

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals  
(may include minor formatting differences from printed original)



Small Enterprise Growth Fund

Periodic Report  
124<sup>th</sup> Legislature's  
Joint Standing Committee on Business,  
Research & Economic Development

Respectfully submitted  
by the  
Small Enterprise Growth Board

2008

---

## CONTENTS

I. Letter from the Board .....	1
II. Summary of SEGF 2008 Investments .....	6
III. Highlights of Economic Benefits to Maine.....	7
IV. Portfolio Company Summaries .....	11
V. Fund Board of Directors.....	21
VI. Fund Management.....	24

Financial Statements for FY2008



**To:** Joint Standing Committee on Business, Research and Economic Development

**From:** Small Enterprise Growth Board

**Date:** December 2008

**Re:** Small Enterprise Growth Fund 2008 Periodic Report

---

As required by 10 M.R.S.A., §388(1) and on behalf of the Small Enterprise Growth Board ("SEGB"), we are pleased to submit the **2008 Periodic Report**, providing the Small Enterprise Growth Fund's ("SEGF" or "Fund") status and successes.

The SEGB is respectfully requesting and recommending that the SEGF be recapitalized in order to continue, expand, and improve the work that it does in helping to bring much needed capital to early stage Maine companies with the potential for high growth and public benefit, thereby contributing to the prosperity of Maine. The SEGF has capital reserved for follow-on investments in existing portfolio companies, but until some liquidity event can be created from existing investments, the Fund has very little capital to invest in new Maine opportunities. We welcome further discussion with the BRED Committee, the Governor and the full 124<sup>th</sup> Maine Legislature.

In Fiscal Year 2008, July 1, 2007 to June 30, 2008, the SEGB screened many companies for potential investment, counseled many other early stage companies, and heard formal presentations from fifteen Maine companies. During the fiscal year, the SEGB invested \$1,581,010, including:

- Six investments in promising new companies totaling \$1,149,993
- Five follow-on investments in existing portfolio companies, totaling \$431,017

In the balance of calendar 2008, from July 1, 2008 to date, the SEGB invested an additional \$568,868 in seven existing portfolio companies.

For every \$1 invested by the SEGF, an additional \$9 has typically been invested alongside by

---



other investors – a clear indication of the importance of the fund’s role as a catalyst for investment in Maine-based companies.

Two investment examples demonstrate the way the Fund works in the market:

1. *Anodyne Health Partners, Inc.* - *Anodyne* serves the healthcare market with products and services that increase revenue through efficient receivables collection and a greater understanding of profitable operations. The SEGF partnered with a Boston-area venture capital firm (“VC”) which was seeking Maine-based opportunities as it was a Venture Capital Revolving Investment Program (“VRIP”) recipient (VRIP is a small scale *Fund of Funds* administered by FAME).
2. *RedZone Wireless, Inc.* - *Redzone* is the leading wireless internet service provider in Maine, bringing high speed internet service to underserved Maine communities. SEGF led this investment, partnering with another local Maine venture fund, providing seed capital used to launch this successful wireless internet service company. .

These companies help illustrate the promise that our economic development efforts are beginning to address. The SEGF’s partnership with larger regional VC’s enhance Maine-based opportunities, leading to well-financed companies that generate well-paying jobs (for example, *Anodyne*’s Falmouth employment is over 60 FTEs and growing). SEGF’s financing of *RedZone* leverages skilled management talent and local investors to build a strong, promising Maine company delivering a critical economic development tool – broadband access.

We are proud of what the SEGF has accomplished to date. We have developed a process that is flexible and provides entrepreneurs with prompt decisions and guidance. Since its creation, the Fund has been an active participant in the economic development in Maine.

The following highlights illustrate the benefits of the Fund:

- SEGF has directly invested \$10,500,000 in 35 Maine companies. However, the Fund’s participation almost always attracts additional capital. Since 1997, SEGF has catalyzed an additional \$92 million in outside capital invested in its portfolio companies. These investments, paired with the appropriate guidance, position companies to be successful in raising larger investments from professional investors, often from outside the State. The absence of this local infrastructure would result in many entrepreneurs not getting the funds needed or pursuing their ideas outside the State.
- SEGF plays a key role in Maine’s R&D continuum from Research to Commercialization. Many companies that have successfully leveraged Maine Technology Institute (“MTI”) and Maine Economic Improvement Fund (“MEIF”) investments are often not ready for traditional venture



capital, and the SEGF plays a critical role in filling that gap, helping to continue to shepherd those most promising companies.

- As of December 1, 2008, SEGF has 19 portfolio companies that employ 300 FTEs at an average salary of \$45,000 plus benefits. Many SEGF portfolio companies are expecting to increase revenue and create new jobs in 2009;
- The Fund works to create linkages to capital providers in and outside of Maine in an effort to bring more attention to Maine-based opportunities. To this end, the SEGF participates in numerous networking events and venture fairs throughout the year, including the Speed Venture Summit in October in Manchester, NH, the Maine Investment Exchange (MIX), the Community Development Venture Capital Alliance (CDVCA), and the National Association of Seed and Venture Fund's (NASVF) Annual Conference.

The mission of the SEGF is *"to provide resources to attract, support and develop eligible small businesses that will contribute to the prosperity of Maine"*. The SEGB seeks to accomplish the Fund's mission in partnership with other public and private entities engaged in the entrepreneurial marketplace in Maine, including the Finance Authority of Maine ("FAME"), MTI, the Department of Economic and Community Development ("DECD") and the Technology Centers, privately managed venture capital funds, individual investors, entrepreneurs and small business owners throughout the State.

In November, the SEGF was asked to update the 123<sup>rd</sup> Maine Legislatures Joint Standing Committee on BRED on the availability of capital for Maine companies. Sources of risk capital for Maine companies are once again very limited. SEGF works closely with most of these sources, some of which are currently constrained in terms of capital to make further investments. They include:

- **MTI** - MTI was created in 1999, has pumped roughly \$5 million per year into Maine's entrepreneurial community through their grant programs, and now offers follow-on venture investments to a select number of companies through their Advanced Commercialization Fund.
- The **Maine Seed Capital Tax Credit Program**, administered by FAME. This program provides an enticing incentive for Maine-based investors to invest in Maine-based companies;
- **Coastal Enterprises (CEI)** - CEI's two for-profit venture subsidiaries are both currently fully invested, though both management teams are seeking to raise new Funds in 2009, albeit in a tough financial environment.
- The **Venture Capital Revolving Investment Program (VRIP)**, also administered by FAME. VRIP sought to encourage privately managed venture capital funds to strongly consider investing in Maine companies. SEGF has partnered with almost all of the VRIP recipients, including Masthead Venture Partners in the *Foneshow* Inc. investment. VRIP has not had additional



funding since the early part of the decade;

- **Maine Angels** - The newly reinvigorated Maine Angels, a collaborative initiative of “accredited” individual investors, is actively placing a limited amount of private capital in Maine companies. Maine Angels does not restrict its prospecting to Maine companies.

The original premise that led to the creation of the Small Enterprise Growth Fund still holds true – private equity capital for Maine companies is still very difficult to source. In addition to capital, the Fund offers guidance and entrepreneurial education to companies with which it deals. Over the past fiscal year, SEGF has conducted the following operational assistance activities:

- In September 2007, the Fund brought the Kauffman Foundation's “The Power of Angel Investing” to Maine resulting in a very successful event providing investment education to 25 participants. There are a large number of individuals in Maine that have business experience and qualify as accredited investors under SEC regulations and these individuals need to be continually courted as potential investors in Maine-based companies.
- In October 2008, the Board brought over a dozen portfolio-company CEO’s together to network, and to hear from a national expert on corporate governance.
- Fund Manager, John Burns, teaches a consulting course for the University of Maine (Orono) Business School. MBA students work directly with SEGF portfolio companies on strategic projects.
- Fund management and Board members actively assisted portfolio companies with finding additional sources of capital, fine-tuning financial plans, and providing general business guidance as needs arise. Fund Manager John Burns and SEGB board members (as their time permits) act as observers and participate in portfolio-company Board meetings.

The Fund Board of Directors is a highly-qualified and experienced body, with exceptional and relevant expertise, whose members are a dedicated group. In aggregate, SEGB members have 115 years experience as a direct investor in private companies, 173 years of small company management experience, have participated in over 170 merger and acquisition and company sale transactions, and have invested in over 120 private companies. They devote a tremendous amount of volunteer time from their very busy schedules to make this Fund successful.

We look forward to maintaining a strong partnership with the Legislature to ensure that the SEGF continues its important role in the enhancement of Maine’s economic development.

We invite you to contact any of us at any time, and we encourage you to visit our web site at [www.segfmaine.com](http://www.segfmaine.com).

---



The SEGB thanks you for your support.

