding Assistance
- Cluster Initiative Program
- State bond-funded Programs
 - Maine Technology Asset Fund
 - Maine Biomedical Research Fund
 - Maine Marine Research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

MTI Funds Innovative Maine Companies and Organizations

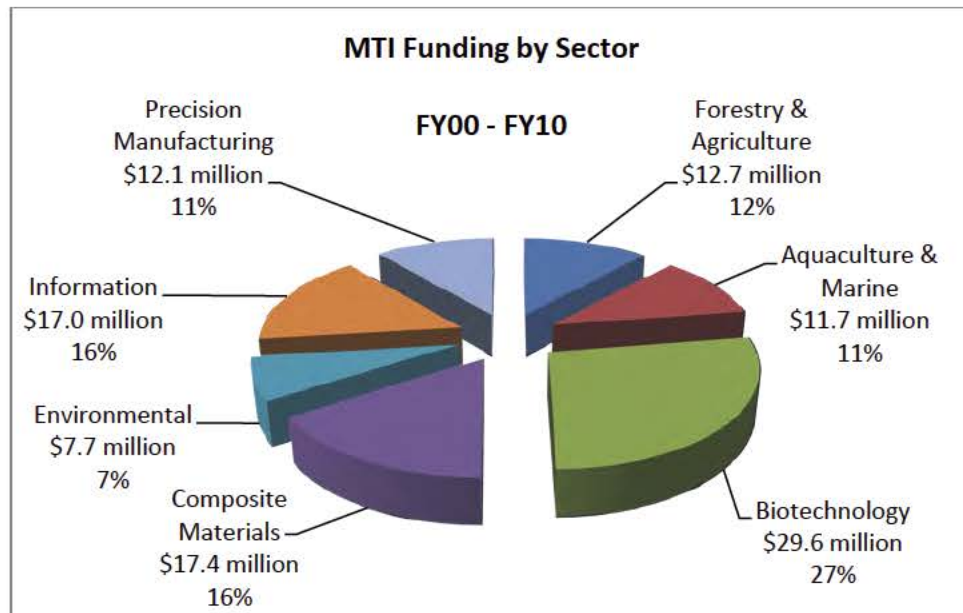
During FY10, MTI approved awards to 130 new technology development projects, totaling over \$6.1 million. This funding leveraged an additional \$9.9 million in matching investment by the companies themselves.

Since its inception in 1999, MTI has funded 1,425 technology development projects throughout the state of Maine, a financial commitment of nearly \$112 million that has leveraged an additional \$182 million for a total \$294 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.

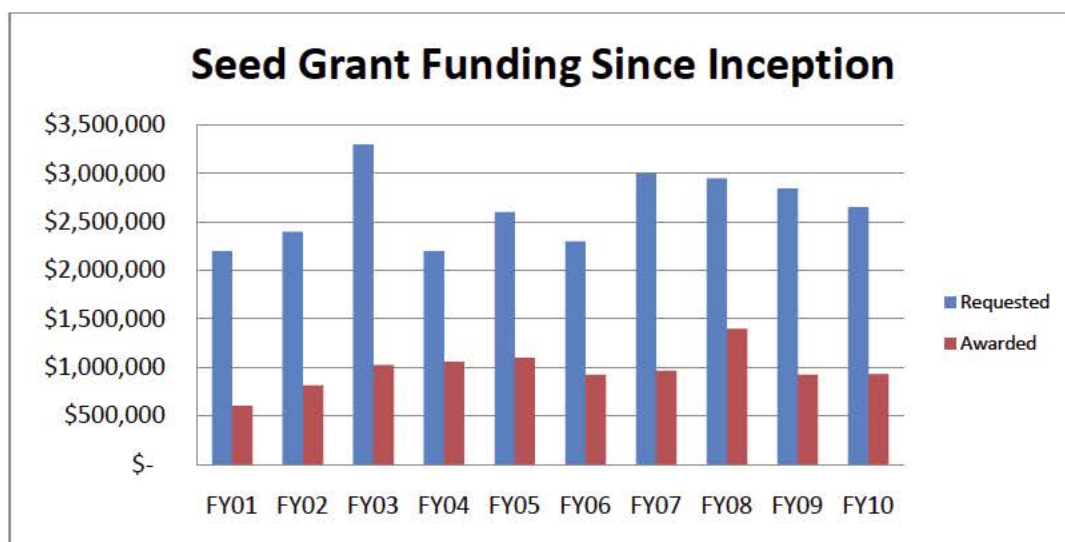


Core Funding Programs

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 FY10, 83 Seed Grants totaling over \$929,000 were awarded in six rounds that averaged 39 applications per round. The matching funds leveraged by these awards totaled nearly \$1.4 million (Appendix D). Since 2001, MTI has approved 1,032 Seed Grants for over \$9.8 million and matched by over \$15.8 million.



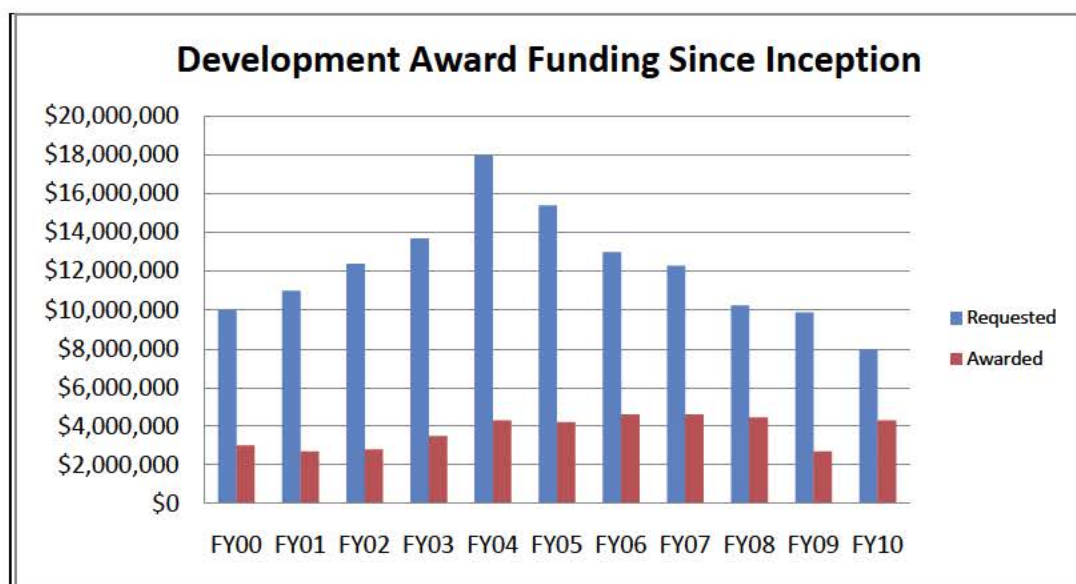
Award Recipient Profile: Seed Grant – Auburn Manufacturing

Auburn Manufacturing Inc., in Mechanics Falls, has used MTI funding to expand its offerings to enter new growth markets. Though the company's been in the textile manufacturing business for 30 years, specializing in coated textiles and composite fabrics for extreme temperature applications, it is creating a value-added product set for the insulation market that targets such underserved customers as educational institutions, hospitals, and government agencies. Based on its experience with specialty textiles in insulation applications, AMI recognized that many institutions seeking energy savings need an affordable, modular insulation product. It approached MTI and was awarded three seed grants over time, which it paired with its own R&D investment. Even in a tough manufacturing climate, AMI has been able to continue to innovate to increase growth, currently employing 50 people. "We're not doing the same things we did 30 years ago," says Kathie Leonard, President. "These new commercial opportunities should allow us to increase sales by 50% annually."

Development Awards

Development Awards are conditional loans of up to \$500,000 offered on a competitive basis three times a year to fund later stage R&D activities leading to commercialization, such as prototype development, testing and manufacturing pilot projects. Loan repayment is triggered by commercialization of the technology.

During the fiscal year, MTI Technology Boards reviewed 27 Development Award applications. Sixteen applications were funded for a total of \$4.3 million and matched by nearly \$6.9 million (Appendix E). Companies that have received earlier Development Awards made payments back to MTI totaling \$232,756 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: Development Award - CLYNK

With a \$500,000 Development Award from the Maine Technology Institute, CLYNK, a bottle and can redemption company based in South Portland, is developing its next generation of equipment to sort the bottles and cans. The company holds patents and has filed for additional patents on how it processes the containers and maintains customer accounts. CLYNK first broke into the Bangor market in the summer of 2010, opening at the Hogan Road Hannaford, and is extending its reach into eastern Maine. Plans call for CLYNK to be in 46 of the 55 supermarkets in the state, and with its Development Award funding CLYNK doubled its processing capabilities.

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 FY10, MTI's Board approved one Accelerated Commercialization Fund investment totaling \$73,846 to a company that had previously completed a Development Award-funded project (Appendix E).

Award Recipient Profile: ACF – Emergent Discovery

Portland-based Emergent Discovery delivers personalized ads to users based on their taste in music. Emergent's distribution partners, a large ad network and a demand-side platform with real-time bidding access to all major exchanges, enable Emergent to present advertising to thousands of publishers and 175 million monthly users. The company's channel partners sell advertising and include large ad networks, and rep firms, publishers, agencies and companies that represent major brands, labels and artists. Results of initial online advertising pilots and campaigns have shown that the unique targeting capabilities of Emergent's proprietary technology drive higher online advertising click through rates as well as add additional value for advertisers. In FY10, MTI's Board approved an ACF investment of up to \$73,846 in the company, which was matched by \$286,923 from private investors; as of the end of the fiscal year a contract for the initial tranche of \$34,615 had been executed. Emergent currently employs 5 full-time paid employees with additional management and contractor support rounding out the Maine-based team.

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 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 FY10, 18 Phase 0 awards were approved, totaling \$88,026, matched by company contributions of over \$116,000 (Appendix F). Since MTI's Phase 0 program's inception in early 2005, more than \$458,000 in Phase 0 awards have been approved and matched by over \$646,000. Through calendar year 2009, Maine company applications for this Federal funding assisted by MTI Phase 0 awards won more than \$8.1 million in SBIR grants from Federal agencies.

