



**Maryland Technology Development Corporation
(TEDCO)**

**Annual Report
and
Financial Statements**

Fiscal Year 2023

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Introduction

Maryland has been at the forefront of supporting technology-based development, through organizations like the Maryland Technology Development Corporation (TEDCO). Created in 1998 by Maryland General Assembly to facilitate the transfer and commercialization of technology from Maryland's research universities and federal labs into the marketplace and to assist in the creation and growth of technology-based businesses in all regions of the State, TEDCO has supported the development and expansion of Maryland's entrepreneurial and innovation driven economy through targeted research, commercialization, and financing programs as well as business support and outreach programs. TEDCO's programs have supported the development of a large, diverse and growing portfolio of companies that supports the growth and diversification of the Maryland economy.

TEDCO, a "body politic and corporate and constituted as a public instrumentality of the State," was governed by a 19-member Board of Directors that includes the Secretary of the Department of Commerce as a member. Fourteen board members are appointed by the Governor with the approval of the Senate, two members are appointed by the President of the Senate, and two members are appointed by the Speaker of the House.

Mission

Enhance economic empowerment by fostering an inclusive entrepreneurial and innovation ecosystem. Identify, invest in, and help grow technology companies in Maryland.

Vision

TEDCO will be the recognized national leader for supporting translational research, and technology-based, economic, and entrepreneurial development while being the hub of Maryland's innovation ecosystem.

Core Values

TEDCO's core values unite us and guide our efforts and interactions with people inside and outside of TEDCO. They are critical in TEDCO's commitment to excellence in carrying out its mission and serving its stakeholders:

- **Accountability** – We take responsibility for our actions and for adherence to our mission, and we ensure that this responsibility is ingrained throughout the organization. We measure our activities and report our outcomes to our stakeholders. We do the right thing.
- **Collaboration** – We focus on building trust and credibility across the organization and with our customers. We are transparent in the exchange of ideas and our encouragement of one another. We value teamwork in our pursuit of supporting innovation and entrepreneurial excellence.
- **Integrity** – We provide the best quality service to our customers and strive to exceed expectations. We pursue innovation and entrepreneurial success with the highest regard for moral and ethical standards. We stand by what we say and what we do, and we always

act in an honest and open way.

- **Respect** – We uphold a culture of respect at work, within our communities, and nationally. We embrace diversity and value our employees for their individuality and the unique perspectives that they bring to the organization.
- **Stewardship** – We take seriously our responsibility to manage scarce resources and to serve as stewards of State, Federal, and private funds. We value our ability to carry out our mission and to serve our customers in an efficient and fiscally responsible manner. We encourage and empower TEDCO’s staff to act in accordance with our culture.

Technology Transfer and Commercialization

Maryland Innovation Initiative

Chapter 450 of 2012 created the Maryland Innovation Initiative (MII). The MII program is Maryland’s premier early-stage technology transfer and commercialization program. Established in 2012, MII is a partnership between the State of Maryland; Johns Hopkins University; Morgan State University; the University of Maryland, College Park; the University of Maryland, Baltimore; and the University of Maryland, Baltimore County. The program’s mission is to accelerate promising technologies with significant commercial potential to market while leveraging each partner institution’s strengths. As part of a “Bench-to-Market” approach, the program offers grants to assess commercial viability of technology and investments for companies that form to license the related intellectual property.

Since the launch of the initiative in 2012, MII has seen not only a steady increase in demand for the grants, but also an improvement in the quality of the companies spun-out of the partner institutions. Many of MII’s partner institutions have launched several pre-MII funds and programs to enhance their competitiveness for the MII funds: an indication toward true ecosystem maturation.

FY2023 MII Statistics

- # of proposals - 47
- # of awards/investments – 37 (30 awards / 7 MII investments)
- # of start-up companies formed - 32
- # of start-up companies funded – 7
- Total amount granted and invested - \$4,791,353

MII Pilot Program

TEDCO’s Maryland Innovation Initiative (MII) was given a pilot program, established by legislation in 2021 (Chapter 697), to expand its model to entrepreneurial activities at two of the State’s four-year public comprehensive universities, Bowie State University and Frostburg State University. The MII is pursuing the vision of promoting entrepreneurship and technology commercialization at two pilot universities. The Program is designed to poise these universities as formidable anchor institutions for their respective regions and communities and expose these

comprehensive universities to the knowledge and resources available at the major research institution partners in the main MII program, thus knitting the university entrepreneurship ecosystem together.

In Fiscal Year 2023, TEDCO funded three (3) pilot programs through this pilot program. Information on these programs are provided below:

- **Entrepreneurship XTreme Pilot (Bowie State University)**
FY 2023 Funding: \$77,540
The BSU Entrepreneurship XTreme Pilot will provide students with an immersive experiential learning opportunity and offer a variety of technical support services to startup founders and existing businesses interested in tech-based ventures. Under this pilot program, a team of eight BSU students will be matched with interested founders and business owners for 2-to-3-month projects, which may entail website development, software development, software testing, and other tech-based support services. With the MII's investment, the program aims to jumpstart 2-3 companies and use the lessons learned to build out the program for scale.
- **Bobcat Innovation Launch Pad (Frostburg State University)**
FY 2023 Funding: \$100,000
The Bobcat Innovation Launch Pad, managed by FSU in partnership with Deloitte, will encourage student teams from multiple disciplines to develop commercially viable technology-based solutions to vexing societal challenges, with a focus on climate change and renewable energy. Structured as a 3-day event that blends elements of a traditional hackathon with that of a business pitch competition, the program will attract approximately 50 students with a draw of a small cash prize to foster development of the winning ideas. MII's funding will help launch this innovation and entrepreneurship initiative.
- **Regional Cyber Operations Center Feasibility Study (Frostburg State University)**
FY 2023 Funding: \$150,000
A Regional Cyber Security Operations Center (RSOC) is an entity that provides continuous operational IT security by monitoring, assessing, preventing, and responding to threats to protected IT systems. FSU in partnership with Deloitte, seeks to study the feasibility of establishing a RSOC for Western Maryland, which will serve to protect the region's businesses, non-profit organizations, and local government entities from the threat of cyber breaches. The study will explore the resources needed for the launch and the potential educational workforce and economic impact of an RSOC which will strengthen the role of FSU as an anchor institution for the region. Results will be used to further develop a pilot program for Western Maryland that could be replicated in other parts of the State.

Maryland Technology Commercialization Fund

TEDCO's legacy initiative in technology transfer and commercialization is the Maryland Technology Commercialization Fund (TCF). TCF supports technology and product development by start-up companies often deemed too early in their development to gain the interest of traditional venture capital investments. TCF's investments are intended to defray the cost of the additional

research and development activities that would move a specific technology or technology package to the threshold of commercialization.

FY2023 TCF Statistics

- # of investments - 3
- # of jobs in funded companies – 6¹
- Total \$ invested - \$870,000

Cybersecurity Investment Fund

Chapter 535 of 2014 created the Cybersecurity Investment Fund (CIF). The CIF is targeted to cyber security technologies and builds on TEDCO’s Technology Commercialization Fund.

FY2023 CIF Statistics

- # of proposals received - 4
- # of investments - 6
- # of jobs in funded companies – 12²
- Total \$ invested-\$2,150,000
- Annual amount of follow-on funding for active CIF portfolio - \$16,008,714

Life Science Investment Fund

The Life Science Investment Fund provides funding to companies developing products for human health that require FDA approval. This fund was transferred to TEDCO from the Department of Commerce’s BioMaryland program. This program previously provided awards under the names Biotechnology Development Awards and the Translational Research Awards. TEDCO modified the funding program to better meet the demand of those life science companies with the most challenging commercialization pathways.

FY2023 LSIF Statistics

- # of investments - 7
- # of jobs in funded companies – 14³
- Total \$ invested- \$1,850,000

Gap Investment Fund

The Gap Investment Fund seeks to make disbursements to start-up technology-based companies that need capital to grow their businesses in Maryland. The disbursements are matched by investments the company has received from other sources. The purpose of this Fund is to help bridge the gap to traditional institutional venture capital and retain companies in Maryland who might be vulnerable to leave the state for other funding opportunities at this stage of investment. Companies must use Gap Investment Funds to employ new staff to grow and become more firmly

¹ Estimate

² Estimate

³ Estimate

established in Maryland.

FY2023 Gap Investment Fund Statistics

- # of investments – 2
- # of jobs in funded companies – 14⁴
- \$ awarded - \$1,000,000

Builder Fund

The Pre-seed Builder Fund (or Builder Fund) was created to financially and operationally support the development of startup companies run by entrepreneurs who demonstrate a socially or economically disadvantaged background that hinders access to traditional forms of capital and executive networks at the pre-seed stage. Companies selected for Builder Fund support receive direct investment and agree to receive executive management assistance to accomplish specified milestones that better position the company for follow-on, professional investment. The Builder Fund differentiates itself by identifying exceptional investment opportunities statewide operated and majority owned by anyone who can exert proof of their economic disadvantaged status (as informed by 13 CFR 124) by collaboratively advancing the development of those opportunities in ways that can lead to the next stage of investment. This program supports TEDCO's overall mission of discovering, investing in, and helping to build great, Maryland-based companies that grow and last. In FY 2023, the program provided funding to 28 companies.

To provide additional support, TEDCO advises companies of other State programs for minority and women-owned businesses. Specifically, all companies are informed of the services and investment programs under the Maryland Small Business Development Financing Authority (MSBDFFA). TEDCO will systematically make referrals to MSBDFFA for all companies that express an interest in other resources.

FY2023 Builder Fund Statistics

- # of investments - 28
- # of jobs in funded companies – 16
- \$ awarded - \$5,300,000

State Small Business Credit Initiative (SSBCI)

In fiscal 2022, it was announced that TEDCO would receive additional funding through the U.S. Treasury Department's State Small Business Credit Initiative (SSBCI). TEDCO developed plans to allocate the funds into four existing programs targeting technology-based Maryland businesses and entrepreneurs through SSBCI.

Three programs—the Venture Equity Fund, Venture Capital Limited Partnership Equity program, and Seed Funds Equity program—are primarily focused on venture capital and startup funding. The fourth, the Social Impact Funds, provides investment and support to entrepreneurs who demonstrate economic or social disadvantage. Through these four programs, TEDCO continues to leverage its relationships with top-tier technology companies, entrepreneurs, and

⁴ Estimate

investors in the state while collaborating with universities, regional business accelerators and incubators, and other organizations.