Respectfully,

*/s/ Stephen K. Smith*

---

Stephen K. Smith, Freeport  
Chair  
Small Enterprise Growth Board

*/s/ Claude Sheer*

---

Claude Sheer, Scarborough  
Vice Chair  
Small Enterprise Growth Board

cc:

John E. Baldacci, Governor  
Patrick Ende, Senior Policy Advisor, Governor's Office  
John Richardson, Commissioner, DECD  
Catherine S. Renault, Director, Office of Innovation  
Miles Theeman, Chair, Maine Innovation Economy Advisory Board  
Elizabeth Bordowitz, Acting Chief Executive Officer, FAME  
William Norbert, Governmental Affairs Manager, FAME  
John F. Burns, CFA, Fund Manager, SEGF  
Small Enterprise Growth Board



**Small Enterprise Growth Fund**

Brunswick Business Center | 18 Pleasant Street, Suite 201 | Brunswick, Maine 04011 | 207.373.9306  
[www.segfmaine.com](http://www.segfmaine.com)



**SEGF Investment Activities - FY08 (7/1/07 - 6/30/08)**

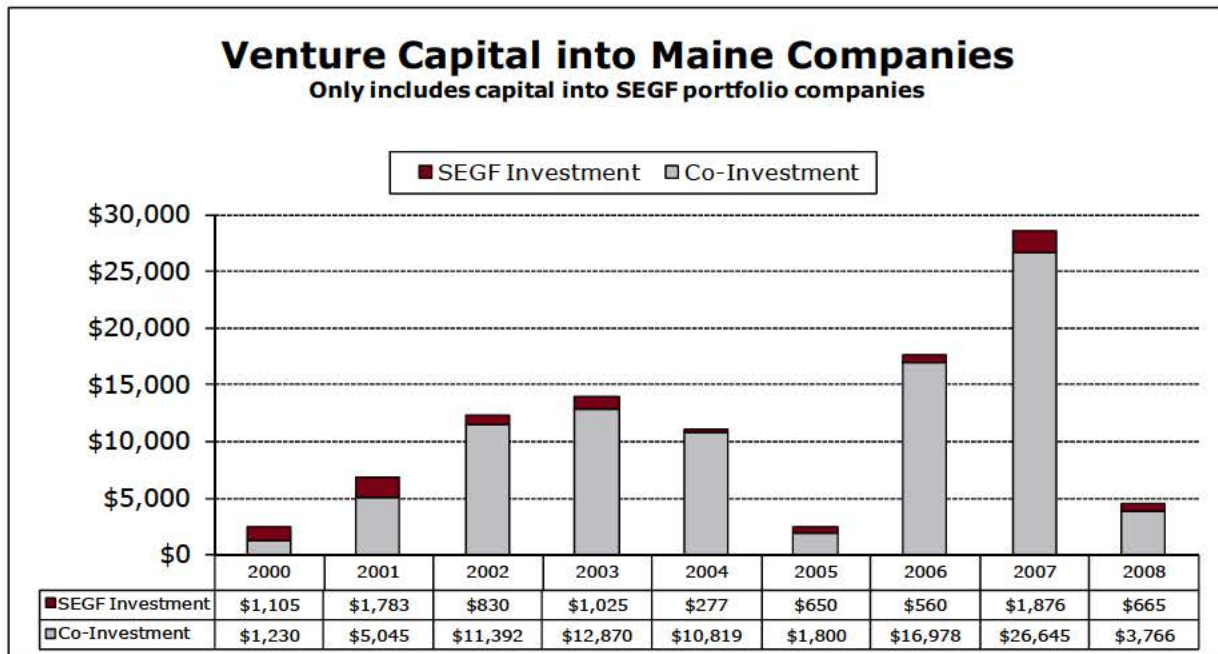
Date of Investment	Company Name	Location	Security	Investment	# of FTEs	Type
07/23/07	Good Clean Food, LLC	Portland	Class A Preferred Units	\$200,000	8	First Investment
08/24/07	Dirigo Telecommunications, Inc.	Portland	Convertible Note	\$50,000	0	First Investment
08/24/07	Looks Gourmet Food Company, Inc.	Whiting	Series A Preferred Stock	\$300,000	20	First Investment
08/30/07	Fone Show, LLC	Portland	Series A Preferred Stock	\$250,000	8	First Investment
09/05/07	Speranza Systems, Inc.	Portland	Series A Preferred Stock	\$59,746	10	Follow-on Investment
10/04/07	Anodyne Health Partners, Inc.	Portland	Subordinated Note	\$100,000	70	Follow-on Investment
10/12/07	Cross Rate, LLC	Windham	Convertible Note	\$100,000	7	First Investment
10/31/07	Pet Health Network	Portland	Series A Preferred Stock	\$249,993	16	First Investment
12/20/07	Septitech, Inc	Lewiston	Common Stock	\$175,000	12	Follow-on Investment
03/04/08	Anodyne Health Partners, Inc.	Portland	Promissory Note	\$75,000	70	Follow-on Investment
06/24/08	Stillwater Scientific Instruments, Inc.	Orono	Convertible Note	\$21,271	7	Follow-on Investment
Total Investments for FY08				\$1,581,010		
Subsequent SEGF Investment Activities - FY09 (7/1/08 - 6/30/09)						
Date of Investment	Company Name	Location	Security	Investment	# of FTEs	Type
07/03/08	Cross Rate, LLC	Windham	Convertible Note	\$163,250	7	Follow-on Investment
07/08/08	Speranza Systems, Inc.	Portland	Series A Preferred Stock	\$32,000	10	Follow-on Investment
08/13/08	Good Clean Food, LLC	Portland	Convertible Bridge Note	\$136,369	8	Follow-on Investment
08/28/08	Bistro Fresh, LLC	Camden	Promissory Note	\$72,309	6	Follow-on Investment
09/05/08	Stillwater Scientific Instruments, Inc.	Orono	Convertible Note	\$15,470	7	Follow-on Investment
10/29/08	Pet Health Network	Portland	Convertible Note	\$71,500	16	Follow-on Investment
11/14/08	Stillwater Scientific Instruments, Inc.	Orono	Convertible Note	\$15,470	7	Follow-on Investment
11/20/08	Fone Show, LLC	Portland	Convertible Note	\$62,500	8	Follow-on Investment
Total FY09 Investments as of 12/30/08				\$568,868		



## #1 Co-investment

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

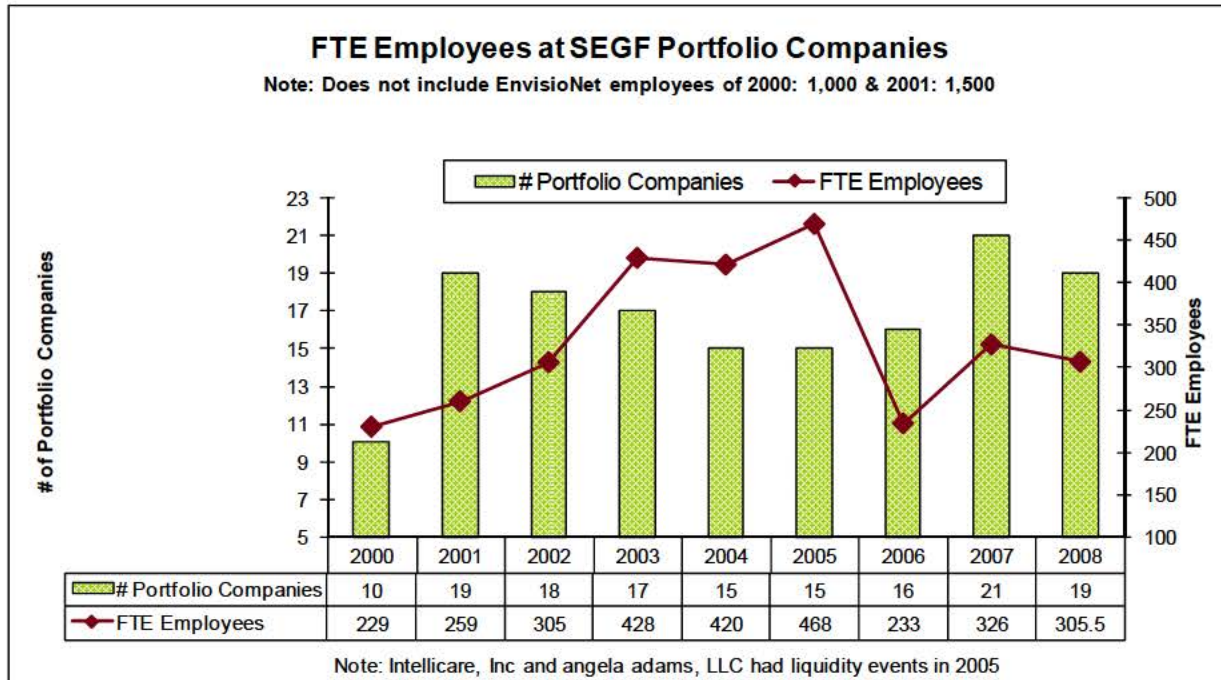
- SEGF has invested \$10,500,000 in 35 Maine companies with an average investment of \$300,000
- SEGF has catalyzed over \$92 million in additional venture capital and angel investment into Maine companies
- For every \$1 invested by the SEGF an additional \$9 is invested in Maine companies



## #2 Job Creation

SEGF portfolio companies provide careers to highly-skilled, educated Maine professionals, and job opportunities for a range of skill levels as companies grow. Typical jobs include: computer programmers, salespeople, chief financial officers, marketing managers, and executives.