Pre-Phase II Matching Grants

Pre-Phase II Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) matching grants are for Maine small businesses that have received a Federal SBIR/STTR Phase I award for research and development. MTI's Pre-Phase II grants provide an additional \$10,000 that can be used for related commercialization and business development activities not covered by the Federal funds that help companies to secure Phase II funding and to bring their new technology to the market successfully. In FY10, seven Pre-Phase II awards were approved for \$69,985 and matched by SBIR Phase I awards totaling \$405,992 (Appendix F).

Award Recipient Profile: SBIR – Zeomatrix

Zeomatrix is a company in Orono that makes filtration materials and other products using zeolite, a powdery, white mineral. In addition to winning several Seed Grants and Development Awards, Zeomatrix received MTI support in its efforts to secure Federal Small Business Innovation Research funding and the company was subsequently successful in winning two grants totaling nearly \$590,000 from the National Science Foundation Small Business Innovation Research program and one grant for \$100,000 from the National Institutes of Health Small Business Innovation Research Program. Launched as a spinoff from a University of Maine research project, the company has already put one invention — an odor-absorbing paper material — to market and is working on another product that could make generating biofuels and providing the world with clean water easier and cheaper. From a modest office and lab in the Target Technology Center in Orono, Zeomatrix has developed a unique filtration membrane made in part using DNA. The technology attracted the attention of Germany-based BASF Chemical, the largest chemical company in the world, which invited Zeomatrix along with 11 other startups involved in water and membrane science around the globe to a September 2010 venture fair.

Assistance Securing Federal SBIR/STTR 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 FY10, Maine small businesses have won 244 awards totaling over \$60 million, an average of \$5.45 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 FY10 ending in September 2010, Maine small businesses received ten SBIR awards totaling \$2.79million.

Awards to Strengthen Maine's Technology Clusters

Recognizing that dynamic technology clusters require more than a group of individually successful companies, MTI offers 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.

MTI's Cluster Initiative 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 program also allows applications that aim to strengthen multiple clusters simultaneously by addressing a common challenge (such as entrepreneurial development).

In FY10, MTI approved funding for five awards aiming to strengthen Maine's high-potential technology clusters, totaling nearly \$690,000 and matched by over \$787,000. All together MTI has provided almost \$8.2 million in cluster awards, matched by more than \$17.8 million for 64 projects that support Maine's technology-driven businesses by improving the infrastructure, resources, connections and linkages necessary for the innovation economy to thrive (Appendix G). Awards made in FY10 included collaborative projects in the areas of support for Maine manufacturers, online marketing for Maine farmers, and meeting the IT training needs of Maine companies.

Award Recipient Collaboration Profile: Cluster Initiative Program – the Maine Food Producers Alliance

In 2009, MTI awarded a cluster enhancement award of \$458,922, matched by outside funding of \$680,268, to the Maine Manufacturing Extension Partnership (MEP). With the funding, MEP, together with the Maine Grocers Association (MGA) and The Maine Food Producers Alliance (MFPA), a trade association formed as part of the cluster initiative, collaborate to promote the state's value-added food producers. In 2008, according to a report prepared for MTI and the Office of Innovation, the cluster included about 200 companies including some 6,000 jobs. The new MFPA supports Maine's specialty food and beverage companies by hosting conferences, sponsoring networking events with distributors, negotiating group rates for trade shows, and performing other cluster-enhancing activities. Members include food providers ranging from established Stonewall Kitchen and Simply Divine Brownies to the fast-rising Zumspert and Maine Distilleries.

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. In June 2010, Maine voters approved an additional \$3 million to the Maine Technology Asset Fund.

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 companies, higher-education institutions and non-profit organizations 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. In these two competitive rounds, MTI received 116 applications for over \$220 million, and executed awards totaling \$45.6 million to 25 companies and organizations across Maine. 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 early 2010, MTI released its Round Three request for proposals to award the remaining MTAF funds (approximately \$4 million). These funds were supplemented by an addition of \$3 million by Maine voters in June 2010, when they approved an economic development bond referendum. Round Three awards were approved early in the subsequent fiscal year.

Award Recipient Profile: Maine Technology Asset Fund – FHC, Inc.

The brain contains more than 100 billion cells, and improving the ability to capture data from them is key to medical therapies for diseases such as Parkinson's. FHC, Inc in Bowdoin developed an electrode to record signals from individual brain cells in 1969, and has seen the market explode for its brain research, surgery and diagnosis technologies. Alongside its mission to develop technologies that enable life-changing medical treatment is its commitment to the state of Maine – both of which are strengthened by funding from MTAF. "We are absolutely committed to maintaining a presence in the state of Maine as a manufacturing company," says Fred Haer, CEO of FHC. "We do not want to get swallowed up by a big company and get transferred to another location." Haer understands the impact his company has on the local community in Bowdoin as it has grown to a 90-employee-strong presence there. But that commitment comes at a cost: accessing capital is more challenging for private companies, often requiring them to slow their growth plans or take a pass on emerging markets. In his case, FHC was able to secure a \$438,000 loan from the MTAF bond funds to purchase the micro-fabrication equipment it needed to develop its next generation of neurosurgical devices and continue its growth.

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 FY10, MTI disbursed \$1.26 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 fiscal year and no new awards were made by the program. In FY10, MTI disbursed over \$507,000 to this Fund's award recipients as they achieved their existing 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 and Renewable Energy Technology

From time to time, MTI has the opportunity to focus additional support on a particular sector. During the 2010 fiscal year, MTI completed its funding of companies and organizations in the composites and boatbuilding sectors as part of the North Star Alliance initiative.

MTI was one of the participating agencies in the North Star Alliance, a three-year 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 aimed 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 \$1,283,000. The goal of this funding was to enable Maine's innovative companies in these industries to boost their competitiveness and create quality jobs for Maine people. Less than seventeen percent of the funding went to MTI to cover administration, training and outreach by MTI staff. During this fiscal year, MTI closed out this program by paying out \$495,000 to three award recipients.

Sector-specific funding was also awarded in the renewable energy sector. In 2008, the Maine Legislature authorized the annual distribution of 35% of the Renewable Resources Fund at the Public Utilities Commission to MTI to support the development and commercialization of renewable energy technologies. In FY10 MTI received the first allocation of these funds, totaling \$37,596, and distributed them via four Seed Grant awards for tidal, wind and biomass development projects.

Effective Partnerships

University of Maine System

Active collaboration between the University of Maine System and MTI continued in FY10. MTI's Board approved five Seed Grants, two Cluster Initiative Awards and two Technology Transfer Development Awards to University of Maine Orono and University of Southern Maine projects during the fiscal year. In addition, MTI's team made multiple presentations at University System campuses. For example, MTI's President made a presentation to USM faculty and administration members about MTI programs, with a particular focus on the Maine Technology Asset Fund and the opportunities for funding technology transfer activity through the Seed Grant and Development Award programs.

University involvement with MTI ranged from University Centers and personnel being an award recipient, a subcontractor to Maine companies funded by MTI, providing incubator support to MTI-funded companies, commercialization support of UM technology, technology licensing, and business development support to MTI applicants and award recipients. 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 System 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 FY10, MTI continued its highly engaged 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. One of the Centers, the Maine Center for Enterprise Development in Portland, launched an MTI-funded pilot entrepreneurship development program, called "Top Gun". This competitive program selected twelve companies (several MTI-funded) for its inaugural class and connected them with approximately two dozen volunteer industry mentors. Two of MTI's management staff were involved as advisors to the program's development as well as served as mentors. The evaluation of the program by its entrepreneurs and mentors was very positive and their feedback was folded into the program's second class, which was selected in early 2011.

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 FY10, Target Technology Center staff assisted multiple companies to prepare successful proposals for MTI funding.

Finally, during FY09 the Maine Aquaculture Innovation Center (MAIC) provided support to a number of MTI funded aquaculture companies, including Sea and Reef Aquaculture and Mook Sea Farm.

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) continued their partnership offering 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 periodically to explore new avenues for joint work.

Maine Manufacturing Extension Partnership

During FY10, Maine Manufacturing Extension Partnership (MEP) reached out to 37 MTI award recipients in the manufacturing sector and provided assistance to 17 of these. MEP activity with MTI award recipients include projects involving quality management systems audits, lean manufacturing training and implementation, facility layouts, and workforce development, accounting for hundreds of hours of training and consulting services. According to MEP, the organization also contributed over 140 additional hours during this period educating manufacturers about MTI programs and introducing MEP services to MTI award recipients.

Finally, as part of their ongoing partnership agreement, MTI's awards of over \$1.46 million to manufacturing companies, in combination with other funds secured by MEP,

allowed MEP to draw down its full allocation of Federal matching funds, which were used to provide additional services and programs to Maine manufacturers.

Small Business Development Center

MTI and the Small Business Development Center have worked collaboratively together in multiple ways since MTI's founding. Currently, MTI's President and the SBDC Director participate in the monthly DECD meeting of economic development agency directors to discuss current activities and areas for future collaboration and periodically bring their staff teams together to update each organization on its programs and capacities. Furthermore MTI staff and its website refer interested company applicants and award recipients to seek out business planning and execution assistance from the regional SBDC business counselors.

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 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 \$105,784 of in-kind match funding for Maine PTAC's Federal procurement assistance program in FY10.

Maine Patent Program

In FY10, 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 more than 79 companies during FY10 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 partners with the Maine Angel Network, organizing a joint event 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 **monthly e-NEWS** to more than 1900 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 continued 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. This print publication will be phased out in the fall, as MTI transitions to its upgraded website (see below).
- 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 began planning webinars that were launched in FY11 to expand access to MTI program workshops.