In Fiscal Year 2023, TEDCO allocated the following amounts:

Social Impact Fund: \$1,650,000
Seed Funds Equity Program: \$4,841,022
Venture Equity Fund: \$4,358,075

The Venture Capital Limited Partnership Equity Program is planned for launch in FY24.

Coordinating Emerging Nanobiotechnology Research in Maryland Fund

Chapter 446 of 2008 created the Coordinating Emerging Nanobiotechnology Research in Maryland Fund. This program has never received an appropriation, and as such there is no program activity to report.

Technology Incubator Program

Incubator Development Fund

On June 1, 2001, TEDCO’s enabling legislation was modified to create the Incubator Development Fund (IDF). To date, capital appropriations for the fund total \$8,267,500. No new projects were funded in FY2023. The IDF summary is shown below:

| Incubator | Funding Awarded |
|---|------------------------|
| techcenter@UMBC | \$1,000,000 |
| Silver Spring Innovation Center | \$1,000,000 |
| ETC@Johns Hopkins Eastern | \$1,000,000 |
| Frederick Innovative Technology Center@Hood | \$425,000 |
| Prince George’s County Technology Assistance Center | \$230,000 |
| Rockville Innovation Technology Center | \$1,000,000 |
| Frederick Innovative Technology Center@Monocacy | \$562,500 |
| Hagerstown Technical Innovation Center | \$450,000 |
| University of Maryland-Baltimore | \$1,000,000 |
| Germantown Innovation Center | \$600,000 |
| Dorchester County | \$1,000,000 |
| Subtotals | \$8,267,500 |

Incubator Feasibility Studies

In order to qualify appropriate opportunities for the Incubator Development Fund, TEDCO must engage partners to sponsor independent, professional studies of the feasibility of potential incubator projects. Each study is sponsored by a local government, college, university, or non-profit corporation, and provides at least a 1:1 cash match. No feasibility studies were undertaken in FY 2023.

Business Assistance Fund

To support the incubator network in Maryland, TEDCO provides the Maryland Business Innovation Association (MBIA) with project funding grants to assist start-ups located within individual incubators. The individual grant amounts are determined through a competitive application process which is managed by MBIA.

The funding is used to both attract start-ups to incubators and help start-ups pay for assistance that is not provided by their incubators. This includes but is not limited to the following types of business assistance:

- Prototype development
- Market studies
- Lab equipment purchases
- Competitive analysis

Entrepreneur and Ecosystem Empowerment (E3)

TEDCO's Gateway Services group was renamed Entrepreneur and Ecosystem Empowerment (E3) in FY2020. While the number of programs has expanded, the programs' goals remain focused on assisting start-up companies with key milestones that are designed to accelerate growth. Our E3 programs and services take several different forms, depending on the stage of the company and an assessment of its likely path forward. The TEDCO E3 Team collaborates with the start-up company and its other advisors to create an advisory solution that complements and augments the other assistance being received by the entrepreneur. The types of services provided are described below.

Rural Business Innovation Initiative

Studies conducted by the United States Small Business Administration (SBA) have shown that high-tech companies based in rural areas are often impeded by the absence of infrastructure necessary to support technical commercial enterprises and the inability to recruit critical masses of people with the appropriate education and skill sets to fully staff such enterprises. However, the same studies show that when rural policy initiatives are enacted to provide small business assistance through non-profits and rural development centers, economic development in those areas is enhanced.

The Rural Business Innovation Initiative (RBII) was created to address the needs of small businesses in the rural areas of Maryland (Western Maryland, Southern Maryland, Northeastern Maryland, Upper Eastern Shore and Lower Eastern Shore) through the Rural Business Innovation Initiative (RBII). Since its inception in 2009, the program has been supported by state, federal, and TEDCO funds. To implement the program, TEDCO brought on Business Mentors from the local areas to enhance technology commercialization activities by providing technical and business assistance to incubator-stage companies and incubators in the targeted counties. The program currently provides project grants and pre-seed investments.

The RBII program has been well-received by rural businesses and elected officials and has been successful in providing technical assistance to the entrepreneurs in the rural areas. The hands-on involvement of the Business Mentors and the technical assistance of third-party consultants have

been key factors in furthering the growth of these start-up companies.

In fiscal 2023, Business Mentors mentored 41 new companies, resulting in 1,451 hours of mentoring. Three companies received pre-seed investments and five companies received project grant funding.

Examples of business assistance included:

- Market studies
- Competitive analysis
- Funding for infrastructure development
- Funding for technical assistance
- Funding for product development

In addition, the RBII program organized regional meetings with TEDCO's CEO and continued to support the virtual I-Corps course in conjunction with UMD. To increase participation and access for underrepresented entrepreneurs, while maintaining focus on rural companies, access to this course was also extended to companies from other TEDCO programs.

Rural Pre-Seed Fund

In FY 2018, the RBII program launched a Rural Pre-Seed Investment Fund which invests \$25,000 in rural companies in the RBII program. As of FY 2023, a total of 16 investments have been made totaling \$400,000. This diverse group of founders and companies has gone on to raise over \$60 million in follow-on investment.