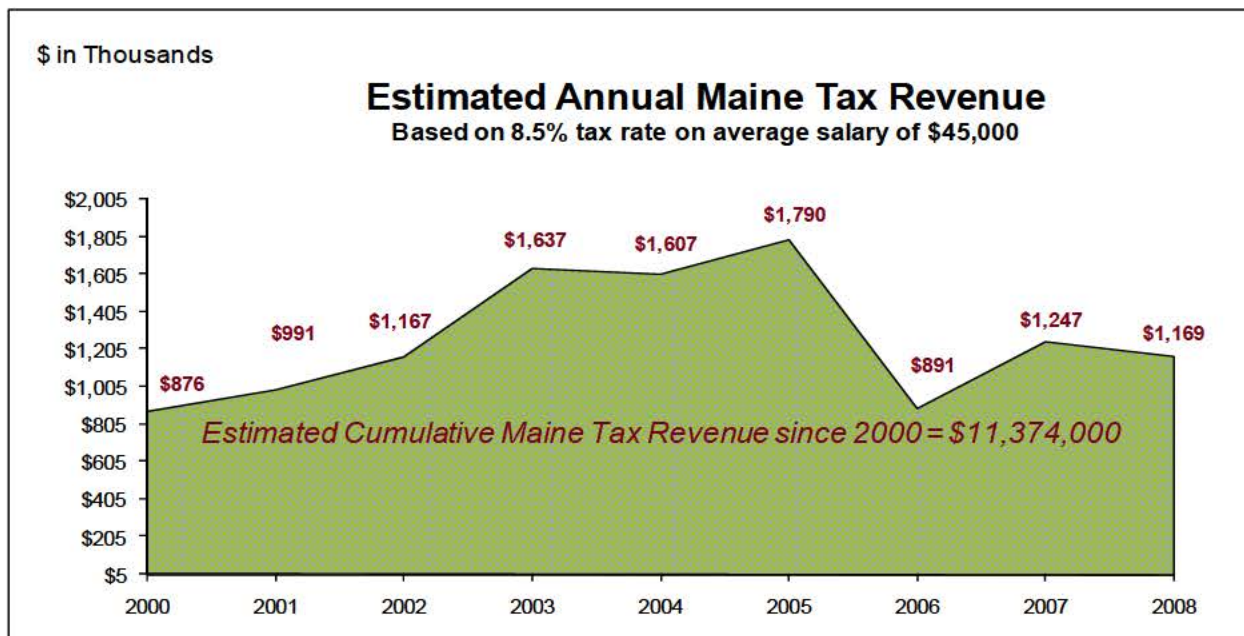
- Since 1997, SEGF portfolio companies have created 6,700 job-years: job years are calculated as the cumulative of one job for one year for FTE employees for all portfolio companies since 1997
- Current SEGF portfolio companies employ 300 people at an average annual salary of \$45,000 plus health benefits and stock options



### #3 Maine Tax Revenue

Job creation leads to an increase in Maine income tax proceeds.

- Estimated Maine income tax from SEGF portfolio companies since 2000 totals \$11,374,000, assuming an average wage of \$45,000 and a tax rate of 8.5%
- Since inception in 1997, estimated Maine income tax from SEGF portfolio company employees is as high as \$25,600,000, using the same assumptions as above



## #4 Intellectual Property

Many SEGF portfolio companies develop proprietary products, software or brands. Below are a few recent examples of Intellectual Property at SEGF portfolio companies:

- **Licensing Agreements:** *Chemogen, Inc.* has an agreement with *Inverness Medical Innovations* (Amex: IMA) for the worldwide manufacture and distribution of tests for the rapid detection of Mycobacterium, the primary causative agent of tuberculosis.
- **Patent Applications:**
  - *Crossrate Technology, LLC* - Patent pending 11/612,288, Method and system for demodulation of a differential Loran C signal
  - *Foneshow, Inc.* - Patent Pending, Method and system for providing playback of digital audio content available through a computer network, filed 4/4/08, Patent Application 12/008,849, Playback of Digital Audio Content
  - *Interspec, Inc.* Patent US6,976,213 B1, issued 12/13/05, Method of automatically generating specifications and providing online services for same

## #5 Network Building

The SEGF maintains relationships with a broad range of regional economic development agencies, and equity and near-equity providers and is an active participant in Maine's entrepreneurial neighborhood.

The SEGF is highly selective in the companies in which it invests; however, the Fund's Management Team actively assist all interested companies in finding appropriate capital and resources. To this end, the SEGF often refers companies to other Maine resource and capital providers.

### Memberships, Affiliates, & Co-Investors



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



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



[www.mitc.com](http://www.mitc.com)



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



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



[www.econdev.com](http://www.econdev.com)



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



[www.famemaine.com](http://www.famemaine.com)

## **#6 Portfolio Returns**

It is the aim of the SEGF to grow the size of the fund “organically” through “harvesting” investments made by the Fund. The most common “successful” liquidity event for the SEGF is when a portfolio company is sold to another larger company at a price significantly higher than the price SEGF paid for shares in the company.

- With the \$9 million of state funds (\$5mm in 1998; \$3mm in 2000 and \$1 million in 2006), the SEGF has invested \$10.5 million dollars in Maine companies and paid for 11 years of fund operations to date
- The following table contains 3 examples of portfolio returns:

SEGF Portfolio Company	Industry	Date of First investment	Total Investment Amount	Capital Returned to SEGF	Rate of Return	Type of Exit
RecruiterNet, Inc	Software	June 2001	\$250,000	\$1,961,294	IRR: 63% 8X investment	Company sold to First Advantage (FADV)
Phytex, LLC	Specialty Chemicals	Sept 2001	\$150,000	\$195, 945	IRR: 29% 1.33X investment	Partner buyout of SEGF
Angela Adams	Consumer Products	October 2002	\$400,000	\$600,000	IRR: 15% 1.5X investment	Company repurchased stock and sold to new investor

## **#7 Education & Economic Development:**

In addition to working with portfolio companies and Maine companies interested in risk capital, the fund typically holds an educational networking event each year, and participates in entrepreneurial and small business events Statewide. Below are a few examples:

- **CEO Dinner:** SEGF portfolio company CEOs came together with SEGF Board and Management for an evening of networking and idea sharing.
- **Kauffman Angel Seminar:** SEGF organized and hosted a one-day educational event on angel investing in Bar Harbor on September 2007.
- **Food for Thought Forum:** SEGF organized and hosted a networking event for Maine food companies in October 2006. The event was the precipitate to the developing Maine specialty food cluster.
- **University of Maine Business School:** Fund Manager, John Burns, teaches a consulting course wherein MBA students work directly with SEGF portfolio companies on strategic projects.





**Anodyne Health Partners, Inc**

**Website:** [www.anodynehealth.com](http://www.anodynehealth.com)

**Location:** Falmouth, ME

**ME Employees:** 70

**Management Team**

Michael Funk, CEO

Lee Larson, COO

Brant Castellow, Sr. VP Sales & Mkt

Gil Kochman, CFO

**Other Major Co-Investors**

Brook Venture Partners

Frontier Capital

Brooke Private Equity Advisors

**Other State of Maine support:** None

**SEGF Investments**

August 2006: \$250,000

October 2007: \$100,000

February 2008: \$75,000

**Total Invested: \$425,000**

**Total other capital raised:** \$8,277,000

**Company Overview**

Anodyne Health Partners, Inc is a leading provider of revenue cycle management solutions for healthcare providers. Anodyne provides business intelligence ("BI") software and outsourced services (billing, coding and practice management) to large provider groups and hospital-based physician practices. Anodyne's BI product has uniquely positioned the company as a service provider with superior diagnostic capabilities. Anodyne's customers enthusiastically claim improved billing, accounts receivable and cash collection results



**BistroFresh, LLC**

**Website:** [www.bistrofresh.com](http://www.bistrofresh.com)

**Location:** Camden, ME

**ME Employees:** 6

**Management Team**

Steve Young, CEO

Glenn Flanders, CFO

**Other Major Co-Investors**

Inland Seafood, Inc.

Individual Investors

**Other State of Maine support:** None

**SEGF Investments**

May 2005: \$250,000

March 2006: \$102,222

November 2006: \$53,000

June 2007: \$40,000

August 2008: \$72,309

**Total Cost: \$517,531**

**Total other capital raised:** \$1,464,700

**Company Overview**

Bistro Fresh, LLC specializes in the development, manufacturing and distribution of high quality home meal replacement products. The company's initial line of products utilizes a patented steam cooking technology to produce a line of entrees featuring fresh uncooked ingredients that can be microwaved in less than four minutes. The product took first place in the retail division of the 2006 International Boston Seafood Show new products competition.



**Blue Tarp Financial, Inc**

**Website:** [www.bluetarp.com](http://www.bluetarp.com)

**Location:** Portland, ME

**ME Employees:** 74

**Management Team**

Bond Isaacson, CEO

Lou Collins, CFO

**Other Major Co-Investors**

Coastal Ventures

Highland Capital Partners

IDG Ventures

Little Diamond Island Enterprises

Spicewood Investment Partners

Trinity Ventures

Village Ventures Partners Fund

**Other State of Maine support:** Maine Seed Capital Tax Credit Program ("MSCTC")

**SEGF Investments**

May 2003: \$350,000

2004 (various dates): \$142,012

February 2006: \$10,000

**Total Cost: \$502,012**

**Total other capital raised: \$32,250,000**

**Company Overview**

BlueTarp Financial, Inc. provides commercial trade credit services to more than 400 building material dealers and 10,000 contractors across the United States. BlueTarp dealers benefit from increased cash flow, reduced back office work, and a healthier bottom line. BlueTarp contractors enjoy a rewards program that allows them to earn points with every purchase and view detailed purchases data via online reporting. This value proposition is unique in the building material and supply industry.



