

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 15, 2023

Re: Periodic Report for Fiscal Year 2023

Overview

Maine Venture Fund ("MVF" or the "Fund") was established through legislation in 1996 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.

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.



2023 Periodic Report

We respectfully submit this Fiscal Year 2023 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, from July 1, 2022 through December 2023. Eighteen companies new to the portfolio received investments, eighteen follow-on investments were made in existing portfolio companies and MVF made its first "fund of funds" investment in The Roux Institute's Future of Healthcare Founder Residency¹ which, as part of the three-year plan, has invested in nine healthtech companies. There are currently 47 companies in the MVF portfolio, which are listed later in this report.

Overall, the Fund's portfolio is healthy given the macroeconomic (i.e., inflation, geopolitical tumult) and state-level (i.e. rural, aging population) challenges that Maine companies navigate. Despite these headwinds, FY23 was a record investment year as our highest year of total investment ever as companies are increasingly viewing Maine as a viable place to start and scale innovative ideas. In October 2022, MVF was approved by the Finance Authority of Maine ("FAME") to assist in allocating \$20M in federal funding through a U.S. Department of Treasury stimulus program called the State Small Business Credit Initiative "(SSBCI)". MVF deployed \$13,216,870 in SSBCI funding through investments, alongside other investors, from November 2022 through November 2023, when FAME paused the program awaiting a second tranche of stimulus funds from the U. S. Department of Treasury. In November 2023, once the second tranche was available, MVF invested an additional \$2.9 million.

Since 2017, nine portfolio companies have been sold to larger businesses providing returns to founders and investors, including Maine Venture Fund. It should be noted that all nine 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 \$10 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 as an "evergreen" resource while providing a positive return on the State's investment.

¹ The Roux Institute, Northeastern University, Future of Healthcare Founder Residency, the first of its kind in Northern New England, designed in partnership with Northern Light Health and MaineHealth, to bring to Maine 30 early-stage healthtech companies over the next three years (2023 – 2025).

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In fiscal 2023 and through December 2023, the Fund invested a total of \$18,516,337, which included:

1. Initial investments totaling \$4.5M in nine new companies:
 - **Accelera, Inc.**, developer of a wearable medical device to improve life and support movement for the millions of children and adults that live with neurological deficits;
 - **Alakazam, Inc.**, developer of an immersive web platform for businesses;
 - **Bookclubz, Inc.**, developer of web-based book club manager, locator and reading community;
 - **Go Lab, Inc. dba TimberHP**, manufacturer of wood-fiber insulation;
 - **The Humane Space, Inc.**, developer of a platform to encourage lifelong learning and create a daily practice of curiosity and introspection;
 - **Katahdin Salmon, Inc.**, producer of fresh salmon from Maine waters;
 - **KitNA Brewing, Inc.**, brewer of nonalcoholic beer;
 - **Orange Bike Brewing Company**, producer of gluten-free beer; and
 - **SoulBeing, Inc.**, provider of healthcare and wellness services and providers.



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2. Follow-on investments totaling \$13,683,000 in eighteen existing portfolio companies:

- **American Unagi LLC**, locally sourced, fresh live eels;
- **CourseStorm, Inc.**, on-line class registration for any local program;
- **Defendify, Inc.**, cybersecurity protection for small businesses;
- **HighByte, Inc.**, Industrial Internet of Things ("IIOT") service provider to manufacturers;
- **Kinotek, Inc.**, technology that provides access to better movement health;
- **Mathematics & Problem Solving LLC dba BW Walch**, digital platform for the education community that allows tailoring and delivery of custom lessons;
- **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.**, developers of an application for displaying pricing and promotional content on screens in mobile phone stores;
- **Ocean Approved, Inc. d/b/a Atlantic Sea Farms**, harvester and processor of Maine kelp;
- **Orono Spectral Solutions, Inc.**, offers unique, patented product sampling technology that can be used in a wide range of applications globally;
- **NearPeer, Inc.**, developer of an education technology platform that helps colleges and universities improve student loyalty via a social application;
- **Pumpspotting, Inc.**, social platform for breastfeeding mothers;
- **Reconnect, Inc.**, technology that fights recidivism, incarceration and addiction;
- **Senscio Systems, Inc.**, technology that provides support for the aging population with chronic conditions allowing them to live well at home;
- **Shellfish Solutions, Inc. dba Blue Trace**, digital shellfish tagging, traceability and compliance;
- **Tanbark Molded Fiber Products, Inc.**, manufacturer of custom, sustainable molded fiber packaging; and
- **Vetro, Inc.**, digital platform that connects the complex world of broadband infrastructure with tools, techniques and software.

3. Fund of Funds totaling \$333,333, year one of a three-year plan in The Roux Institute's Future of Healthcare Founder Residency.

Several follow-on investments included the conversion of compounded or accrued Note interest to equity holdings. In total, \$90,855 in interest was converted to equity holdings in FY23 and through December 2023.

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Fund Capacity:

The capital returned from exits over the past five years, plus the nearly \$7 million that was added to the Fund over that period from the State of Maine, 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. Indeed, the Maine Venture Fund Board has recently adopted a more expansive posture than ever in the breadth and depth of the Fund's offerings, including a more aggressive investment velocity. Many active, promising companies remain in the MVF portfolio and new companies are continuously added.

Even though the Fund has delivered many liquidity events over the past several 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, FY20/FY21, FY22/FY23 biennium budgets for a \$500,000 annual appropriation, with the FY21 appropriation reduced to \$450,000 per the Governor's request of all agencies because of the pandemic. MVF heretofore had only one annual appropriation, in 2000. This steady stream of baseline funding is critical to ensure that MVF remains effective and visible as a resource within the Maine innovation economy ecosystem.

FY '23		Lifetime
\$14.2 M	Capital Invested	\$43.7 M
25	# of Investments	226
772	# Jobs Years	14,246
\$85.8 M	Co-Investment Catalyzed	\$352 M

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Impact:

We are proud of what the Fund has accomplished to date on behalf of Maine people. 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 47 portfolio companies that employ 615 FTEs in Maine and 157 outside the State, for a total of 772 FTEs. Jobs added in these types of growth companies are primarily high wage and high benefit. This number does not include an estimated 984 FTE's still in Maine at exited portfolio companies. Since 1997, Maine Venture Fund portfolio companies have created nearly 14,200 job-years, which are calculated as the cumulative of one job for one year for FTE employees for all portfolio companies. Many of these jobs have attracted talented technical, managerial, and sales/customer service workers back to the State to join these exciting companies.
- Maine Venture Fund's successful execution of its mission over the years led FAME to allocate the entirety of the roughly \$5M million in State Small Business Credit Initiative (SSBCI) federal equity funds to MVF for deployment from 2014 to 2018. MVF similarly took the lead in a revived version of the program "SSBCI 2.0" with the goal of deploying \$20M starting in Q4 2022, this time in league with other state-affiliated partners. MVF invested over \$16.1M SSBCI dollars from November 2022 through November 2023.
- Maine Venture Fund plays a key role in Maine's research and development (R&D) continuum from research to commercialization. Many companies that have successfully leveraged Maine Technology Institute ("MTI") 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, prospect companies, and companies at very early stages. A Maine Venture Fund investment complements and protects the investment of earlier resource providers like MTI (and ecosystem mentors, incubators, and accelerators) by improving those companies' chances for success and reducing the likelihood of stranded investments by MTI and others. Significant time is spent communicating and coordinating with other entities in the ecosystem – our shared goal is to serve the interests of the State and these companies by

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applying our distinctive competencies.

- 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 limited. One of the critical functions of Maine Venture Fund is its ability to leverage and attract private capital to invest alongside. Our investments, paired with the appropriate guidance, position companies to be successful in raising larger investments from additional professional investors. To date, \$7 has been invested by other capital providers for each \$1 invested by Maine Venture Fund, or just over \$367M in outside funding catalyzed by \$47M in funding from MVF.
- Maine Venture Fund works to create linkages to capital providers in and outside of Maine to bring more attention to Maine-based opportunities. Management and the Board cultivate and maintain relationships with early-stage venture capital funds, angel groups, and other investment professionals throughout northern New England and beyond. MVF often negotiates terms of investment with companies, providing a framework and catalyst for other investors to participate alongside with confidence that the investment is well structured and appropriately researched. Maine Venture Fund is an affiliate member of the national Angel Capital Association and an active member of the New England chapter, as well as a member of the National Venture Capital Association.
- 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.

Maine Venture Fund is an essential part of the State's continuum of support for innovative Maine companies, along with Maine Technology Institute, Finance Authority of Maine, and private investors like Maine Angels. 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.

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Digital copies of this report along with the Funds FY23 Audited Financials will be sent to:

Honorable Janet Mills, Governor

Heather Johnson, Commissioner, DECD

Denise Garland, Deputy Commissioner, DECD

SarahJoy Chaples, Small Business Development Manager, DECD

Joan Ferrini-Mundy, Chair, Maine Innovation Economy Advisory Board

Carlos Mello, Acting Chief Executive Officer, Finance Authority of Maine

William Norbert, Governmental Affairs Manager, Finance Authority of Maine

Brian Whitney, President, Maine Technology Institute

Amanda Ouellette, Library Associate, Law and Legislative Reference Library

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Periodic Report for Fiscal Year 2023
(July 1, 2022 – June 30, 2023)

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About Maine Venture Fund ("MVF")

[Maine Venture Fund](#) has been actively investing in Maine companies since 1997, after its creation by an act of the Maine Legislature in 1995. Over \$47 million has been invested in Maine, which operates as a revolving "evergreen" fund, recycling any returns back into Maine companies.