- MTI's **website, 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. In FY10, MTI upgraded its website, adding more functionality, data, program information and educational material for applicants, partners, and the public for more cost-effective statewide outreach.
- MTI attendance, sponsorship or presentations across the state continued to increase. In the past year MTI participated in events of, or provided support to, the following:
 - Association for Consulting Expertise
 - Bioscience Association of Maine
 - Coastal Enterprises, Inc.
 - Economic Development Council of Maine
 - Efficiency Maine Trust
 - Environmental and Energy Council of Maine
 - Finance Authority of Maine
 - Juice: Powering the Creative Economy
 - Knowledge Transfer Alliance
 - Maine Angel Network
 - Maine Aquaculture Association
 - Maine Center for Enterprise Development
 - Maine Development Foundation
 - Maine Entrepreneurs Network
 - 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 Small Enterprise Growth Fund
 - Manufacturers Association of Maine
 - National Collegiate Inventors and Innovators Alliance
 - North Star Alliance Initiative
 - Ocean Energy Task Force
 - Potatoes to Plastics Council
 - Science, Technology, Engineering and Mathematics Summit and Dialogue and Careers Roundtable
 - Service Core Of Retired Executives (SCORE)
 - Small Enterprise Growth Fund
 - State Science and Technology Institute

- Tech Maine, formerly known as MESDA
- UMaine Advanced Structures and Composites Center
- UMaine Business School
- UMaine Center for Law and Innovation
- UMaine Target Technology Center
- University of Southern Maine School of Applied Science and Technology

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:

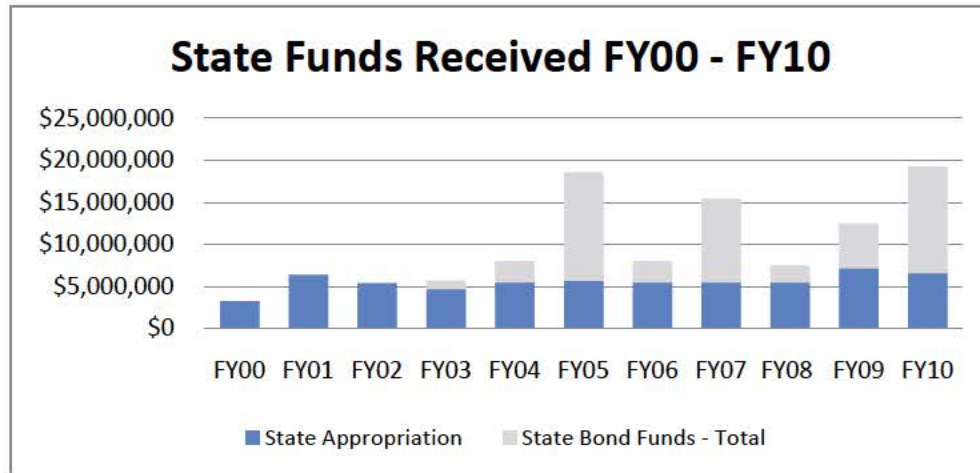
- "MTI projects closing in 2007 and 2008 yielded \$14.27 for every \$1.00 of MTI funds, up from \$12.00 in 2002-2006."
- "Research is an inherently risky activity, but MTI-funded companies have had a high rate of success."
- "The number of new products resulting from MTI research that are on sale at 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 evaluation can be found at www.mainetechnology.org.

More recent data are included in the Comprehensive State Research and Development evaluation, completed in February 2010. The data in this report noted that MTI was ranked highest by 363 companies that ranked the value and assistance from Maine and out-of-state resources. The State's comprehensive R&D evaluation report can be found at 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 general funds (ie. non-bond) appropriated for its operations.



Financial highlights of FY10 include the following:

- MTI received \$6,969,813 from a State appropriation through the Department of Economic and Community Development (“DECD”) for general programs and \$11 million of the \$50 million of State bond funds for research, development and commercialization via the Maine Technology Asset Fund (MTAF).
- MTI approved for funding 130 projects totaling just over \$6.1 million, a decline of approximately \$500,000 in core program awards over the previous year. No awards were approved this year under the MTAF Program as the fund was fully awarded during Fiscal 2009.
- MTI disbursed nearly \$15.1 million according to agreed-upon project award milestones, \$5.2 million more than in the previous fiscal year; all of the increase was due to MTAF disbursements.
- MTI’s outstanding commitments for its core awards comprise \$7.2 million, including approximately \$3.3 million in approved awards with unexecuted contracts as of June 30, 2010. MTAF outstanding commitments total over \$32.2 million, including one \$540,000 approved award with an unexecuted contract subject to specific conditions as of June 30, 2010.
- MTI received \$240,435 in Development Award repayments, over \$630,000 less than in fiscal year 2009.
- MTI received \$142,638 as a contractor to DECD for the federally-funded North Star Alliance project aiming to boost employment in the composite technologies and boatbuilding sectors. Including \$372,061 in funds received during FY 2009, MTI paid out \$495,411 for awards and \$19,287 in expenses.

- \$301,364 was realized from interest, a decrease of approximately \$28,000 compared to the previous year, due to lower average invested cash balances.
- The bonds that funded the Maine Technology Asset Fund were approved by Maine voters in November 2007. In the two prior fiscal years, MTI received General Funds to cover ongoing monitoring and administration costs. Of the \$327,777 carried forward at the end of FY09, \$104,570 was expended during FY10. MTI's monitoring obligation will extend for four years.
- FY10 administrative and operating costs were approximately \$980,000, a decrease of over \$315,000 (24%) over the previous year. MTAF operating costs, particularly application review fees and expenses, fell by \$359,000. Expenses for all other programs and activities increased by \$44,000, or 5%. All operating expenses other than the costs to monitor and administer the Maine Technology Asset Fund are paid by interest earnings plus 7% of development award repayments.
- In December of FY10, MTI's State appropriation was curtailed by \$381,071.
- For FY10, the Board of Directors voted to forego recognition of the 7% of the State appropriation that MTI is allowed in order to fund its operating expenses, thereby preserving 100% of the State's appropriation for programs. As a result, FY10's usage of net assets increased to nearly \$433,000, compared to \$159,000 for the previous fiscal year.

For detailed audited financial information for FY10, see Appendix H.

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

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 yet dynamic organization with an independently evaluated track record that demonstrates a return on investment of more than \$14 for every \$1 awarded.

In the fiscal year covered by this report, MTI continued stewarding six times the resources that it had two years previously, due to the launch of the MTAF and Cluster Initiative programs, with minimal increases in administrative costs that were covered by MTI's net assets in order to maximize funds available for awards to projects. Going forward, MTI will continue to manage 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 continues the reduction in MTI's general appropriation in FY10 and FY11 of approximately 10% in each of the two years.

During FY11, 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 the still sluggish 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 MTI Board approved a three-year action plan for 2010-2013 that identified four strategic priorities summarized as follows:

- Increase the success of MTI-funded companies;
- Help Maine's high potential clusters grow and innovate;
- Continue to enhance and build strategic alliances with key partners; and
- Continue to develop and adopt best practices in the management of MTI's programs and overall operations.

The staff and Board will work to carry out the activities specified to advance these priorities in FY11.

Other notable program activities will include the completion of a third competition for MTAF awards totaling approximately \$7.4 million, which will include a new \$3 million bond approved by Maine voters in June 2010 as well as approximately \$4.4 million remaining from the second round. (Several Round Two award recipients were not able to meet their award conditions so their awards were not executed, and one revised their award amount downward due to changes in its project.) MTI will also receive and administer funds from the Efficiency Maine Trust for the development and commercialization of renewable energy technologies in Maine. Finally, as part of the completion of MTI's tenth year, MTI will communicate more examples of success stories and data to the public, to Maine companies and to policymakers regarding the role that innovation, new technology development, and technology intensive clusters are playing to create quality jobs across Maine.

**The Maine Technology Institute
Board of Directors
2010**

Member	Term Ends*	Affiliation	Sector or Organization
James Detert Chair	2012	Rynel, Inc.,	Precision Manufacturing
Paul Turina Vice Chair	2010	Safe Handling, Inc.	Environmental Technology
David Daigler Treasurer	N/A	Maine Community College System	Maine Community College System
Jake Ward Secretary	N/A	University of Maine	University of Maine System
Scott Bourget	2010	Maine Machine Products Co	At-Large Industry
Christopher Davis	2010	Maine Aquaculture Innovation Center	Aquaculture and Marine Science
Linda Diou	2012	Meridian Life Science, Inc..	Biotechnology
David Erb	2011	Textech Industries, Inc.	Composites Technology
Steven Hand	2010	Know Technology	Information Technology
Sue Inches Non-Voting	N/A	State Planning Office	State Planning Office
Tim Nightingale		Camden National Bank	Financial
Cathy Renault	N/A	Director, Office of Innovation	Department of Economic and Community Development
Stephen Smith	2012	Masthead Venture Partners, LLC	Financial
Peter Triandafillou	2011	Huber Resources	Advanced Technologies for Forestry and Agriculture
Betsy Biemann Ex-Officio Non-Voting		Maine Technology Institute	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.