**Chemogen, Inc**

**Website:** [www.chemogen.com](http://www.chemogen.com)

**Location:** South Portland, ME

**ME Employees:** 1 part-time

**Management Team**

John O'Sullivan, President

**Other Major Co-Investors**

Masthead Venture Partners

Coastal Ventures

Flory Investments

**Other State of Maine support:** Maine Technology Institute ("MTI") Development Awards ("DA"); MSCTC.

**SEGF Investments**

December 2001: \$250,000

April 2004: \$144,932

May 2006: \$55,000

**Total Cost: \$449,932**

**Total other capital raised: \$6,700,000**

**Company Overview**

Chemogen, Inc. is a biotechnology company which developed a novel and proprietary platform technology for the rapid diagnosis of infectious diseases. The initial application of this technology is in the area of tuberculosis ("TB"), the world's deadliest infectious disease. Chemogen has an agreement with Inverness Medical Innovations (Amex: IMA) for the worldwide manufacture and distribution of tests for the rapid detection of Mycobacterium, the primary causative agent of tuberculosis.



**Coast of Maine, Inc**

**Website:** [www.coastofmaine.com](http://www.coastofmaine.com)

**Location:** Portland, ME and Marion Township, ME

**ME Employees:** 14

**Management Team**

Carlos Quijano, President

Peter Bottomley, VP Sales

Cameron Bonsey, VP, Marketing

**Other Major Co-Investors**

Coastal Ventures

**Other State of Maine support:** None

**SEGF Investments**

February 2000: \$85,000

**Total other capital raised:** \$385,000

**Company Overview**

Coast of Maine, Inc. has been making the finest compost-based specialty soils since 1996. These include an exceptional potting soil, soil amendments and conditioners as well as very old bark mulches. All products are certified for use in growing organic crops by M.O.F.G.A. and are available at fine garden centers and specialty stores across the Northeast.



**Common Census, Inc**

**Website:** [www.commoncensus.com](http://www.commoncensus.com)

**Location:** Westbrook, ME

**ME Employees:** 12

**Management Team**

Daniel Freund, President

**Other Major Co-Investors**

Individual Investors

**Other State of Maine support:** MSCTC

**SEGF Investments**

December 1999: \$175,000

February 2000: \$100,000

April 2000: \$225,000

**Total Cost: \$500,000**

**Total other capital raised:** \$1,903,050

**Company Overview**

Common Census, Inc. creates and markets technology to enroll and manage employee benefits. Customers include: insurance carriers, producers, enrollment companies, human resources departments and the employees they represent.



**Crossrate Technology, LLC**

**Website:** [www.crossrate.com](http://www.crossrate.com)

**Location:** Standish, ME

**ME Employees:** 7

**Management Team**

Zach Conover, President and CEO

Michael Leathem, VP of Engineering

John Harrington, Business Development

**Other Major Co-Investors**

Little Diamond Island Enterprises

Maine Technology Institute – Accelerated  
Commercialization Fund (“ACF”)

**Other State of Maine support:** Maine Center for  
Enterprise Development (“MCED”) tenant, MTI  
seed grants, MTI DA, MSCTC

**SEGF Investments**

October 2007: \$100,000

July 2008: \$163,250

**Total Cost: \$263,250**

**Total other capital raised:** \$942,535

**Company Overview**

Crossrate Technology, LLC is a development stage company producing a receiver capable of integrating Loran-C, eLoran (enhanced Loran) and GPS signals. Potential markets include maritime, land/mobile, emergency response, and military.



**Foneshow, Inc**

**Website:** [www.foneshow.com](http://www.foneshow.com)

**Location:** Portland, ME

**ME Employees:** 8

**Management Team**

Erik Schwartz, CEO

Nic Wolfe, Software Engineer

**Other Major Co-Investors**

CEI Community Ventures

Masthead Venture Partners

Spinnaker Trust

**Other State of Maine support:** None

**SEGF Investments**

August 2007: \$250,000

November 2008: \$62,500

**Total Cost: \$312,500**

**Total other capital raised:** \$977,500

**Company Overview**

Foneshow, Inc. has developed a telephony-based distribution platform for audio content, for example news/talk radio and podcast programming. The platform leverages the cellular telephone network and enables users to subscribe to, access, publish, share and consume short form audio programming immediately, from virtually any cell phone. The system features the rapid propagation of programming from the creator to the consumer.





**Good Clean Food, LLC**

**Website:** [www.goodcleanfood.com](http://www.goodcleanfood.com)

**Location:** Portland, ME

**ME Employees:** 8

**Management Team**

Kurt Shisler, CEO

Rachel Ambrose, VP Marketing

Carol Pickering, Sales

**Other Major Co-Investors**

Little Diamond Island Enterprises

Cash Cow, LLC

Friday Harbor Angels, LLC

**Other State of Maine support:** MSCTC

**SEGF Investments**

July 2007: \$200,000

August 2008: \$136,369

**Total Cost: \$336,369**

**Total other capital raised:** \$1,123,660

**Company Overview**

Good Clean Food, LLC is a specialty food company that helps busy people make delicious home cooked meals quickly. They currently produce fabulous simmer sauces for seafood and chicken. The authentic regional recipes are overflowing with fresh, premium ingredients, chopped by hand and cooked slowly in small batches. The fresh flavors and foolproof format provide all the tools needed to prepare seafood and chicken brilliantly and easily.



**Interspec, LLC**

**Website:** [www.e-specs.com](http://www.e-specs.com)

**Location:** Portland, ME

**ME Employees:** 11

**Management Team**

Michael Brennan, President

Gil Letourneau, CTO & Co-founder

**Other Major Co-Investors**

Individual investors

**Other State of Maine support:** MTI DA, MSCTC

**SEGF Investments**

June 2001: \$150,000

January 2003: \$50,000

January 2004: \$3.33

**Total Cost: \$200,003.33**

**Total other capital raised:** \$1,400,000

**Company Overview**

InterSpec, LLC provides construction document management solutions and services built on its patented e-SPECS® specification management technology. e-SPECS software automates the specification process by extracting the product and material requirements directly from the project drawings. For architects and engineers who spend many hours on every project preparing construction specifications, e-SPECS software saves time and money while ensuring that the construction drawings are coordinated with the specifications.



**Looks Gourmet Food Company, Inc**

**Website:** [www.barharborfoods.com](http://www.barharborfoods.com)

**Location:** Whiting, ME

**ME Employees:** 20

**Management Team**

Mike Cote, President & CEO

Cynthia Fisher, VP Marketing & QA

Richard Davis, Plant Manager

Derrick Fitzsimmons, Production Manager

**Other Major Co-Investors**

CEI Community Ventures

Coastal Ventures

Sea Change Investment Fund

**Other State of Maine support:** None

**SEGF Investments**

August 2007: \$300,000

**Total other capital raised:** \$1,618,000

**Company Overview**

Looks Gourmet Food Company, Inc. is a maker of premium seafood products. The company's seafood and other fine foods are made in small batches and packed and canned mostly by hand, just like people on the coast of Maine have been doing for generations.



**Pantheon Guitars, LLC**

**Website:** [www.pantheonguitars.com](http://www.pantheonguitars.com)

**Location:** Lewiston, ME

**ME Employees:** 12

**Management Team:**

Roger Brooks, Interim Manager

Dana Bourgeois, Founder & Production

Bonni Lloyd, VP Sales

**Other Major Co-Investors**

Individual Investors

**Other State of Maine support:** None

**SEGF Investments**

May 2001: \$208,000

January 2002: \$30,000

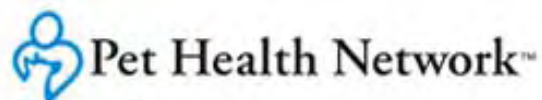
August 2002: \$150,000

**Total Cost: \$388,000**

**Total other capital raised:** \$776,000

**Company Overview**

Pantheon Guitars, LLC is one of the best "small shop" acoustic guitar builders in the world. Pantheon Guitars are designed by Dana Bourgeois, a well-known master luthier. All Pantheon guitars are handcrafted in Maine and carry the Bourgeois headstock signature which guarantees a level of quality that players and enthusiasts alike come to expect in fine steel string acoustic instruments.



**Pet Health Network**

**Website:** [www.pethealthnetwork.com](http://www.pethealthnetwork.com)

**Location:** Yarmouth, ME

**ME Employees:** 16

**Management Team**

Mary Gale, CEO

Todd Paige, Founder

John Berry, CFO

**Other Major Co-Investors:**

Individual Investors

**Other State of Maine support:** MTI DA, MSCTC

**SEGF Investments**

October 2007: \$249,993

October 2008: \$71,500

**Total Cost: \$321,493**

**Total other capital raised:** \$3,198,500

**Company Overview**

Pet Health Network is an innovative educational system helping pet owners see, hear, understand and comply with their veterinarian's medical advice to maintain the best health possible for their animals. Veterinarians and staff use PHN's wall-mounted touch screens in exam rooms to explain pet disease and wellness issues via 3-D medical models, instructional home care videos, parasite life cycles, and tips for lifelong health; all during patient visits. A companion PHN Web site, linked to individual practices, extends client service with electronic pet history forms and e-mail links to additional in-depth information.

**Phylogix, Inc.**

**Website:** [www.phylogix.com](http://www.phylogix.com)

**Location:** Scarborough, ME

**ME Employees:** 0

**Management Team**

Richard Hoffman, Exec Dir.