Governance:

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

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

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

The function of the Board is to:

- *determine the Fund's mission and purpose in keeping with the Statute;*
- *approve investments to qualifying small Maine businesses;*
- *provide ongoing support and guidance to, and evaluation of, the Managing Director and management team;*
- *provide ongoing support and guidance to portfolio companies in pursuit of the Fund's 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.

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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 January 2023, has received \$20,950,000 in capital from the State, through both economic development bond proceeds and, beginning in FY 2019, appropriations from the Governor's annual budget. Maine Venture Fund recycles returns and pays its annual expenses from the Fund itself for a total investment amount directly into Maine companies of \$43,723,248¹ during the lifetime of the Fund.

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

In October 2022, the SSBCI program was reinvigorated with \$62M in additional federal capital for Maine, with \$20M directed towards equity funding. MVF was officially approved as one of several state-affiliated entities to deploy these equity funds, and as of November 2023 has invested \$16,116,870 in eight new companies, made its first indirect² investment and made seventeen follow-on investments in existing portfolio companies.

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

Maine Venture Fund seeks to accomplish the Fund's mission in partnership with other public and private entities engaged in the entrepreneurial and small business marketplace in Maine, including FAME, Maine Technology Institute ("MTI"), DECD, CDFIs and EDDs like Coastal Enterprises, privately

¹ As of 6/30/23

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



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, 2023, the end of FY23, the Fund has invested \$43,723,248 in 91 Maine companies and has a portfolio of 47³ companies.

At the end of Fiscal Year 2023, 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.

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

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Summary of FY23 Investment Activity (7/1/22 - 6/30/23)

Company Name	County	Security	Activity Date	MVF Core Investment	SSBCI Investment	Accrued Interest (Notes)	# of FTEs	Type
Bookclubz, Inc. dba Bookclubs	York	Series Seed	9/27/22	\$ 200,000.00			5	New Investment
Senscio Systems, Inc.	Cumberland	Series Seed	9/20/22	\$ 66,667.00			36	Follow On
Accelera, Inc.	York	Conv. Note	10/28/22	\$ 200,000.00			3	New Investment
Kinotek, Inc.	Cumberland	Conv. Note	11/8/22	\$ 50,000.00			12	Follow On
Orono Spectral Solutions, Inc.	Penobscot		11/15/22			\$48,547.41	4	Int. Converted
		Ser A1 PS	\$ 10,000.00	\$ 40,000.00		Follow On		
Alakazam, Inc.	Cumberland	Conv. Note	12/5/22	\$ 50,000.00	\$ 200,000.00		2	New Investment
Shellfish Solutions, Inc. dba Blue Trace	Hancock	Series Seed	12/14/22	\$80,000.00	\$320,000.00		9	Follow On
The Humane Space, Inc.	Knox	Conv. Note	12/21/22	\$10,000.00	\$40,000.00		2	New Investment
Pumpspotting, Inc.	York	Conv. Note	12/21/22	\$ 30,000.00	\$ 120,000.00		6	Follow On
American Unagi LLC	Lincoln	Ser A1 Units	1/5/23	\$ 100,000.00			11	Follow On
Highbyte, Inc.	Cumberland	Conv. Note	2/3/23	\$ 110,963.00	\$ 1,389,037.00		27	Follow On
MedRhythms, Inc.	Cumberland	Conv. Note	2/7/23		\$ 1,700,000.00		45	Follow On
Orange Bike Brewing Co.	Cumberland	Ser Seed PS	2/7/23	\$ 20,000.00	\$ 80,000.00		2	New Investment
Mathematics & Problem Solving LLC	Cumberland	Ser A3 Units	2/10/23	\$ 60,000.00	\$ 60,000.00		16	Follow On
Ocean Approved, Inc.	York	Conv. Note	2/10/23	\$ 62,500.00	\$ 187,500.00		21	Follow On
Senscio Systems, Inc.	Cumberland	Ser Seed PS	2/15/23	\$ 333.00	\$ 33,000.00			Follow On
SoulBeing, Inc.	Cumberland	Conv. Note	2/28/23		\$ 50,000.00		2	New Investment
Tanbark Molded Fiber Products, Inc.	Cumberland	Ser Seed1 PS	4/28/23	\$50,000.00			7	Follow On
Vetro, Inc.	Cumberland	Ser B1 PS	3/3/23		\$2,000,000.00		76	Follow On
Defendify, Inc.	Cumberland	Conv. Note	4/20/23	\$200,000.00	\$1,100,000.00		20	Follow On
Future of Healthcare Fund I	Cumberland	Admin/Notes	4/19/23	\$ 110,000.00	\$ 223,333.00			Fund of Funds
KitNA Brewing, Inc.	Cumberland	Ser Seed PS	4/14/23		\$ 100,000.00		9	New Investment
Katahdin Salmon, Inc.	Aroostook	Conv. Note	4/18/23		\$ 50,000.00		4	New Investment
Reconnect, Inc.	Cumberland	Ser Seed Ext PS	5/11/23	\$ 75,000.00	\$ 425,000.00		14	Follow On
Go Lab, Inc. dba TimberHP	Somerset	Conv. Note	5/17/23		\$ 3,500,000.00		68	New Investment
CourseStorm, Inc.	Penobscot	Ser A2 PS	5/24/23		\$ 750,000.00		20	Follow On
					\$27,542.47	Interest Conv.		
Pumpspotting, Inc.	York	Ser Seed 2 PS	6/5/23		\$ 400,000.00			Follow On
					\$8,726.03	Interest Conv.		
Total Investments				\$ 1,485,467.33	\$ 12,767,870.00			
Total Accrued Interested Converted/Compounded						\$84,815.91		
Grand Total FY23				\$14,253,337.33				

Subsequent Investment Activities - FY24 YTD (7/1/22 - Report Submission Date)

Company Name	County	Security	Activity Date	Investment		Interest (Notes)	# of FTEs	Type
CourseStorm, Inc.	Penobscot	Ser A2 PS	7/21/23		\$ 195,000.00			Follow on
Mobile Price Card, Inc.	Cumberland	Ser B PS	7/28/23	\$ 96,000.00	\$ 254,000.00		7	Follow on
						\$6,039.45		Interest Conv.
Alakazam, Inc.	Cumberland	Note	8/11/23	\$ 15,000.00				Follow on
Senscio Systems, Inc.	Cumberland	Ser B1 PS	8/14/23	\$ 100,000.00				Follow on
Nearpeer, Inc.	Cumberland	Conv. Note	8/29/23	\$ 203,000.00			5	Follow on
Kinotek, Inc.	Cumberland	Conv. Note	11/13/23	\$ 200,000.00				Follow on
Senscio Systems, Inc.	Cumberland	Ser B1 PS	11/17/23		\$400,000.00			Follow on
MedRhythms, Inc.	Cumberland	Ser B2 PS	11/27/23	\$300,000.00	\$2,500,000.00			Follow on
Total Funds Invested				\$ 914,000.00	\$ 3,349,000.00			
Total Accrued Interested Converted/Compounded						\$6,039.45		
Grand Total FY24 to date				\$4,263,000.00				



2023 IMPACT REPORT

Maine Venture Fund (MVF) is a state-sponsored venture fund that drives economic development and social impact through investment in Maine-based startup companies. This report provides a snapshot of MVF's 2023 work with startups to boost Maine's economy, create jobs, and generate returns.

Our Mission

MVF invests in Maine businesses that have the highest potential for growth and impact.

Background

Established by the Maine legislature in 1996, MVF invests public capital into startup companies in Maine alongside private investors. MVF invests in businesses with the highest potential to create prosperity in the state through high-quality job growth, wider public benefit, and ultimately return on investment. With a sustainable "evergreen" fund structure, MVF reinvests returns into Maine businesses.

BOARD OF DIRECTORS

DR. BRIEN WALTON, CHAIR
CEO, Acadia Capital Management

PETER DELGRECO, VICE CHAIR
CEO, Maine & Company

THERESA HODGE, TREASURER
EVP, Bath Savings Institution

ELIZABETH CHABE
CEO, High Touch Group

HELEN STERLING COBURN
Attorney, Bernstein Shur

GREG FRYER
Attorney, Verrill

MALINDA GAGNON
CEO, Uprise Partners

SUSAN HAMMOND
Relationship Manager, Fahe

PETER HANDY
President & CEO, Bristol Seafood

CHARLOTTE MACE
Director, Office of BD, Maine DECD

Since 1996,
MVF has invested
more than \$43M.



Private companies
have invested
nearly \$352M.

MVF's Board of Directors consists of 11 members appointed by Maine's governor. MVF's management team is hired by the Board to run the fund's day-to-day operations. The Board and management team consider the following goals when evaluating investment decisions:

- Create Maine jobs
- Contribute to Maine communities
- Promote social impact
- Protect our natural resources
- Generate financial returns

FY2023 Snapshot



MVF invests across all sectors, with a focus on innovation.



