

MAINE STATE LEGISLATURE

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To: Chairs, Joint Standing Committee on
Innovation, Development, Economic Advancement and Business

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

Date: December 10, 2021

Re: Periodic Report for Fiscal Year 2021

Overview

Maine Venture Fund ("MVF" or "Fund") was established through legislation in 1997 as the Small Enterprise Growth Fund. Maine Venture Fund is the "doing business as" name for the Fund. The Fund was created to address the paucity of risk capital in Maine for early-stage companies that have the potential to expand significantly and therefore contribute to the growth of Maine's economy. Statutory authority for the Fund resides with an eleven-member Board of Directors actively working with and overseeing the efforts of a small professional staff.

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

This year's Periodic Report comes to you in the context of the Governor's ten-year economic development strategy for the State, the resulting Economic Recovery Committee ("ERC") recommendations, and the more recent Maine Jobs & Recovery Plan which stakes out a path for Maine's economic future in the context of the ongoing global pandemic. Maine Venture Fund is a proven resource in the State helping to promote innovation, one of the specific strategies outlined in the Plan, and expects to be a key collaborating organization in funneling equity investment from Federal stimulus programs (like the US Treasury's State Small Business Credit Initiative, or "SSBCI" program) into Maine startup companies to achieve the State's overall goals of job growth, talent attraction and economic resiliency.

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

We look forward to working with you on issues related to innovation and economic development and particularly capital access issues, especially as policy proposals are crafted to operationalize the various State and Federal pandemic recovery programs.

2021 Periodic Report

We respectfully submit the Fiscal Year 2021 Periodic Report as required by 10 M.R.S.A. §388(1), providing a detailed review of the Fund's activities and status.

It has been a busy and positive eighteen months (FY21 and 6 months of FY22), even when Covid impacts to the portfolio are taken into account. Two companies new to the portfolio received investments, and fifteen follow-on investments were made in existing portfolio companies. There are currently 29 companies in the MVF portfolio.

The late winter surge in COVID significantly influenced MVF's actions since Q4 of our FY'20 year and into the current fiscal year. Most notably, we worked with all companies to quickly assess their ability to weather a prolonged slowdown in business and the potential for unresponsive capital markets. Those discussions led to an acceleration of fundings for portfolio companies, working collaboratively with co-investors, to put those companies in a stronger position. This had the consequence of making FY'20 MVF's investment totals relatively high. Our focus in FY'21 year-to-date has been to continue supporting those companies in the portfolio of highest potential, which you will see reflected in the investments made since the end of FY'20.

In some cases, the pandemic has bolstered business prospects for companies. For others who are bearing the brunt of the economic disruption, Federal and State programs, such as PPP, EIDL, and the Maine State Grant Program, have been critical support lifelines.

Navigating the next few quarters will continue to require a high level of coordination and cooperation between organizations such as MVF, MTI, and FAME. We have been engaged in providing input to FAME and DECD regarding our availability to assist in any equity deployment needs to be faced by the State and its subcommittees and looks forward to continuing to work together on the capital access issues that are developed into policy proposals of the administration for the upcoming Legislature.



Since 2017, six portfolio companies have been sold to larger businesses, including one in FY19 and one in early FY20, providing returns to founders and investors including Maine Venture Fund. It should be noted that all six of the companies that “exited” the portfolio remain in Maine and are contributing even more significantly to the economy and prosperity of Maine. The capital returned from those investments, over \$7 million, is now back in the fund and being invested in other promising scalable Maine companies. These successful exits underline the beneficial economic impact that Maine Venture Fund can have while still providing a return on the State’s investment.

In fiscal 2021, the Fund invested a total of \$826,379, which included:

An Initial investment totaling \$100,000 in one new company:

- **Gulf of Maine Sashimi, Inc. d/b/a True Fin**, provides professional chefs and home chefs with the best seafood from the Gulf of Maine, buying directly from fishermen to provide top quality, fully traceable seafood that is good for customers, the ocean, and coastal communities.

Follow-on investments totaling \$650,700 were made in FY21 in ten existing portfolio companies to support growth:

- **Defendify, Inc.**, cybersecurity protection for small businesses;
- **Farming Fungi LLC**, growers, and harvesters of locally grown mushrooms;
- **HighByte, Inc.**, Industrial Internet of Things (“IIOT”) service provider to manufacturers;
- **Maine Craft Distilling, Inc.**, A farm to flask distillery producing small batch spirits
- **MedRhythms, Inc.**, a digital therapeutics company that uses sensors, music, and artificial intelligence to build evidence-based neurologic interventions to measure and improve walking;
- **Mobile Price Card, Inc.**, developer of a mobile application for in-store display devices;
- **NearPeer, Inc.**, developer of an education technology platform used by students to connect, reducing “melt” and increasing “yield” for schools;
- **Ocean Approved, Inc. d/b/a Atlantic Sea Farms**, harvester and processor of Maine kelp;
- **PumpSpotting, Inc.**, social platform for breastfeeding mothers;
- **Redd, Inc.**, creator of superfood energy bar.

Several follow-on investments included the conversion of accrued Note interest to equity holdings. In total, \$64,311.61 in accrued interest on Notes was converted to equity holdings in FY21. Accrued interest totaling \$11,366.90 on the Note of one portfolio company was compounded, as required by Note documentation, resulting in a new principal balance on that Note.



Subsequent events:

In the balance of calendar 2021, from July 1, 2021, to the date of submission of this report, the Fund invested an additional \$1,274,400:

- New investment in **KinoTek, Inc.**, creator of movement analysis software for physical therapists and hospitals;
- Follow-on investments in existing portfolio companies
 - American Unagi LLC
 - Farming Fungi LLC
 - HighByte, Inc.
 - MedRhythms, Inc.
 - Ocean Approved, Inc.
 - Pumpspotting, Inc.
 - Reconnect, Inc.
- Accrued interest of \$64,646 on six notes converted to equity.

Current Status:

The capital returned from FY17, FY19, and FY20 exits, plus \$5 million that was added to the Fund in September 2018 from an economic development bond, have put the Fund into a strong position to be able to support more early-stage companies that have scalable potential and, therefore, the potential to significantly contribute to the prosperity of Maine. In addition, many active, promising companies remain in the MVF portfolio.

Even though the Fund has delivered many liquidity events over the past three years, there are still several portfolio companies that may be headed toward positive return exit events within the next few years. That said, year-to-year results and capital events are uneven; history shows there will be good and bad periods. Predicting when Maine Venture Fund will see a return on its invested capital is difficult due to this type of investing. The Fund's returns typically occur when a company in which it has invested is sold to a larger company.

Maine Venture Fund was included in the FY18/FY19 and FY20/FY21 biennium budgets for a \$500,000 annual appropriation, with the FY21 appropriation reduced to \$450,000 per the Governor's request of all agencies due to the effects of the pandemic. MVF heretofore had only one annual appropriation, in 2000. This steady stream of baseline funding is critical to ensure that MVF stays consistently in the market and is perceived as a continuing source of capital for Maine's early-stage scalable companies.



We look forward to working with you, DECD, and the Governor's Office to contribute to conversations about how best to actualize the economic development strategy of **Promoting Innovation**.

Impact:

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

Following are some of the highlights:

- As of the submission of this report, Maine Venture Fund has 29 portfolio companies that employ 557 FTEs. Jobs added in these types of growth companies are primarily high wage and high benefit. This number does not include 455 FTE's still in Maine at exited portfolio companies. Since 1997, Maine Venture Fund portfolio companies have created 13,015 job-years, which are calculated as the cumulative of one job for one year for FTE employees for all portfolio companies. Many of these jobs have attracted talented technical, managerial, and sales/customer service workers back to the State to join these exciting companies.
- Maine Venture Fund's successful execution of its mission over the years led FAME to allocate over 1/3rd of the \$13 million State Small Business Credit Initiative (SSBCI) funds to MVF for deployment. Maine Venture Fund successfully partnered with FAME to deploy these funds and invested much-needed capital in early-stage scalable Maine companies. SSBCI was a multi-year Federal program to stimulate small business growth and was precisely aligned with Maine Venture Fund's mission. These federal funds, if / when there is a return from the deployment of those funds, become part of MVF's capital. As noted, this program has now expired.
- Maine Venture Fund plays a key role in Maine's research & development (R&D) continuum from research to commercialization. Many companies that have successfully leveraged Maine Technology Institute ("MTI") and Maine Economic Improvement Fund ("MEIF") grants and loans are often not ready for traditional venture capital. Maine Venture Fund plays a critical role in filling that gap, helping to continue to shepherd those most promising companies. MVF brings guidance and expertise to portfolio companies,

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prospect companies, and companies at very early stages. A Maine Venture Fund investment complements and protects the investment of earlier investors like MTI (and ecosystem mentors, incubators, and accelerators) by aiding their successful investments to raise additional capital to continue to grow, i.e., avoid stranded MTI and other investments. Significant time is spent communicating and coordinating with other entities in the ecosystem – our shared goal is to serve the interests of the State and these companies by applying our distinctive competencies.

- Since 1997, Maine Venture Fund has catalyzed over an additional \$214.3 million in outside capital invested in its portfolio companies. Our investments, paired with the appropriate guidance, position companies to be successful in raising larger investments from additional professional investors, often from outside the State. The absence of this local infrastructure would result in many entrepreneurs not getting the funds needed to launch or pursue their ideas outside the State.
- Maine Venture Fund's mission and purpose are as critical now as when the Fund was created. Sources of risk capital for Maine companies continue to be very limited. One of the critical functions of Maine Venture Fund is its ability to leverage and attract private capital to invest alongside. Historically, \$8 has been invested by private capital providers for each \$1 invested by Maine Venture Fund.
- Maine Venture Fund works to create linkages to capital providers in and outside of Maine to bring more attention to Maine-based opportunities. Management and the Board cultivate and maintain relationships with early-stage venture capital funds, angel groups, and other investment professionals throughout northern New England. MVF often negotiates terms of investment with companies, providing a framework and catalyst for other investors to invest alongside with confidence that the security which they are purchasing is well structured and appropriately researched. Maine Venture Fund is an affiliate member of the national Angel Capital Association and an active member of the New England chapter.
- In 2020, Maine Venture Fund established a Social Equity subcommittee focused on examining Fund processes and practices to ensure maximum impact across diverse communities in Maine. The Fund enacted several changes to internal policies to better articulate our orientation towards Social Equity, conducted anti-bias training, clarified intent to hire and encourage diversity within both the Fund and companies in which we invest, and set a course for ongoing review of our performance in these areas.

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Maine Venture Fund is an essential part of the continuum of support, along with Maine Technology Institute, Finance Authority of Maine, and private investors like Maine Angels, for Maine companies with the potential for growth and economic impact. We look forward to maintaining a strong partnership with the Legislature to ensure the Fund 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 [website](#).

Thank you for your support.

Digital Copies Will Be Sent To:

Honorable Janet Mills, Governor
Heather Johnson, Commissioner, DECD
Denise Garland, Deputy Commissioner, DECD
SarahJoy Chaples, Small Business Development Manager, DECD
Don Perkins, Chair, Maine Innovation Economy Advisory Board
Carlos Mello, Acting Chief Executive Officer, Finance Authority of Maine
William Norbert, Governmental Affairs Manager, Finance Authority of Maine
Brian Whitney, President, Maine Technology Institute
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Periodic Report for Fiscal Year 2021
(July 1, 2020 - June 30, 2021)

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About Maine Venture Fund (“MVF”)

Governance:

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

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

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

The function of the Board is to:

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

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

History:

The Small Enterprise Growth Fund, now doing business as Maine Venture Fund (“Fund” or “MVF”), is the State of Maine’s venture capital fund. The Fund was created by statute in the 117th Maine Legislature in 1996, and as of December 2021, has received \$20,200,000 in capital from the State, through both economic development bond proceeds and, beginning in FY19, appropriations from the Governor’s annual budget. Maine Venture Fund recycles returns and pays its annual expenses from the Fund itself for a total investment amount directly into Maine companies of \$26,936,104¹ during the lifetime of the Fund.