**Other Major Co-Investors:**

Atlas Ventures

Biotechnology Value Fund

Canaan Partners

Prospect Venture Partners

Radius Venture Partners

**Other State of Maine support:** MTI DA

**SEGF Investments**

October 2001: \$150,000

December 2003: \$250,000

**Total Cost: \$400,000**

**Total other capital raised:** \$14,550,000

**Company Overview**

Phylogix, Inc. is an early-stage biotechnology company with Intellectual Property (IP) around an innovative class of lectin-based drugs focused on tissue protection and oncology. The Company's lead drug candidate, called FRIL, addresses a critical unmet need to protect cancer patients from the toxic side-effects of chemotherapy. FRIL may have additional therapeutic applications in oncology and immunology as well. In November of 2005, Phylogix sold all of its assets, including its rights to FRIL and accompanying IP, to Morningside Venture Investments Limited, in exchange for royalty payments on future products commercialized from Phylogix' IP.



**Redzone Wireless, Inc.**

**Website:** [www.redzonewireless.com](http://www.redzonewireless.com)

**Location:** Rockland, ME

**ME Employees:** 6

**Management Team**

Jim McKenna, CEO

**Other Major Co-Investors**

Coastal Ventures

Individual Investors

**Other State of Maine support:** ConnectME grants.

**SEGF Investments**

November 2005: \$200,000

March 2007: \$200,000

**Total Cost: \$400,000**

**Total other capital raised:** \$662,500

**Company Overview**

RedZone Wireless, Inc. provides affordable high-speed Internet service to communities in Maine. The company's vision is to provide affordable high-speed Internet service in underserved areas of Maine, and New England. The redZone network consists of a combination of proprietary wireless mesh, and standards based 802.11 Wifi technology.



**SeptiTech, Inc.**

**Website:** [www.septitech.com](http://www.septitech.com)

**Location:** Lewiston, ME

**ME Employees:** 12

**Management Team:**

Terry Veysey, Interim CEO & VP Finance & Operations

Don Rousseau, VP Distr. & Comm. Sales

Ted Fellman, Business Dev & Distribution

Scott Samuelson, Director of Marketing

**Other Major Co-Investors**

CHK Capital Partners

Individual Investors

**Other State of Maine support:** MSCTC

**SEGF Investments**

December 2001: \$ 250,000

**Total other capital raised:** \$550,000

**Company Overview**

SeptiTech, Inc. manufactures high-tech advanced wastewater treatment systems for both residential & commercial applications.



**Speranza Systems, Inc.**

**Website:** [www.speranzasystems.com](http://www.speranzasystems.com)

**Location:** Portland, ME

**ME Employees:** 10

**Management Team**

Glen Solimine, CEO

Blaise Scioli, VP of Product Management

Matt Moore, Senior Sales Exec.

Gordon Stahly, Sales Engineer

Robert Henchey, Administrative Officer

**Other Major Co-Investors**

Little Diamond Island Enterprises

CEI Community Ventures

**Other State of Maine support:** MSCTC

**SEGF Investments**

January 2007: \$100,000

September 2007: \$59,746

July 2008: \$32,000

**Total Cost: \$191,746**

**Total capital raised:** \$1,917,376

**Company Overview**

Speranza Systems, Inc. is the leading provider of treasury and bank relationship management software. Serving mid-sized and large corporations, Speranza's web-based products and services are deployed globally, providing clients with a flexible, centralized structure for managing all aspects of banking relationships. Founded in 2005, Speranza has a management team with extensive experience in the dynamic interface between corporate treasury and technology needs.



**Stillwater Scientific Instruments, Inc.**

**Website:** [www.stillwaterscientific.com](http://www.stillwaterscientific.com)

**Location:** Orono, ME

**ME Employees:** 7

**Management Team:**

David Ferris, Executive Chairman

Steve Lammert, Director of Engineering

Robert Jackson

**Other Major Co-Investors**

Coastal Ventures

Flory Investments

Launch Momentum

Maine Technology Institute - ACF

**Other State of Maine support:** Target Tech

Center tenant, MTI DA, MSCTC

**SEGF Investments**

August 2005: \$200,000

April 2007: \$26,658

April 2007: \$125,000

June, Sept, Nov 2008: \$52,211

**Total Cost: \$403,869**

**Total other capital raised:** \$2,480,435

**Company Overview**

Stillwater Scientific Instruments, Inc. is a Maine-based life sciences technology company dedicated to developing the most advanced spectrometry solutions for analytical and scientific applications. Stillwater's technology enables the development of instruments and systems, such as a Mass Spectrometer, to perform measurements faster, more efficiently, with a larger dynamic range, higher sensitivity, higher mass range, and better mass accuracy.



**Warrior (Aero-Marine), Inc.**

**Website:** [www.centaurseaplane.com](http://www.centaurseaplane.com)

**Location:** Scarborough, ME

**ME Employees:** 2

**Management Team:**

James Labouchere, President

David Verrill, GM & VP

**Other Major Co-Investors:**

Individuals

**Other State of Maine support:** CDBG – Sanford

**SEGF Investments**

April 2003: \$ 300,000

**Total other capital raised:** \$300,000

**Company Overview**

Warrior (Aero-Marine), Inc. is an engineering firm specializing in the development of aircraft. The company's Centaur aircraft is a 6 or 7 seat composite amphibious flying boat. The wings can be actuated to fold while on the water to enable access to marina docks and yacht berths. The configuration suits turboprop and piston engines.



## Small Enterprise Growth Board

An eleven-member Board of Directors appointed by the Governor oversees the Small Enterprise Growth Fund.

The private-sector volunteers appointed to the SEGB not only have relevant experience or backgrounds in early-stage investing, managing and high-growth small business investing, technological innovation development, commercial lending and securities law, but, collectively

- have 115 years of private investing experience,
- have invested in over 120 private companies,
- have 173 years in management experience, and
- have been involved in 170 mergers, acquisitions, or company sales.

As appropriate or necessary, the Board will seek advice on technical feasibility and market demand from a variety of sources including independent experts, the University of Maine System, the Maine Small Business Development Centers and the Maine Science and Technology Foundation.

- **Stephen K. Smith, Chair**, is a general partner at *Masthead Venture Partners*. He has 25 years of investment experience and successful track records in both the public equity and private venture capital sectors. Prior to joining *Masthead*, Mr. Smith spent 16 years as a top-ranked Wall Street analyst following technology stocks for *PaineWebber, Inc.* Mr. Smith is also an active member of *CommonAngels*, a Boston-based group of active angel investors who are mostly founders of successful New England high technology companies.
- **Claude Sheer, Vice Chair**, is Managing Director of *Oyster International*. His corporate assignments have been concerned with the management of growth, in particular the creation and execution of new growth platforms and have focused on mobilizing new technologies, acquisition of capabilities and building management teams. Mr. Sheer served as President and member of the Board of Directors of the international media and marketing company, *Ziff Davis*. Currently a venture advisor to *Zero Stage Capital*, Mr. Sheer is also a founding principal in *Barn Ventures, LLC*, which invests in and accelerates early stage companies. He serves on the Boards of *Lionbridge Technologies Inc.* (LIOX), *Envoy WorldWide*, *Livewave.com* and is a Trustee of the New Hampton School.

- **Howard A. “Skip” Bates, Treasurer**, a Business Banking Officer with Bangor Savings Bank, is responsible for the business development efforts in the mid-coast Maine area. He focuses on businesses ranging from start-up companies seeking working capital to established enterprises approaching \$10 million in revenue. Mr. Bates is active in the economic development community, serving as Board Chair of *Midcoast Magnet*, a networking organization for creative entrepreneurs. He is a founder of the *Juice Conference*, a statewide organization taking action to support the creative economy in Maine. Previously, Mr. Bates spent 11 years with *MBNA America* as an operations manager responsible for several different aspects of the credit card industry. He has lived and worked in Japan where he founded a language school and earned a masters degree in U.S.-Japanese relations.
  
- **Gregory S. Fryer** is a Partner in the law firm, *Verrill Dana LLP*. Mr. Fryer’s specialty is corporate and securities law and venture capital. He joined *Verrill Dana* in 1986, after having practiced in New York and Atlanta.
  
- **Karin A. Gregory** is a Partner in the law firm, *Furman Gregory LLC*. Ms. Gregory’s career spans over 25 years in the healthcare field, as a researcher, healthcare administrator, lawyer and venture capitalist. She manages a growing and successful business law practice focused on start up technology companies. Formerly, she was a venture capitalist with *Dover Medical Ventures*, and *MTDC*, the *Massachusetts Technology Development Corporation* in Boston. She is a member of two angel investment groups, and serves on the board of *CEI Ventures*. She is a frequent speaker on venture capital and start up business issues throughout New England.
  
- **Stephen S. Goldberg** is currently the Principal at Stephen Goldberg Consulting, an establishment that provides Strategic Consulting for the Retail Food Industry including retailers, as well as manufacturers and vendors specializing in Natural, Organic, Specialty and Prepared Foods. Previously, Stephen served with Whole Foods Market from 1988 until 2007, ending his tenure there as Regional Vice President, UK. Before his position as Regional Vice President, Mr. Goldberg served as the Prepared Foods Director for the North Atlantic Region. Stephen has over 20 years of experience in the industry and is an accomplished chef and avid food enthusiast.
  
- **Matthew A. Hoffner** came to Maine in 1987 after 10 years as an engineer and manager for *Exxon Corp*. He was one of the original managers for *Wright Express Corp*. and was the Senior Vice President of Sales and Marketing for 10 years. He was then the founder of *Integra Associates*, a sales and marketing outsourcing company based in Westbrook, Maine. In 2000, he joined two other partners to start *JobsInTheUS.com (JiUS)*, the parent company for *JobsInME.com* and fifteen other state-specific job boards. As President and CEO of *JiUS*, the company grew to become the largest job board in the Northeast and was sold to the *Journal Register Corp*. in 2006. Mr. Hoffner stayed on as President until July 2007. He is now a part-time instructor at the University of Southern Maine and a math instructor for the Portland Public Schools.