71%

OF CURRENT MVF PORTFOLIO COMPANIES ARE IN **CDFI IDENTIFIED** INVESTMENT AREAS

41%

OF CURRENT MVF INVESTMENTS ARE IN **MAINE HERITAGE INDUSTRIES**

33%

OF MVF INVESTMENTS WENT TO **FEMALE-LED** COMPANIES OVER THE LAST FIVE YEARS

FARMING
FORESTRY
FISHING

2023 Investment:

\$14.2M

INVESTED DIRECTLY
BY MVF



\$86M

PRIVATE
COINVESTMENT

ACROSS **25** PORTFOLIO COMPANIES IN 2023



Portfolio company Good To-Go's Maine-made camp meals photographed by Emily Sierra

Generated by MVF's 45 Portfolio Companies:

\$80M

IN REVENUE

& 772

JOB YEARS*

*A "job year" is one full-time job for one year.



Portland HQ of portfolio company HighByte, specializing in industrial software development

Cultivating Entrepreneurship



A thriving startup ecosystem is critical to support young companies. They need capital, talent, and mentorship, among other things. In addition to our financial investments and guidance, MVF collaborates with many partners statewide to help companies access the resources they need at every stage.

Partnerships



- **Maine Technology Institute (MTI)** is a key ecosystem partner. MTI offers primarily grants and loans, but also makes equity investments and provides a broader range of advising services to support Maine's early stage R&D investments and innovation economy.
- Northeastern University's **Roux Institute** in Portland offers technology-oriented graduate studies, student interns ("co-ops") for corporations, and several entrepreneurial accelerator programs. MVF works closely with associated teams and investors here as an "embedded partner."
- Both **Upstart Maine** in Bangor, and **Dirigo Labs**, an accelerator in Waterville, provide startup support, including educational events and materials, with the goal of increasing capital investment into those regions. MVF has partnered with each of these organizations in order to broaden statewide support.

Education



A thriving startup ecosystem also needs access to talent and a next generation of aspiring entrepreneurs. The **Maine Startup Challenge** is a statewide business plan competition across age groups, beginning in kindergarten, launched by MVF in 2022 to cultivate creative ideas and inspire future innovators and business leaders in Maine. In the second annual competition in 2023, MVF received 105 applications and awarded over \$20,000 in prizes.



Maine Startup Challenge judge Trish Higgins, Partner at Chenmark

Featured Companies



SCAN CODE TO MEET
OUR FULL PORTFOLIO.



NEXT-GENERATION NEUROTHERAPEUTICS

MedRhythms
MEDRHYTHMS.COM
PORTLAND

BRIAN HARRIS, CEO AND CO-FOUNDER
OWEN MCCARTHY, PRESIDENT AND CO-FOUNDER

Walking disability significantly decreases independence, reduces quality of life, increases falls, and adds to healthcare system burden. In the United States alone, over 100 million people have a walking disability caused by a neurologic injury or disease.

MedRhythms exists to rewrite this story by pioneering the development of next-generation neurotherapeutics designed to improve walking mobility via a proprietary, patented technology platform.



SMARTER PACKAGING THAT IS BETTER FOR THE PLANET

Tanbark
TANBARKMFP.COM
SACO

MELISSA LACASSE, FOUNDER AND CEO

Tanbark is innovating in Maine's heritage forestry products industry to provide a much needed solution – packaging without plastic. The company manufactures Type 3 molded, fiber material using a proprietary "micro-mill" production method that creates highly customized and fully compostable packaging across a variety of use cases.



DELICIOUS AND INNOVATIVE KELP PRODUCTS

Atlantic Sea Farms
ATLANTICSEAFARMS.COM
BIDDEFORD

BRIANA WARNER, CEO

Atlantic Sea Farms is a vertically integrated kelp company that partners with fishermen and lobstermen to grow, harvest, and process kelp into value-added products that are healthy for people and the planet. The model increases resilience of a key heritage industry in Maine (fishing) since kelp can be grown in the lobster offseason. The company harvested nearly one million pounds of kelp in 2022 and has removed 250,000 pounds of carbon from the Gulf of Maine.



Photo by Matt Cosby

TECHNOLOGY THAT FIGHTS INCARCERATION AND ADDICTION

Reconnect
RECONNECT.IO
PORTLAND

PETE ANDREWS, CEO

Reconnect provides software and hardware to connect specialty courts, pretrial, and community supervision programs with their participants. The company's mission is to revolutionize and redefine accountability by leveraging technology that builds connections and empowers relationships so that all participants involved with accountability-based programs are empowered to succeed.





Economic and Social Impact of the Fund

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

Co-Investment

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

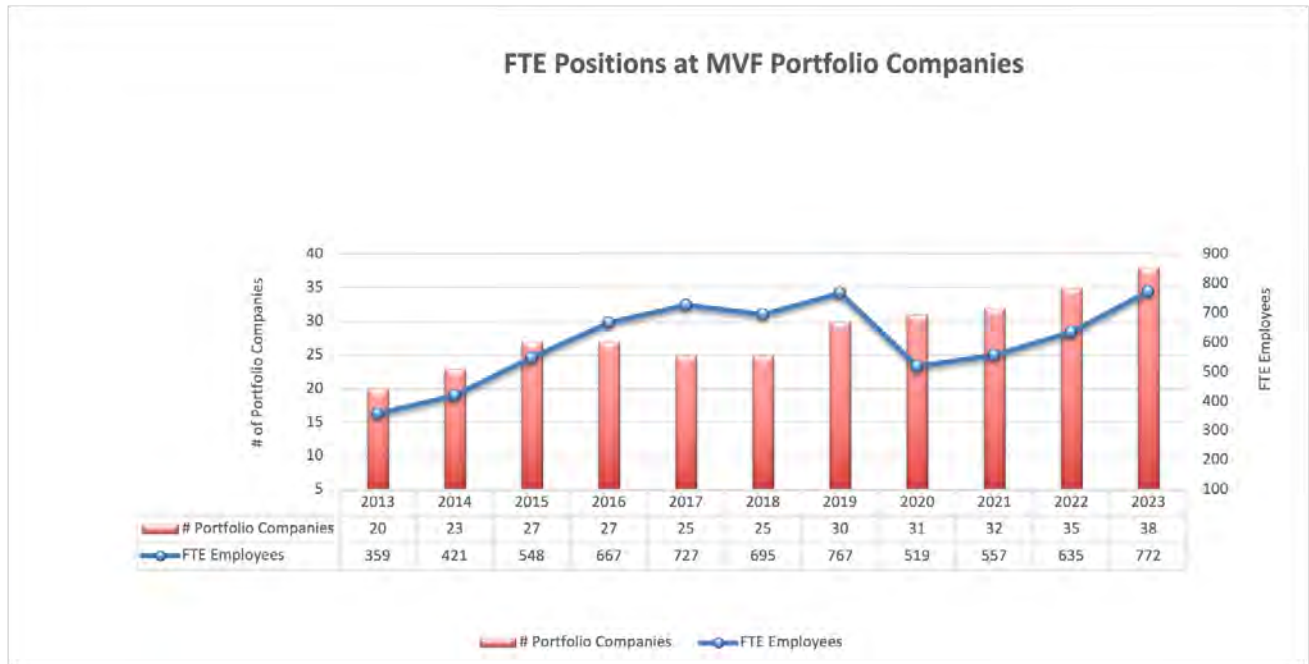
In FY23, MVF invested \$14,254,337 in twenty-five Maine companies with an average investment of \$570,173 per company, accompanied by additional venture capital and angel investments of \$86 million, representing a leverage ratio of roughly \$6 catalyzed for every dollar of MVF investment.

Job Creation

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

- Since 1997, MVF portfolio companies are estimated to have created over 14,263 job-years, which are calculated as the cumulative of one job for one year for FTE employees for all portfolio companies.

- In Fiscal Year 2023, MVF portfolio companies employed approximately 772 people, 615 in Maine and 157 outside the State.



Diversity, Equity, and Inclusion (“DEI”)

In 2020, Maine Venture Fund redoubled efforts to create impact across diverse communities in Maine, which included a review and modification of our screening process, investment criteria, internal processes, and portfolio company governance best practices. MVF has adopted a method of “continuous improvement” in how we engage with these issues, with a standing subcommittee responsible for evaluating and ensuring progress. As part of this, the Fund began tracking several specific demographic metrics to better measure the impact we have across these communities.

FY23 impact percentages:

- 71% of portfolio companies in CDFI identified Investment Areas
- 33% of Investment into Female-led companies last 5 years (vs. 2% industry-wide in 2021)
- 3% of Investment into BIPOC-led companies last 5 years (vs. 20% US SBA target)
- 41% of Investment into Maine heritage industries (farming, fishing, forestry) last 5 years



Portfolio Returns

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

At the end of FY23, MVF has been awarded \$20,950,000 in total funding from the State in occasional allocations since the Fund’s inception (listed below), combined with \$17,721,515 in Federal SSBCI funds, for a total capitalization of \$38,671,515. With this capital, MVF has invested over \$43 million dollars in 100 Maine companies and paid for 26 years of Fund operations to date and returned \$15,998,669 from successful investments, with active investments totaling \$25,443,018 (which are expected to provide additional returns) in 47 companies as of this report.