In September 2011, the Finance Authority of Maine (“FAME”) received approval from the U.S. Department of the Treasury to administer \$13.2M in federal funding through the State Small Business Credit Initiative (SSBCI). In recognition of the Fund’s role as a key resource for high growth startups in Maine, FAME chose to allocate at least \$4.3 million to the Fund to support its mission. Given MVF’s ability to deploy capital quickly and effectively with a high ratio of matching co-investment, the Fund was ultimately awarded \$4,953,645 which was fully dispersed prior to the official close of the program in May 2019.

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

Maine Venture Fund seeks to accomplish the Fund’s mission in partnership with other public and private entities engaged in the entrepreneurial and small business marketplace in Maine, including FAME, Maine Technology Institute (“MTI”), DECD, CDFIs and EDDs like Coastal Enterprises, Maine Accelerates Growth (“MxG”), privately managed venture capital funds, individual investors, whether in organized angel groups, like Maine Angels, or not, and entrepreneurs and small business owners throughout the State of Maine.

Since its first investment in December of 1997 through June 30, 2021, the end of FY21, the Fund has invested \$25,853,769 in 76 Maine companies and had a portfolio of 32 companies. By the end of the 2021 calendar year, the Fund estimates it could reach over a total of \$27.7 million in investments in 77 Maine companies.

For every \$1 invested by the Maine Venture Fund, other private investors have typically invested an additional \$8, providing significant leverage on Maine Venture Fund dollars.

¹ As of 10/31/21



Summary of FY21 Investment Activity (7/1/20 - 6/30/21)

Company Name	County	Security	Activity Date	Investment	Accrued Interest (Notes)	# of FTEs	Type
Defendify, Inc.	Cumberland	Convertible Note	12/17/20	\$ 100,000.00		9.5	Follow On
Farming Fungi LLC dba Mousam Valley Mushrooms	York		7/10/20		\$ 36,394.00	18	Int. Converted
Farming Fungi LLC dba Mousam Valley Mushrooms	York	Preferred Units	12/23/20	\$ 25,000.00			Follow On
Gulf of Maine Sashimi, Inc. dba True Fin	Cumberland	Convertible Note	3/30/21	\$ 100,000.00		6	New Investment
HighByte, Inc.	Cumberland	Convertible Note	11/6/20	\$ 75,000.00		9.5	Follow On
Hyperlite Mountain Gear, Inc.	York		3/5/21		\$ 4,869.86	58	Int. Converted
Maine Craft Distilling, Inc.	Cumberland		8/28/20		\$ 11,366.90	23	Int. Compounded
Maine Craft Distilling, Inc.	Cumberland	Short Term Note	3/31/21	\$ 39,200.00			Follow On
MedRhythms, Inc.	Cumberland	Convertible Note	10/20/20	\$ 75,000.00		12	Follow On
Mobile Price Card, Inc.	Penobscot	Convertible Note	4/14/21	\$ 44,000.00		6	Follow On
Nearpeer, Inc.	Cumberland	Convertible Note	11/16/20	\$ 150,000.00		5	Follow On
Ocean Approved, Inc. dba Atlantic Sea Farm	York	Convertible Note	3/23/21	\$ 50,000.00		9	Follow On
Pumpspotting, Inc.	York	Series Seed PS	5/3/21	\$ 42,500.00		3	Follow On
Redd, Inc.	Cumberland		7/27/20		\$ 23,047.75	2	Int. Converted
Redd, Inc.	Cumberland	Series B PS	2/1/21	\$ 50,000.00			Follow On
				Total Funds Invested	\$750,700.00		
				Total Accrued Interest Converted / Compounded	\$75,678.51		
				Grand Total FY21	\$826,378.51		

Subsequent Investment Activities - FY22 YTD (7/1/21 - Report Submission Date)

Company Name	County	Security	Activity Date	Investment	Interest (Notes)	# of FTEs	Type
American Unagi LLC	Lincoln	Series A Mbr Int	7/6/21	\$ 100,000.00		5	Follow On
Farming Fungi LLC	York	Tem Note	9/23/21	\$ 75,000.00		18	Follow On
HighByte, Inc.	Cumberland	Series Seed	11/23/21	\$ 200,000.00		9.5	Follow On
HighByte, Inc.	Cumberland		11/23/21		\$18,840.08		Int. Converted
KinoTek, Inc.	Cumberland	Series Seed	7/15/21	\$ 150,000.00		14	New Investment
MedRhythms, Inc.	Cumberland	Series B PS	7/16/21	\$ 218,575.31		12	Follow On
MedRhythms, Inc.	Cumberland		7/16/21		\$2,763.70		Int. Converted
Ocean Approved, Inc. dba Atlantic Sea Farm	York	Series A2 PS	8/27/21	\$ 256,178.81		9	Follow On
Ocean Approved, Inc. dba Atlantic Sea Farm	York		8/27/21		\$10,900.00		Int. Converted
Pumpspotting, Inc.	York	Series Seed	7/30/21	\$10,000.00		3	Follow On
Reconnect, Inc.	Cumberland	Series Seed	11/16/21	\$200,000.00		10	Follow On
Reconnect, Inc.	Cumberland		11/16/21		\$32,142.45		Int. Converted
				Total Funds Invested	\$1,209,754		
				Total Accrued Interest Converted / Compounded	\$64,646.23		
				Grand Total FY22 to date	\$1,274,400		

Key Metrics

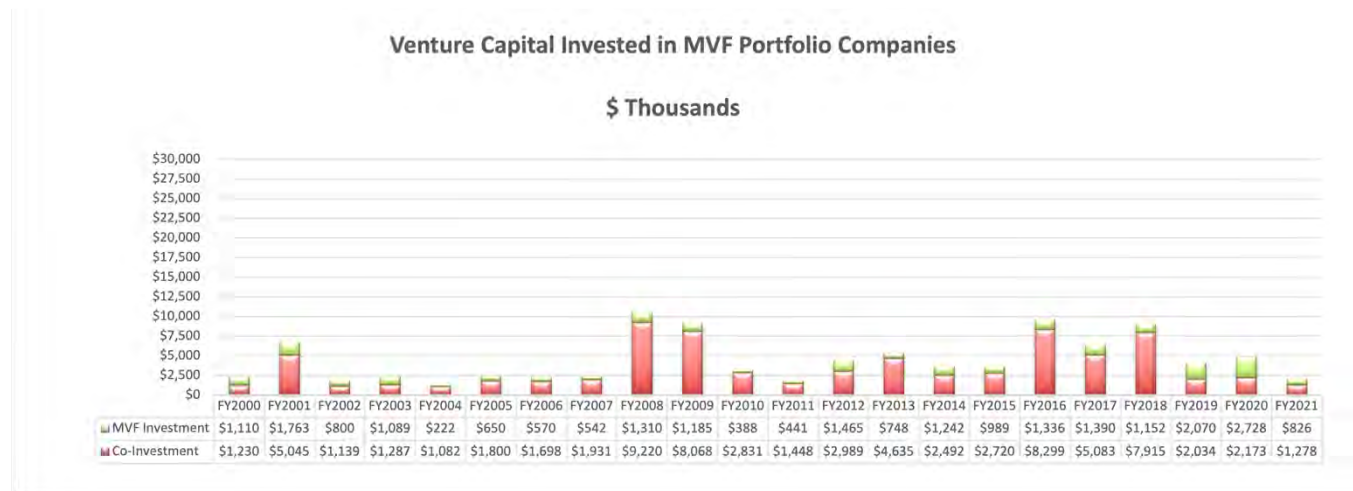
We measure the performance and impact of the Fund often and in a variety of ways. The charts and graphs that follow provide information on the impact of Maine Venture Fund ("MVF").

#1 Co-Investment

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

In FY21, MVF invested \$826,379 in eleven Maine companies with an average investment of \$75,000 per company, accompanied by additional venture capital and angel investments of nearly \$12.8 million.

As of December 31, 2021, MVF estimates it will have invested a total \$27.7 million in 77 Maine companies with an average investment of \$360,000 per company and has catalyzed over \$214.3 million in additional venture capital and angel investment into Maine companies.



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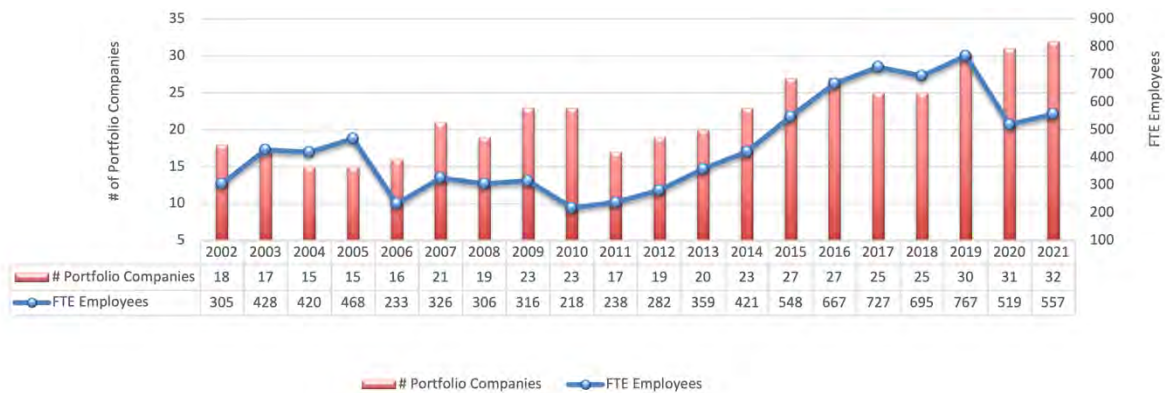
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#2 Job Creation

MVF portfolio companies provide careers to highly skilled, educated Maine professionals, and job opportunities for a range of skill levels as companies grow. Typical jobs include information technology, sales, marketing, and finance, including executive level positions.

- Since 1997, MVF portfolio companies are estimated to have created over 13,015 job-years, which are calculated as the cumulative of one job for one year for FTE employees for all portfolio companies.
- In Fiscal Year 2021, MVF portfolio companies employed approximately 557 people and provided special projects for two Tuck School of Business 2nd year students. The drop in employment in 2020 and 2021 relative to previous years reflects the overall impact to Maine companies brought by Covid-19.

FTE Positions at MVF Portfolio Companies



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#3 Intellectual Property

Many MVF portfolio companies develop proprietary products, software or brands; examples of which are listed here:

Patents & Patent Applications:

- **Aiko BioTechnology** - Primary US patent 6,713,488 entitled "Neutral Antagonists and the Use Thereof in Treating Drug Abuse" - issued 3/30/04 w/protection until 2020; Claim 25: "A method of alleviating adverse effects associated with opiod use by an individual in need thereof comprising administration to the individual of a therapeutically effective amount of a naloxone analog..."; Claim 29: "The method of claim 25 wherein the adverse effects of opiod use include alteration of gastrointestinal transit."; an International PCT has issued providing foreign coverage.
- **HighByte, Inc.:** Registered trademark (Class 9); copyrights on code base (internal/confidential).
- **MedRhythms, Inc.:** Licensing Agreement with Iverness Medical Innovations for the worldwide manufacture of tests for rapid detection of Mycobacterium.