Maine Technology Institute
Technology Boards
FY10

Member	Affiliation
<i>Aquaculture & Marine</i>	
Dr. John Annala	Gulf of Maine Research Institute
Nick Brown	Center for Cooperative Aquaculture Research
Hugh S. Cowperthwaite	Coastal Enterprises, Inc.
Michael Devin	Devin Consulting
Paul Dobbins	Ocean Approved
Steve Jury	University of New England
Carter Newell	Pemaquid Mussel Farms and Great Eastern Mussel Farms, Inc.
Pat Pinto	Saltwater Marketing
Louis Sage	Consultant
Jere Shaw, Chair	Evergreen Credit Union
<i>Biotechnology</i>	
Brian Connelly	Faber, Daeufer and Rosenberg PC
Clyde Dyar	Teague Biotech Center of Maine
Joan Gordon	Maine Molecular Quality Controls, Inc.
Karin Gregory	Furman Gregory Hahn, LLC
Pam Gustin	Toxicon
Karen Houseknecht	University of New England
Douglas McAllister	ViroStat
Ed Mamenta	Seroclinix
Dr. Ah-Kau Ng	University of Southern Maine
John Roche	Roche Biomedical Consulting Group
Christopher Speh	TwoLights Insights Co.
Calvin Vary, Chair	Maine Medical Center Research Institute
Janet Yancey-Wrona	Aiko Biotechnology
<i>Composite Materials</i>	
Jay Brown	Bath Technical Services
Robert Carr	Applied Thermal 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.
Steve Hassett	Custom Composite Technologies
Steve Levesque	Midcoast Regional Redevelopment Authority
Robert Lindyberg	UMaine Advanced Engineered Wood Composites Center

Debra Mattson	Maine Advanced Technology Center
Dale Peabody	Maine Department of Transportation
Ken Priest	Kenway Corporation
Steve VonVogt, Acting Chair	Maine Marine Composites
<i>Environmental Technology</i>	
John Adelman	CPRC Group
Jim Atwell	Sevee & Maher Engineers, Inc.
Andre Casavant	HDR/DTA
Ronald Dyer	Nestlé Waters North America/Poland Spring Water
Amos Eno	Resources First
John Ferland	ORPC Maine, Inc.
John Logan	Water Energy Distributors, Inc.
Jesse Moriarity	University of Maine, Foster Student Innovation Center
Kwabena Osei	Hydro International
John Rooks	The SOAP Group
Patrick Scanlon	Preti Flaherty Beliveau and Pachios
Michael Stoddard	Efficiency Maine
Timothy Vrabel	Efficiency Maine
Bill Warren, Chair	Katahdin Analytical Services
<i>Forestry & Agriculture</i>	
Bill Blaiklock	Woodcock Farm
Richard Dorey	Consultant
Martin Grohman	GAF
Eric Kingsley	Innovative Natural Resource Solutions, LLC
Bob MacGregor	Maine Wood Products Association
John Manoush, Chair	Manoush Associates
Melissa Norton	Maine Wood Artisans
Richard Pfeffer	Gritty McDuff's and Aroostook Starch Company
Robert Phillips	Consultant
Denise Skonberg	UMaine Department of Food Science & Human Nutrition
Jeffrey Spaulding	Eaton Peabody, P.A.
<i>Information Technology</i>	
John Brown	AeroHydro, Inc.
Mark Donahue	IDEXX
Charlene Hamiwka	Consultant
Kirk Hill	IDEXX
Stephen Howard	Howard Associates
Dana Hutchins	Image Works/Xhibit Net
Scott Knoll	Wright Express Corporation
Tom Lovering	Portland Webworks, Inc.
Patrick Martin	TD Bank
Peter Murray	Quantrix
Debbie Neuman	Target Technology Center
David Rubenstein	Maine Aerospace Consulting

Michael Shattow	Consultant
Greg Schueman	Consultant
Scott Stefanski	Bazaar Strategies
Robert Waeldner	Waeldner Law Offices
<i>Precision Manufacturing Technology</i>	
Walter Butler	New England Castings
Jennine Cannizzo	Consultant
David Clark	Bath Iron Works
Bruce Drouin	Katahdin Trust Co.
John Grondin	Prescott Metal
Daniel Huber	Consultant
Adam Jones	Shively Labs
Lisa G. Martin, Chair	Manufacturers Association of Maine
Norman MacIntyre	MacIntyre Consulting
James Olson	Citi Smith Barney
Chip Roche	Newfab, Inc.
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 Support

Roger joined MTI in February 2008 and is responsible for MTI's 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.

James Fecteau, Finance and Administration Manager

Jim joined MTI in April 2010 and is responsible for managing financial and accounting functions, HR functions and benefit plans, and general administration functions. Jim comes to MTI having served in the roles of Controller through Chief Financial Officer for companies in the biotechnology, real estate development, high-tech manufacturing and distribution industries. He is formerly a CPA as well.

Jim holds a bachelor's degree from Bowdoin College and a master's degree for Northeastern University. He actively supports civic and educational organizations. He was brought up in Augusta and resides in Portland with his wife and family.

Jessica Gogan, Development Award Specialist

Jessica joined MTI in 2008 and is responsible for sourcing investment opportunities, administering the evaluation process, and advising and monitoring portfolio companies. She has been involved in MTI investments in technology companies such as CashStar Inc., Harbor Technologies LLC, AIKO Biotechnology Inc., Global Protein Products, Advance Electronic Concepts and with the University of Maine at Orono. Jessica provides up to one hour of assistance to applicants throughout the writing process and shares insights and tips on how to assemble a competitive Development Award application that is clear, focused, complete and compelling.

Jessica came to MTI with public health sector experience in project management, grant administration, and expertise in policy and workforce development. She was drawn to MTI because of her interest in fostering entrepreneurship, facilitating access to capital, and working with Maine businesses to generate positive economic impact. She holds a Bachelor's Degree of Business Management from the University of Maine at Augusta.

Joseph Migliaccio, Manager, Business Innovation Programs

Joe joined MTI in 2000 and is the Manager of Business Innovation Team which consists of the Seed Grant, Development Award, Accelerated Commercialization Fund and Phase 0 programs.

Involved with the small business 'family' throughout his life, he 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 as 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 masters degree in business administration from Southern New Hampshire University in Manchester, N.H. Joe, his wife, and two daughters live in Freeport, where they own a small business and he serves on the town council.

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 Awards FY10

Appendix D

OrgName	AwardTitle	PrimarySector	City	County	Award	Match
The Baker Company Inc	Baker Company CO2 Incubator Development	Biotechnology	Sanford	York	\$12,500.00	\$19,191.00
Sergei Breus Sole Proprietor	Tidal Energy Power Producing Rotor	Environmental Technology	Blue Hill	Waldo	\$11,740.00	\$13,812.00
Electro Optical Instruments	Automated Brewster Angle Refractometer	Precision Manufacturing Technology	Lincoln	Penobscot	\$7,400.00	\$10,700.00
Laboratory For Surface Science And Technology	Sensors for High Temperature Harsh Environments	Precision Manufacturing Technology	Orono	Penobscot	\$12,500.00	\$14,853.00
Zeomatrix LLC	Membrane Calcining	Environmental Technology	Orono	Penobscot	\$6,545.00	\$9,790.00
REA Inc	Carbon Fibre Harness Racing Sulky	Composite Materials Technology	Van Buren	Aroostook	\$12,500.00	\$13,179.00
University Of Maine	Sustainable Lobster Growout System	Aquaculture & Marine Technology	Orono	Penobscot	\$12,470.00	\$13,442.00
Elco Inc	Weed Cutter System	Aquaculture & Marine Technology	Lewiston	Androscoggin	\$12,441.00	\$16,449.00
Mark Bushey Sole Proprietor	IVPT-IV Pole Transport Device	Composite Materials Technology	Standish	Cumberland	\$2,372.00	\$15,100.00
Casey Rosenthal Sole Proprietor	DSQ: Simulation Software	Information Technology	Portland	Cumberland	\$10,400.00	\$18,000.00
New Media Internet Technologies Lab	Wearable Social Networking Device	Information Technology	Orono	Penobscot	\$12,500.00	\$21,780.00
University Of Maine	Feel Monitor System for Robotic Surgery	Biotechnology	Orono	Penobscot	\$12,500.00	\$20,180.00
Zum Sport LLC	Proof of concept pilot project	Advanced Technologies for Forestry & Agriculture	Yarmouth	Cumberland	\$12,370.00	\$21,300.00
The Fiber Resource Group Of Maine Inc	TFRG Paper Roll Resizing and Finishing System	Advanced Technologies for Forestry & Agriculture	Van Buren	Aroostook	\$10,625.00	\$12,562.00
Seal Cove Farm LLC	Goat Cheese Fortified with Omega-3 Rich Fish Oil	Advanced Technologies for Forestry & Agriculture	Lamoine	Hancock	\$5,100.00	\$5,760.00
Rohrer Technologies Inc	RTI Submerged Ocean Wave Energy Converter (SOWEC)	Environmental Technology	York	York	\$10,000.00	\$12,500.00
Count and Crush LLC	Enhancements to container sorting process	Environmental Technology	South Portland	Cumberland	\$12,500.00	\$13,280.00
Paul Gilbert Sole Proprietor	Novel Process for Carbon Fiber Manufacture	Composite Materials Technology	Cumberland Foreside	Cumberland	\$10,000.00	\$17,375.00
Meeting House Designs	Recycled Glass and Seashell Countertops	Composite Materials Technology	South Portland	Cumberland	\$12,500.00	\$12,500.00
Ben Brickett Sole Proprietor	Wind blades for VFG turbine	Precision Manufacturing Technology	Eliot	York	\$12,000.00	\$16,769.00
Pellet Heat Solutions LLC	Oil to Wood Pellet Furnace Retrofit Certification	Environmental Technology	Bass Harbor	Hancock	\$11,575.00	\$13,025.00
Jeremy Usher Sole Proprietor	Automated Examination Grading for Educators	Information Technology	Brunswick	Lincoln	\$12,500.00	\$19,651.00
Retrax Inc	RETRAX Backstand	Precision Manufacturing Technology	Woodland	Aroostook	\$12,500.00	\$18,457.00
Maine Wild Caught	Commercialization of an invasive Maine crab	Aquaculture & Marine Technology	Swans Island	Hancock	\$8,120.00	\$8,670.00
GS Inc	Patent for a unique pump station for solar systems	Environmental Technology	Rockland	Knox	\$11,040.00	\$13,078.00
Robert Fleming Sole Proprietor	Acquire test data for sonar signal enhancement.	Aquaculture & Marine Technology	Blue Hill	Hancock	\$6,775.00	\$7,600.00
Direct Vet Marketing Inc.	DVM Market Research	Information Technology	Portland	Cumberland	\$12,500.00	\$20,000.00
Micro Technologies Inc	Rapid serological test for KHV infection	Aquaculture & Marine Technology	Richmond	Sagadahoc	\$12,125.00	\$12,125.00
REA Inc	Carbon Fibre Harness Racing Sulky	Composite Materials Technology	Van Buren	Aroostook	\$12,500.00	\$22,250.00
MTK Group LLC	Portable Electronic Checklist	Information Technology	Gorham	Cumberland	\$12,500.00	\$25,835.00
iSagacity Inc	Use of PDM Software in Energy Management Systems	Environmental Technology	Portland	Cumberland	\$12,500.00	\$14,695.00
Pellet Heat Solutions LLC	High Efficiency, Low Cost Pellet Boiler Design	Environmental Technology	Bass Harbor	Hancock	\$12,425.00	\$22,685.00
Refrigeration Technologies	Development of refrigeration system with low GWP	Environmental Technology	Gorham	Cumberland	\$12,500.00	\$16,660.00
Organic Alchemy Composting	Organic Alchemy Composting Process Design & Test	Environmental Technology	Portland	Cumberland	\$6,620.00	\$7,651.00
Falcon Performance Footwear	Development of Composite Safety Shoe Component	Composite Materials Technology	Lewiston	Androscoggin	\$6,495.00	\$6,830.00
Local Interactive Strategies LLC	Network to connect music artists and fans	Information Technology	Cumberland	Cumberland	\$11,200.00	\$18,600.00
Blue Marble Geographics	GeoCalc Java	Information Technology	Gardiner	Kennebec	\$12,500.00	\$22,269.00
University Of Maine	Commercializing Renewable Energy GIS Data Systems	Information Technology	Orono	Penobscot	\$12,499.00	\$12,545.00
Kenway Corporation	Fire Testing Composite Panels for Transportation	Composite Materials Technology	Augusta	Kennebec	\$12,500.00	\$12,500.00
Kenway Corporation	Fire Testing of Composite Panels - Phase II	Composite Materials Technology	Augusta	Kennebec	\$12,500.00	\$12,500.00
Griffin LLC	Patent for Submarine Propulsor	Precision Manufacturing Technology	Brunswick	Cumberland	\$11,329.00	\$12,425.00
Timothy McCabe Sole Proprietor	Mechanics Hand Tool	Precision Manufacturing Technology	Winslow	Kennebec	\$8,920.00	\$11,250.00
Maine Conservation Medicine Center	Fish Anesthetic Drug: Intellectual Property Assist	Aquaculture & Marine Technology	Waterville	Kennebec	\$12,500.00	\$12,500.00
Local 207 Inc	Hall Internet Marketing Tools	Information Technology	Portland	Cumberland	\$12,500.00	\$13,850.00
Refill Management Systems LLC	Protocol Rx, medical decision support software	Information Technology	Yarmouth	Cumberland	\$10,440.00	\$11,152.00
Mega Industries LLC	High Power RF Circulator Development	Precision Manufacturing Technology	Gorham	Cumberland	\$12,500.00	\$18,000.00
Discover Motion LLC	Development of Beta Version of BlackBerry FMI App	Information Technology	Carrabassett Valley	Franklin	\$11,613.00	\$11,614.00
RoyalWear LLC	Consulting & Early Stage Trial Production	Environmental Technology	Richmond	Sagadahoc	\$12,250.00	\$13,800.00
Bazaar Strategies LLC	Develop Mobile Networking Platform Prototype	Information Technology	Falmouth	Cumberland	\$11,500.00	\$25,100.00
Labeling Solutions	Automatic Location Marking	Information Technology	South Portland	Cumberland	\$12,500.00	\$23,524.00
AXAT Inc	Aquaculture Remote Sensing Device	Aquaculture & Marine Technology	Holden	Penobscot	\$12,500.00	\$26,016.00
Energy Circle LLC	Energy Auditing/Contracting Online Software Tool	Environmental Technology	South Freeport	Cumberland	\$11,369.00	\$13,890.00
Maine Coast Heritage Trust	Washington County Wild Blueberry Processing Center	Advanced Technologies for Forestry & Agriculture	Topsham	Cumberland	\$12,500.00	\$25,528.00
Atlantic Blanket Company	Prototype Development for Natural Dye, Dye House	Environmental Technology	Northport	Waldo	\$10,000.00	\$10,000.00
Kennebec Cider Company	A Manufacturing Design for Maine Ice Cider	Advanced Technologies for Forestry & Agriculture	Winthrop	Kennebec	\$5,374.00	\$11,075.00