Maine state funding awards to MVF:

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

[Historical fund returns chart follows]

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



Historical Fund Returns

MVF Portfolio Company	Industry	Date of investment	Total Investment	Exit Date	Capital Returned	Rate of Return	Return Multiple	Type of Exit
Angela Adams LLC	Consumer products	Oct'02	\$400,000	Aug'09	\$600,000	IRR: 15%	1.5X	Stock Buy Back
Academic Merit LLC d/b/a Fine Tune Learning	Software for student assessment	Dec'15	\$350,000	Aug'22	\$596,477 to date	IRR: 9.3%	1.7X	Acquired by Prometric
America's Premier Fundraisers, Inc.	School fundraising	Mar '07	\$75,000	Oct'07	\$78,397	IRR: 10.5%	1X	Note Repayment
Amplify, Inc.	Additive manufacturing supplier	May'19	\$206,575	Aug'23	\$200,952	IRR: -0.8%	0X	Acquired by ARCH Medical
Anodyne Health Systems, Inc.	Healthcare services	Aug'06	\$425,000	Oct'09	\$944,886	IRR: 35.4%	2.2X	Acquired by athenahealth, Inc. (NASDAQ: ATHN), and AdvantEdge
BlueTarp, Inc.	Contractor credit card service	Dec'04 and multiple other dates	\$604,223	Nov'19	\$335,728	IRR: -4.4%	0X	Acquired by CapitalOne
Bourgeois Guitars LLC	Luthiers	May'01	\$16,000	Mar'16	\$17,182	IRR: -8.5%	.5X	Note Repayment
Capricorn Products, Inc.	Medical device supply	Oct'98	\$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'99	\$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'98	\$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 dates	\$471,060	May'21	\$653,714	IRR: 4.0%	1.4X	Unit Buy Back and Note Repayment
Pen Bay Solutions, Inc.	Real estate portfolios /mapping software	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	Sep'01	\$150,000	Mar'07	\$195, 945	IRR: 28.9%	1.3X	Partner buyout of SEGF
RecruiterNet, Inc.	Software	Jun'01	\$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



Ecosystem Building & Education

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

MVF is highly selective in the companies in which it invests; however, the Fund's Management Team actively assists all interested companies in finding appropriate capital and resources.

A few key educational and ecosystem building partnerships and events:

Portfolio Company Recognition Event (annual event hosted by MVF):

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

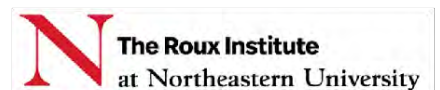
Maine Startup Challenge (annual event hosted by MVF):

Entrepreneurs across age groups (K-8, high school, college, open adult) compete in a state-wide business plan competition to cultivate creative business ideas and inspire Maine's future business leaders.

Roux Institute at Northeastern University: MVF is an "embedded partner" at the Roux Institute, Northeastern's graduate school satellite campus in Portland. MVF works closely with entrepreneurs participating in the Roux Founder Residency Series accelerator programs as well as the Techstars accelerator program to compel founders to grow their companies in Maine

Upstart Maine & Dirigo Labs: MVF has partnered with both Upstart Maine, a regional accelerator located in Bangor, and Dirigo Labs, an accelerator located in Waterville, to provide startup support, including educational events and materials with the goal of increasing capital investment into those regions.

Memberships, Partners, & Co-investors



PO Box 63, Newport, ME 04953
207.305.0006
www.MaineVentureFund.com

Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.



Abiarto Networks, LLC

www.ab-net.us

Digital engagement solutions for
convenience store retailers

Total MVF Investment \$283,956
Total capital raised \$1.9M

Management Team

Rick Sales, CEO

Location

York, Maine

State of Maine Support

MTI Grant

10 employees in Maine



Management Team

Michael Wing, CEO

Location

Biddeford, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grant

3 employees, 1 in Maine



Accelera, Inc.

<https://accelera.us>

Movement therapy technology

Total MVF Investment \$200,000
Total capital raised \$850K



American Unagi LLC

www.americanunagi.com

Locally sourced, live, butterflied and smoked eels

Total MVF Investment \$350,000

Total capital raised \$5.5M

Management Team
Sara Rademaker, Founder & CEO

Location
Waldoboro, Maine

State of Maine Support
Seed Capital Tax Credit Program
MTI Grants

11 employees in Maine



Management Team
Anna Ford, CEO

Location
Camden, Maine

State of Maine Support
MTI Grants

5 employees in Maine



Bookclubz, Inc.

<https://bookclubs.com>

Digital platform to keep bookclubs organized and community-oriented

Total MVF Investment \$200,000

Total capital raised \$3.7M



Chimani, Inc.

<https://www.chimani.com>

App for navigating national & state parks

Total MVF Investment \$100,000

Total outside capital \$820k

Management Team

Kerry Gallivan, Founder & CEO

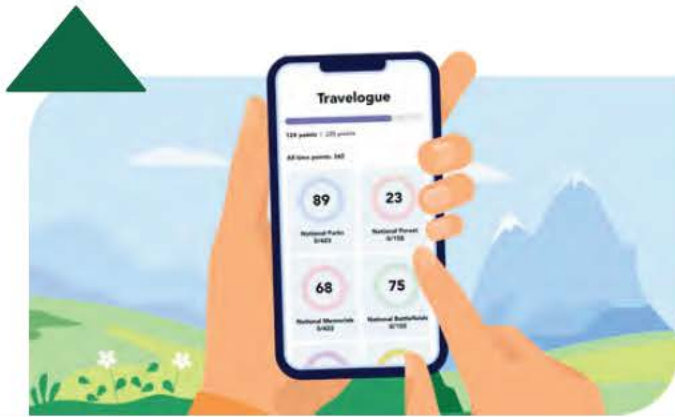
Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

1 employee in Maine



Management Team

Leslie Hyman, Co-founder & CEO

Heman Duraiswamy, Co-founder & CTO

Location

Brunswick, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grants

6 employees, 3 in Maine

circa

Circa Labs, Inc.

<https://www.wearecirca.com>

Flexible payments platform for renters and building owners

Total MVF Investment \$250,000

Total outside capital \$2.4M



Coursestorm, Inc.

<https://www.coursestorm.com>

Course registration software

Total MVF Investment \$1,315,479

Total outside capital \$3.3M

Management Team

Brian Rahill, CEO & Founder

Matt James, CTO

Location

Orono, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant and Equity Program

20 employees in Maine



Management Team

Rob Simopoulos, Co-Founder

Andrew Rinaldi, Co-Founder

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

28 employees, 20 in Maine

DEFENDIFY[®]

Defendify, Inc.

<https://www.defendify.com>

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

Total MVF Investment \$1.9M

Total outside capital \$9.1M



DreamLocal Digital Ltd.

<https://dreamlocal.com>

Digital marketing solutions

Total MVF Investment \$458,071

Total outside capital \$1.6M

Management Team

Shannon Kinney, CEO

Location

Rockland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

Blackstone Accelerates Growth

16 employees, 11 in Maine



Management Team

Emily Sharood, CEO

Location

Springvale, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

18 employees in Maine



Farming Fungi LLC dba Mousam Valley Mushrooms

<https://mousamvalleymushrooms.com>

Sustainable and organic exotic mushrooms

Total MVF Investment \$361,394

Total outside capital \$3.7M



GO Lab, Inc. dba Timber HP

www.timberhp.com

Wood fiber insulation, made in America

Total MVF Investment \$3.5M

Total outside capital \$53M

Management Team

Josh Henry, CEO

Mike Wallace, CFO

Rick Vienoitte, COO

Location

Madison, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grants

68 employees in Maine



Management Team

Jennifer Schism, CEO

Location

Kittery, Maine

State of Maine Support

Seed Capital Tax Credit Program

22 employees in Maine



Good To-Go, Inc.

<https://goodto-go.com>

Delicious, on-the-go meals for any adventure

Total MVF Investment \$250,000

Total outside capital \$2.2M



Highbyte, Inc.

<https://www.highbyte.com>

Big data software and analytics for industrial manufacturers

Total MVF Investment \$443,840

Total outside capital \$3.5M

Management Team

Tony Paine, CEO and Co-Founder
John Harrington, CPO and Co-Founder
Torey Penrod-Cambra, CCO and Co-Founder
Aaron Semle, CTO

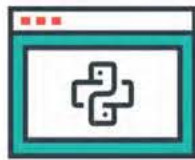
Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grants

27 employees, 18 in Maine



Management Team

Lauren Henkin, Founder & CEO

Location

Rockland, Maine

2 employees in Maine



The Humane Space, Inc.

<https://www.thehumane.space>

Lifelong learning

Total MVF Investment \$50,000

Total outside capital \$750K



Hyperlite Mountain Gear, Inc.

<https://www.hyperlitemountaingear.com>

Ultralight backcountry gear

Total MVF Investment \$754,870
Total outside capital \$10M

Management Team
Mike St. Pierre, CEO
Dan St. Pierre, CFO

Location
Biddeford, Maine

State of Maine Support
Seed Capital Tax Credit Program
MTI Grant

29 employees, 28 in Maine



Management Team
Marianne Naess, CEO
Erik Heim, Executive Advisor

Location
Millinocket, Maine

State of Maine Support
Seed Capital Tax Credit Program
MTI Grants

4 employees in Maine



Katahdin Salmon, Inc.
<https://www.katahdinsalmon.com>

Fresh salmon from clean Maine waters

Total MVF Investment \$50,000
Total outside capital \$600K



Kinotek, Inc.

<https://kinotek.com>

Digital health platform for physical therapists

Total MVF Investment \$200,000

Total outside capital \$4.7M

Management Team

Pat Panaia, CEO

David Holomakoff, CPO & Co-founder

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grants

12 employees in Maine



Management Team

Rob Barrett, CEO

Will Fisher, COO

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

9 employees in Maine



KitNA Brewing, Inc.