Urban Business Innovation Initiative

In FY21, the E3 team expanded the RBII concept to assist underserved entrepreneurs in two urban areas, Prince George's County and Baltimore City. This program is referred to as the Urban Business Innovation Initiative (UBII).

In FY23, UBII representatives mentored 53 new companies with a total of 819 mentoring hours and 1,693 hours of outreach. In addition, the program approved four project grants to start-ups. Like RBII, the mentor reps in these regions also work with other ecosystem organizations, accelerators, and incubators to ensure entrepreneurs are connected to the right resources at the right time in their growth. The UBII program has formalized these relationships and meets quarterly as a group.

Comprehensive Technical Assistance Program

The Comprehensive Technical Assistance Program, established by Chapter 235 of 2021, was created to provide comprehensive technical assistance to any business that qualifies for TEDCO's funding programs. Many early-stage companies engage with TEDCO for financial and other technical support. The types of service required by these companies, a concierge-like service, requires a significant commitment of staff time. TEDCO staff can provide technical assistance themselves, direct the company to other resources in the State, or match the company with expertise through its vast network of advisors. The fiscal note for this legislation estimated it would cost TEDCO about \$250,000 annually and would impact approximately 130 companies.

While the legislation passed, TEDCO has not yet received funding for this program. As required,

TEDCO has promulgated regulations to implement the program, however, TEDCO lacks the funding to move forward with the program.

Maryland Makerspace Initiative Program

In fiscal year 2023, TEDCO launched the Maryland Makerspace Initiative Program. Created through legislation passed by the Maryland General Assembly, the Makerspace Program provides grants up to \$100,000 and technical assistance (provided by Open Works) for qualified entities looking to establish a new Makerspace, expand an existing Makerspace, or develop Makerspace programming. The mission of this initiative is to grow a state-wide community of Makerspaces that provides entrepreneurs with access to tools, technologies, and knowledge to support their growth and development as well as expand workforce training. In the first year of this program, TEDCO received 32 applications and awarded funding to 20 makerspace projects spanning 11 counties and Baltimore City.

Network Advisors

Growing great companies takes more than money and Maryland's entrepreneurs repeatedly express the need for assistance in certain very specific areas. To help meet that need, TEDCO has curated a highly diverse network of advisors who have current, relevant experience in one or more of these specific areas. This group, the Network Advisors, brings its broad and diversified depth of experience to bear on the unique needs of Maryland's start-up companies – the entire effort is dedicated to helping the State's technology-based entrepreneurs reach their full potential. Network Advisors typically provide 2 – 3 hours of pro bono advising to individual companies multiple times a year. In FY23, this program grew to 105 Network Advisors and requests for Network Advisors grew by over 90%.

Loaned Executives

In certain cases, companies that have already received, or are likely to receive, an investment from TEDCO, can engage one of the Network Advisors on a contractual basis to provide paid advisory services to a company to help that company achieve a specific milestone and make them competitive for the next round of funding and growth. In FY2023, TEDCO funded 11 loaned executive projects. Projects have demographically and geographically spanned the state and range from designing medical device prototypes to filing non-provisional patents to developing customer acquisition and sales strategies. All projects went to underserved entrepreneurs.

Prelude Pitch

Each month, TEDCO invites start-up companies to practice their pitch in front of TEDCO team members and experienced mentors (Network Advisors) to receive valuable feedback and an introduction to TEDCO. In FY23, TEDCO held multiple virtual Prelude Pitch events which provided 46 companies an opportunity to pitch their ideas. This was a 35.29% growth over the prior year and requests to participate in the Prelude Pitch increased by 85% creating a multi-month-long waiting list.

Roundtables

The CEO Roundtable groups 10 to 12 non-competitive portfolio entrepreneurs around a common theme – industry vertical, demographic, or stage of development. It is expected that each roundtable will continue to operate as long as it remains relevant. Participants are asked to make a soft commitment of one year to the roundtable, but turnover is anticipated, and once established, the facilitator and roundtable group will approve new members. In FY 2023, there were five Roundtables including the CEO Sales Roundtable, Women's Roundtable, AI Roundtable, SaaS Roundtable, and HealthIT Roundtable.

While Roundtables were heavily attended (virtually) during the pandemic, post pandemic participation was less active. Therefore, due to weakening impact, E3 capacity issues, and requests from entrepreneurs for larger networking opportunities this program was retired at the end of FY23.

On-line Educational Resources & Workshops

While several educational materials on entrepreneurship can be found on-line, the current thinking around best practices in entrepreneurship revolves around the lean start-up approach. TEDCO believes strongly that entrepreneurs in most technology sectors should follow these practices when working to establish a company. The TEDCO website links entrepreneurs to a variety of available and accessible on-line educational resources including several focused on the lean start-up approach.

To add to these educational resources, in FY23, TEDCO held Investor Readiness Workshops, an Accounting 201 Workshop, a FDA Pathway Seminar, and a Cross-Cultural Entrepreneurship: Empower your Voice Workshop.