- **Mark D. Kaplan, CFA**, Managing Director, *CEI Ventures, Inc.* Prior to joining *CEI Ventures Inc.* as a Partner in July 1999, Mr. Kaplan served as founding Chair of its Board of Directors. Mr. Kaplan has spent more than 20 years in the investment field including as Managing Director of *Forum Financial Group*, a mutual fund company, and *H.M. Payson & Co.*, an investment advisory and trust services firm where he was the Director of Research and member of the Executive Committee. He also served in the investment department of *Unum Life Insurance Company*. Mr. Kaplan was awarded the Charter Financial Analyst designation in 1986, earned a B.A. in Political Science from the University of Michigan in 1977 and a M.B.A. from the Boston University Graduate School of Management in 1984. He has also participated in the NVCA-NASBIC Venture Capital Institute Certificate and Graduate Programs. Mr. Kaplan serves on the Boards of Directors of *CEI Ventures'* portfolio companies: *Chemogen Inc.*, *Home Bistro Inc.*, *Juno Rising Inc.*, and *Stillwater Scientific Instruments*. He previously served as a Board Member of *Recruiter.net Inc.* which was acquired by *First Advantage Corporation* in 2005. In addition, he serves on the investment committees of the *Maine Health Access Foundation* and the *United Way Foundation of Greater Portland*, and is past president of the *Jewish Community Alliance of Southern Maine*.
- **Charles G. "Kip" Moore** created *Little Diamond Island Enterprises* in Portland in 1993 to make early-stage investments in technology companies, with a focus in the areas of software, computer services and data communications; a majority of Mr. Moore's recent investments have been in early-stage Maine companies. Prior to moving to Portland Mr. Moore was a General Partner of *Welsh, Carson, Anderson & Stowe*, a New York based venture capital firm that has been making investments in information processing and health care companies, from 1981 through 1994.
- **Catherine S. Renault**, is the Director of the Office of Innovation for the *Maine Department of Economic and Community Development*. Dr. Renault serves on the SEGF Board as the designee of the Commissioner. Her recent background includes serving as Program Manager for Technology-based Economic Development at *RTI International* in Durham, NC and Managing Director for Virginia's Center for Innovative Technology.
- **Keith C. Shaughnessy** is Chairman and CEO of Metapoint Partners. Metapoint is an investment firm that acquires established, small to medium sized manufacturing companies and advises management of acquired companies to enhance their value. Prior to co-founding Metapoint in 1988 Mr. Shaughnessy was with the Bank of Boston where he was a Division Executive responsible for the Acquisition Finance Division. He currently serves on the boards of the Metapoint portfolio companies, as well as the Massachusetts Educational Finance Authority, and as a Trustee of the Pingree School.



## Fund Management

### ■ John Burns, CFA, Fund Manager

John has over twenty-four years of experience in institutional investing. Prior to joining SEGF as the Fund Manager in 2000, he served as Second Vice President and Portfolio Manager for UNUM Corporation, where he managed domestic and international portfolios. With the SEGF, he has played a role in bringing capital to more than 25 Maine companies to date, and has steered the SEGF through a number of returns of capital to the Fund.

John holds the Chartered Financial Analyst (CFA) designation, and has held the Series 7 NASD license. He holds an MBA, with high distinction, from Babson College, and a MS degree in Resource Economics from Penn State University. Mr. Burns completed his undergraduate work at the University of Maine.

John serves on the following Boards of Directors:

- \* Maine Innovation Economy Advisory Board
- \* Maine Investment Exchange (MIX)
- \* Technology Center Coordinating Board (Maine DECD)
- \* CEI Community Ventures, Inc.
- \* ConnectME Advisory Board
- \* Falmouth Memorial Library, Advisory Trustee

### ■ Jayme Okma Lee, Fund Associate

Jayme joined the SEGF in 2005 as a Fund Associate. Prior to joining the SEGF, she worked for General Motors as a marketing and financial analyst, and as a management consultant in the pharmaceutical industry. In 2004, she and her husband came to Maine where they established his veterinary hospital in Rockport. Since moving to Maine, Jayme has provided management consulting services to several Midcoast Maine businesses including Brace Management Group.

Jayme received an MBA from the University of Maine where she had the highest cumulative GPA in her class. She graduated Magna Cum Laude, with honors, from Bowdoin College with an A.B. in Economics and Mathematics.

### ■ Terri Wark, Fund Administrative Associate

Terri joined the SEGF in 2001 as Fund Administrative Assistant. Prior to that, she was employed for nearly ten years with the Finance Authority of Maine (FAME) in the Small Business and Commercial Loan Division.

Terri attended the University of Maine.

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Small Enterprise Growth Fund

We have audited the accompanying basic financial statements of the Small Enterprise Growth Fund ("the Fund"), as of and for the years ended June 30, 2008 and 2007, as listed in the accompanying table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Small Enterprise Growth Fund as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

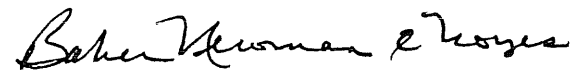
As explained in note 1, the financial statements include investments in small businesses valued at \$2,996,013 (44% of net assets) and \$1,919,361 (32% of assets) at June 30, 2008 and 2007, respectively, which are not actively traded and whose carrying values have been estimated by management in the absence of readily determinable fair values.

Management's Discussion and Analysis on pages 3 – 7 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. The supplementary information is the responsibility of the Fund's management. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Board of Directors  
Small Enterprise Growth Fund

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 as a whole.

Portland, Maine  
October 14, 2008

A handwritten signature in cursive script, reading "Baker Newman & Hayes".

Limited Liability Company

## SMALL ENTERPRISE GROWTH FUND

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008 and 2007

As Management of the Small Enterprise Growth Fund ("the Fund" or "the SEGF"), we offer readers of the Fund's financial statements this narrative overview and analysis of the financial activities of the Fund for the fiscal years ended June 30, 2008 and 2007. As required, the Fund's financial statements are presented in the manner prescribed by Governmental Accounting Standards Board Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34), as amended. Under GASB 34, the Fund is identified as a Proprietary Fund. Proprietary Funds are accounted for in a manner similar to a private business enterprise.

#### Overview of the Fund

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

#### Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the Fund's basic financial statements. The basic financial statements include the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets, and the Statements of Cash Flows. The Statements of Net Assets presents information on all of the Fund's assets, liabilities and net assets. The Statements of Revenues, Expenses and Changes in Net Assets present information on the Fund's revenues and expenses. The Statements of Cash Flows supplement those statements providing relevant information about cash sources and uses. The Fund's financial statements are presented on an accrual basis.

#### 2008 Highlights

- In a very active investing year, the SEGF invested \$1.15 million in six companies that were new to the portfolio, and invested an additional \$0.48 million in existing portfolio companies.
- In three of the aforementioned investments, the SEGF received warrants or stock as additional consideration for the investment, which could provide additional return to the Fund at some future date upon a liquidity event. As noted in the audit, warrants held by SEGF are not assigned value due to their current illiquidity and early stage of the issuing companies.
- The Fund wrote off one investment that had been carried at a zero value since the prior fiscal year.
- The Fund received full prepayment of a Note during the FY, a note which carrying value had been sharply reduced in earlier years.
- SEGF portfolio companies paid \$8.2 million in salaries and wages in 2007, at an average wage of over \$45,000, 1.5X the State average wage.
- Revenue growth at SEGF portfolio companies exceeded 20% in 2007.
- The Fund continues to receive dividend income from a portfolio company pursuant to a dividend and stock repurchase agreement.
- Management and the Board participated in numerous outreach programs to the early stage company community in Maine.

- SEGF continues to play a prominent role in a strong support network for the entrepreneurial community in Maine. For example, SEGF organized and hosted *The Power of Angel Investing*, a program of the Kaufmann Foundation and the Angel Capital Association. The program brought together a distinguished panel of experts in the field of Angel investing, and was attended by a wide range of potential angels, angels, and small company executives. Additionally, the Fund Manager sits on numerous Boards throughout the State, including the Maine Innovation Economy Advisory Board, the Maine Investment Exchange, and CEI Community Ventures.
- The SEGB is a deeply experienced Board knowledgeable in young company equity investing. On average, SEGB members have 11 years experience with direct equity investing in private companies, and have served 20 years in management positions. On average, Board members have been involved in 6 company sales, have invested in 11 companies, are currently invested in six, serve on four company Boards, and serve as an advisor to one company.

### Financial Information

#### Statements of Net Assets

	<u>2008</u>	<u>2007</u>
Cash equivalents	\$3,162,041	\$3,726,021
Interest receivable	21,541	—
Notes receivable, net	598,159	323,075
Investments	2,996,013	1,919,361
Capital assets	8,621	—
Long-term deposit	<u>1,150</u>	<u>—</u>
Total assets	<u>\$6,787,525</u>	<u>\$5,968,457</u>
Accounts payable and accrued liabilities	\$ 34,059	\$ 23,774
Deferred income	<u>6,250</u>	<u>—</u>
Total liabilities	40,309	23,774
Invested in capital assets	8,621	—
Unrestricted net assets	<u>6,738,595</u>	<u>5,944,683</u>
Total net assets	<u>6,747,216</u>	<u>5,944,683</u>
Total liabilities and net assets	<u>\$6,787,525</u>	<u>\$5,968,457</u>

Total Assets increased \$819,068 due to a capital contribution of \$1 million, dividends, interest and investment income, offset somewhat by an operating loss of \$197,467, including write-downs of certain investments.