<https://www.kitna.beer>

Craft beer without alcohol

Total MVF Investment \$100,000

Total outside capital \$2.3M



Maine Craft Distilling LLC

<https://www.mainecraftdistilling.com>

Farm-to-flask distillery

Total MVF Investment \$703,275

Total outside capital \$3.5M

Management Team

Luke Davidson, Founder

Joe Swanson, CEO

Joe Masters, COO

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

17 employees in Maine



CURRICULUM™
ENGINE

Management Team

Al Noyes, CEO

Location

South Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

16 employees in Maine



Mathematics & Problem Solving, LLC dba Walch

<https://www.bwwalch.com>

Testing and assessment software for educators

Total MVF Investment \$370,000

Total outside capital \$2.3M



MedRhythms, Inc.

<https://medrhythms.com>

Digital therapeutics for neurologic injuries and diseases

Total MVF Investment \$2,196,335

Total outside capital \$43.1M

Management Team

Brian Harris, CEO & Co-Founder
Owen McCarthy, President & Co-Founder

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grant

45 employees, 30 in Maine



Management Team

William West, CEO
Daniel Mingle, MD, Executive Chair

Location

So. Paris, Maine
Salt Lake City, Utah

29 employees, 18 in Maine



Mingle Healthcare Solutions, Inc.

<https://minglehealth.com>

Big data software for medical providers

Total MVF Investment \$250,221

Total outside capital \$40M



Mobile Price Card, Inc.

<https://mobilepricecard.com>

Digital display technology for mobile phone retailers

Total MVF Investment \$738,082

Total outside capital \$5.0M

Management Team

Chad O'Leary, CEO

Kevin Downs, CTO

Location

Bangor, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

7 employees, 4 in Maine



Management Team

Dustin Manocha, CEO

Christopher Quinn, COO

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

5 employees, 3 in Maine



Nearpeer, Inc.

<https://nearpeer.com>

Peer-to-peer software for student bonding

Total MVF Investment \$250,000

Total outside capital \$1.4M



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

<https://atlanticseafarms.com>

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

Total MVF Investment \$1,043,658
Total outside capital \$8M

Management Team
Briana Warner, CEO

Location
Biddeford, Maine

State of Maine Support
Seed Capital Tax Credit Program
MTI Grants

21 employees in Maine



Management Team
Tom Ruff, Founder & CEO
Neil Spillane, COO

Location
Portland, Maine

State of Maine Support
Seed Capital Tax Credit Program

2 employees in Maine



**Orange Bike Brewing
Company, Inc.**

<https://www.orangebikebrewing.com>

Sustainable and inclusive craft gluten-free
beer

Total MVF Investment \$100,000
Total outside capital \$1.2M



Orono Spectral Solutions, Inc.

<https://www.ossmaine.com>

Next generation water sampling technology for industrial manufacturers

Total MVF Investment \$615,255

Total outside capital \$1.5M

Management Team

Roland Sirois, CEO

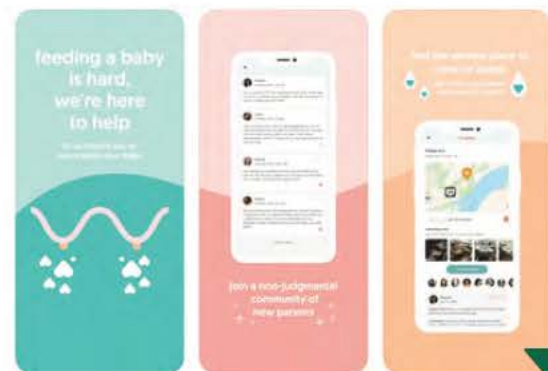
Location

Hermon, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grant

4 employees in Maine



Management Team

Amy VanHaren, CEO

Location

Eliot, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grants

5.5 employees, 3 in Maine



pumpspotting

Pumpspotting, Inc.

<https://www.pumpspotting.com>

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

Total MVF Investment \$410,000

Total outside capital \$2.8M



Reconnect, Inc.

<https://reconnect.io>

Technology that fights recidivism,
incarceration and addiction

Total MVF Investment \$431,000
Total outside capital \$4M

Management Team

Pete Andrews, CEO

Location

Cumberland, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grants

14 employees, 4 in Maine



Management Team

Don Oakes, CEO
Beth Shissler, President

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grant

153 employees, 121 in Maine

SEA BAGS
★ MAINE ★

Sea Bags, LLC

<https://seabags.com>

Totes and accessories handcrafted from
recycled sails

Total MVF Investment \$600,000
Total outside capital \$5.5M



Senscio Systems, Inc.

<https://www.sensciosystems.com>

Automated chronic health management support

Total MVF Investment \$200,000

Total outside capital \$3.95M

Management Team

Piali De, CEO

Tom Arneman, CCO

Keiron Stoddart, CTO

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program

MTI Grant

36 employees, 10 in Maine



Dedicated Patient Ibis tablet



FDA-approved monitoring devices



Management Team

Wyllys "Chip" Terry, CEO

Location

Castine, Maine

State of Maine Support

MTI Grant

4 employees in Maine



Shellfish Solutions, Inc. dba Blue Trace

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

Powerful tagging and traceability solutions for the shellfish industry

Total MVF Investment \$550,000

Total outside capital \$4.3M



Solve Finance, Inc.

<https://www.solve.finance>

Digital platform to help households
reduce debt

Total MVF Investment \$50,000

Total outside capital \$1.6M

Management Team

Sean Hundtofte, CEO

Location

Portland, Maine

State of Maine Support

MTI Grants

3 employees in Maine



Save Money on Debt



Management Team

Colleen Kavanaugh, CEO

Location

Portland, Maine

State of Maine Support

MTI Grants

2 employees in Maine



SoulBeing, Inc.

<https://soulbeing.com>

Unites health providers with individuals
needing their service

Total MVF Investment \$50,000

Total outside capital \$200K



TANBARK
MOLDED FIBER PRODUCTS

**Tanbark
Molded Fiber Products, Inc.**

<https://www.tanbarkmfp.com>

Custom, sustainable molded fiber packaging

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

Management Team

Melissa LeCasse, CEO
Payal Schair, CFO
Ben Fogg, COO

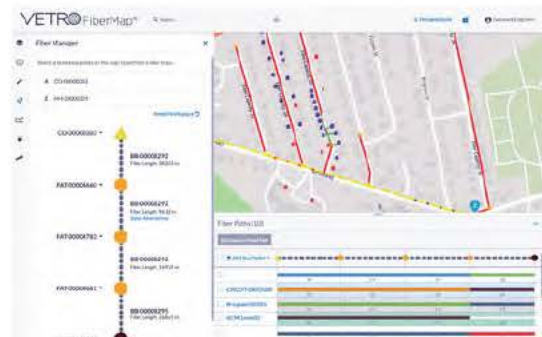
State of Maine Support

Seed Capital Tax Credit Program
MTI Grants

Location

Saco, Maine

7 employees in Maine



Management Team

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

Location

Portland, Maine

State of Maine Support

Seed Capital Tax Credit Program
MTI Grant

76 employees, 56 in Maine



Vetro, Inc

<https://vetrofibermap.com>

Intuitive, cloud-based fiber management
and GIS mapping

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

Future of Healthcare Founder Residency

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

<https://roux.northeastern.edu/entrepreneurship/future-of-healthcare-founder-residency/>

Company descriptions follow on p. 20.



Transforming healthcare,
one conversation at a time.



EmTechCare

YEAR ONE

Total MVF Investment: \$333,333

Total outside capital: \$666,666



RADIOLIFE



119

Althea is an AI virtual assistant that improves the healthcare experience for patients and eases the staffing and burnout challenges faced by healthcare providers.

Apriqot is a platform that produces population health estimates that are dynamic, ready-on-demand, and integrable with local data. It is a community magnifying glass that allows public and population health practitioners to "see" the conditions and social factors that drive inequities and outcomes, create highly detailed community health assessments that can be safely shared with the community, and develop policies and interventions at the appropriate sub-community, geography, and dosage.

Empallo is an MIT spinoff building machine learning models to extract digital biomarkers and phenotype & stratify patients with cardiovascular syndromes & diseases based on their clinical trajectories from multimodal data. This enables personalized treatment plans and improves clinical trials.

EmTech Care Labs provides digital solutions to guide and support family caregivers in managing long-term care at home. Our mission is to empower family caregivers to provide the best in-home care for older adults, with confidence and ease.

Mother of Fact offers a digital health platform that connects patients with critical access to registered dietitians for women's health clinics.

PragmaClin has developed a patient monitoring and assessment tool for supporting neurologists in their clinical assessments of Parkinson's Disease (PD) progression. The digital cloud-based software captures motor assessment data with cameras and patient reported data through surveys and scores disease severity using smart software.

Radiolife is a startup that develops proprietary technology based on radio frequency signatures combined with artificial intelligence modeling aimed at disrupting global diagnostics. We created Cube Scan, an investigational medical device with the potential to quickly (under 20 seconds) detect the presence of different viruses, bacteria, and cancer cells, without the need for reagents.

Stratos Medical is an early-stage company exploiting a patented platform technology to solve challenges in vascular access, and its first product, TrackSmart, is a novel device for hemodialysis (HD) arteriovenous fistula (AVF) vascular access. It will effectively provide a non-traumatic repeat-access connection to the AVF for the HD machine, eliminating the requirement for cannulation with two sharp dialysis needles at each HD session. This will vastly improve patient experience and unlock the main barrier to home HD, which is patient self-cannulation.