Maryland Entrepreneur Hub

In FY21, TEDCO partnered with Commerce and USM to build and develop a state-wide AI enabled platform designed to connect all parts of the entrepreneurial community. The Maryland Entrepreneur Hub now enables innovators, startup founders, and small business owners to find and connect with the right resources for their business, including investors, universities, mentoring programs, networking groups, training programs, and more. Resources can also be viewed on a map by region or by type of resource, industry sector, stage of growth, type of business, and/or by founder focus (e.g., Female led, Black led, Latino led, BIPOC led, Veteran-led, and underserved founders). In FY23, this platform was upgraded to include a Workforce Hub, additional resources, and a new user interface design.

Market Search Databases and IPGen

Many start-up companies fail due to a lack of understanding of their market. While there is no substitute for talking to potential customers, entrepreneurs first need to assess their potential market at a general level. An understanding of competitors, industry trends, and market segments through secondary research is an important part of developing a plan to launch a business. Moreover, entrepreneurs that do not have a solid understanding of their market will find it difficult to raise funding from TEDCO and other investors.

Market Search Services provided by TEDCO continue to be available to entrepreneurs via remote access. The services are a resource to help entrepreneurs address the challenges of conducting market assessments. The goal is to improve the market assessment and opportunity analysis associated with

the development of business plans and applications for TEDCO's funding programs.

In addition to research, entrepreneurs often need assistance in understanding their intellectual property (IP) and the patent process. With this in mind, TEDCO partnered with a Builder Fund portfolio company called IPGen, which was founded by a patent attorney. IPGen uses AI, NLP, machine learning, and NLG, to streamline and simplify various stages of the patent process. The platform is free for entrepreneurs to use for one year as they navigate the complexities around securing their IP.

Federal Laboratory Technology Initiatives

NIST-Science and Technology Entrepreneurship Program

The overall objective of N-STEP (NIST – Science and Technology Entrepreneurship Program) is to provide opportunities for motivated researchers to build upon the experience gained while working at the National Institute of Standards and Technology (NIST) as they explore entrepreneurial careers. The Program is focused on the commercialization of research performed at NIST by employees nearing the end of their term of employment (including graduating post-docs) who are interested in forming companies to independently pursue further translational research and development of technologies specifically related to NIST's mission so that the technologies can be commercialized as products or services to benefit the public. Fourteen awards have been made, three applications are under review, and two companies have submitted inquiries. If all five applicants are funded in FY24, the remaining funding will support three additional companies. TEDCO granted one new N-STEP award in FY23.

FAST Grant – SBIR/STTR Proposal Lab

The Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) Proposal Lab is a series of workshops funded, in part, by the Small Business Administration with a TEDCO match of cash and in-kind effort. TEDCO teamed with the GovCon Incubator and the Small Business Development Center (SBDC) on a Small Business Administration FAST grant. The grant was extended by the SBA for one additional year (FY24). The output of the program has been an increase in the win rate for first-time SBIR/STTR proposals from Women-Owned, Small Disadvantaged, and Rural Maryland businesses. The original program's goal was to double the national win rate of 16% to 32% for Proposal Lab participants. The program has an overall award rate of 40%. Not only does the SBIR/STTR Proposal Lab help with the SBIR/STTR win rate, but also provides business skills that improve the entrepreneur's overall business acumen. For FY23, TEDCO received 46 applicants and accepted 22 companies into the program. Recruiting for the FY24 cohort begins on October 1, 2023.

The Maryland Defense Technology Commercialization Center (DefTech)

DefTech is funded by the Department of Defense (DoD) Office of Local Community Cooperation (OLD-CC), TEDCO, and the Maryland Department of Commerce to connect Maryland businesses to the DoD laboratories to further product development, engage in cooperative research, and access the unique facilities, equipment, and expertise available through DoD lab engagement. The program started in mid-FY23, three consultants were hired, and the program is currently supporting 30 companies' product and solution development with DoD Labs. DefTech received a no-cost extension through June 2024.

TEDCO Administration – Salaries and Incentives

In accordance with § 10-415(a)(2)(iii) of the Economic Development Article, the following exhibit provides the salaries and incentives as approved by the Board for TEDCO employees for fiscal 2023. The data represents approved positions and compensation, not actual expenditures, as several positions were vacant for at least a portion of the fiscal year.

Fiscal 2023 Positions – Salary and Incentive Summary

| <u>Title</u> | <u>Number of Positions</u> | <u>Total Salaries</u> | <u>Total Incentives</u> | <u>Total Annual Compensation</u> |
|----------------------|----------------------------|-----------------------|-------------------------|----------------------------------|
| Executive Management | 3 | \$792,225 | \$269,357 | \$1,061,582 |
| Vice President/Chief | 3 | \$645,828 | \$219,582 | \$865,410 |
| Program Director | 6 | \$964,471 | \$327,920 | \$1,292,391 |
| Assistant Director | 7 | \$809,760 | \$275,318 | \$1,085,078 |
| Associate | 2 | \$142,000 | \$48,280 | \$190,280 |
| Administration | 2 | \$176,188 | \$59,904 | \$236,092 |
| Total | 24 | \$3,530,472 | \$1,200,360 | \$4,730,832 |

The Board of Directors and the executive staff of TEDCO are currently reviewing TEDCO's compensation policy, including the use of bonuses, to ensure that the compensation structure conforms to existing state practices, while encouraging recruitment and retention.