Statements of Revenues, Expenses and Changes in Net Assets

	<u>2008</u>	<u>2007</u>
Investment income	\$ 167,082	\$ 219,100
Dividend income	100,000	—
Interest income on notes receivable	48,697	63,029
Realized gain on sale of investment	—	198,638
Miscellaneous	<u>2,052</u>	<u>—</u>
Total operating revenues	317,831	480,767
Salary expense	186,996	170,339
Payroll benefits expense	47,714	42,028
Rent expense	13,800	—
General and administrative expense	66,295	82,063
Depreciation expense	2,058	—
Provision for (recovery of) losses on notes receivable	40,348	(1,586)
Write-down of investments	<u>158,087</u>	<u>115,130</u>
Total operating expenses	<u>515,298</u>	<u>407,974</u>
Operating (loss) income	(197,467)	72,793
Capital contributions	1,000,000	—
Net assets at beginning of year	<u>5,944,683</u>	<u>5,871,890</u>
Net assets at end of year	<u>\$6,747,216</u>	<u>\$5,944,683</u>

The Fund had an operating loss of \$197,467 for the fiscal year. Operating revenues decreased 34% to \$317,831, due primarily to a realized gain in FY '07, somewhat offset by a large dividend received in FY'08. Investment income was also lower, due primarily to lower returns on the relatively large cash balances of the Fund. Operating Expenses increased 26% to \$515,298, 79% of which was attributable to greater reductions in carrying values.

**2007 Highlights**

- SEGF continues to play a prominent role in a strong support network for the entrepreneurial community in Maine. For example, SEGF organized and hosted the *Maine Food for Thought Forum*, a forum to focus on and bring together the prepared food industry cluster in Maine. The forum was filled to capacity and has spawned additional collaborative efforts within the cluster.
- The Board invested \$350,000 in two additional Maine companies, and made follow-on investments of \$444,658 in three existing portfolio companies.
- SEGF portfolio companies paid \$8.2 million in salaries and wages in 2007, at an average wage of over \$45,000, 1.5 times the State average wage.
- Revenue growth at SEGF portfolio companies exceeded 20% in 2007.
- Total net assets increased 1.2% from the prior year on operating income of \$72,793.
- The Fund wrote off one investment that had been carried at a zero value since the prior fiscal year; no other company investments were disposed of, or liquidated, in FY'07.
- The Fund continues to receive dividend income from a portfolio company pursuant to a dividend and stock repurchase agreement.

- One portfolio company received a \$17.5 million investment round, led by a national venture capital firm, at a substantial mark-up to the prior round.
- Management participated in numerous outreach programs to the early stage company community in Maine

### Financial Information

#### Statements of Net Assets

	<u>2007</u>	<u>2006</u>
Cash equivalents	\$3,726,021	\$4,169,379
Notes receivable, net	323,075	186,681
Investments	<u>1,919,361</u>	<u>1,526,583</u>
Total assets	<u>\$5,968,457</u>	<u>\$5,882,643</u>
Accounts payable and accrued liabilities	\$ 23,774	\$ 10,753
Unrestricted net assets	<u>5,944,683</u>	<u>5,871,890</u>
Total liabilities and net assets	<u>\$5,968,457</u>	<u>\$5,882,643</u>

Total assets increased \$85,814, or 1.5%, during the fiscal year primarily due to interest and dividends from assets. Cash decreased by \$443,358, or 10.6%, from the prior year primarily due to new and follow-on investments, offset by investment income received, and small principal repayments on loans outstanding. Notes receivable increased by \$136,394, or 73.1%, due to notes acquired in fiscal year 2007, offset by conversion of a note and note repayments. Investments increased from the prior year by \$392,778, or 25.7%, due to equity acquired, offset by write-downs. Unrestricted net assets increased by \$72,793, or 1.2%, due to the operating income for 2007.

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

	<u>2007</u>	<u>2006</u>
Investment income	\$ 219,100	\$ 229,192
Interest income on notes receivable	63,029	65,299
Realized gain on sale of investment	<u>198,638</u>	<u>1,455,878</u>
Total operating revenues	480,767	1,750,369
Professional fees and services	58,122	61,644
Payroll and operating expenses	236,308	223,466
(Recovery of) provision for losses on notes receivable	(1,586)	(9,202)
Write-down of investments	<u>115,130</u>	<u>358,852</u>
Total operating expenses	<u>407,974</u>	<u>634,760</u>
Operating income	72,793	1,115,609
Net assets at beginning of year	<u>5,871,890</u>	<u>4,756,281</u>
Net assets at end of year	<u>\$5,944,683</u>	<u>\$5,871,890</u>



The Fund generated operating income of \$72,793 for the fiscal year. Operating revenues decreased by \$1,269,602, or 72.5%, due to the large sale of stock in FY'06, and the corresponding lack of any substantial asset sales in FY'07. Operating expenses decreased by \$226,786, or 35.7%, due primarily to the \$243,722 decrease over the prior year in write-downs of investments.

# SMALL ENTERPRISE GROWTH FUND

## STATEMENTS OF NET ASSETS

June 30, 2008 and 2007

### ASSETS

	<u>2008</u>	<u>2007</u>
Current assets:		
Cash equivalents (note 2)	\$3,162,041	\$3,726,021
Interest receivable	21,541	—
Notes receivable, net of allowance for losses of \$0 in 2008 and \$19,780 in 2007 (notes 3 and 5)	<u>44,702</u>	<u>52,203</u>
Total current assets	3,228,284	3,778,224
Noncurrent assets:		
Notes receivable, net of allowance for losses of \$91,000 in 2008 and \$30,872 in 2007 (notes 3 and 5)	553,457	270,872
Investments (note 1)	2,996,013	1,919,361
Capital assets, net (note 8)	8,621	—
Long-term deposit	<u>1,150</u>	<u>—</u>
Total noncurrent assets	<u>3,559,241</u>	<u>2,190,233</u>
Total assets	<u>\$6,787,525</u>	<u>\$5,968,457</u>

### LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 2,026	\$ 1,505
Accrued expenses	32,033	22,269
Deferred revenue	<u>6,250</u>	<u>—</u>
Total current liabilities	<u>40,309</u>	<u>23,774</u>
Total liabilities	40,309	23,774
Commitments (notes 4 and 9)		
Net assets (note 7):		
Invested in capital assets	8,621	—
Unrestricted net assets	<u>6,738,595</u>	<u>5,944,683</u>
Total net assets	<u>6,747,216</u>	<u>5,944,683</u>
Total liabilities and net assets	<u>\$6,787,525</u>	<u>\$5,968,457</u>

See accompanying notes.

# SMALL ENTERPRISE GROWTH FUND

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Investment income	\$ 167,082	\$ 219,100
Dividend income	100,000	—
Interest income on notes receivable	48,697	63,029
Realized gains on sales of investments	—	198,638
Miscellaneous	<u>2,052</u>	<u>—</u>
Total operating revenues	317,831	480,767
Operating expenses:		
Salary expense	186,996	170,339
Payroll benefits expense	47,714	42,028
Rent expense	13,800	—
General and administrative expense	66,295	82,063
Depreciation expense	2,058	—
Provision for (recovery of) losses on notes receivable (note 3)	40,348	(1,586)
Write-down of investments	<u>158,087</u>	<u>115,130</u>
Total operating expenses	<u>515,298</u>	<u>407,974</u>
Operating (loss) income	(197,467)	72,793
Capital contributions	1,000,000	—
Net assets, beginning of year	<u>5,944,683</u>	<u>5,871,890</u>
Net assets, end of year	<u>\$6,747,216</u>	<u>\$5,944,683</u>

See accompanying notes.

# SMALL ENTERPRISE GROWTH FUND

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Interest received on notes receivable	\$ 33,406	\$ 63,029
Principal payments received on notes receivable	83,727	155,192
Notes receivable originated	(399,159)	(290,000)
Disbursements for investments	(1,234,739)	(507,908)
Proceeds from sale of investments	—	198,638
Miscellaneous receipt	2,052	—
Dividend income	100,000	—
Investment income received	167,082	219,100
Payments for operating expenses	<u>(305,670)</u>	<u>(281,409)</u>
Net cash used by operating activities	(1,553,301)	(443,358)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(10,679)	—
Cash flows from noncapital financing activities:		
Contributed capital	<u>1,000,000</u>	<u>—</u>
Net decrease in cash equivalents	(563,980)	(443,358)
Cash equivalents, at beginning of year	<u>3,726,021</u>	<u>4,169,379</u>
Cash equivalents, at end of year	\$ <u>3,162,041</u>	\$ <u>3,726,021</u>
Reconciliation of operating (loss) income to net cash used by operating activities:		
Operating (loss) income	\$ (197,467)	\$ 72,793
Adjustments to reconcile operating (loss) income to net cash used by operating activities:		
Provision for recovery of (losses) on notes receivable	40,348	(1,586)
Write-down of investments	158,087	115,130
Depreciation	2,058	—
Realized gain on sale of investment	—	(198,638)
Changes in assets and liabilities:		
Interest receivable	(21,541)	—
Notes receivable	(315,432)	(136,494)
Investments, net	(1,234,739)	(307,584)
Long-term deposit	(1,150)	—
Accounts payable	521	(532)
Accrued expenses	9,764	13,553
Deferred revenue	<u>6,250</u>	<u>—</u>
	\$ <u>(1,553,301)</u>	\$ <u>(443,358)</u>

See accompanying notes.