Maine Technology Institute
Seed Grant Awards FY10

Appendix D

OrgName	AwardTitle	PrimarySector	City	County	Award	Match
Oceanwind Technology LLC	Submerged Web Foundation: Simulation by NREL Model	Environmental Technology	North Waterford	Oxford	\$12,500.00	\$12,500.00
Torrefaction Technologies USA LLC	Torrefaction Technologies	Environmental Technology	Portland	Cumberland	\$12,500.00	\$60,000.00
Technological Innovations LLC	Evaluation of Wood-based TI-MNC Energy Storage Dev	Precision Manufacturing Technology	Sanford	York	\$12,500.00	\$16,275.00
Compost Maine LLC	Compost Maine Composting Technology Test	Environmental Technology	Union	Knox	\$8,830.00	\$14,618.00
American Solartech LLC	Further Development of a Low Cost Wood Gasifier	Environmental Technology	Searsport	Waldo	\$10,000.00	\$10,000.00
Elco Inc	Weed Cutter System	Aquaculture & Marine Technology	Lewiston	Androscoggin	\$12,500.00	\$15,154.00
Kenneth Johnson Sole Proprietor	Low-Grade Energy Heat Engine	Environmental Technology	Bangor	Penobscot	\$12,500.00	\$14,000.00
Sergei Breus Sole Proprietor	In Stream Tidal Turbine Development	Environmental Technology	Blue Hill	Waldo	\$9,732.00	\$10,582.00
University Of Maine	Development of Robotic Rowing Orthosis	Biotechnology	Orono	Penobscot	\$12,500.00	\$34,000.00
Flagsuit LLC	Manual Manipulation Vacuum Chamber	Precision Manufacturing Technology	Southwest Harbor	Hancock	\$11,405.00	\$11,405.00
Environetix Technologies Corporation	Robust High Temperature Sensor	Precision Manufacturing Technology	Orono	Penobscot	\$12,500.00	\$15,000.00
Atayne LLC	Convertible Athletic Shorts Prototype Development	Precision Manufacturing Technology	Brunswick	Cumberland	\$12,500.00	\$23,750.00
Rainstorm Inc	FacultyStorm Efficiency and Usability Development	Information Technology	Orono	Penobscot	\$12,500.00	\$19,379.00
Biovation LLC	Sales/Marketing Plan for Polylactic Acid Products	Precision Manufacturing Technology	Boothbay	Lincoln	\$12,500.00	\$20,500.00
University Of Maine	Development of a Novel Water Monitoring System	Environmental Technology	Orono	Penobscot	\$10,050.00	\$27,849.00
Lyman Morse Boatbuilding LLC	Water Wheel	Composite Materials Technology	Thomaston	Knox	\$12,400.00	\$12,430.00
Advance Electronic Concepts	Solid State Refrigeration Luminaire	Precision Manufacturing Technology	Portland	Cumberland	\$9,400.00	\$10,500.00
Trillium Diagnostics LLC	Purchase of Used Abbott Sapphire Instrument	Biotechnology	Bangor	Penobscot	\$12,500.00	\$12,500.00
John A. Phinney Sole Proprietor	Whelk Culture	Aquaculture & Marine Technology	North Trescott	Washington	\$12,500.00	\$13,515.00
Biovation LLC	IP Search & Filing for Infection Control Products	Precision Manufacturing Technology	Boothbay	Lincoln	\$10,000.00	\$12,560.00
Creative Digital Imaging Inc	Business Plan for CDI Product Line Expansion	Information Technology	Bangor	Penobscot	\$11,280.00	\$11,335.00
Anne Kennedy Sole Proprietor	Seacolors Dye, Closing the Loop	Advanced Technologies for Forestry & Agriculture	Washington	Knox	\$12,500.00	\$14,000.00
PelletShield Engineered Products LLC	Business Plan	Environmental Technology	Brewer	Penobscot	\$8,600.00	\$8,850.00
Print Recovery Concepts Inc	Soy Inkjet Ink	Environmental Technology	Yarmouth	Cumberland	\$12,500.00	\$17,000.00
Foreign Auto & Supply Inc	Hydrogen assisted engines	Environmental Technology	Harpwell	Cumberland	\$12,500.00	\$31,255.00
Fox Islands Wind LLC	Active Noise Cancellation for Wind Turbines	Environmental Technology	Vinalhaven	Knox	\$12,358.00	\$29,162.00
Jotul North America	Dev't of New Jotul 50 Top Loading (TL) Woodstove	Precision Manufacturing Technology	Gorham	Cumberland	\$12,500.00	\$44,080.00
Global Protein Products	Field Trials to Combat Late Blight	Advanced Technologies for Forestry & Agriculture	Waterville	Kennebec	\$12,500.00	\$20,532.00