U. S. patent US20170296116A1 "Systems and Methods for Neurologic Rehabilitation"; the company s developing digital therapeutics which use sensors software and music to support gait rehabilitation in adults suffer from neurologic injuries or diseases.
- **Mingle Health Care Solutions, Inc.:** U. S. patent 14/074,706, Prescription Smart Label System; 13/732,295, Method of Automated Electronic Health Record System. Silvervue #4,713,705 filed 1/13/14 and registered 3/31/15; SilverSearch #8753251; filed 7/18/17 and published 11/21/17.
- **Nyle Systems, LLC:** Patent No. 7266959 for Heat Pump; expired patent on lumber dryer. Nyle exited the MVF portfolio on 5/5/21 with a return to MVF.
- **Orono Spectral Solutions, Inc.:** Patent Nos. 8,393,198 & 8,613,214, "Apparatus and method for determining analyte content in a fluid"; US non-provisional 13/416,777 "Apparatus & Method for Pre-concentrating and Transferring Analytes from Surfaces & Measurement Thereof Using Spectroscopy".

US nonprovisional 13/416,777 for Clear Sampler: "Apparatus & Method for Preconcentrating and Transferring Analytes from Surfaces & Measurement Thereof Using Spectroscopy". Also, 8,393,198 "Apparatus and method for determining analyte content in a fluid".
- **Pika Energy, Inc.:** Pika has filed one international Patent Cooperation Treaty (PCT), one US utility patent application, and two US provisional applications. One filing covers the low-cost blade manufacturing technique that was advanced during the Phase I project, and another covers the safety brake technology. Two additional filings cover aspects of Pika's REbus™ microgrid technology, which facilitates grid connection of wind, solar, and other resources. Pika exited the MVF portfolio on 4/29/19 with a return to MVF.

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#4 Ecosystem Building

MVF Management Team and Board Members maintain relationships with a broad range of regional economic development entities as well as equity and near-equity providers and are active participants in Maine's innovation economy ecosystem.

MVF 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.

Memberships, Affiliates, & Co-Investors



ANGEL CAPITAL ASSOCIATION

www.angelcapitalassociation.org



Maine Accelerates Growth

www.maineacceleratesgrowth.com



www.mitc.com



Investing in Innovation

www.mainetechnology.org



www.ceimaine.org



www.econdev.com



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#5 Portfolio Returns

It is the aim of MVF to have a positive impact on the growth and stability of scalable Maine companies, thus contributing to sustainable economic development in Maine. The Fund does this by investing capital in companies that scale, add jobs, and enrich the economy. When these companies have a successful “liquidity event”, usually a sale of the company to another industry participant or private equity firm, that financial return, which can be far greater than the original investment, comes back into the Fund for investment in other promising scalable Maine based companies. Venture investing provides the opportunity for high return but is also high-risk. As a result, some investments produce very profitable returns while others fail to produce any or very little return. The Fund has had several successful “exits” over the years which have returned capital to the Fund and have been used to invest in other promising Maine companies.

With the \$20,450,000 in funding from the State (1997/\$5M; 2000/\$3M; 2005/\$1M; 2010/\$4M; FY18/\$500K; 2018/\$5M; FY19/\$500K; FY20/\$450K; FY21/\$500K) combined with \$4,953,645 in Federal SSBCI funds and \$15,062,000 in total financial returns from successful investments, MVF has invested over \$27 million dollars in 76 Maine companies and paid for 25 years of Fund operations to date.

Please see Returns Chart on next page



MVF Portfolio Company	Industry	Investment Date	Total Investment Amount	Exit Date	Capital Returned to MVF	Rate of Return	Return Multiple	Type of Exit
Angela Adams LLC	Consumer Products	Oct'06	\$400,000	Aug'09	\$600,000	IRR: 15%	1.5X	Stock Buy Back
America's Premier Fundraisers, Inc.	School Fundraising	Mar'07	\$75,000	Oct'07	\$78,397	IRR: 10.5%	1.0X	Note Repayment
Anodyne Health Systems, Inc.	Healthcare Services	Sep'06	\$425,000	Oct'09	\$944,886	IRR: 35.4%		Acquired by athenahealth, Inc. (NASDAQ: ATHN), and AdvantEdge
BlueTarp, Inc.	Contractor Credit Card Service	Dec'04	\$604,223	Nov'19	\$335,728	IRR: -4.4%	0X	Acquired by CapitalOne
Bourgeois Guitars LLC	Luthiers	May'05	\$16,000	Mar'16	\$17,182	IRR: -8.5%	.5X	Note Repayment
Capricorn Products, Inc.	Medical device supply	Oct'02	\$150,000	Dec'07	\$213,834	IRR: 7.8%	1.4X	Note Repayment
Certify Inc.	Business Expense Management Software	Aug'09	\$500,000	May'17	\$3,437,313	IRR: 40.4%	6.9X	Acquired by Nexonia Investors, LLC
Coast Of Maine Organic Products, Inc.	Soil amendments	Apr'00	\$85,000	Jul'16	\$394,072	IRR: 9.8%	4.6X	Acquired by Gemini Investors
Common Census, Inc.	Insurance Software	Dec'03	\$500,000	Feb'13	\$810,250	IRR: 6.7%	1.6X	Conversion of Equity to Note followed by Repayment of Note
ComNav Engineering, Inc.	Electronics Manufacturing	Jan'02	\$150,000	Nov'11	\$237,356	IRR: 2%	1.6X	Note Repayment
Interspec. Inc	Architecture & construction software	Jun'01	\$200,000	Jan'17	\$252,326	IRR: 1.5%	1.3X	Acquired by Arcom, Inc
Looks Gourmet Food Company, Inc.	Premium seafood products	Apr'07	\$300,000	Sep'16	\$754,150	IRR: 10.7%	2.5X	Acquired by SeaWatch, Inc
Nyle Systems, Inc.	Lumber Drying and Heat Pumps	Nov'10 and multiple other	\$471,060	May'21	\$653,714	IRR: 4.0%	1.4X	Unit Buy Back and Note Repayment
Pen Bay Solutions, Inc.	Software system to real estate portfolios /mapping	Apr'12 and Jun'14	\$350,000	Jan'20	\$536,492	IRR: 6.9%	1.5X	Acquired by Cartegraph, Inc.
Pika Energy, Inc.	Home Energy Storage Platform	Apr'13 and multiple other dates	\$677,554	Apr'19	\$1,868,050	IRR: 30.2%	2.8X	Acquired by Generac, Inc.
Phytex LLC	Specialty Chemicals	Oct'05	\$150,000	Mar'07	\$195,945	IRR: 28.9%	1.3X	Partner buyout of SEGF
RecruiterNet, Inc.	Software	Jun'05	\$250,000	Jan'13	\$1,961,294	IRR: 63%	7.9X	Acquired by First Advantage (NASDAQ: FADV)
RedZone Wireless, Inc.	Internet	Dec'08	\$50,000	Aug'14	\$81,760	IRR: 9.1%	1.6X	Note Repayment

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We invest in dynamic businesses that have the potential for **significant growth** and **impact** in **Maine**.

#6 Education and Economic Development

In addition to working with portfolio companies and Maine companies interested in risk capital, MVF typically holds an educational networking event each year, and participates in entrepreneurial and small business events statewide, including:

- **Maine Accelerates Growth (“MxG”):** MxG is an initiative of Statewide partners to support and enhance innovation and entrepreneurship. MxG has almost twenty partner organizations including MTI, Maine Center for Entrepreneurial Development and MVF. MxG has established a fund at the Maine Community Foundation to enable gifts and bequests from a wide variety of individuals and organizations interested in contributing to Maine’s innovation economy.
- **Maine Center for Entrepreneurs (“MCE”) Top Gun Program:** This program was developed to teach emerging entrepreneurs what they really need to know to manage and grow a successful growth-oriented business. Maine Venture Fund Management Team members serve as advisors and panelists throughout this twelve-week program. The Fund further provided sponsorship and staff volunteer time during the working session for the final entrepreneur pitch event.
- **SBA Emerging Leaders Program:** This program provides an executive-level series designed to accelerate the growth of high-potential small businesses in America’s underserved cities. Maine Venture Fund’s management team serves as panelists and advisor to provide feedback, and help businesses navigate funding their business growth plans.
- **Angel Capital Association:** MVF is an affiliate member of the Angel Capital Association (“ACA”). The ACA provides resources and education for angel groups and small venture organizations and their portfolio companies. For example, the New England Chapter of the ACA holds a quarterly syndication summit, where investment groups can nominate companies to pitch for capital. Since 2012, a number of MVF portfolio and prospect companies have presented to over 100 regional angel investors and received subsequent support and investment capital, including a cohort of four Maine companies who were selected through a competitive nomination process to present at the 2019 Summit. MVF actively works with Maine companies to attract investment capital from outside the state and the New England angel groups are an important source of such capital.



- **Portfolio Company Recognition Event:** Portfolio Company CEOs and key figures in the Maine entrepreneurial community come together each fall, whether in person or virtually, for an evening of learning, networking, awards, and idea sharing. This annual event features a keynote speaker and provides both education and inspiration for the growth stage company community.

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Abierto Networks LLC

High-impact, centrally-managed Digital Menu Services for convenience stores and retail.

Website: www.ab-net.us

Location: Eliot

ME Employees: 9

Management Team

Rick Sales, President

Roger Brooks, Chairman and Investor

Other Major Co-Investors

Individuals

Other State of Maine support

Maine Seed Capital Tax Credit Program

Maine Technology Institute Development Loan

MVF Investments

Jan13: \$100,000 (Note) converted P&I Jun15

Apr14: \$100,000 (Note) converted P&I Jun15

Jun15: \$228,666.74

Mar20: \$50,000

Total Cost: \$278,667

Total other capital raised: \$1,157,000

Company Overview

A technology solution provider for the convenience store industry. The Company was founded in 2005 and has sold its Secure IP Converter Gateway product to more than 10,000 retail sites.

Academic Merit LLC d/b/a Fine Tune Learning

Cloud-based platform that seamlessly integrates competency-based professional learning with student assessment and instructional content.

Website: www.finetunelearning.com

Location: Portland

ME Employees: 1.5 / Outside Maine Employees: 26

Management Team

Steve Shapiro, CEO

Other Major Co-Investors

Maine Angel Members

Red Bear Angel Members

Individuals

Other State of Maine support

Maine Seed Capital Tax Credit Program

Maine Technology Institute Development Loan

MVF Investments

Dec15: \$180,000

Jan16: \$20,000

Apr17: \$150,000

Total Cost: \$350,000

Total other capital raised: \$1,750,000

Company Overview

Developer of a cloud-based platform designed to strengthen instruction and learning in any setting by seamlessly integrating competency-based professional learning, standards-aligned assessments and content-driven instruction.



American Unagi LLC

The nation's only high quality eel producer.

Website: www.americanunagi.com

Location: Franklin and Waldoboro

ME Employees: 5

Management Team

Sara Rademaker, Founder and CEO

John Pavan, EVP

Other Major Co-Investors

CEI

Maine Technology Institute

Individual investors

MVF Investments

Feb20: \$150,000

Jul21: \$100,000

Total other capital raised: \$4,738,541

Company Overview

American Unagi's eels are locally sourced and raised on the Maine coast to market size. They are grown without the use of hormones or antibiotics and sourced from a responsibly managed wild stock. The fishery is managed by the Maine Department of Marine Resources and Atlantic States Marine Fisheries Commission.