## SMALL ENTERPRISE GROWTH FUND

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

#### 1. Organization and Significant Accounting Policies

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

##### Authorizing Legislation

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

##### Purpose of the Fund

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

##### Basis of Accounting

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

As permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Fund has elected not to comply with the Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

## SMALL ENTERPRISE GROWTH FUND

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

#### 1. **Organization and Significant Accounting Policies (Continued)**

##### *Fund Administration*

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

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

##### *Management Estimates*

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

##### *Cash Equivalents*

For purposes of preparing the statements of cash flows, the Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2008 and 2007, the Fund’s cash equivalents consisted of amounts held in the State of Maine Treasurer’s cash pool.

##### *Investments*

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

# SMALL ENTERPRISE GROWTH FUND

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

### 1. Organization and Significant Accounting Policies (Continued)

The following is a summary of the cost basis and the carrying value of investments at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Cost basis	<u>\$5,121,790</u>	<u>\$3,887,051</u>
Carrying value	<u>\$2,996,013</u>	<u>\$1,919,361</u>

During 2007, the Fund wrote off an investment with a cost basis of \$350,000 and a carrying value of \$0.

#### Notes Receivable

Notes receivable are carried at the principal amounts outstanding. Interest income on notes receivable is recorded only when collectibility of principal and interest are probable.

#### Allowance for Losses on Notes Receivable

The Fund has established an allowance for losses on notes receivable. The allowance for losses account is established through a provision for losses charged to operations. The amount of the allowance is determined by management's evaluation of the notes receivable portfolio. The evaluation takes into consideration such factors as the volume of the portfolio, overall portfolio quality, specific problem borrowers and current economic conditions that may affect the borrowers' ability to repay. Management believes that the allowance for losses is adequate. While management uses available information to recognize losses, changing economic conditions and the economic prospects of the borrowers might necessitate future additions to the allowance. It is the Fund's policy to review each note receivable for potential loss and establish specific allowances if necessary and to provide for a general allowance on all notes receivable without specific allowances.

#### Deferred Revenue

Deferred revenue consists of interest on notes receivable collected in advance.

#### Operating Revenue and Expenses

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

#### Reclassification

Certain 2007 amounts have been reclassified to agree to the 2008 presentation.

## SMALL ENTERPRISE GROWTH FUND

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

#### 2. Cash Equivalents

Monies that are not needed for immediate use are invested with the State of Maine. The Treasurer of the State of Maine sponsors an external investment pool ("State of Maine Treasurer's Cash Pool"). The Fund's participation is voluntary. The State of Maine's external investment pool is primarily comprised of investment vehicles with short maturities and management of the Fund characterizes the investments within the pool as low risk. The State of Maine Treasurer's Cash Pool is not rated by external rating agencies. The Fund is able to make withdrawals from the State of Maine external investment pool at par with little advance notice and without penalty. The Fund's management considers this investment vehicle a money market instrument and generally carries the amounts in the pool at fair value. However, the balance at June 30, 2008 has been reduced by \$9,960 to reflect losses in the underlying assets of the cash pool. Cash equivalents consisted of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Bank deposits	\$ 62,715	\$ —
State of Maine Treasury's cash pool	<u>3,099,326</u>	<u>3,726,021</u>
	<u>\$3,162,041</u>	<u>\$3,726,021</u>

At June 30, 2008, bank deposits had a bank balance of \$65,008 and a carrying amount of \$62,715. The difference between the carrying amount of deposits and bank balance consists primarily of checks issued but not cashed. All bank deposits are covered by Federal depository insurance at June 30, 2008.

#### 3. Notes Receivable

The following is a summary of notes receivable at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Note dated October 2007, interest at 9%, principal payments deferred for one year, then principal and interest payable over a twenty-four month period. The note is unsecured.	\$100,000	\$ —
Note dated March 2008, interest at 9%, principal payments deferred for one year, then principal and interest payable over a twenty-four month period. The note is unsecured.	75,000	—
Note dated May 2008, interest at 10%, principal payments deferred for five months, then principal and interest payable over a fifteen month period. The note is unsecured.	32,408	—
Note dated October 2007, interest at 10%, interest only payments through March 31, 2009, thereafter principal and interest is payable over a forty-two month period. The note is unsecured.	100,000	—



# SMALL ENTERPRISE GROWTH FUND

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

### 3. Notes Receivable (Continued)

	<u>2008</u>	<u>2007</u>
Note dated August 2007, interest at 10%, interest accrued until maturity, due August 24, 2009, the note is unsecured.	\$50,000	\$ —
Note dated May 2008, interest at Wall Street Journal prime rate plus 1% (5.0% at June 30, 2008), subject to change quarterly, interest accrued until maturity, due May 22, 2010.	20,480	—
Note dated June 2008, interest at 12%, interest accrued until maturity, due December 31, 2008, the note is unsecured.	21,271	—
Note dated September 2006, interest at 10%, interest only payments through September 2009, the note is unsecured.	250,000	250,000
Note dated June 2007, interest at 12%, interest accrued until maturity, due December 31, 2009, the note is unsecured.	40,000	40,000
Note dated September 2004, interest rate at Wall Street Journal prime plus 3% (11.25% at June 30, 2007), subject to change quarterly, principal payments deferred for one year, then principal and interest payable over a thirty-six month period. The note is unsecured.	—	40,565
Note dated September 2005, interest at 5% payable over a twenty-four month period. The note is unsecured.	<u>—</u>	<u>43,162</u>
	689,159	373,727
Allowance for losses	<u>(91,000)</u>	<u>(50,652)</u>
Notes receivable, net	598,159	323,075
Current portion of notes receivable, net	<u>44,702</u>	<u>52,203</u>
Noncurrent portion of notes receivable, net	<u>\$553,457</u>	<u>\$270,872</u>

## SMALL ENTERPRISE GROWTH FUND

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

#### 3. Notes Receivable (Continued)

The following is the activity in the allowance for losses on notes receivable during the years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
<u>Allowance for losses on notes</u>		
Beginning balance	\$50,652	\$52,238
Provision for (recovery of) losses	40,348	(1,586)
Charge-offs	<u>—</u>	<u>—</u>
Ending balance	<u>\$91,000</u>	<u>\$50,652</u>

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

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

#### 4. Commitments

At June 30, 2008, the Fund did not have any commitments to provide financing to small Maine businesses. The Fund uses the same process in making commitments as it does for actual financing activities.

#### 5. Warrants

The Fund has entered into financing agreements with business enterprises containing a provision enabling the Fund to acquire an equity interest in the business through warrants to purchase common stock at a set price in the future. The warrants are generally not exercisable during the four-year period after the issuance date and contain put and call provisions. The warrants are considered a separate investment; however, the Fund has not assigned any value to the warrants at June 30, 2008 or 2007 because there is no market for the warrants and the business enterprises are in the start-up and development phase, and as a result, the value of their common stock and related warrants is impractical to determine.

# SMALL ENTERPRISE GROWTH FUND

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

### 6. Transactions with the Finance Authority of Maine (“the Authority”)

Prior to August 1, 2007, the Fund has engaged the Authority to provide administrative and record keeping services, as well as certain financial management and legal assistance it continues to provide. The Authority charged the Fund for services rendered and the fees paid to the Authority are authorized by the Fund’s Board. Included in general and administrative expenses in the 2008 and 2007 statements of revenues, expenses and changes in net assets, is approximately \$11,554 and \$49,173, respectively, paid to the Authority for such services.

### 7. Total Net Assets

The following schedule presents the components of total net assets as of June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Contributed capital	\$ 9,006,767	\$ 8,006,767
Investment in Capital assets	8,621	—
Accumulated deficit	<u>(2,268,172)</u>	<u>(2,062,084)</u>
Total net assets	<u>\$ 6,747,216</u>	<u>\$ 5,944,683</u>

There are no restrictions on net assets at June 30, 2008 and 2007. The Fund’s unrestricted net assets are generally reserved for program related activities.

### 8. Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	<u>June 30,</u> <u>2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30,</u> <u>2008</u>
Computer and office equipment	\$ —	\$ 10,679	\$ —	\$ 10,679
Less accumulated depreciation for:				
Computer and office equipment	<u>—</u>	<u>(2,058)</u>	<u>—</u>	<u>(2,058)</u>
	<u>\$ —</u>	<u>\$ 8,621</u>	<u>\$ —</u>	<u>\$ 8,621</u>

## SMALL ENTERPRISE GROWTH FUND

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

#### 9. Operating Leases

The Company leases office space under a lease that expires in July 2010 with an option to renew for one year through July 2011. Payments due under the lease for fiscal years ending June 30 are as follows:

2009	\$ 13,800
2010	13,800
2011	<u>1,270</u>
Total	<u>\$28,870</u>

## **ADDITIONAL INFORMATION**

## SMALL ENTERPRISE GROWTH FUND

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

Functions/ Programs	<u>Expenses</u>	<u>Program Revenues</u>				Net Revenue (Expenses) and Changes in Net Assets
		<u>Charges for Services</u>	<u>Program Investment Income</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants/ Contributions</u>	<u>Total</u>
Business-type activities:						
Capital investment program	<u>\$(515,298)</u>	<u>\$ —</u>	<u>\$ 148,697</u>	<u>\$1,000,000</u>	<u>\$ —</u>	\$ 633,399
		General revenues:				
						167,082
						<u>2,052</u>
						<u>169,134</u>
						802,533
						<u>5,944,683</u>
						<u>\$6,747,216</u>