119 is a patent-pending communication tool that is a medical alert system that utilizes bystanders to help those experiencing recurring medical events. It includes medical information, rapid emergency contact messaging, location data, and personalized response to ensure that bystanders and emergency responders know the wishes of the individual. Ultimately, 119 exists to empower individuals with recurring health problems to own their own care and retain their fundamental rights to dignity, respect, and humanity during medical events.



Small Enterprise Growth Board

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

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

In June 2023, the Board appointed Dr. Brien Walton, Chair; Peter DelGreco, Vice Chair and Theresa Hodge, Treasurer for fiscal year 2024.

Current Board composition as of July 1, 2023:

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

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Maine Venture Fund invests in Maine businesses that have the highest potential for growth and impact.



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

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.

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

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

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

Peter Handy, President & CEO of Bristol Seafood, a processor and distributor known for its uncompromising Maine standards. Bristol is the first seafood company in America to earn a Fair Trade designation and has been named to the Top 25 Seafood Sustainability & Conservation and Top 25 Seafood Product Innovations lists. In addition to his role at Bristol, he serves on the boards of Bigelow Laboratory for Ocean Sciences, the Boys & Girls Clubs of Southern Maine, Maine Public Radio, the Maine Venture Fund, and the investment committee of the Portland Museum of Art. Before joining

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Bristol, Peter co-founded BoxMyDorm.com, a national storage and shipping company for college students, and held financial services roles in New York. He is a graduate of the Wharton School at the University of Pennsylvania and a Chartered Financial Analyst.

Charlotte Mace is the Director of the Office of Business Development, Maine Department of Economic & Community Development. The Office of Business Development is responsible for investment attraction, tax incentive programs, business retention and expansion for Maine businesses. She is leading the development of the State's new domestic trade assistance program for Maine businesses. Prior to her present position, she served as Executive Director of the manufacturing trade association, Biobased Maine, which works to create jobs in rural Maine, manufacturing value-added products from the State's natural resources. She also serves as the State Program Manager for the Northern Border Regional Commission and serves on the board of Midcoast Regional Redevelopment Authority. 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.

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MVF 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 in Maine with SCORE, Maine Center for Entrepreneurs and Junior Achievement and holds an MBA from Dartmouth's Tuck School of Business.

Nina Scheepers, Principal

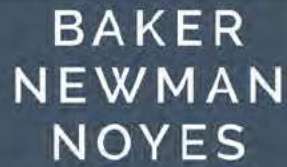
Nina joined Maine Venture Fund in 2021 as Investment Manager and was promoted to Principal in 2022. Prior to MVF, she held a variety of roles at Unum, most recently as a Product Manager leading work to transform the company's technology and operations. She earned an undergraduate degree from Bowdoin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

Terri Wark, Office Operations Manager

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

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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, 2023 and 2022

Baker Newman & Noyes LLC
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**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, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Small Enterprise Growth Fund d/b/a Maine Venture Fund (the Fund), a component unit of the State of Maine, which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As explained in note 1, the financial statements include investments in small businesses valued at \$14,378,031 (48% of net position) and \$9,181,502 (54% of net position) at June 30, 2023 and 2022, respectively, which are not actively traded and whose carrying values have been estimated by management in the absence of readily determinable fair values. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

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

Supplementary Information

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

Baker Newman & Noyes LLC

Portland, Maine
October 16, 2023

**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, 2023 and 2022

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, 2023 and 2022. 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 2023 Highlights

- Maine Venture Fund (MVF or Fund) invested \$14,070,005 (including notes) in twenty-four companies and converted to equity approximately \$596,098 in notes receivable along with accrued interest of \$80,426 in FY23, comprised of nine new to the portfolio and fifteen receiving follow-on investments. MVF made its first “fund of funds” investment in FY23 in Roux Institute’s Founder Residency Fund, Future of Healthcare Fund I. In FY22, the Fund invested \$2,609,754 and converted to equity \$104,496 in accrued note interest in sixteen Maine companies: six new to the portfolio and ten receiving follow-on investments.
- MVF partnered with the Finance Authority of Maine (FAME) in its contract with the second round of the U.S. Treasury Department’s State Small Business Credit Initiative (SSBCI II). This program began in November 2022. Overall, SSBCI II funds used in FY23 totaled \$12,767,870 from November 2022 to June 2023 with nineteen investments: seven new companies and twelve follow-on investments in existing portfolio companies. MVF was a partner with FAME in its first contract with the U.S. Treasury Department’s State Small Business Credit Initiative (SSBCI) which began in December 2011 and concluded in the spring of 2019. Overall, investments using SSBCI funds totaled \$4,953,645 from December 2011 to May 2019. MVF provided quarterly and annual investment reporting to FAME which, in turn, was reported to the U.S. Treasury Department.

**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, 2023 and 2022

- The Fund had seven note-to-equity conversions during FY23. Four in November 2022: these notes were purchased from Orono Spectral Solutions, Inc. (February 2018 for \$39,398, May 2018 for \$61,700, March 2019 for \$45,000 and December 2019 for \$50,000); notes plus accrued interest of \$44,158 were converted into Series A1 Preferred Stock. One in May 2023: this note was purchased from CourseStorm, Inc. (April 2020 for \$150,000); note plus accrued interest of \$27,542 converted to Series A-2 Preferred Stock. Two in June 2023: these notes were purchased from Pumpspotting, Inc. (May 2022 for \$100,000 and December 2022 for \$150,000); notes plus accrued interest of \$8,726 were converted to Series Seed-2 Preferred Stock.
- One portfolio company, Farming Fungi LLC, is paying down a term note that originated September 2021 with monthly principal and interest payments. The note is due to be paid in full in October 2025.
- Two portfolio companies were acquired in FY23, resulting in capital gains for the Fund. In July 2022, Amplify, Inc. was acquired by Arch Medical Solutions, returning a total of \$170,000 to the Fund. The Fund expects a third and final payment from this acquisition in early FY24. In August 2022, Academic Merit LLC dba Finetune Learning was acquired by Prometric and, as a result, the Fund received \$581,578 as of year end. A final distribution, the 10% holdback, is scheduled to be released January 2024 and MVF has two potential earn out opportunities for additional distributions should the company reach revenue hurdles for 2024 and 2025. The Fund's recorded Equity Securities investment of \$350,000 was collected in full and capital gain total of \$231,578 for this investment was realized in FY23.
- In April 2023, MVF participated in the first of a three-year investment plan with The Roux Institute's Founder Residency Fund, Future of Healthcare Fund I, alongside Maine Health and Northern Light Health. The Future of Healthcare Fund is the first of its kind in Northern New England and is turbocharging Maine's growing healthcare technology industry by bringing thirty early stage healthtech companies to the State of Maine, starting in 2023. At June 30, 2023, the Fund has invested \$150,000 in convertible notes across nine companies.
- Co-investors invested nearly \$42 million alongside the \$14.3 million invested by MVF for a ratio of 3:1. The investment ratio in FY22 was 19:1 with Co-investors investing nearly \$50 million alongside the \$2,609,754 invested by MVF.
- According to the Fund's internal tracking, portfolio companies employed 615 full-time equivalent people as of June 30, 2023, an increase of 152 FTEs from the prior fiscal year end.
- For FY23, the Fund was included in the State budget and received an annual appropriation of \$500,000, half received in July of 2022 and the remaining half in February of 2023.
- The Fund conducted its first Maine Startup Challenge business plan competition event in October 2022 in which applicants from grade school, high school, college and open tiers competed. MVF received sponsorship money totaling \$11,500, contributed \$500 and awarded \$500 in the grade school tier, \$1,000 in the high school tier, \$1,500 in the college tier and in the open tier, third place received \$1,500, second place received \$2,500 and first place received \$5,000.

**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, 2023 and 2022

- MVF continues to play a prominent role within Maine’s entrepreneurial support network, often collaborating with partners like Maine Technology Institute, Maine Center for Entrepreneurs, Coastal Enterprises and the Maine Angels investment group, among others. Additionally, the staff sits on numerous boards throughout the State, including portfolio company boards in an observer role and the Maine Innovation Economy Advisory Board.
- The Small Enterprise Growth Board is a deeply experienced Board knowledgeable in early-stage equity investing and in growing successful companies. For a list of current board members and their backgrounds, visit maineventurefund.com/team.