**Amplify, Inc.**

Additive manufacturing supplier for 3D printed titanium orthopedic implants.

Website: www.am-plify.com

Location: Scarborough

ME Employees: 6

Management Team

Brian McLaughlin, CEO

Other Major Co-Investors

Maine Angels Members

Coastal Enterprises

Bangor Angel Fund

Other State of Maine support

Maine Technology Institute

Finance Authority of Maine

Maine Seed Capital Tax Credit Program

MVF Investments

May19: \$200,000 (Note) principal and interest converted to equity Jan20

Jan20: \$206,575.34

Total Cost: \$206,575.34

Total other capital raised: \$2,658,158

Company Overview

An additive manufacturing supplier for 3D printed titanium orthopedic implants. The company is early revenue stage but there is a promise for growth and healthy margins based upon the growing demand for titanium implant products.

**Chimani, Inc.**

Mobile app travel guides for national parks and other outdoor destinations.

Website: www.chimani.com

Location: Portland

ME Employees: 1

Management Team

Kerry Galivan, CEO

Other Major Co-Investors

Maine Angels

Individual Investors

Other State of Maine support

Maine Seed Capital Tax Credit Program

MVF Investments

Mar15: \$100,000

Total Cost: \$100,000

Total other capital raised: \$400,000

Company Overview

Developer of a mobile app which includes descriptions of US national park points of interest, trails, amenities, and more. Chimani's app works with or without WiFi or data signal.

**CourseStorm, Inc.**

Class registration software that's impossibly simple.

Website: www.coursestorm.com

Location: Orono

ME Employees: 12.5

Management Team

Brian Rahill, CEO

Matt James, CTO

Other Major Co-Investors

Bangor Angel Fund

Maine Angel Members

Maine Technology Institute

Individuals

Other State of Maine support

Maine Seed Capital Tax Credit Program

Maine Technology Institute Development Loan

Maine Technology Institute Equity Program

MVF Investments

Oct16: \$165,000

Dec18: \$250,000 (Note) converted P&I Jan19

Jan19: \$250,479.45

Apr20: \$150,000

Total Cost: \$565,479

Total other capital raised: \$1,829,715

Company Overview

A SAAS company that provides informal, non-credit, education organizations with an online class catalog, registration, and marketing platform.

**Defendify, Inc.**

Cybersecurity protection for small business

Website: www.defendify.com

Location: Portland

ME Employees: 10.5

Management Team

Rob Simopoulos, Co-Founder

Andrew Rinaldi, Co-Founder

Other Major Co-Investors

3dot6

York I.E.

Other State of Maine support

Maine Technology Institute

Maine Seed Capital Tax Credit Program

MVF Investments

Sep19: \$250,000

Dec20: \$100,000

Total Cost: \$350,000

Total other capital raised: \$2,895,041

Company Overview

Provider of cybersecurity solutions to small businesses. Leveraging best-in-class tools alongside their own proprietary tools, Defendify offers clients a simple interface through which to engage, educate and monitor employee security practices.



Dream Local Digital Ltd.

Social media strategy and management

Website: www.dreamlocal.com

Location: Thomaston

ME Employees: 22

Management Team

Shannon Kinney, CEO

Other Major Co-Investors

Maine Angels Members

Individual Investors

Other State of Maine support

Maine Seed Capital Tax Credit Program

Maine Technology Institute Seed Grants

Blackstone Accelerates Growth

MVF Investments

Jul13: \$170,000 (Notes) *converted P&I May17*

May17: \$258,071.44

Jan19: \$200,000

Total Cost: \$458,071.44

Total other capital raised: \$711,000.

Company Overview

Helps businesses use social media marketing to communicate with existing customers, find new customers and increase sales.



Farming Fungi LLC d/b/a Mousam Valley Mushrooms

Producer of organic mushrooms

Website: www.mousamvalleymushrooms.com

Location: Springvale

ME Employees: 18

Management Team

Aron Gonsalves, General Manager

Devin Stehlin, Operations Manager

Emily-Anne Sharood, Sales & marketing

Other Major Co-Investors

Coastal Enterprises, Inc.

Bangor Angel Fund

Individual Investors

Other State of Maine support

None

MVF Investments:

Mar18: \$175,000 (Note) converted P&I Jul20

Dec18: \$125,000 (Note) converted P&I Jul20

Jul20: \$336,394

Dec20: \$25,000

Total Cost: \$361,394

Total other capital raised: \$1,503,247

Company Overview

Grower of organic, regional fresh mushrooms for sale to retail outlets and restaurants.

**The Gelato Fiasco, Inc.**

Gelato. Inspired by Italy. Perfected in Maine

Website: www.gelatofiasco.com

Location: Brunswick

ME Employees: 1

Management Team

Joshua Davis, Founder & CEO

Other Major Co-Investors

CEI Ventures

Individual Investors

Other State of Maine support

None

MVF Investments:

Jan15: \$200,000 (Note) converted P&I Nov18

Nov18: \$203,417

Mar19: \$5,000

Total Cost: \$208,417

Total other capital raised: \$2,001,583

Company Overview

Producer of premium flavored gelato ice cream.

HighByte

HighByte, Inc.

Industrial Internet of Things ("IIoT") service provider for manufacturers.

Website: www.highbyte.com

Location: Portland

ME Employees: 9.5

Management Team

Tony Paine, CEO and Co-Founder

John Harrington, CBO and Co-Founder

Torey Penrod-Cambra, CMO and Co-Founder

Other Major Co-Investors

Momenta Ventures

Individual investors

Other State of Maine support

Maine Technology Institute

Maine Seed Capital Tax Credit Program

MVF Investments:

Apr20: \$150,000 (Note) converted P&I Nov21

Nov20: \$75,000 (Note) converted P&I Nov21

Nov21: \$243,840

Nov21: \$200,000

Total Cost: \$443,840

Total other capital raised: \$3,200,000

Company Overview

Developer of a software product that helps larger industrial customers make better use of the data exhaust from connected devices within their facilities. The company's value proposition stems from improving operations through better decision making.



Hyperlite Mountain Gear, Inc.

Ultralight backpacks, shelters, tarps and accessories for adventurers

Website: www.hyperlitemountaingear.com

Location: Biddeford

ME Employees: 58

Management Team

Mike St. Pierre, CEO

Dan St. Pierre, CFO

Other Major Co-Investors

Telluride Venture Fund

Coastal Ventures IV

Individual investors

Other State of Maine support

Maine Technology Institute Tech Start Grant

MVF Investments

Jul14: \$250,000

Nov15: \$250,000

Jan18: \$200,000

Jan19: \$50,000 (Note) converted P&I Mar21

Mar21 \$54,869.26

Total Cost: \$754,869.86

Total other capital raised: \$8,013,266

Company Overview

Designer and manufacturer of lightweight, premium, durable outdoor products.

**KinoTek, Inc.**

Movement analysis software for physical therapists and clinicians.

Website: www.kinotek.com

Location: Portland

ME Employees: 14

Management Team

Justin Hafner, CEO

David Holomakoff, CPO

Joey Spitz, COO

Dan Lesko, CTO

Other Major Co-Investors

Bridge Angel Investors VII LLC

Burntcoat Kinotek LLC

Co-leAD LLC

HiVal Ventures LLC

LN Sports & Health Tech Fund I L.P.

WWD Holdings Thirty LLC

Summerlin, Inc.

Individual Investors

MVF Investments

Jul21: \$150,000

Total Cost: \$150,000

Total other capital raised: \$2,339,379

Company Overview

Fast, accurate and objective movement analysis software that enhances communication and improves quality of care.



Maine Craft Distilling LLC

Farm to flask distillery producing small batch spirits

Website: www.mainecraftdistilling.com

Location: Portland

ME Employees: 23

Management Team

Luke Davidson, President and CEO

Bob Hilscher, Vice President and COO

Other Major Co-Investors

CEI Ventures

Individual investors

Other State of Maine support

Maine Seed Capital Tax Credit Program

MVF Investments

Jun16: \$266,000

Aug17: \$112,500

Aug18: \$125,000 (Note) maturity extended & interest compounded Aug19, Aug20, Aug21

May19: \$50,000 (Note)

Aug19: \$10,027.40 for new principal of \$135,027

Aug20: \$10,831.79 for new principal of \$145,859.19

Mar21: \$39,200 (Short Term Note)

Aug21: \$11,700.70 for new principal of \$157,559.89

Total Cost: \$614,094

Total other capital raised: \$1,518,752

Company Overview

Marries Maine agricultural products to traditional methods, creating unique spirits that combine the terroir of Maine a perfectionist sense of craft.



Mathematics & Problem Solving LLC

Leading school curriculum developer

Website: www.curriculumengine.com

Location: Portland

ME Employees: 14 / Outside ME Employees: 1

Management Team

Al Noyes, CEO

Joanne Whitley, Senior Director of Math and Professional Development

Other Major Co-Investors

Individual investors

Other State of Maine support

None

MVF Investments

Jan19: \$200,000

Jan20: \$50,000

Total Cost: \$250,000

Total other capital raised: \$920,000

Company Overview

A leading developer and publisher of math technologies, curriculum and resources aligned to the Common Core and selected state and district standards.

**MedRhythms, Inc.**

Digital neurotherapy products and services.

Website: www.medrhythms.com

Location: Portland

ME Employees: 12 / Outside ME Employees: 5

Management Team

Brian Harris, CEO and Co-Founder

Owen McCarthy, President and Co-Founder

Other Major Co-Investors

Advantage Capital

Morningside

Individual Investors

Other State of Maine support

Maine Technology Institute

MVF Investments

Jul18: \$99,996

Nov19: \$100,000

Oct20: \$75,000 (Note) converted P&I Jul21

Jul21: \$77,763.70

Jul21: \$218,575.31

Total Cost: \$496,335

Total other capital raised: \$35,200,402

Company Overview

A digital medicine company that uses sensors, music, and AI to build evidence-based neurologic interventions to measure and improve walking.

Mingle Healthcare Solutions, Inc.

Medicare reporting analysis software

Website: www.minglehealth.com

Location: So. Paris, ME and Salt Lake City, UT

ME Employees: 26 / Outside ME Employees: 20

Management Team

William West, CEO

Daniel Mingle, M. D., Executive Chair

Other Major Co-Investors

CEI Ventures

Maine Angels members

Boston Millennial Partners

Individuals

Other State of Maine support

Maine Seed Capital Tax Credit Program

MVF Investments

Apr16: \$95,800 (Note) converted P&I Aug18

Jun17: \$125,000 (Note) converted P&I Aug18

Aug18 - \$250,221

Total Cost: \$250,221

Total other capital raised: \$950,000

Company Overview

A software and consulting company focused on improving Medicare quality reporting, operational efficiency and profitability of physician offices.

Mingle Analytics/Silervue merger was completed August 2018, creating Mingle Healthcare Solutions, Inc.



Mobile Price Card, Inc.

Developer of mobile application for in-store display devices

Website: www.mobilepricecard.com

Location: Bangor

ME Employees: 6 / Outside ME Employees: 1

Management Team

Chad O'Leary, CEO

Kevin Downs, CTO

Other Major Co-Investors

CEI Ventures

Maine Angels Members

Other State of Maine support

Maine Seed Capital Tax Credit Program

MVF Investments

Aug18: \$200,000 (Note) converted P&I Jan19

Jan19: \$204,082

Mar20: \$40,000

Jun20: \$100,000

Apr21: \$44,000

Total Cost: \$388,082

Total other capital raised: \$2,009,137

Company Overview

A technology company that uses the phone screens at cellular stores for marketing and store efficiency. The initial product provides seamless pricing and specs across stores on the phones themselves and enables accessory brands to advertise specials on products such as cases, screen protectors, headphones etc.