Current TEDCO Investments

In accordance with § 10-415(a)(2) of the Economic Development Article, Appendix B of this report includes detailed information on all entities that have current investments from TEDCO programs. Specifically, the report includes information on the place of principal business operations, the number of employees in and outside of the State, capital investments; job creation; and a determination of which entities are qualified businesses as established by Chapter 487 and 488 of 2019.

The information contained in Appendix B reflects investments made prior to the enactment of Chapter 487 and 488 of 2019. As such, some portfolio companies fall outside of the new definition of qualified business. This is due, in most cases, to the growth of the company's staff (sales staff, technical staff, etc.) outside of Maryland. In other instances, the Maryland company is acquired by an out-of-state company and therefore falls outside the designation of qualified business. In a smaller number of cases, the company failed to prosper and decided to shutter its operations. It should be noted that some companies fail to report this data to TEDCO; however, TEDCO continues to encourage accurate and timely reporting of data. Despite these challenges, the majority of portfolio companies meet the reporting standards and meet the newly adopted requirements in the statute for qualified businesses. The statute also requires that TEDCO report on the creation of, appointments to, and responsibilities of any advisory committee related to its

investments. At this time, TEDCO has not created, nor does it have plans to create an advisory committee for its investments. TEDCO's Investment Committee and the Maryland Venture Fund Authority have been reconstituted and are meeting in accordance with statute.

Maryland Stem Cell Research Fund

A more detailed report regarding the project summary and financial support will be provided in the 2022 Stem Cell Annual Report to the Governor as indicated in section § 10-442 of the Economic Development Article. This report is due on or before January 1.

Maryland Venture Fund

The Maryland Venture Fund was transferred from the Department of Business and Economic Development to TEDCO on October 1, 2015. A more detailed report regarding this program will be provided in the 2022 Maryland Venture Fund Annual Report to the Governor, the Senate Budget and Taxation Committee and the House Ways and Means Committee as required by § 10-499 of the Economic Development Article. This report is due on or before January 1.

7/1/2022 to 6/30/2023

| Account Name | County | State | City | Maryland Employees | Employees | Industry | Program | Investment Date | Amount |
|---|------------------------|-------|---------------|--------------------|-----------|----------------|--------------------------------|-----------------|----------------|
| Sonosa Medical, Inc | Baltimore City | MD | Baltimore | | 4 | Healthcare | Seed Investment Funds | 7/7/2022 | \$200,000.00 |
| Authmind | Montgomery County | MD | Rockville | | 2 | Cybersecurity | Seed Investment Funds | 7/25/2022 | \$500,000.00 |
| CyDeploy, LLC | Baltimore City | MD | Baltimore | | 4 | Software | Social Impact | 2/9/2023 | \$150,000.00 |
| Previs (Capsulomics, Inc) | Baltimore City | MD | Baltimore | | 3 | | Maryland Innovation Initiative | 8/12/2022 | \$200,000.00 |
| Galen Robotics Inc. | Baltimore City | MD | Baltimore | | 28 | Medical Device | Seed Investment Funds | 4/21/2023 | \$499,999.81 |
| Longeviti Neuro Solutions LLC | Baltimore County | MD | Hunt Valley | | 20 | Medical Device | Maryland Venture Fund | 4/18/2023 | \$500,000.00 |
| Hememics Biotechnologies, Inc. | Montgomery County | MD | Gaithersburg | | 13 | Medical Device | Maryland Venture Fund | 4/28/2023 | \$500,000.00 |
| Hopr corporation | Howard County | MD | Columbia | | 1 | Cybersecurity | Seed Investment Funds | 4/24/2023 | \$300,000.00 |
| TruGenomix Health Inc. (dba Polaris Genomics) | Montgomery County | MD | Gaithersburg | | 3 | | Social Impact | 5/8/2023 | \$500,000.00 |
| Nataur LLC | Baltimore County | MD | Baltimore | | 1 | | Social Impact | 6/1/2023 | \$200,000.00 |
| Femly Corporation | Baltimore City | MD | Baltimore | | 5 | | Social Impact | 6/7/2023 | \$200,000.00 |
| Tuzmo, Inc. | Montgomery County | MD | Gaithersburg | | 2 | | Social Impact | 6/15/2023 | \$200,000.00 |
| Tao Treasures LLC DBA Nanobiofab | Frederick County | MD | Frederick | | 4 | Healthcare | Social Impact | 4/7/2023 | \$350,000.00 |
| ARMR Systems, LLC | Baltimore City | MD | Baltimore | | 3 | Government | Social Impact | 6/14/2023 | \$250,000.00 |
| AGED Diagnostics | Montgomery County | MD | Bethesda | | 3 | | Seed Investment Funds | 6/13/2023 | \$250,000.00 |
| Nostopharma LLC | Montgomery County | MD | Bethesda | | 1 | Biotechnology | | 6/7/2023 | \$250,000.00 |
| Sisu Global Health, Inc. | Baltimore City | MD | Baltimore | | | Medical Device | Seed Investment Funds | 4/13/2023 | \$100,000.00 |
| Polaris Genomics | | | | | | | | 5/9/2023 | \$500,000.00 |
| Ensemble Government Services, LLC | Prince George's County | MD | Hyattsville | | 2 | | Seed Investment Funds | 5/5/2023 | \$200,000.00 |
| Medcura, Inc. | Prince George's County | MD | Riverdale | | 6 | Biotechnology | Maryland Venture Fund | 8/8/2022 | \$1,000,000.00 |
| Balance Theory, Inc | Howard County | MD | Columbia | | 4 | Cybersecurity | Seed Investment Funds | 9/2/2022 | \$500,000.00 |
| Prompt Diagnostics | | MD | Baltimore | | | | | 2/6/2023 | |
| Hopr corporation | Howard County | MD | Columbia | | 1 | Cybersecurity | Seed Investment Funds | 7/29/2022 | \$200,000.00 |
| Linshom Management, LLC | Howard County | MD | Baltimore | | | Medical Device | Maryland Venture Fund | 12/19/2022 | |
| ComputChem LLC | | MD | | | | | | 1/3/2023 | |
| ARMR Systems, LLC | Baltimore City | MD | Baltimore | | 3 | Government | Social Impact | 10/27/2022 | \$100,000.00 |
| Unmanned Propulsion Development LLC | Saint Mary's County | MD | Leonardtown | | 1 | Engineering | Seed Investment Funds | 11/10/2022 | \$170,000.00 |
| Conarium Bioworks Inc. | Howard County | MD | Ellicott City | | 1 | Healthcare | Seed Investment Funds | 11/30/2022 | \$200,000.00 |
| VirgilHR | Montgomery County | MD | Gaithersburg | | | Other | Social Impact | 10/18/2022 | \$200,000.00 |
| Warrior Centric Health | Howard County | MD | ELLCOTT CITY | | 5 | | | 12/16/2022 | \$999,999.00 |
| AGED Diagnostics | Montgomery County | MD | Bethesda | | 3 | | Seed Investment Funds | 6/13/2023 | \$200,000.00 |
| Theradaptive, Inc. | Montgomery County | MD | Frederick | | 13 | Biotechnology | | 12/16/2022 | \$500,000.00 |
| SeeTrue Technology, LLC | Montgomery County | MD | Rockville | | 3 | Biotechnology | Social Impact | 12/6/2022 | \$100,000.00 |
| Infinite Focus Schools DBA Clymb | Baltimore City | MD | Baltimore | | | Education | Social Impact | 11/10/2022 | \$150,000.00 |
| Nasaclip, Inc. | Baltimore City | MD | Baltimore | | | Biotechnology | Social Impact | 12/20/2022 | \$250,000.00 |
| Keep Company, Inc. | Montgomery County | MD | Bethesda | | 3 | Other | Social Impact | 12/19/2022 | \$200,000.00 |
| Tao Treasures LLC DBA Nanobiofab | Frederick County | MD | Frederick | | 4 | Healthcare | Social Impact | 9/30/2022 | \$200,000.00 |