Financial Information

Statements of Net Position

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023 and 2022

Statements of Revenues, Expenses and Changes in Net Position

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023 and 2022

FY 2022 Highlights

- Maine Venture Fund (MVF or Fund) invested \$2,609,754 (including notes) and converted to equity approximately \$104,000 in accrued note interest in sixteen Maine companies in FY22, six new to the portfolio and ten receiving follow-on investments. In FY21, the Fund invested \$750,700 and converted to equity \$75,679 in accrued note interest in eleven Maine companies, one new and ten follow on.
- The Fund had ten note-to-equity conversions and one short-term note that was paid in full during FY22. One in July 2021: this note was purchased from MedRhythms, Inc. (October 2020 for \$75,000); note plus accrued interest of \$2,764 was converted to Series B Preferred Stock. Three in August 2021: one was purchased from Abierto Networks LLC (March 2020 for \$50,000); note plus accrued interest of \$5,289 was converted to Common Units; two were purchased from Ocean Approved, Inc. (April 2020 for \$122,931 and March 2021 for \$50,000); both notes plus combined accrued interest of \$10,900 converted to Series A-2 Preferred Stock. Three in November 2021: two notes were purchased from HighByte, Inc., (April 2020 for \$150,000 and November 2020 for \$75,000); both notes plus combined accrued interest of \$18,840 converted to Series Seed-1 Preferred Stock; one purchased from Reconnect, Inc. (December 2019 for \$200,000); note plus accrued interest of \$31,321 converted to Series Seed Preferred Stock. Three in February 2022: one purchased from Defendify, Inc. (December 2020 for \$100,000), note plus accrued interest of \$6,477 converted to Series A-1 Preferred Stock; two purchased from Maine Craft Distilling LLC, (August 2018 with a principal balance of \$157,560 and May 2019 for \$50,000), both notes plus the compounded interest on the 2018 note (for period August 2020 – August 2021) and accrued interest on both totaling \$17,215 converted to Series 2022 Preferred Units.
- One note purchased March 2021 in the amount of \$40,000 plus interest was paid in full by Maine Craft Distilling LLC in FY22.
- Co-investors invested nearly \$50 million alongside the \$2,609,754 invested by MVF for a ratio of 19 to 1. The co-investment ratio in FY21 was 14 to 1 on the Fund's \$826,000 of investment.
- According to the Fund's internal tracking, portfolio companies employed 463 full-time equivalent people as of June 30, 2022, a decrease of approximately 92 FTEs from the prior fiscal year end.
- In November 2021, an MVF portfolio company started making payments of principal and interest on a term note which is scheduled to be paid in full in October 2025.
- In September 2021, Vetro, Inc. bought back 31,900 shares of Series A Stock at \$8.65/share, originally purchased at \$2/share, resulting in a total return of \$265,582 after applicable sale fees; \$63,800 was applied to principal and \$201,782 to a capital gain.
- In April 2022, a portfolio company was acquired for \$130,000 which had a carrying value of \$206,575. The Fund may receive an additional amount of approximately \$76,000 related to the sale.
- For FY22, the Fund was included in the State budget and received an annual appropriation of \$500,000, half received in July 2021 and the remaining half in February 2022.

**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, 2023 and 2022

- 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, 2023 and 2022

Financial Information

Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Assets:			
Cash equivalents	\$ 6,741,758	\$ 9,101,577	(25.9)%
Interest receivable	93,336	125,412	(25.6)
Notes receivable, net	1,053,437	1,701,193	(38.1)
Other receivable	130,000	—	—
Investments, net	9,181,502	6,641,988	38.2
Prepaid expense	<u>9,328</u>	<u>1,585</u>	<u>488.5</u>
Total assets	<u>\$17,209,361</u>	<u>\$17,571,755</u>	<u>(2.1)</u>
Liabilities:			
Accounts payable	\$ 2,574	\$ 1,961	31.3
Accrued expenses	<u>46,651</u>	<u>42,180</u>	<u>10.6</u>
Total liabilities	49,225	44,141	11.5
Net Position:			
Unrestricted net position	<u>17,160,136</u>	<u>17,527,614</u>	<u>(2.1)</u>
Total net position	<u>\$17,160,136</u>	<u>\$17,527,614</u>	<u>(2.1)%</u>

Asset fluctuations between cash equivalents and investments represent an increase in invested cash in the portfolio. The decrease in notes receivable is primarily driven by current year equity conversions. Investments in companies (including notes) amounted to \$2,609,754 during the year and are somewhat offset by \$193,800 of returned capital upon sale, \$51,000 of note receivable payments, and approximately \$500,000 of investment write-downs. Write-downs were recorded on three companies during FY22. The overall decrease is also mitigated by the \$500,000 received from the State Governor's budget appropriations made to the Fund.

**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, 2023 and 2022

Statements of Revenues, Expenses and Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Operating revenues:			
Investment income	\$ 27,375	\$ 47,961	(42.9)%
Interest income on notes receivable	75,006	110,966	(32.4)
Realized gains on sales of investments	126,007	271,723	(53.6)
Other income	<u>11,973</u>	<u>575</u>	<u>1,982.3</u>
Total operating revenues	240,361	431,225	(44.3)
Operating expenses:			
Salary expense	334,803	305,552	9.6
Payroll benefits expense	120,898	120,602	0.2
General and administrative expense	<u>151,708</u>	<u>107,049</u>	<u>41.7</u>
Total administrative operating expenses	607,409	533,203	13.9
Write-down/provision on investments/notes receivable	<u>500,430</u>	<u>1,327,834</u>	<u>(62.3)</u>
Total operating expenses	<u>1,107,839</u>	<u>1,861,037</u>	<u>(40.5)</u>
Operating loss	(867,478)	(1,429,812)	(39.3)
Capital contribution from State of Maine	500,000	450,000	11.1
Net position at beginning of year	<u>17,527,614</u>	<u>18,507,426</u>	<u>(5.3)</u>
Net position at end of year	<u>\$17,160,136</u>	<u>\$17,527,614</u>	<u>(2.1)%</u>

The Fund had an operating loss of \$867,478 for the fiscal year. Operating revenues decreased 44.3% or \$190,864, primarily due a drop in investment earnings and realized gains on sales of investments. Operating expenses decreased 40.5% or \$753,198 due to a change in salary expenses and general administrative expenses, but the change was primarily driven by a decrease in write downs of investments from \$1,327,834 in FY21 to \$500,430 in FY22.

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

STATEMENTS OF NET POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash equivalents (note 2)	\$ 6,063,749	\$ 6,741,758
Interest receivable	48,718	55,698
Notes receivable, net	300,000	401,098
Other receivable	30,952	130,000
Prepaid expenses	<u>140,159</u>	<u>9,328</u>
Total current assets	6,583,578	7,337,882
Noncurrent assets:		
Interest receivable	180,715	37,638
Notes receivable, net	8,889,173	652,339
Investments, net	<u>14,378,031</u>	<u>9,181,502</u>
Total noncurrent assets	<u>23,447,919</u>	<u>9,871,479</u>
Total assets	<u>\$30,031,497</u>	<u>\$17,209,361</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	2,037	\$ 2,574
Accrued expenses	<u>44,712</u>	<u>46,651</u>
Total current liabilities	<u>46,749</u>	<u>49,225</u>
Total liabilities	46,749	49,225
Commitments (note 4)		
<u>NET POSITION (note 7)</u>		
Unrestricted net position	<u>29,984,748</u>	<u>17,160,136</u>
Total net position	<u>\$29,984,748</u>	<u>\$17,160,136</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Investment income	\$ 138,901	\$ 27,375
Interest income on notes receivable	218,757	75,006
Realized gains on sales of investments	302,531	126,007
Grant income (note 9)	12,767,870	—
Other income	<u>22,500</u>	<u>11,973</u>
Total operating revenues	13,450,559	240,361
Operating expenses:		
Salary expense	318,915	334,803
Payroll benefits expense	162,870	120,898
General and administrative expense (note 6)	<u>194,162</u>	<u>151,708</u>
Total administrative operating expenses	675,947	607,409
Write-down/provision on investments/notes receivable	<u>450,000</u>	<u>500,430</u>
Total operating expenses	<u>1,125,947</u>	<u>1,107,839</u>
Operating income (loss)	12,324,612	(867,478)
Capital contribution from State of Maine (note 1)	500,000	500,000
Net position, beginning of year	<u>17,160,136</u>	<u>17,527,614</u>
Net position, end of year	<u>\$29,984,748</u>	<u>\$17,160,136</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Interest received on notes receivable	\$ 2,851	\$ 3,027
Principal received on notes receivable	18,166	51,396
Notes receivable originated	(9,200,000)	(325,000)
Disbursements for investments	(4,870,005)	(2,284,754)
Proceeds from sale of investments	757,201	265,581
Grant income received	12,767,870	—
Dividend and other income received	22,500	11,973
Investment income received	138,901	27,375
Payments for operating expenses	(491,273)	(279,231)
Payments to employees	<u>(324,220)</u>	<u>(330,186)</u>
Net cash used by operating activities	(1,178,009)	(2,859,819)
Cash flows from financing activities:		
Contributed capital	<u>500,000</u>	<u>500,000</u>
Net decrease in cash equivalents	(678,009)	(2,359,819)
Cash equivalents, at beginning of year	<u>6,741,758</u>	<u>9,101,577</u>
Cash equivalents, at end of year	\$ <u>6,063,749</u>	\$ <u>6,741,758</u>
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating income (loss)	\$12,324,612	\$ (867,478)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Provision for losses on notes receivable	450,000	500
Write-down of investments	—	499,930
Realized gain on sale of investments	(302,531)	(126,007)
Changes in assets and liabilities:		
Interest receivable	(136,097)	32,076
Prepaid expenses	(130,831)	(7,743)
Other receivable	99,048	(130,000)
Notes receivable, net	(8,585,736)	745,186
Investments, net	(4,893,998)	(3,011,367)
Accounts payable	(537)	613
Accrued expenses	<u>(1,939)</u>	<u>4,471</u>
Net cash used by operating activities	\$ <u>(1,178,009)</u>	\$ <u>(2,859,819)</u>

Supplemental disclosure of noncash activities:

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

During 2022, \$932,560 of net notes receivable and \$91,704 of interest receivable was converted to investments. \$11,700 of accrued interest was converted to principal of notes receivable.