**Nyle Systems LLC**

Designer and manufacturer of quality drying, heating, dehumidification, dehydration and energy recovery systems

Website: www.nyle.com

Location: Brewer

ME Employees: 46.5 / Outside ME Employees: 2

Management Team

Ton Mathissen, CEO

Other Major Co-Investors

Individual investors

Other State of Maine support

None

MVF Investments

Nov10: \$250,000

Nov11: \$100,000

Jun12: \$21,060

Jun18: \$100,000 (Note - Paid in Full)

Total Cost: \$471,060

Total other capital raised: \$922,940

Company Overview

An innovative company that developed a world-wide reputation for expertise in high temperature drying and dehumidification. The patented technologies are also used in drying other products such as food, as well as innovative energy recovery systems. All Nyle's manufacturing is conducted in Brewer, Maine USA.

Nyle bought back all membership units held by Maine Venture Fund in May21; total dollars returned \$653,714.



Ocean Approved, Inc. d/b/a Atlantic Sea Farms

Fresh, frozen kelp from Maine

Website: www.oceanapproved.com

Location: Portland

ME Employees: 9

Management Team

Briana Warner, CEO

Other Major Co-Investors

Desert Bloom

Coastal Ventures

Island Institute

True Wealth Partners

Fresh Source Capital

Balanced Rock Investments

Individual investors

Other State of Maine support

Maine Seed Capital Tax Credit Program

MVF Investments

Apr16: \$100,000

May17: \$100,000

Sep18: \$150,000 (Note) converted P&I Jan19

Jan19: \$153,649

Apr20: \$122,931(Note) converted P&I Aug21

Mar21: \$50,000 (Note) converted P&I Aug21

Aug21: \$132,630.76 and \$51,200

Aug21: \$256,178.81

Total Cost: \$793,659

Total other capital raised: \$4,439,579

Company Overview

Farms and harvests kelp, processes it into value-added food products such as slaw, and smoothie cubes. It is the only fresh/frozen (not dried) seaweed product on the market.

**Orono Spectral Solutions, Inc.**

Develops absorbent materials and sampling methods that enable the trace level detection of chemical and biological agents in air and water

Website: www.ossmaine.com

Location: Bangor

ME Employees: 4 / Outside ME Employees: 1

Management Team:

Roland Sirois, CEO

Other Major Co-Investors

Bangor Angel Fund

Individual investors

Other State of Maine support

None

MVF Investments

Sep14: \$200,000

Apr16: \$125,000

Nov17: \$38,300 (Note) converted P&I Feb18

Feb18: \$39,397.93 (New Note)

May18: \$61,700

Mar19: \$45,000

Dec19: \$50,000

Total Cost: \$521,098

Total other capital raised: \$1,224,600

Company Overview

Dedicated to providing its customers with innovative solutions for the trace level detection and identification of chemical and biological targets by incorporating novel sampling methodologies with proven capabilities of optical spectroscopic techniques.

**Pumpspotting, Inc.**

Social platform for working mothers who are breastfeeding.

Website: www.pumpspotting.com

Location: Eliot

ME Employees: 3 / Outside ME Employees: 1

Management Team:

Amy VanHaren, CEO

Other Major Co-Investors

Moodoos LP

Maine Angel Members

Individual investors

Other State of Maine support

Maine Technology Institute Grants

Maine Seed Capital Tax Credit Program

MVF Investments

Apr20: \$107,500

May21: \$42,500

Jul21: \$10,000

Total Cost: \$160,000

Total other capital raised: \$1,815,920

Company Overview

Offering two versions of its mobile app - a free direct-to-consumer portal with peer-to-peer tips, support and tailored updates, and a paid, corporate portal offering companies a turn-key resource to help employees with breastfeeding needs.

Reconnect, Inc.

Software for tracking, geolocating and monitoring specific individuals

Website: www.reconnect.io

Location: Cumberland

ME Employees: 6 / Outside ME Employees: 4

Management Team:

Pete Andrews, CEO

Jennifer Jacobs, CFO/COO

Other Major Co-Investors

Sustain VC

Yes.VC

Individual investors

Other State of Maine support

Maine Seed Capital Tax Credit Program

MVF Investments

Dec19: \$200,000 (Note) converted P&I Nov21

Nov21: \$232,142

Nov21: \$200,000

Total Cost: \$432,142

Total other capital raised: \$4,570,000

Company Overview

Company's initial application is in the criminal justice market; used by states, courts and public safety customers to provide support for all involved during pretrial, reentry and recovery. The mission is to fight recidivism, incarceration, and addiction.

R.E.D.D.

R.e.d.d., Inc.

Superfood energy bars

Website: www.reddbar.com

Location: Brunswick

ME Employees: 2 / Outside ME Employees: 1

Management Team

Emma Frelinghuysen, CEO

Alden Blease, Founder

Other Major Co-Investors

NetRush

Roundhouse Partners

Maine Angel Members

Individual investors

Other State of Maine support

Maine Seed Capital Tax Credit Program

MVF Investments

Feb16: \$124,000

Apr17: \$100,000

Aug17: \$82,138.21

Aug18: \$187,500 (Note) Interest compounded Aug19 and Aug20

Aug 19: \$14,958.91 for a new principal of \$202,459

Aug20: \$16,498.57 for a new principal of \$218,957 (Note) converted P&I Jan21

Jan21: \$225,507

Jan21: \$50,000

Total Cost: \$581,645

Total other capital raised: \$4,777,622

Company Overview

Developer of an energy bar for people who want to indulge the senses without compromising health, wish to support mental and physical stamina with naturally sourced energy, and have an active lifestyle that demands nutrient-dense superfoods to maintain optimal performance.



Sea Bags LLC, a Subsidiary of Solstice Group, Inc.

Handcrafted handbags and accessories from recycled sails

Website: www.seabags.com

Location: Portland

ME Employees: 97 / Outside ME Employees: 26

Management Team

Don Oakes, CEO

Beth Shissler, President

Other Major Co-Investors

Individual investors

Other State of Maine support

Maine Seed Capital Tax Credit Program

MVF Investments

Dec13: \$250,000

Nov19: \$350,000

Total Cost: \$600,000

Total other capital raised: \$4,950,000

Company Overview

Manufacturer of bags made from recycled sails, handcrafted in Portland, Maine, on Custom House Wharf. The bags have a sensibility and style that take their cues from the sea. They are authentic in their concept and genuine in every detail.



Shellfish Solutions, Inc. d/b/a Blue Trace

Developer of software for shellfish farm management

Website: www.blue-trace.com

Location: Castine

ME Employees: 4.5 / Outside ME Employees: 3

Management Team

Wyllys "Chip" Terry, CEO

Other Major Co-Investors

Individual investors

Other State of Maine support

Maine Technology Institute

CEI

MVF Investments

Sep19: \$150,000

Total Cost: \$150,000

Total other capital raised: \$905,000

Company Overview

BlueTrace offers the easiest and most powerful traceability solution for shellfish growers, wholesalers, distributors, and dealers. Enabling organizations big and small to optimize their activities, comply with regulations, and keep up with their inventory.



Vetro, Inc. f/k/a NBT Solutions, Inc.

SAAS GIS enabled software

Website: www.vetrofibermap.com

Location: Portland

ME Employees: 28

Management Team

Will Mitchell, Founder, CEO

Michaela Goodwin, CFO

JD Doyle, CTO

Other Major Co-Investors

Resolve

Coastal Ventures IV

Broad Sound Partners

York.ie

Individual investors

Other State of Maine support

Maine Seed Capital Tax Credit Program

MVF Investments

Jun17: \$193,333

Jan18: \$56,667

Apr18: \$120,000 (Note) converted P&I Apr20

Nov19: \$130,000 (Note) converted P&I Apr20

Apr20: \$267,949

Apr20: \$150,000

Total Cost: \$667,949

Total other capital raised: \$3,762,158

Company Overview

Designs, builds, and maintains web mapping applications that leverage interactive and informative cartographic maps, blending GIS, consumer mapping, location services and business systems to create geographic data presentation apps that support business analysis, communication, and decisions.

Small Enterprise Growth Board

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

Board members have relevant experience or background in early-stage investing, managing, or investing in high-growth small businesses, the development of technological innovation, and commercial lending or securities law.

These professionals volunteer their time to the Board of Directors and spend many hours pursuing and ensuring a well-managed Fund by:

- Meeting monthly, as a board of directors, for up to four hours per meeting;
- Advising and directing the Fund’s management team;
- Individually taking on assignments to specific portfolio company subcommittees;
- Regularly reassessing the relevance of the Fund’s mission to the needs of the marketplace, and taking steps to align practices to ensure the operations reflect the mission;
- Reviewing regular reporting and metrics provided by the management team;
- Working closely with the Managing Director to provide each portfolio company with sound guidance and recommendations.
- Working closely with the Managing Director in keeping the Legislature and Governor apprised of the Fund’s activities.

In Fiscal Year 2021, from July 1, 2020 to June 30, 2021, the Board and Management Team screened numerous companies for potential initial investment, a significant number of portfolio companies for possible follow-on investments and counseled many other early-stage companies. In considering investment opportunities, the Board balances the potential for economic return with societal impact (e.g. environmental footprint, benefits to underserved populations, rural impact, etc.). The Board and Management of the Fund are also continually working to find the right balance of supporting enough early-stage companies to stimulate the ecosystem (i.e., higher risk investments) and generating sufficient returns through successful company exits (when a company is acquired and investors are compensated).

In June 2020, the Board appointed John Murray, Chair; Tom Dunne, Vice Chair and Theresa Hodge, Treasurer for fiscal year 2021. Mr. Dunne served as Vice Chair from July 2020 to February 2021, at which time, Claire DeSelle stepped into the role of Vice Chair.

Current Board composition (as of July 1, 2021):

- Dr. Brien Walton, Chair**, (elected to serve beginning July 1, 2021) CEO of Acadia Capital Management, L3C, a nationally certified Community Development Entity (CDE) and strategic advisory firm that works directly with government agencies, municipal leaders, and social impact funds on strategies that can eliminate poverty through sustainable job growth and permanent job creation in economically distressed communities. In this role, he creates innovative funding pathways that enable communities to attract social impact investments through stackable, federal, state, and local risk mitigation incentives. He is also the director of the Richard E. Dyke Center for Family Business at Husson University, where he has led initiatives analyzing the challenges of Maine's entrepreneurs and developed a collaborative innovation ecosystem between academia and the business community. In 2020, the White House Opportunity and Revitalization Council and the U.S. Department of Housing and Urban Development invited Walton to speak to a national audience on leveraging public and private resources to maximize economic growth and permanent job creation in federally designated Opportunity Zones. A former corporate tax attorney, commercial banker, and real estate broker, he was the founding CEO of the first university based EdTech venture capital fund in the U.S. at the University of Pennsylvania. There he created an award-winning shared space innovation hub in downtown Philadelphia, and more than half of the inaugural cohort was acquired by large or publicly traded companies within seven years. Brien earned his Doctorate of Education in Organizational Learning Leadership at the University of Pennsylvania with a concentration in Leadership Development at the Wharton School of Business; a Juris Doctorate in Law at the University of D.C., a Master of Science in Education in Workforce Development at the University of Pennsylvania; a Master of Arts in Educational Technologies at Harvard University; and a Master of Laws in Taxation at Georgetown University.
- Claire Deselle, Vice Chair**, (elected to serve beginning July 1, 2021) formerly served as the System Vice President of Applied Innovation and Performance Improvement for Northern Light Health where she led in the design, development and implementation of a structured Innovation Research & Development framework tasked with positively impact care delivery. Prior, she has filled several leadership roles including Chief Operating Officer for the Maine Institute for Human Genetics and Health, a nonprofit research entity; and President and CEO of CS-Keys Inc., a biotech company developing cancer diagnostics and therapeutics. Previously, she has had several leadership roles including Chief Operating Officer for the Maine Institute for Human Genetics and Health, a non-profit research entity, President and CEO of CS-Keys Inc., a biotech company developing cancer diagnostics and therapeutics, and more than 14 years with Eli Lilly and Company in various management assignments. She earned a BSc from the University of New Hampshire and an MBA from the Wharton School at the University of Pennsylvania.