**MARYLAND TECHNOLOGY DEVELOPMENT
CORPORATION**

A COMPONENT UNIT OF THE STATE OF MARYLAND

**Consolidated Financial Statements and
Supplementary Information**

For the Years Ended June 30, 2023 and 2022

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
TABLE OF CONTENTS

| | |
|---|----|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 4 |
| Consolidated Financial Statements | |
| Consolidated Statements of Net Position | 12 |
| Consolidated Statements of Revenues, Expenses, and Changes in Net Position | 13 |
| Consolidated Statements of Cash Flows | 14 |
| Notes to Consolidated Financial Statements | 16 |
| Supplementary Information | |
| Consolidating Schedules of Net Position | 36 |
| Consolidating Schedules of Revenues, Expenses, and Changes in Net Position | 38 |
| Schedules of Governmental Activities | 40 |



INDEPENDENT AUDITORS' REPORT

Board of Directors
Maryland Technology Development Corporation (TEDCO)
Columbia, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying consolidated financial statements of the Maryland Technology Development Corporation (TEDCO), a component unit of the State of Maryland, as of and for the years ended June 30, 2023 and 2022, and the related notes to the consolidated financial statements, which collectively comprise TEDCO's basic consolidated financial statements as listed in the table of contents.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of TEDCO, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 TEDCO, 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TEDCO's ability to continue as a going concern for twelve months beyond the consolidated 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 consolidated 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 opinions. 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 generally accepted auditing standards and *Government Auditing Standards* 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 TEDCO'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TEDCO'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 on pages 4 through 11 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated 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 consolidated 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise TEDCO's basic consolidated financial statements. The accompanying consolidating schedules of net position, consolidating schedules of revenues, expenses, and changes in net position, and the schedules of governmental activities (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated 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 consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 2 to the consolidated financial statements, TEDCO adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023, on our consideration of TEDCO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TEDCO's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TEDCO's internal control over financial reporting and compliance.

SC+H Attest Services, P.C.

Baltimore, Maryland
September 22, 2023

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

Brief Discussion of the Basic Financial Statements

Maryland Technology Development Corporation (TEDCO) is a body corporate and politic and is constituted as a public instrumentality of the State of Maryland. TEDCO's mission upon creation was to capitalize on the vast underutilized technology assets in the State's research universities through commercialization. This mission has expanded to include the enhancement of Maryland's economic development by fostering an inclusive entrepreneurial innovation ecosystem. To accomplish this, TEDCO identifies, invests in, and supports the growth of technology companies throughout Maryland through the distribution of grants and investments focused on technology commercialization, financial support for incubators, and educational and coaching activities for entrepreneurs.