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, 2023 and 2022

1. Organization and Significant Accounting Policies

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

Authorizing Legislation

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

Purpose of the Fund

The Fund is used to provide capital to small Maine businesses that show potential for high growth and public benefit but are unable to obtain adequate conventional financing from financial institutions. The State of Maine capitalized the Fund by issuing general obligation bonds. The initial capitalization was \$5,000,000. The Fund received additional capital of \$3,000,000 in fiscal year 2001 from general fund appropriations of the State of Maine, \$1,000,000 in fiscal year 2008 from proceeds of a State of Maine economic development bond, \$4,000,000 in fiscal year 2011 from proceeds of a State of Maine economic development bond, \$5,000,000 in fiscal year 2019 from the proceeds of a State of Maine economic development bond, and \$500,000 in fiscal years 2019, 2021, 2022 and 2023 from general fund appropriations of the State of Maine. Currently, financing is provided to qualifying business enterprises through lending arrangements and direct equity investments. Lending agreements generally provide for the issuance of warrants to the Fund or the option of converting its investment from debt to equity through the use of convertible debentures. The Fund also makes direct equity investments in Maine businesses. Operating activities of the Fund include lending and direct equity investments.

In June 2010, the State Legislature amended the statute governing the Fund to broaden the powers of the Board of Directors. The new authority given to the Board allows it to take capital from individuals and entities other than the State for investment in Maine Companies through return-based “side car” funds. Through June 30, 2023, the Fund had not exercised such powers.

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. Organization and Significant Accounting Policies (Continued)

Basis of Accounting

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

Fund Administration

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

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

Management Estimates

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

Cash Equivalents

For purposes of preparing the statements of cash flows, the Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At June 30, 2023 and 2022, the Fund’s cash equivalents consisted of amounts held in the State of Maine Treasurer’s cash pool and bank deposits.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. Organization and Significant Accounting Policies (Continued)

Investments

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

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

	<u>2023</u>	<u>2022</u>
Cost basis	\$15,653,644	\$11,242,177
Carrying value	\$14,378,031	\$ 9,181,502

The carrying value of \$14,378,031 at June 30, 2023 consists of investments in twenty-nine companies, one of which has a balance greater than 10% of the Fund's recorded net investment balances. This investment made up \$2,604,149 of the carrying value at June 30, 2023. At June 30, 2022, the carrying value of \$9,181,502 consisted of investments in twenty-seven companies, none of which constituted a material concentration of the Fund's recorded net investment balance.

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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. Organization and Significant Accounting Policies (Continued)

Operating Revenues and Expenses

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

Grant Income

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

Risks and Uncertainties

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

2. Cash Equivalents

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

	<u>2023</u>	<u>2022</u>
Bank deposits	\$ 245,543	\$ 273,799
State of Maine Treasurer's cash pool	<u>5,818,206</u>	<u>6,467,959</u>
	<u>\$6,063,749</u>	<u>\$6,741,758</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

2. Cash Equivalents (Continued)

At June 30, 2023 and 2022, bank deposits had a bank balance of \$260,777 and \$290,190, respectively, and a carrying amount of \$245,543 and \$273,799, respectively. The difference between the carrying amount of deposits and bank balance consists primarily of checks issued but not cashed and deposits in transit. At June 30, 2023 and 2022, \$250,000 of bank deposits are covered by Federal depository insurance and \$10,777 and \$40,190, respectively, are uninsured.

3. Notes Receivable

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

	<u>2023</u>	<u>2022</u>
Note dated February 2018, interest at 5%, interest accrued until maturity, due February 2023. This note is unsecured and was converted to equity in 2023.	\$ —	\$ 39,398
Note dated May 2018, interest at 5%, interest accrued until maturity, due May 2023. This note is unsecured and was converted to equity in 2023.	—	61,700
Note dated March 2019, interest at 5%, interest accrued until maturity, due January 2021. This note is unsecured, was fully reserved and written off in 2023.	—	5,000
Note dated March 2019, interest at 5%, interest accrued until maturity, due March 2024. This note is unsecured and was converted to equity in 2023.	—	45,000
Note dated April 2020, interest at 6%, interest accrued until maturity, due April 2025. This note is unsecured and was converted to equity in 2023.	—	150,000
Note dated November 2020, interest at 6%, interest accrued until maturity, due June 2024. This note is unsecured.	150,000	150,000
Note dated December 2019, interest at 5%, interest accrued until maturity, due June 2024. This note is unsecured.	100,000	100,000
Note dated December 2019, interest at 18%, interest accrued until maturity, due December 2022. This note is unsecured and was converted to equity in 2023.	—	50,000
Note dated March 2021, interest at 4%, interest accrued until maturity, due March 2026. This note is unsecured.	100,000	100,000
Note dated April 2021, interest at 6%, interest accrued until maturity, due January 2026. This note is unsecured.	44,000	44,000
Note dated September 2021, interest at 8%, interest accrued monthly, due September 2025. This note is unsecured.	45,173	63,339
Note dated May 2022, interest at 4%, interest accrued until maturity, due May 2027. This note is unsecured.	100,000	100,000
Note dated May 2022, interest at 5%, interest accrued until maturity, due May 2027. This note is unsecured and was converted to equity in 2023.	—	100,000

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

June 30, 2023 and 2022

3. Notes Receivable (Continued)

	<u>2023</u>	<u>2022</u>
Note dated April 2022. The note bears no interest rate and is converted to equity upon a qualifying event.	\$ 50,000	\$ 50,000
Note dated October 2022, interest at 6%, interest accrued until maturity, due October 2024. This note is unsecured.	200,000	—
Note dated November 2022, interest at 5%, interest accrued until maturity, due May 2024. This note is unsecured.	50,000	—
Note dated December 2022, interest at 6%, interest accrued until maturity, due June 2024. This note is unsecured.	250,000	—
Note dated December 2022, interest at 6%, interest accrued until maturity due December 2024. This note is unsecured.	50,000	—
Note dated February 2023, interest at 8%, interest accrued until maturity due February 2025. This note is unsecured.	1,500,000	—
Note dated February 2023, interest at 8%, interest accrued until maturity due February 2025. This note is unsecured.	1,700,000	—
Note dated February 2023, interest at 8%, interest accrued until maturity due August 2024. This note is unsecured.	250,000	—
Note dated February 2023, interest at 6%, interest accrued until maturity, due February 2025. This note is unsecured.	50,000	—
Note dated April 2023, interest at 8%, interest accrued until maturity, due April 2025. This note is unsecured.	1,300,000	—
Note dated April 2023, interest at 10%, interest accrued until maturity, due April 2025. This note is unsecured.	50,000	—
Note dated May 2023, interest at 5%, interest accrued until maturity, due May 2025. This note is unsecured.	3,500,000	—
Series of nine notes in connection with the Fund's investment in the Roux Fund, dated April 2023. The notes bear no interest rate and are converted to equity upon a qualifying event.	<u>150,000</u>	<u>—</u>
	9,639,173	1,058,437
Allowance for losses	<u>(450,000)</u>	<u>(5,000)</u>
Notes receivable, net	9,189,173	1,053,437
Current portion of notes receivable, net	<u>300,000</u>	<u>401,098</u>
Noncurrent portion of notes receivable, net	<u>\$8,889,173</u>	<u>\$ 652,339</u>

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

June 30, 2023 and 2022

3. Notes Receivable (Continued)

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

	<u>2023</u>	<u>2022</u>
Allowance for losses on notes:		
Beginning balance	\$ 5,000	\$102,430
Provision for losses	450,000	500
Charge-offs	(5,000)	—
Transfer upon note conversion	<u>—</u>	<u>(97,930)</u>
Ending balance	<u>\$450,000</u>	<u>\$ 5,000</u>

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

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

4. Commitments

At June 30, 2023, the Fund did not have any commitments to provide financing to small Maine businesses. The Fund uses the same process in making commitments as it does for actual financing activities. The Fund has committed a minimum investment of \$750,000 with the Roux Fund and other Roux Venture Creation and Acceleration programs for the period from February 1, 2022 to January 1, 2025.

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, 2023 or 2022 because there is no market for the warrants and the business enterprises are in the start-up and development phase, and as a result, the value of their common stock and related warrants is impractical to determine.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

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 2023 and 2022 statements of revenues, expenses and changes in net position, is approximately \$12,000 and \$6,000, respectively, paid to the Authority for such services. On October 4, 2022, the Fund signed its second agreement with the Authority to receive monies under the State Small Business Credit Initiative (SSBCI). SSBCI was established by the *Small Business Act of 2010* as amended by the *American Rescue Plan Act of 2021* (SSBCI II). The Fund is an approved "participating State program" under SSBCI. See note 9.

7. Total Net Position

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

	<u>2023</u>	<u>2022</u>
Contributed capital	\$20,956,767	\$20,456,767
Retained earnings (accumulated deficit)	<u>9,027,981</u>	<u>(3,296,631)</u>
Total net position	<u>\$29,984,748</u>	<u>\$17,160,136</u>

There are no restrictions on net position at June 30, 2023 and 2022. The Fund's unrestricted net position is generally reserved for program related activities.

8. Risk Management

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

9. State Small Business Credit Initiative

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

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, 2023

<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>\$ (1,125,947)</u>	<u>\$ —</u>	<u>\$ 521,288</u>	<u>\$ 12,767,870</u>	<u>\$ —</u>	\$ 12,163,211
		General revenues:				
						138,901
						<u>22,500</u>
						<u>161,401</u>
						12,324,612
						500,000
						<u>17,160,136</u>
						<u>\$ 29,984,748</u>