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- **Theresa B. Hodge, Treasurer**, (elected to serve beginning July 1, 2021) is Executive Vice President and Senior Commercial Lender at Bath Savings Institution. She began her banking career in 1986 and has been with Bath Savings since 2004. In addition to working at commercial banks, she spent ten years during the 1990's as a senior lender in the public sector with the Finance Authority of Maine and Coastal Enterprises, Inc. She graduated from the University of Southern Maine, with a BS in Business Administration and later earned her MBA from Thomas College. Theresa is a board member of MEREDA and serves as chairperson of the Eligibility Committee of United Way of Mid Coast Maine and is a senior advisory member of Risk Management Association, Maine Chapter.
- **Elizabeth Chabe** runs a privately held business strategy consultancy. She has held management positions at The Jackson Laboratory and the University of Maine's Advanced Structures and Composites Center and remains active in Maine's research and development community. An avid entrepreneur, her startups have been recognized by Global Entrepreneurship Week, Entrepreneur Magazine, CNBC, and more. She serves as a board member of the Maine Venture Fund and is the chair of the Chinese Language and Culture Center of Maine. In her spare time, Elizabeth enjoys studying languages, investing, and travel.
- **Helen Sterling Coburn**, a corporate and securities attorney at Bernstein Shur, where she co-chairs the firm's private capital group. In that role, she counsels start-up companies raising investment capital and represents investors making investments in early-stage companies. She serves on the Board of Directors of Startup Maine, Inc., on the investment committee of the Indus Fund, and has also served on advisory boards of several enterprises. Helen holds a BA from Dartmouth College and a JD from Boston College Law School.
- **Thomas J. Dunne** (vacated seat as of June 30, 2020, pending replacement by Boards & Commissions, and officially stepped down in June 2021) was a Partner at Accenture, the management consulting firm, primarily focusing on the financial services industry. Upon retiring in 2003, Mr. Dunne has served as an advisor to several Maine businesses ranging from start-ups to mature mid-size and was one of the start-up founders of Maine Seafood Ventures, a lobster processing enterprise. Mr. Dunne, for many years, has been a volunteer/consultant for many Maine organizations. Activities include acting as Executive Director of *Dirigo Health Agency* in 2003, serving as Adjunct Professor at *USM-Muskie Graduate School* in 2005, acting as Executive Director of *Ingraham* in 2006, and consultant to several non-profit organizations on a range of initiatives such as strategic planning, sales and marketing improvements, business expansion, executive succession, and merger assessments. Mr. Dunne is a member of Hub Angels, a Boston based investment group. Mr. Dunne is a graduate of S.U.N.Y.

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College at Geneseo receiving a B.A. in Economics and received his M.B.A. from The Amos Tuck School, Dartmouth College.

- **Peter DelGreco** serves as President and CEO of Maine & Company, a privately funded business attraction and economic development organization. Charged with helping companies establish successful and profitable operations in Maine, Maine & Company's Board of Directors consists of top executives from Maine's business community. During Peter's tenure, Maine & Company has attracted numerous companies to Maine that now employ thousands of people across the state. Peter is a graduate of Colby College and he earned his MBA from the University of Southern Maine. Peter and his wife and son reside in North Yarmouth, Maine.
- **Gregory Fryer** heads the Securities Law Group of Verrill Dana, LLP, a New England regional firm of more than 130 lawyers, with offices in Portland ME, Boston MA, and Westport CT. A substantial part of Greg's practice is advising startup companies or investors in transactions to raise capital. His other practice areas are corporate law, securities regulation, contract negotiations, and mergers and acquisitions. Greg is a former member of Maine Angels, a group of accredited investors who meet monthly in Portland, Maine and provide investment and mentoring to early-stage companies. He also is a Trustee of Maine Maritime Academy.
- **Susan Hammond**, a Penobscot tribal member, is the long-standing Executive Director of Four Directions Development Corporation (FDDC), a Native-governed Community Development Financial Institution (CDFI) serving the four tribes of Maine. As one of the founders, she has been involved with FDDC since the earliest planning stages which began in the fall of 2000. She serves on the Boards of Maine Community Foundation, Eastern Maine Development Corporation, MaineStream Finance, and Coastal Enterprises Inc. as well as Oweesta Corporation, a national intermediary Native American CDFI. She has been awarded the Maine SBA Minority Small Business Advocate of the Year Award and is also a recipient of the Visionary Leader Award and Circle of Honor Award from the national CDFI association, Opportunity Finance Network and Oweesta Corporation. Susan graduated from the University of Maine at Orono with a BS in Business Administration and is well connected in both the local Wabanaki communities and national Native American organizations.
- **Charlotte Mace** is the Director of the Office of Business Development at the Maine Department of Economic & Community Development. She was previously the Executive Director of the manufacturing trade association *Biobased Maine*. Ms. Mace is on the Executive Committee of the industry-led group Forest Opportunity Roadmap Maine, and Co-Chairs FOR/Maine's Market Attraction Committee. Prior to *Biobased Maine*, Ms. Mace worked in consulting, assisting clients in preparing sustainability reports and identifying issues related to their triple bottom line. Ms. Mace began her career at consulting firm Woodard & Curran, where she was a Project Manager on environmental and sustainability consulting

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projects. Charlotte has an undergraduate degree in biochemistry from Bowdoin College, and an MBA from the University of Southern Maine, where she concentrated her studies on marketing and sustainable business. Ms. Mace serves as the *ex officio* seat for the Department of Economic and Community Development.

- **John Murray**, is Director, Sales and Marketing at Progress Engineering in Manchester, Maine, an electrical engineering company and systems integrator of advanced manufacturing control systems. Previously he held several senior management roles in sales and operations management within the industrial automation and controls industry. John has been involved in several startup companies, including a .com and his own company, PID Inc., an industrial controls supplier, which he formed in 1984 and sold in 1999. Mr. Murray is a graduate of the University of Dayton (B.S. Business Administration) and Southern New Hampshire University (M.B.A.).

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The Management Team

Joe Powers, Managing Director

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

Nina Scheepers, Investment Manager

Nina joined Maine Venture Fund in 2021. Prior to MVF, she held a variety of roles at Unum, most recently as a Product Manager leading work to transform the company's technology and operations. She is a Bowdoin and Tuck graduate and brings enthusiasm for both impact investing and Maine's entrepreneurial ecosystem.

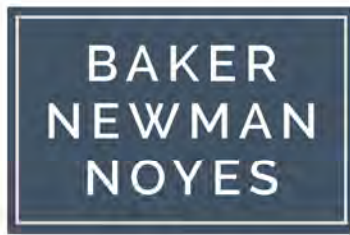
Terri Wark, Office Operations Manager

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

John Burns, CFA, Strategic Advisor

With 37 years of institutional investing experience, and 21 as Maine Venture Fund's Managing Director through June of 2021, John has been directly involved with bringing risk capital to more than 60 Maine companies and has led the Fund through a number of successful exits. A CFA holder and MBA graduate of Babson College, John served prior as Second Vice President and Portfolio Manager for UNUM Corporation, where he managed domestic and international portfolios. John is currently serving in a Strategic Advisor role with Maine Venture Fund in a part-time capacity.

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

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

Years Ended June 30, 2021 and 2020

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

FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Small Enterprise Growth Fund d/b/a Maine Venture Fund (the Fund), a component unit of the State of Maine, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter

As explained in note 1, the financial statements include investments in small businesses valued at \$6,641,988 (38% of net position) and \$7,595,280 (41% of net position) at June 30, 2021 and 2020, respectively, which are not actively traded and whose carrying values have been estimated by management in the absence of readily determinable fair values. Our opinion is not modified with respect to this matter.

Other Matter – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter – Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Newman & Nayor LLC
Portland, Maine
October 25, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

As Management of the Small Enterprise Growth Fund d/b/a Maine Venture 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, 2021 and 2020. As required, the Fund's financial statements are presented in the manner prescribed by Governmental Accounting Standards Board (GASB). The Fund is identified as a Proprietary Fund. Proprietary Funds are accounted for in a manner similar to a private business enterprise.

Overview of the Fund

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

Overview of the Financial Statements

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

FY 2021 Highlights

- Maine Venture Fund (MVF or Fund) invested just over \$826,000 in eleven Maine companies in FY21, one of which is new to the portfolio and ten receiving follow-on investments. In FY20, the Fund invested just over \$2.7 million in seventeen Maine companies.
- MVF invested a total of approximately \$726,000, which included compounded and converted interest, in ten existing portfolio companies as follow-on funding and \$100,000 in one company new to the portfolio.
- The Fund had four note-to-equity conversions in FY21. Two in July 2020: both notes were purchased from Farming Fungi LLC d/b/a Mousam Valley Mushrooms, one in the amount of \$190,000 (note dated March 2018) and the other in the amount of \$110,000 (note dated December 2018) plus accrued interest on both, totaling \$36,394, converted to Preferred Units. One in January 2021: this Note was purchased from Redd, Inc. in the original amount of \$187,500 (2018); interest of \$14,959 was compounded at the one year anniversary in 2019; and interest of \$16,499 was compounded at the second year anniversary in 2020, making a new principal balance of \$218,958, plus accrued interest of \$6,548 converted to Series B Preferred Stock. One in March 2021: This Note purchased from Hyperlite Mountain Gear, Inc. in the amount of \$50,000 (Jan 2019) plus accrued interest of \$4,870 converted to Series B2 Preferred Stock.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

- According to the Fund’s internal tracking, portfolio companies employed 555 full-time equivalent people as of June 30, 2021, an increase of approximately 49 FTEs from the prior fiscal year end.
- Co-investors invested approximately \$11.5 million alongside the \$826,000 invested by MVF for a ratio of 14 to 1. The co-investment ratio in FY20 was 6.5 to 1 on MVF’s \$2.7 million in investments.
- In June, MVF started receiving principal and interest payments on a short-term note from one of its portfolio companies; the note is scheduled to be paid in full in December 2021.
- One portfolio company, Nyle Systems LLC, purchased all of its Class A Membership Units (held by MVF for a price of \$3.33 per unit) for a total buy-back price of \$549,170, returning principal in the amount of \$371,060 and resulting in a capital gain of \$178,110 for MVF in May 2021.
- For FY21, the Fund was included in the State budget and received an annual appropriation of \$450,000. This amount is treated as an additional capital contribution.
- MVF continues to play a prominent role in a strong support network for the entrepreneurial community in Maine, working with partners like Maine Technology Institute, Maine Center for Entrepreneurs and the Maine Angels investment group. Additionally, the staff sits on numerous boards throughout the State, including portfolio company boards in an observer role and the Maine Innovation Economy Advisory Board.
- The Small Enterprise Growth Board (SEGB) is a deeply experienced Board knowledgeable in early stage equity investing and in growing successful companies. For a list of current board members and their backgrounds visit <http://www.maineventurefund.com/team>.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