Maine Technology Institute
Development Awards FY10

Appendix E

AwardCode	OrgName	AwardTitle	PrimarySector	City	County	Award	Match
DA2402	Advance Electronic Concepts	Refrigeration Case Solid State Lighting	Precision Manufacturing Technology	Portland	Cumberland	\$124,850.00	\$130,850.00
DA2409	DM Technologies LLC	The Phoenix Project	Precision Manufacturing Technology	Sanford	York	\$410,000.00	\$568,008.00
DA2413	University Of Maine System Acting Through University Of Maine	Integrated Assessment of Extraction in OSL Manufacturing	Advanced Technologies for Forestry & Agriculture	Orono	Penobscot	\$84,808.00	\$176,480.00
DA2415	Direct Vet Marketing Inc.	DVM Data Extraction and Standardization	Information Technology	Portland	Cumberland	\$469,880.00	\$472,373.00
DA2421	Global Protein Products	Developing Protein Polymer Coatings for Potatoes	Advanced Technologies for Forestry & Agriculture	Waterville	Kennebec	\$170,884.00	\$201,160.00
DA2503	Kepware, Inc.	Targeting the Embedded Product Space with Kepware	Information Technology	Portland	Cumberland	\$500,000.00	\$525,000.00
DA2506	Kenway Corporation	Temperature Control Molding (TCM)	Composite Materials Technology	Augusta	Kennebec	\$300,000.00	\$530,601.00
DA2513	Ocean Renewable Power Company	OCGen Module Mooring Project	Aquaculture & Marine Technology	Portland	Cumberland	\$285,000.00	\$1,784,535.00
DA2517	Mwave Industries, LLC	Antennas for WiMax Telecommunications	Precision Manufacturing Technology	Windham	Cumberland	\$221,510.00	\$281,123.00
DA2519	Harbor Technologies LLC	Hybrid Composite Beam Bridge System	Composite Materials Technology	Brunswick	Cumberland	\$405,498.00	\$556,664.00
DA2520	Sea And Reef Aquaculture	Marine Ornamental Fish Aquaculture in Maine	Aquaculture & Marine Technology	Orono	Penobscot	\$200,000.00	\$454,208.00
DA2522	Pondera Pharmaceuticals, Inc.	Pondera PharmaTheoTrex Pain Relief Trial	Biotechnology	Pownal	Cumberland	\$50,000.00	\$50,200.00
DA2604	Claimvantage	ClaimVantage Develops SaaS Claims Platform	Information Technology	Portland	Cumberland	\$395,570.00	\$395,570.00
DA2605	Count and Crush LLC	CLYNK	Information Technology	South Portland	Cumberland	\$500,000.00	\$585,725.00
DA2612	University Of Maine	Cellulose Insulation	Advanced Technologies for Forestry & Agriculture	Orono	Penobscot	\$99,780.00	\$105,280.00
DA2619	Cashstar, Inc	CashStar Chase GiftShelf Solution	Information Technology	Portland	Cumberland	\$87,887.00	\$87,887.00

Maine Technology Institute
Accelerated Commercialization Fund Awards FY10

AwardCode	OrgName	AwardTitle	PrimarySector	City	County	Award	Match
ACF008	Emergent Discovery, LLC	FlyFi	Information Technology	Portland	Cumberland	\$73,846.00	\$286,923.00

Maine Technology Institute
SBIR Assistance Program Awards FY10

Appendix F

Pre-Phase II

OrgName	AwardTitle	PrimarySector	City	County	Award	Match
Alba-Technic LLC	Development of distribution channels and sales collateral for neuro-protective headgear	Biotechnology	Arundel	York	\$10,000.00	\$156,592.00
MariCal Inc	Non-toxic antifouling compounds for the aquaculture industry	Aquaculture & Marine Technology	Portland	Cumberland	\$10,000.00	\$40,000.00
Eldertide Farm LLC	Business Development Activities for Commercialization of Elderberries	Advanced Technologies for Forestry & Agriculture	Dresden	Lincoln	\$10,000.00	\$80,000.00
Sea And Reef Aquaculture	Development of culture methods for marine ornamental fish larvae	Aquaculture & Marine Technology	Orono	Penobscot	\$9,985.00	\$99,400.00
Mitokine Bioscience LLC	Tactical Business and Commercialization Blueprint	Biotechnology	Hancock	Hancock	\$10,000.00	\$10,000.00
New England Rare Reagents	Commercial Opportunities for MRSA Detection	Biotechnology	Gorham	Cumberland	\$10,000.00	\$10,000.00
Environetix Technologies Corporation	High Temperature Sensor Technology	Precision Manufacturing Technology	Orono	Penobscot	\$10,000.00	\$10,000.00

Phase 0

OrgName	AwardTitle	PrimarySector	City	County	Award	Match
Ocean Approved, LLC	Kelp Seedling Propagation	Aquaculture & Marine Technology	Portland	Cumberland	\$5,000.00	\$8,471.00
Eldertide Farm LLC	Developing Elderberries for Nutraceuticals, Herbal Supplements and Functional Foods	Advanced Technologies for Forestry & Agriculture	Dresden	Lincoln	\$5,000.00	\$5,015.00
Micro Technologies Inc	Development of Biological Controls for Aquaculture Nematodes	Aquaculture & Marine Technology	Richmond	Sagadahoc	\$4,410.00	\$4,660.00
Gladstones Under The Sun	Optimizing Value Added Opportunity for Wild Blueberry Growers in Maine	Advanced Technologies for Forestry & Agriculture	Bar Harbor	Hancock	\$5,000.00	\$8,110.00
Maine Biofuel International LLC	Development of Glycerin/Biodiesel Blend Based Fuels	Environmental Technology	Cape Elizabeth	Cumberland	\$5,000.00	\$11,279.00
Tidewalker Engineering	Rural Development from Tidal Power Initiative 2	Aquaculture & Marine Technology	Lubec	Washington	\$5,000.00	\$6,000.00
Environetix Technologies Corporation	Wireless Sensors for Turbine Engine Health Monitoring	Precision Manufacturing Technology	Orono	Penobscot	\$5,000.00	\$5,000.00
SeaChange Group LLC	Development of Glycerin Biodiesel Blend Based Fuels	Environmental Technology	Cape Elizabeth	Cumberland	\$4,936.00	\$10,683.00
Jesse Leach Sole Proprietor	Evaluating commercialization potential for farmed hard clams in eastern Maine	Aquaculture & Marine Technology	Penobscot	Hancock	\$5,000.00	\$5,000.00
Chenja Labs Inc	Transitive Trust Models for Analysis of Social & Group Dynamics	Information Technology	Falmouth	Cumberland	\$5,000.00	\$5,710.00
Maine Marine Composites	Advanced Shore-Based Moorings for Naval Ships	Composite Materials Technology	Portland	Cumberland	\$4,600.00	\$4,700.00
AXAT Inc	Aquaculture Remote Sensing Device	Aquaculture & Marine Technology	Holden	Penobscot	\$5,000.00	\$7,120.00
Mainely Sensors LLC	Non-Invasive Lobster Vitality Sensor	Aquaculture & Marine Technology	Orono	Penobscot	\$5,000.00	\$7,200.00
Sergei Breus Sole Proprietor	Tidal Energy Power Producing Rotor: Development and Field Testing	Environmental Technology	Blue Hill	Waldo	\$4,950.00	\$5,750.00
John A. Phinney Sole Proprietor	Developing Culture Techniques for Whelks	Aquaculture & Marine Technology	North Trescott	Washington	\$5,000.00	\$5,000.00
Pemaquid Mussel Farms	Modular Submersible Mussel Raft for use in Semi-exposed Maine Waters Subject to Drift Ice	Aquaculture & Marine Technology	Damariscotta	Lincoln	\$5,000.00	\$5,150.00
Refill Management Systems LLC	Feasibility Research on Automation of Medication Refill Authorization	Information Technology	Yarmouth	Cumberland	\$5,000.00	\$5,955.00
Introspective Systems LLC	Contextual Framework for Command and Control Decision Making	Information Technology	Peaks Island	Cumberland	\$4,130.00	\$5,220.00

Maine Technology Institute
Cluster Initiative Program Awards FY10

Appendix G

OrgName	AwardTitle	PrimarySector	City	County	Award	Match
Mesda Maine's Software And Information Technology Industry Association	TechMaine Online Education Program	Information Technology	Westbrook	Cumberland	\$49,500.00	\$78,740.00
University Of Southern Maine	Expansion of USM's Manufacturing Applications Center	Precision Manufacturing Technology	Portland	Cumberland	\$40,500.00	\$49,579.00
Heart Of Maine Resource Conservation And Development Area Inc	Developing an online marketplace "Farm Fresh for ME"	Advanced Technologies for Forestry & Agriculture	Bangor	Penobscot	\$50,000.00	\$66,440.00
University Of Maine	Enhance Maine's Offshore Wind Cluster by Deploying a Floating LIDAR System in Deepwater	Environmental Technology	Orono	Penobscot	\$500,000.00	\$533,423.00
Maine International Trade Center	Advanced Materials Foreign Direct Investment Cluster	Composite Materials Technology	Portland	Cumberland	\$50,000.00	\$59,360.00



FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

June 30, 2010 and 2009

With Independent Auditors' Report

BERRY.DUNN.MCNEIL & PARKER

**INDEPENDENT AUDITORS' REPORT**

Board of Directors
Maine Technology Institute

We have audited the accompanying balance sheets of Maine Technology Institute (a component unit of the State of Maine) as of June 30, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Management's discussion and analysis on pages 2 through 7 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 audits were 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 has been subjected to the auditing procedures applied in the audits 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.

Berry, Dunn, McNeil & Parker

Bangor, Maine
October 7, 2010

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2010

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, 2010 (FY 2010 or Fiscal 2010). We encourage readers to consider the information presented here together with the basic financial statements as a whole.

Financial Highlights

- MTI received \$6,969,813 from a State appropriation through the Department of Economic and Community Development (DECD) for general programs and \$11 million of the \$50 million of State bond funds for research, development and commercialization via the Maine Technology Asset Fund (MTAF).
- MTI approved for funding 131 projects totaling just over \$6.1 million, a decline of approximately \$500,000 in core program awards over the previous year. No awards were approved this year under the MTAF program because the first and second application rounds had been completed, and the third round had been launched but not yet awarded.
- MTI disbursed nearly \$15.1 million according to agreed-upon project award milestones, \$5.2 million more than in the previous fiscal year; all of the increase was due to MTAF disbursements.
- MTI's outstanding commitments for its core awards comprise \$7.2 million, including approximately \$3.3 million in approved awards with unexecuted contracts as of June 30, 2010. MTAF outstanding commitments total over \$31.7 million.
- MTI received \$240,435 in Development Award repayments, over \$630,000 less than in fiscal year 2009.
- MTI received \$142,638 as a contractor to DECD for the federally-funded North Star Alliance project aiming to boost employment in the composite technologies and boatbuilding sectors. Including \$372,061 in funds received during FY 2009, MTI paid out \$495,411 for awards and \$19,287 in expenses.
- \$301,364 was realized from interest, a decrease of approximately \$28,000 compared to the previous year, due to lower average invested cash balances.
- The bonds that funded the Maine Technology Asset Fund were approved by Maine voters in November 2007. In the two prior fiscal years, MTI received General Funds to cover ongoing monitoring and administration costs. Of the \$327,777 carried forward at the end of Fiscal 2009, \$104,570 was expended during Fiscal 2010. MTI's monitoring obligation will extend for five years.
- FY2010 administrative and operating costs were approximately \$980,000, a decrease of over \$315,000 (24%) over the previous year. MTAF operating costs, particularly application review fees and expenses, fell by \$359,000. Expenses for all other programs and activities increased by \$44,000,

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2010

or 5%. All operating expenses other than the costs to monitor and administer the MTAF are paid by interest earnings plus 7% of development award repayments.