Financial Information

Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Assets:			
Cash equivalents	\$ 9,101,577	\$ 9,236,729	(1.5)%
Interest receivable	125,412	100,541	24.7
Notes receivable, net	1,701,193	1,619,001	5.1
Investments, net	6,641,988	7,595,280	(12.6)
Prepaid expense	<u>1,585</u>	<u>1,466</u>	<u>8.1</u>
Total assets	<u>\$17,571,755</u>	<u>\$18,553,017</u>	<u>(5.3)</u>
Liabilities:			
Accounts payable	\$ 1,961	\$ 1,027	90.9
Accrued expenses	<u>42,180</u>	<u>44,564</u>	<u>(5.3)</u>
Total liabilities	44,141	45,591	(3.2)
Net Position:			
Unrestricted net position	<u>17,527,614</u>	<u>18,507,426</u>	<u>(5.3)</u>
Total net position	<u>\$17,527,614</u>	<u>\$18,507,426</u>	<u>(5.3)%</u>

Total assets decreased mainly due to \$450,000 from the State Governor’s FY21 budget appropriation being offset by investment/note receivable write-downs of approximately \$1,327,000. The write-downs were primarily the result of a lead investor for one of MVF’s portfolio companies electing not to continue supporting its commercialization efforts.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

Statements of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Operating revenues:			
Investment income	\$ 47,961	\$ 195,912	(75.5)%
Dividend income	—	41,840	(100.0)
Interest income on notes receivable	110,966	97,177	14.2
Other income	575	—	—
Realized gains on sales of investments	<u>271,723</u>	<u>354,047</u>	<u>(23.3)</u>
Total operating revenues	431,225	688,976	(37.4)
Operating expenses:			
Salary expense	305,552	297,547	2.7
Payroll benefits expense	120,602	121,945	(1.1)
General and administrative expense	107,049	89,772	19.2
Write-down/provision of investments/notes receivable	<u>1,327,834</u>	<u>5,355</u>	<u>24,696.2</u>
Total operating expenses	<u>1,861,037</u>	<u>514,619</u>	<u>261.6</u>
Operating (loss) income	(1,429,812)	174,357	(920.0)
Capital contribution from State of Maine	450,000	500,000	(10.0)
Net position at beginning of year	<u>18,507,426</u>	<u>17,833,069</u>	<u>3.8</u>
Net position at end of year	<u>\$17,527,614</u>	<u>\$18,507,426</u>	<u>(5.3)%</u>

The Fund had an operating loss of \$1,429,812 for the fiscal year. Operating revenues decreased 37.4% or \$257,751 primarily due to an \$82,324 decrease in realized gains from the sale of investments from the prior fiscal year, along with a decrease of \$41,840 in dividend income and \$147,951 decrease in investment income. Operating expenses increased 261.6% or \$1,346,418 due to an increase in the write-down/provision of investments/notes receivable during fiscal year 2021.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

FY 2020 Highlights

- Maine Venture Fund (MVF or Fund) invested just over \$2.7 million in seventeen Maine companies in FY20, seven of which were new to the portfolio and ten receiving follow-on investments. In FY19, the Fund invested just over \$2 million in fourteen Maine companies.
- MVF invested a total of \$1,569,931 in ten existing portfolio companies as follow-on funding and \$1,107,500 in seven companies new to the portfolio.
- The Fund had four note to equity conversions in FY20. One note from Amplify, Inc. in the amount of \$200,000 plus accrued interest of \$6,575 was converted to Series A Preferred Stock and one note purchased from Cerahelix, Inc. in the amount of \$25,000 plus accrued interest of \$1,159 was converted to Series B-2 Stock. Two notes purchased from Vetro, Inc. (fka NBT Solutions), one in the amount of \$120,000 plus accrued interest of \$14,716 and one in the amount of \$130,000 plus accrued interest of \$3,234, were both converted to Series A-1 Preferred Stock.
- Co-investors invested nearly \$17.5 million alongside the \$2.7 million invested by MVF for a ratio of 6.5 to 1. The co-investment ratio in FY19 was 9.5 to 1 on the Fund’s \$2 million of investment.
- According to the Fund’s internal tracking, portfolio companies employed 506 full-time equivalent people as of June 30, 2020, a net decrease of approximately 182 FTEs from the prior fiscal year end, primarily due to the removal of a large employer from the portfolio through acquisition.
- The Fund receives a monthly interest-only payment on a \$50,000 note from one of its portfolio companies.
- Two portfolio companies were acquired in fiscal year 2020, resulting in capital gains for the Fund. In November 2019, Blue Tarp, Inc. was acquired by Capital One, returning a total of \$335,728 to the Fund and a capital gain of \$195,493. In January 2020, Pen Bay Solutions, Inc. was acquired by Cartegraph and, as a result the Fund received \$437,500. The Fund’s Equity Securities investments (\$350,000) were paid in full and capital gains totaled \$87,500. Pen Bay Solutions had paid a cash biannual management fee to the Fund from 2012 to 2020 totaling \$98,992. In addition, amounts were received from escrow for a former portfolio company totaling \$71,054.
- For FY20, the Fund was included in the State budget and received an annual appropriation of \$500,000. This amount is treated as an additional capital contribution.
- MVF continues to play a prominent role in a strong support network for the entrepreneurial community in Maine, working with partners like Maine Technology Institute, Maine Center for Entrepreneurs and the Maine Angels investment group. Additionally the staff sits on numerous boards throughout the State, including portfolio company boards in an observer role, the Maine Innovation Economy Advisory Board, and Maine Community Foundation’s impact investing Committee, Focus Maine, and others.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

Financial Information

Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>% Change</u>
Assets:			
Cash equivalents	\$ 9,236,729	\$10,828,534	(14.7)%
Interest receivable	100,541	58,859	70.8
Notes receivable, net	1,619,001	1,121,098	44.4
Investments, net	7,595,280	5,860,328	29.6
Prepaid expense	<u>1,466</u>	<u>1,489</u>	<u>(1.5)</u>
Total assets	<u>\$18,553,017</u>	<u>\$17,870,308</u>	<u>3.8</u>
Liabilities:			
Accounts payable	\$ 1,027	\$ 1,364	(24.7)
Accrued expenses	<u>44,564</u>	<u>35,875</u>	<u>24.2</u>
Total liabilities	45,591	37,239	22.4
Net Position:			
Unrestricted net position	<u>18,507,426</u>	<u>17,833,069</u>	<u>3.8</u>
Total net position	<u>\$18,507,426</u>	<u>\$17,833,069</u>	<u>3.8%</u>

Total assets increased mainly due to \$500,000 from the State Governor’s FY20 budget appropriation and two portfolio company acquisitions resulting in capital gains of \$354,047.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

Statements of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>% Change</u>
Operating revenues:			
Investment income	\$ 195,912	\$ 244,713	(19.9)%
Dividend income	41,840	16,069	160.4
Interest income on notes receivable	97,177	75,334	29.0
Realized gains on sales of investments	354,047	1,026,289	(65.5)
Grant income	<u>—</u>	<u>475,000</u>	<u>(100.0)</u>
Total operating revenues	688,976	1,837,405	(62.5)
Operating expenses:			
Salary expense	297,547	315,406	(5.7)
Payroll benefits expense	121,945	126,068	(3.3)
General and administrative expense	89,772	82,369	9.0
Write-down/provision of investments/notes receivable	<u>5,355</u>	<u>369,825</u>	<u>(98.6)</u>
Total operating expenses	<u>514,619</u>	<u>893,668</u>	<u>(42.4)</u>
Operating income	174,357	943,737	(81.5)
Capital contribution from State of Maine	500,000	5,500,000	(90.9)
Net position at beginning of year	<u>17,833,069</u>	<u>11,389,332</u>	<u>56.6</u>
Net position at end of year	<u>\$18,507,426</u>	<u>\$17,833,069</u>	<u>3.8%</u>

The Fund had operating income of \$174,357 for the fiscal year. Operating revenues decreased 62.5% or \$1,148,429 primarily due to the \$672,242 decrease in realized gains from the sale of investments from the prior fiscal year, along with the ending of the federal program, State Small Business and Credit Initiative, which provided \$475,000 in grant income in the prior fiscal year. Operating expenses decreased 42.4% or \$379,049, due to decreases in both salary and payroll benefits expense and a decrease in reserve adjustments.

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

STATEMENTS OF NET POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets:		
Cash equivalents (note 2)	\$ 9,101,577	\$ 9,236,729
Interest receivable	58,018	43,195
Notes receivable, net of allowance for losses of \$102,430 and \$67,514 in 2021 and 2020, respectively (note 3)	637,629	674,972
Prepaid expense	<u>1,585</u>	<u>1,466</u>
Total current assets	9,798,809	9,956,362
Noncurrent assets:		
Interest receivable	67,394	57,346
Notes receivable, net of allowance for losses of \$0 and \$25,000 in 2021 and 2020, respectively (note 3)	1,063,564	944,029
Investments, net	<u>6,641,988</u>	<u>7,595,280</u>
Total noncurrent assets	<u>7,772,946</u>	<u>8,596,655</u>
Total assets	<u>\$17,571,755</u>	<u>\$18,553,017</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 1,961	\$ 1,027
Accrued expenses	<u>42,180</u>	<u>44,564</u>
Total current liabilities	<u>44,141</u>	<u>45,591</u>
Total liabilities	44,141	45,591
Commitments (note 4)		
<u>NET POSITION (note 7)</u>		
Unrestricted	<u>17,527,614</u>	<u>18,507,426</u>
Total net position	<u>\$17,527,614</u>	<u>\$18,507,426</u>

See accompanying notes.

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

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

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Investment income	\$ 47,961	\$ 195,912
Dividend income	—	41,840
Interest income on notes receivable	110,966	97,177
Realized gains on sales of investments	271,723	354,047
Other income	<u>575</u>	<u>—</u>
Total operating revenues	431,225	688,976
Operating expenses:		
Salary expense	305,552	297,547
Payroll benefits expense	120,602	121,945
General and administrative expense (note 6)	107,049	89,772
Write-down/provision of investments/notes receivable	<u>1,327,834</u>	<u>5,355</u>
Total operating expenses	<u>1,861,037</u>	<u>514,619</u>
Operating (loss) income	(1,429,812)	174,357
Capital contribution from State of Maine (note 1)	450,000	500,000
Net position, beginning of year	<u>18,507,426</u>	<u>17,833,069</u>
Net position, end of year	<u>\$17,527,614</u>	<u>\$18,507,426</u>

See accompanying notes.