- In December of FY2010, MTI's State appropriation was curtailed by \$381,071.
- For Fiscal 2010, the Board of Directors voted to forego recognition of the 7% administrative fee on the State appropriation that MTI is allowed in order to fund its operating expenses, thereby preserving 100% of the State's appropriation for programs. As a result, Fiscal 2010's usage of net assets increased to nearly \$433,000, compared to \$159,000 for the previous fiscal year.

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 DECD. To maximize the benefits of a public-private partnership, MTI is a private, nonprofit 501(c)3 organization governed by a Governor-appointed, private-sector led, Board of Directors. The Director of the Institute is appointed by the Governor and an employee of the DECD; she is President of the Institute as elected by the Board of Directors.

The Institute has functioned with a lean staff of eight 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 MTAF. 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.

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.

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

June 30, 2010

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 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: 2010 Compared to 2009

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 \$1,229,367 on June 30, 2010, compared with \$1,662,338 in 2009. The decrease in net assets was planned and is primarily due to the election to forego recognition of the 7% administration fee on State appropriations for Fiscal 2010.

The Institute's financial position and operations as of and for fiscal years 2010 and 2009 are summarized below based on information included in the financial statements.

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 17,326,932	\$ 14,991,333
Cash held as fiscal agent for Maine Biomedical Research Board	284,336	798,298
Loans receivable and investments (net of allowances)	1,147,778	1,189,845
Capital assets, net of depreciation	90,770	104,699
Other assets	<u>1,391,421</u>	<u>1,114,984</u>
Total assets	20,241,237	18,199,159
Deferred revenue	15,346,224	13,834,035
Amounts held as fiscal agent for Maine Biomedical Research Board	284,336	798,298
Other liabilities	<u>3,381,310</u>	<u>1,904,488</u>
Total liabilities	<u>19,011,870</u>	<u>16,536,821</u>
Net assets, all unrestricted	\$ <u>1,229,367</u>	\$ <u>1,662,338</u>

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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; none were made in FY2010. 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 \$7.2 million of this funding was committed for MTI's core awards at the close of June 2010, but not yet disbursed. MTAF outstanding commitments total just over \$31.7 million.

	<u>2010</u>	<u>2009</u>
Operating revenues:		
State of Maine funding	\$ 16,641,079	\$ 12,266,516
Grant income – other	521,817	395,332
Other operating revenues	<u>28,132</u>	<u>80,154</u>
Total operating revenues	17,191,028	12,742,002
Operating expenses:		
Program grants	16,345,238	11,492,076
Special grants	599,326	442,718
Salaries and wages	424,323	530,679
Other operating expenses	<u>555,641</u>	<u>764,473</u>
Total operating expenses	<u>17,924,528</u>	<u>13,229,946</u>
Net operating loss	(733,500)	(487,944)
Nonoperating revenues, net	<u>300,529</u>	<u>328,744</u>
Decrease in net assets	\$ <u>(432,971)</u>	\$ <u>(159,200)</u>

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

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

June 30, 2010

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

	<u>2010</u>	<u>2009</u>
State appropriation received	\$ 6,969,813	\$ 7,315,231
Marine Research Funds	100,000	25,000
Maine Technology Asset Funds Program	11,000,000	4,584,400
Maine Technology Asset Fund Administration	-	568,200
Accrual basis accounting effect	<u>(1,428,734)</u>	<u>(226,315)</u>
Revenues Recognized	<u>\$ 16,641,079</u>	<u>\$ 12,266,516</u>

The "accrual basis accounting effect" reflects amounts recognized as revenues based on award and other matching grant payments during the year, and reflects payments to the State for appropriation curtailments.

MTI's operating expenses (which include award disbursements and accruals) were approximately 35% higher in 2010. Program grants were 42% higher due to 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 20% lower due to the decision to fill program management and communications staff vacancies with part-time consultants instead of full-time equivalent employees. Other operating expenses fell 27%, primarily due to the absence of MTAF award review costs, which were \$278,000 in FY 2009.

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 Institute 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 yet dynamic 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) was published in January 2009; it provides more detail. The impact of MTI's awards and non-financial assistance is also included in the State's annual Comprehensive Research & Development Evaluation, which can be found at the DECD's Office of Innovation website.]

In the fiscal year covered by this report, MTI continued stewarding six times the resources that it had two years previously, due to the launch of the MTAF and Cluster Initiative programs, with minimal increases in administrative costs that were covered by MTI's net assets in order to maximize funds available for awards to projects. Going forward, MTI will continue to manage 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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2010

continues the reduction in MTI's general appropriation in FY 2010 and FY 2011 of approximately 10% in each of the two years.

During FY 2011, 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 the still sluggish 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 MTI Board approved a three-year action plan for 2010-2013 that identified four strategic priorities summarized as follows:

- Increase the success of MTI-funded companies;
- Help Maine's high potential clusters grow and innovate;
- Continue to enhance and build strategic alliances with key partners; and
- Continue to develop and adopt best practices in the management of MTI's programs and overall operations.

The staff and Board will work to carry out the activities specified to advance these priorities in FY 2011.

Other notable program activities will include the completion of a third competition for MTAF awards totaling approximately \$7.4 million, which will include a new \$3 million bond approved by Maine voters in June 2010 as well as approximately \$4.4 million remaining from the second round. (Several Round Two award recipients were not able to meet their award conditions so their awards were not executed, and one revised their award amount downward due to changes in its project.) MTI will also receive and administer funds from the Efficiency Maine Trust for the development and commercialization of renewable energy technologies in Maine. Finally, as part of the completion of MTI's tenth year, MTI will communicate more examples of success stories and data to the public, to Maine companies and to policymakers regarding the role that innovation, new technology development, and technology intensive clusters are playing to create quality jobs across Maine.

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, 2010 and 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Current assets		
Cash and cash equivalents (Note 2)	\$ 17,326,932	\$ 14,991,333
Grant income receivable	1,349,100	1,036,196
Other receivables, net of allowance for doubtful accounts of \$3,290 in 2010 and 2009	28,282	63,261
Prepaid expenses	14,039	15,527
Loans receivable - current (Note 3)	290,200	204,500
Cash held as fiscal agent for the Maine Biomedical Research Board (Notes 2 and 7)	<u>284,336</u>	<u>798,298</u>
Total current assets	19,292,889	17,109,115
Property and equipment, at cost		
Leasehold improvements	5,500	5,500
Equipment	103,692	95,858
Computer software	<u>95,716</u>	<u>95,716</u>
	204,908	197,074
Less accumulated depreciation	<u>(114,138)</u>	<u>(92,375)</u>
Net property and equipment	90,770	104,699
Loans receivable and investments, excluding current portion, net of allowance for losses of \$268,494 in 2010 and \$561,825 in 2009 (Note 3)	<u>857,578</u>	<u>985,345</u>
	<u>\$ 20,241,237</u>	<u>\$ 18,199,159</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts and awards payable and accrued expenses (Note 8)	\$ 3,358,046	\$ 1,894,353
Current portion of obligations under capital lease (Note 6)	3,898	3,806
Deferred revenue	15,346,224	13,834,035
Amounts held as fiscal agent for the Maine Biomedical Research Board (Note 7)	<u>284,336</u>	<u>798,298</u>
Total current liabilities	18,992,504	16,530,492
Obligations under capital lease, net of current portion (Note 6)	<u>19,366</u>	<u>6,329</u>
Total liabilities	19,011,870	16,536,821
Commitments (Notes 6, 7 and 8)		
Unrestricted net assets		
Undesignated	329,367	762,338
Board-designated (Note 4)	<u>900,000</u>	<u>900,000</u>
Total unrestricted net assets	<u>1,229,367</u>	<u>1,662,338</u>
	<u>\$ 20,241,237</u>	<u>\$ 18,199,159</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues		
State of Maine funding		
Program grants (Note 9)	\$16,348,597	\$11,492,076
Administrative grants	207,855	687,910
Matching grants	<u>84,627</u>	<u>86,530</u>
Total State of Maine funding	16,641,079	12,266,516
Grant income - other	521,817	395,332
Royalties	16,293	62,035
Other income	<u>11,839</u>	<u>18,119</u>
Total operating revenues	17,191,028	12,742,002
Operating expenses (Note 5)		
Program grants (Notes 8 and 9)	16,345,238	11,492,076
Special grants	599,326	442,718
Salaries and wages	424,323	530,679
Benefits and payroll taxes	129,372	143,326
Travel	9,392	15,128
Depreciation	42,595	38,328
Other (Notes 5 and 6)	<u>374,282</u>	<u>567,691</u>
Total operating expenses	17,924,528	13,229,946
Net operating loss	(733,500)	(487,944)
Nonoperating revenues (expenses)		
Investment income (Note 3)	301,364	329,739
Interest expense	<u>(835)</u>	<u>(995)</u>
Nonoperating revenues (expenses), net	<u>300,529</u>	<u>328,744</u>
Decrease in net assets	(432,971)	(159,200)
Net assets at beginning of year	<u>1,662,338</u>	<u>1,821,538</u>
Net assets at end of year	\$ <u>1,229,367</u>	\$ <u>1,662,338</u>

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

MAINE TECHNOLOGY INSTITUTE

Statements of Cash Flows

Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
State of Maine funding	\$ 17,886,105	\$ 13,052,409
Grants received	-	3,500
Award repayments	449,553	806,271
Royalties received	16,293	58,405
Other receipts	11,839	122,985
Grants paid	(15,382,387)	(9,513,618)
Paid to employees, including benefits	(448,529)	(575,169)
Paid to vendors	(429,364)	(826,967)
Loans/investments funded	<u>(34,615)</u>	<u>(608,011)</u>
Net cash provided by operating activities	<u>2,068,895</u>	<u>2,519,805</u>
Cash flows from investing activities		
Net investment income received	<u>279,264</u>	<u>310,800</u>
Cash flows from capital and related financing activities		
Purchase of equipment	(7,940)	(36,398)
Lease obligation payments made	(3,785)	(3,504)
Interest payments made	<u>(835)</u>	<u>(995)</u>
Net cash used by capital and related financing activities	<u>(12,560)</u>	<u>(40,897)</u>
Net increase in cash and cash equivalents	2,335,599	2,789,708
Cash and cash equivalents, beginning of year	<u>14,991,333</u>	<u>12,201,625</u>
Cash and cash equivalents, end of year	<u>\$ 17,326,932</u>	<u>\$ 14,991,333</u>
Reconciliation of net operating loss to net cash provided by operating activities		
Net operating loss	\$ (733,500)	\$ (487,944)
Adjustment to reconcile net operating loss to net cash provided by operating activities		
Depreciation	42,595	38,328
Gain on disposal of assets	(3,814)	-
Changes in operating assets and liabilities		
Grant income receivable and other receivables	(255,824)	(1,065,452)
Prepaid expenses	1,488	(1,977)
Loans receivable	(14,933)	(305,647)
Accounts payable and other accrued expenses	1,463,694	1,732,900
Deferred revenue	<u>1,569,189</u>	<u>2,609,597</u>
Net cash provided by operating activities	<u>\$ 2,068,895</u>	<u>\$ 2,519,805</u>
Noncash activities		
Decrease in cash held as fiscal agent for the Maine Biomedical Research Board	\$ (513,962)	\$ (3,404,407)
Equipment acquired through capital lease	23,572	-

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

MAINE TECHNOLOGY INSTITUTE**Notes to Financial Statements****June 30, 2010 and 2009****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. Businesses, non-profit organizations, academic institutions, and entrepreneurs are eligible for funding under the Institute's programs.

The programs the Institute operates are as follows:

- Seed Grant Program – grants ranging from \$1,000 to \$12,500 to fund small, early-stage R&D projects and activities leading to commercialization.
- Development Award Program – grants ranging from \$12,500 to \$500,000 for comprehensive, later-stage research and development activities leading to commercialization. If a product is successfully commercialized, the award becomes repayable.
- Accelerated Commercialization Fund – awards that are considered to be either “equity” or loan investments in companies to be used alongside other investors’ capital.
- SBIR Awards – grants up to \$10,000 to help support Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) proposal submissions and technology commercialization.
- Cluster Initiative Awards – made for collaborative industry-led projects that will support the formation and growth of high-potential technology clusters.
- Maine Technology Asset Fund (MTAF) –Funded by a \$53,000,000 bond approved by State of Maine voters, this program helps fund capital expenditures supporting research, development, and commercialization.

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

The 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 for financial reporting purposes.

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 7 for more information.

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

MAINE TECHNOLOGY INSTITUTE**Notes to Financial Statements****June 30, 2010 and 2009****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.

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 are reported at their outstanding unpaid principal balances adjusted for charge-offs, net of the allowance for losses. Investments are stated at their cost, net of the allowance for losses. These loans and investments are with closely-held small companies and there is no readily available market or fair value.

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

MAINE TECHNOLOGY INSTITUTE**Notes to Financial Statements****June 30, 2010 and 2009****Allowance for Loan and Investment Losses**

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

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

Credit Risk

Financial instruments which subject the Institute to credit risk consist of cash equivalents and loans receivable and investments. The risk with respect to cash equivalents is mitigated by the Institute's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The risk with respect to loans and investments is 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.

MAINE TECHNOLOGY INSTITUTE**Notes to Financial Statements****June 30, 2010 and 2009**

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 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 \$103,285 and \$104,526 in 2010 and 2009, 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 (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 Code or 100% of the employee's compensation. The Institute contributes 5% of gross salary. Employer contributions vest 100% to the employees immediately. Retirement expense was \$16,615 and \$22,467 for the years ended June 30, 2010 and 2009, respectively.

Risk Management

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

Income Taxes

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

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. generally accepted accounting principles, the Institute has considered transactions or events occurring through October 7, 2010, which was the date that the financial statements were available to be issued.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2010 and 2009

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 \$17,389,564 and \$15,484,656 at June 30, 2010 and 2009, 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 \$289,311 and \$1,032,274 at June 30, 2010 and 2009, respectively.

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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Loans receivable	\$ 1,260,633	\$ 1,338,020
Preferred stock	-	258,011
Investment in limited liability company	<u>155,639</u>	<u>155,639</u>
	1,416,272	1,751,670
Allowance for losses	<u>(268,494)</u>	<u>(561,825)</u>
	1,147,778	1,189,845
Less current portion	<u>(290,200)</u>	<u>(204,500)</u>
	<u>\$ 857,578</u>	<u>\$ 985,345</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 decreased \$293,331 in 2010 and increased \$333,625 in 2009; the offsetting credit or charge was to notes receivable or deferred revenue, respectively.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2010 and 2009

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 (e.g., 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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Program award review process	\$ 7,449	\$ 284,900
Other operating	<u>366,833</u>	<u>282,791</u>
	<u>\$ 374,282</u>	<u>\$ 567,691</u>

Expenses are comprised of the following:

	<u>2010</u>	<u>2009</u>
Direct program services	\$ 16,944,564	\$ 11,934,794
General and administrative	<u>979,964</u>	<u>1,295,152</u>
	<u>\$ 17,924,528</u>	<u>\$ 13,229,946</u>

6. LeasesOperating Lease

The Institute leases office space under an operating lease expiring in 2011. Rent expense under the lease was \$39,766 and \$37,356 for 2010 and 2009, respectively. Future minimum lease payments under the operating lease are \$26,510 for 2011.

Capital Leases

The Institute is leasing assets with an amortized cost of \$23,572 under a capital lease with an interest rate of 9.50%. 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 \$5,940.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2010 and 2009

Future minimum lease payments due in the years subsequent to June 30, 2010 are as follows:

2011	\$ 5,940
2012	5,940
2013	5,940
2014	5,940
2015	<u>5,445</u>
	29,205
Less: amount representing interest	<u>(5,941)</u>
Obligation under capital lease	23,264
Less: current portion	<u>(3,898)</u>
Obligation under capital lease, net of current portion	<u>\$ 19,366</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 2010 and 2009 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, 2010 and 2009, such direct expenses and overhead totaled \$13,085 and \$14,932, respectively.

8. 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 \$3,300,610 and \$1,738,433 at June 30, 2010 and 2009, respectively. Conditional awards approved by the Board of Directors are recorded when the recipient organizations meet the conditions of the awards.

MAINE TECHNOLOGY INSTITUTE

Notes to Financial Statements

June 30, 2010 and 2009

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

	<u>2010</u>	<u>2009</u>
North Star Alliance awards	\$ -	\$ 612,000
Marine Research awards	418,000	-
Phase Zero awards	9,000	9,000
Pre-Phase II awards	6,000	194,000
Seed grants	215,000	-
Development awards	2,710,000	929,000
Cluster awards	1,306,000	904,300
Accelerated Commercialization Fund awards	39,000	-
Maine Technology Asset Fund awards	<u>31,717,000</u>	<u>19,517,800</u>
	<u>\$ 36,420,000</u>	<u>\$ 22,166,100</u>

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

	<u>2010</u>	<u>2009</u>
Seed grants	\$ 48,000	\$ 116,400
Pre-Phase II awards	5,000	-
North Star awards	-	240,000
Development awards	2,658,000	3,064,600
Cluster awards	550,000	1,089,100
Maine Technology Asset Fund awards	<u>-</u>	<u>26,209,000</u>
	<u>\$ 3,261,000</u>	<u>\$ 30,719,100</u>

9. 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. Funds drawn by the Institute for MTAF administration and program expenses were as follows:

	<u>2010</u>	<u>2009</u>
Program	\$ 11,000,000	\$ 4,584,400
Administration	-	568,200

The Institute had \$34,415,600 and \$45,415,600 remaining to be drawn from the fund for program expenses as of June 30, 2010 and 2009, respectively. 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, 2010 and 2009****ASSETS**

	<u>2010</u>	<u>2009</u>
Cash held by Maine Technology Institute	\$ <u>284,336</u>	\$ <u>798,298</u>

EQUITY

Cumulative excess of receipts over disbursements	\$ <u>284,336</u>	\$ <u>798,298</u>
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MAINE TECHNOLOGY INSTITUTE

Schedule of Receipts and Disbursements

Maine Biomedical Research Board

Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Receipts		
State of Maine	\$ 750,000	\$ -
Interest	<u>9,407</u>	<u>54,507</u>
Total receipts	759,407	54,507
Disbursements		
Grants	1,260,559	3,443,982
Administration fee	<u>12,810</u>	<u>14,932</u>
Total disbursements	<u>1,273,369</u>	<u>3,458,914</u>
Excess of disbursements over receipts	(513,962)	(3,404,407)
Cumulative excess of receipts over disbursements at beginning of year	<u>798,298</u>	<u>4,202,705</u>
Cumulative excess of receipts over disbursements at end of year	\$ <u>284,336</u>	\$ <u>798,298</u>

MAINE TECHNOLOGY INSTITUTE

Statement of Activities

Year Ended June 30, 2010

		<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Expense and Changes in Net Assets</u>
Business-type activities	\$ <u>17,925,363</u>	\$ <u>16,293</u>	\$ <u>17,162,896</u>	\$ <u>(746,174)</u>
Total	\$ <u>17,925,363</u>	\$ <u>16,293</u>	\$ <u>17,162,896</u>	<u>(746,174)</u>
General revenues				
Unrestricted interest and investment earnings				301,364
Miscellaneous income				<u>11,839</u>
Total general revenues				<u>313,203</u>
Change in net assets				(432,971)
Net assets, beginning of year				<u>1,662,338</u>
Net assets, end of year				\$ <u>1,229,367</u>