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

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Interest received on notes receivable	\$ 9,000	\$ —
Notes receivable originated	(633,735)	(952,931)
Disbursements for investments	(117,500)	(1,724,500)
Proceeds from sale of investments	642,783	844,282
Dividend and other income received	575	41,840
Investment income received	47,961	195,912
Payments for operating expenses	(224,211)	(208,744)
Payments to employees	<u>(310,025)</u>	<u>(287,664)</u>
Net cash used by operating activities	(585,152)	(2,091,805)
Cash flows from financing activities:		
Contributed capital	<u>450,000</u>	<u>500,000</u>
Net decrease in cash equivalents	(135,152)	(1,591,805)
Cash equivalents, at beginning of year	<u>9,236,729</u>	<u>10,828,534</u>
Cash equivalents, at end of year	<u>\$ 9,101,577</u>	<u>\$ 9,236,729</u>
Reconciliation of operating (loss) income to net cash used by operating activities:		
Operating (loss) income	\$ (1,429,812)	\$ 174,357
Adjustments to reconcile operating (loss) income to net cash used by operating activities:		
Provision for losses on notes receivable	9,916	5,355
Write-down of investments	1,317,918	—
Realized gain on sale of investments	(271,723)	(354,047)
Changes in assets and liabilities:		
Interest receivable	(24,871)	(41,682)
Prepaid expense	(119)	23
Notes receivable, net	(92,108)	(502,917)
Investments, net	(92,903)	(1,381,246)
Accounts payable	934	(337)
Accrued expenses	<u>(2,384)</u>	<u>8,689</u>
Net cash used by operating activities	<u>\$ (585,152)</u>	<u>\$ (2,091,805)</u>

Supplemental disclosure of noncash activities:

During 2021, \$541,627 of net notes receivable and \$77,109 of interest receivable was converted to investments.

During 2020, \$475,000 of net notes receivable and \$25,687 of interest receivable was converted to investments and \$25,327 of interest receivable was converted to notes.

See accompanying notes.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

1. Organization and Significant Accounting Policies

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

Authorizing Legislation

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

Purpose of the Fund

The Fund is used to provide capital to small Maine businesses that show potential for high growth and public benefit, but are unable to obtain adequate conventional financing from financial institutions. The State of Maine capitalized the Fund by issuing general obligation bonds. The initial capitalization was \$5,000,000. The Fund received an additional \$1,000,000 of capital in fiscal year 2008 from proceeds of a State of Maine economic development bond, \$3,000,000 of capital in fiscal year 2001 from general fund appropriations of the State of Maine, and \$4,000,000 in fiscal year 2011 from a state economic development bond. In fiscal year 2019, the Fund received an additional \$5,000,000 from a State of Maine economic development bond along with an additional \$500,000 from general fund appropriations of the State of Maine. In fiscal year 2020 and 2021, the Fund received an additional \$500,000 and \$450,000, respectively, from general fund appropriations from the State of Maine. Currently, financing is provided to qualifying business enterprises through lending arrangements and direct equity investments. Lending agreements generally provide for the issuance of warrants to the Fund or the option of converting its investment from debt to equity through the use of convertible debentures. The Fund also makes direct equity investments in Maine businesses. Operating activities of the Fund include lending and direct equity investments.

In June 2010, the State Legislature amended the statute governing the Fund to broaden the powers of the Board of Directors. The new authority given to the Board allows it to take capital from individuals and entities other than the State for investment in Maine Companies through return-based “side car” funds. Through June 30, 2021, the Fund had not exercised such powers.

Basis of Accounting

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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, 2021 and 2020, the Fund's cash equivalents consisted of amounts held in the State of Maine Treasurer's cash pool and bank deposits.

Investments

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cost basis	\$ <u>9,770,356</u>	\$ <u>9,407,145</u>
Carrying value	\$ <u>6,641,988</u>	\$ <u>7,595,280</u>

The carrying value of \$6,641,988 at June 30, 2021 consists of investments in twenty-four companies, one of which has a balance greater than 10% of the Fund's recorded net investment balances. This investment makes up \$754,870 of the carrying value at June 30, 2021. At June 30, 2020, the carrying value of \$7,595,280 consisted of investments in twenty-five companies, one of which had a balance of greater than 10% of the Fund's recorded net investment balances. This one investment had a carrying balance of \$862,892 at June 30, 2020.

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, otherwise interest income is recorded on a cash basis.

Allowance for Losses on Notes Receivable

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

Operating Revenues and Expenses

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

Grant Income

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

1. Organization and Significant Accounting Policies (Continued)

Risks and Uncertainties

The outbreak of the COVID-19 pandemic has caused significant disruptions in the U.S. economy and to the State of Maine. Companies that the Fund holds a direct investment in, or notes receivable from, have been impacted by the pandemic. Management of the Fund is monitoring the impact that the pandemic will have on the carrying value of its notes and investments on an ongoing basis. Future uncertainties could impact the carrying value of notes and investments, though such potential impact is unknown at the date of these financial statements.

2. Cash Equivalents

The Fund does not have a formal deposit or investment policy. However, monies that are not needed for immediate use are invested with the State of Maine. The Treasurer of the State of Maine sponsors an investment pool (State of Maine Treasurer's Cash Pool). The Fund's participation is voluntary. The State of Maine's investment pool is primarily comprised of investment vehicles with short maturities and management of the Fund characterizes the investments within the pool as low risk. The State of Maine Treasurer's Cash Pool is not rated by external rating agencies. The Fund is able to make withdrawals from the State of Maine investment pool at par with little advance notice and without penalty. The Fund's management considers this investment vehicle a money market instrument and generally carries the amounts in the pool at fair value, which approximates cost. Cash equivalents consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Bank deposits	\$ 295,043	\$ 277,240
State of Maine Treasurer's cash pool	<u>8,806,534</u>	<u>8,959,489</u>
	<u>\$9,101,577</u>	<u>\$ 9,236,729</u>

At June 30, 2021 and 2020, bank deposits had a bank balance of \$313,615 and \$287,083, respectively, and a carrying amount of \$295,043 and \$277,240, respectively. The difference between the carrying amount of deposits and bank balance consists primarily of checks issued but not cashed. At June 30, 2021 and 2020, \$250,000 of bank deposits are covered by Federal depository insurance and \$63,615 and \$37,083, respectively, are uninsured.

3. Notes Receivable

The following is a summary of notes receivable at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Note dated February 2018, interest at 5%, interest accrued until maturity, due February 2023. This note is unsecured.	\$ 39,397	\$ 39,397

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

3. Notes Receivable (Continued)

	<u>2021</u>	<u>2020</u>
Note dated March 2018, interest at 6%, interest accrued until maturity, due March 2023. This note is unsecured and was converted to stock in 2021.	\$ —	\$ 175,000
Note dated May 2018, interest at 5%, interest accrued until maturity, due May 2023. This note is unsecured.	61,700	61,700
Note dated March 2019, interest at 5%, interest accrued until maturity, due January 2021. This note is unsecured.	5,000	5,000
Note dated January 2019, interest at 5%, interest accrued until maturity, due October 2020. This note is unsecured and was converted to stock in 2021.	—	50,000
Note dated August 2018, interest at 8%, interest accrued until maturity, due August 2021. This note is unsecured.	145,860	135,027
Note dated May 2019, interest at 8%, interest accrued until maturity, due May 2022. This note is unsecured.	50,000	50,000
Note dated March 2019, interest at 5%, interest accrued until maturity, due March 2024. This note is unsecured.	45,000	45,000
Note dated December 2018, interest at 6%, interest accrued until maturity, due December 2023. This note is unsecured and was converted to stock in 2021.	—	125,000
Note dated July 2018, interest at 8%, interest accrued until maturity, due January 2021. This note is unsecured and was converted to stock in 2021.	—	202,460
Note dated March 2020, interest at 7%, interest accrued until maturity, due February 2022. This note is unsecured.	50,000	50,000
Note dated April 2020, interest at 6%, interest accrued until maturity, due April 2025. This note is unsecured.	150,000	150,000
Note dated April 2020, interest at 6%, interest accrued until maturity, due April 2025. This note is unsecured.	150,000	150,000
Note dated December 2019, interest at 5%, interest accrued until maturity, due June 2022. This note is unsecured.	100,000	100,000
Note dated April 2020, interest at 6%, interest accrued until maturity, due April 2025. This note is unsecured.	122,931	122,931
Note dated December 2019, interest at 18%, interest accrued until maturity, due December 2022. This note is unsecured.	50,000	50,000
Note dated December 2019, interest at 8%, interest accrued until maturity, due September 2021. This note is unsecured.	200,000	200,000
Note dated December 2020, interest at 6%, interest accrued until maturity, due December 2025. This note is unsecured.	100,000	—
Note dated March 2021, interest at 4%, interest accrued until maturity, due March 2026. This note is unsecured.	100,000	—
Note dated November 2020, interest at 6%, interest accrued until maturity, due November 2025. This note is unsecured.	75,000	—

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

3. Notes Receivable (Continued)

	<u>2021</u>	<u>2020</u>
Note dated March 2021, interest at 8%, interest accrued until maturity, due December 2021. This note is unsecured.	\$ 39,735	\$ —
Note dated October 2020, interest at 5%, interest accrued until maturity, due October 2022. This note is unsecured.	75,000	—
Note dated April 2021, interest at 6%, interest accrued until maturity, due January 2026. This note is unsecured.	44,000	—
Note dated November 2020, interest at 5%, interest accrued until maturity, due May 2026. This note is unsecured.	150,000	—
Note dated March 2021, interest at 5%, interest accrued until maturity, due March 2026. This note is unsecured.	<u>50,000</u>	<u>—</u>
	1,803,623	1,711,515
Allowance for losses	<u>(102,430)</u>	<u>(92,514)</u>
Notes receivable, net	1,701,193	1,619,001
Current portion of notes receivable, net	<u>637,629</u>	<u>674,972</u>
Noncurrent portion of notes receivable, net	<u>\$1,063,564</u>	<u>\$ 944,029</u>

The following is the activity in the allowance for losses on notes receivable during the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Allowance for losses on notes:		
Beginning balance	\$ 92,514	\$ 408,653
Provision for losses	9,916	5,355
Charge-offs	<u>—</u>	<u>(321,494)</u>
Ending balance	<u>\$102,430</u>	<u>\$ 92,514</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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

4. Commitments

At June 30, 2021, 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 that may contain a provision enabling the Fund to acquire an equity interest in the business through warrants to purchase common stock at a set price in the future and contain put and call provisions. The warrants are considered a separate investment; however, the Fund has not assigned any value to the warrants at June 30, 2021 or 2020 because there is no market for the warrants and the business enterprises are in the start-up and development phase, and as a result, the value of their common stock and related warrants is impractical to determine.

6. Transactions with the Finance Authority of Maine

The Authority provides certain financial management, legal assistance and legislative liaison services for the Fund. The Authority charges the Fund for services rendered and the fees paid to the Authority are authorized by the Fund's Board. Included in general and administrative expenses in the 2021 and 2020 statements of revenues, expenses and changes in net position, is approximately \$6,000 paid to the Authority for such services.

7. Total Net Position

The following schedule presents the components of total net position as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Contributed capital	\$19,956,767	\$19,506,767
Accumulated deficit	<u>(2,429,153)</u>	<u>(999,341)</u>
Total net position	<u>\$17,527,614</u>	<u>\$18,507,426</u>

There are no restrictions on net position at June 30, 2021 and 2020. The Fund's unrestricted net position is generally reserved for program related activities.

8. Risk Management

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

ADDITIONAL INFORMATION

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

SCHEDULE OF ACTIVITIES

Year Ended June 30, 2021

<u>Functions/ Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>				<u>Net Revenue and Changes in Net Position</u>
		<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>(1,861,037)</u>	\$ <u>—</u>	\$ <u>383,264</u>	\$ <u>—</u>	\$ <u>—</u>	\$ (1,477,773)
			General revenues:			
			Unrestricted investment income			<u>47,961</u>
			Total general revenues			<u>47,961</u>
			Change in net position			(1,429,812)
			Capital contributions			450,000
			Net position, beginning of the year			<u>18,507,426</u>
			Net position, end of the year			<u>\$17,527,614</u>