Additionally, TEDCO administers the Maryland Stem Cell Research Fund (MSCRF), which promotes State-funded stem cell research through grants to public and private entities in the State, along with administering the Maryland Innovation Initiative (MII). MII is focused on supporting technology proof of concept and commercialization of research conducted in partnership universities and leveraging each institution's strengths. In October 2015, TEDCO acquired the Maryland Venture Fund (MVF) through legislation. However, TEDCO does not receive any new appropriation for the operation of MVF and now considers MVF an Evergreen Fund.

As usual, TEDCO has had a very productive Fiscal Year 2023. Applications were higher in most programs and interest in our programs and services remained high as evidenced by a large demand for funding and staff mentoring/counseling. Some specific program statistics follow:

- Technology Commercialization Fund (TCF)
 - 84 applications, 3 companies funded, \$870,000 deployed.
- Life Science Investment Fund (LSIF)
 - 23 applications, 7 companies funded, \$1,849,973 deployed.
- Cyber Security Investment Fund (CIF)
 - 14 applications, 6 companies funded, \$2,150,000 deployed.
- MSCRF
 - 91 applications, 51 projects funded, \$18,281,023 deployed.
- MII
 - 47 applications, 34 projects funded, \$5,251,173 deployed.
- Gap Investment Fund
 - 17 applications, 2 company funded, \$1,000,000 deployed.
- Builder Fund
 - 115 applications, 20 companies funded, \$4,000,000 deployed.
- Inclusion Fund
 - 1 company funded, \$100,000 deployed.
- SSBCI 2.0
 - 23 companies funded, \$10,844,059 deployed.
- Makerspace
 - 33 applications, 20 companies funded, \$799,115 deployed.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

Brief Discussion of the Basic Financial Statements – continued

TEDCO continues to be one of the most active players in Maryland's innovation and entrepreneurial community. Examples of this activity include serving on boards like Maryland incubators, tech council and industry groups; sponsoring and participating in numerous events throughout the State; and enhancing economic development in our rural and urban communities with a dedicated program to help grow technology innovations.

A key ingredient to TEDCO's success is collaboration. TEDCO takes on a variety of collaborations including those with tech transfer offices in university and federal labs focused on commercialization efforts, partnering with other community members on programs and grant applications, state and local economic development agencies on community building, tech councils and state and federal legislators through testimonial support of policy and program initiatives.

This annual report consists of the consolidated statements of net position, the consolidated statements of revenues, expenses, and changes in net position, the consolidated statements of cash flows, and notes to the consolidated financial statements, which provide information about the activities of TEDCO and MVF.

The discussion and analysis that follows presents a general overview of the financial performance and activities of the consolidated entity of TEDCO from July 1, 2022 through June 30, 2023. As required supplementary information, the analysis should be used in conjunction with the consolidated financial statements and related notes to assess the overall financial condition and reported results of operations of TEDCO.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

Consolidated Comparative Financial Statements

Condensed consolidated statements of net position:

| | 2023 | 2022 | 2021 | 2023 / 2022 Change | 2022 / 2021 Change |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ 61,965,463 | \$ 48,660,369 | \$ 56,867,963 | \$ 13,305,094 | \$ (8,207,594) |
| Investments | 2,011,720 | 2,426,322 | 3,212,769 | (414,602) | (786,447) |
| Accounts receivable | 277,428 | 560,966 | 1,960,091 | (283,538) | (1,399,125) |
| Loan receivable | 25,000 | 25,000 | 25,000 | - | - |
| Current portion of notes receivable | 1,589,742 | 831,359 | 761,852 | 758,383 | 69,507 |
| Prepaid expenses and other current assets | 89,234 | 113,625 | 102,119 | (24,391) | 11,506 |
| Total Current Assets | <u>65,958,587</u> | <u>52,617,641</u> | <u>62,929,794</u> | <u>13,340,946</u> | <u>(10,312,153)</u> |
| NONCURRENT ASSETS | | | | | |
| Restricted cash | 1,188,503 | 1,454,532 | 2,006,667 | (266,029) | (552,135) |
| Investments | 69,681,983 | 68,476,514 | 70,870,518 | 1,205,469 | (2,394,004) |
| Loan receivable | 800,000 | 825,000 | 850,000 | (25,000) | (25,000) |
| Notes receivable | 27,087,705 | 14,299,297 | 9,447,627 | 12,788,408 | 4,851,670 |
| Deposits | 26,340 | 49,476 | 71,340 | (23,136) | (21,864) |
| Subscription assets | 567,408 | 398,819 | - | 168,589 | 398,819 |
| Right-of-use assets | - | 1,005,681 | 1,279,957 | (1,005,681) | (274,276) |
| Capital assets | 48,600 | 24,259 | 14,648 | 24,341 | 9,611 |
| Total Noncurrent Assets | <u>99,400,539</u> | <u>86,533,578</u> | <u>84,540,757</u> | <u>12,866,961</u> | <u>1,992,821</u> |
| Total Assets | <u>\$ 165,359,126</u> | <u>\$ 139,151,219</u> | <u>\$ 147,470,551</u> | <u>\$ 26,207,907</u> | <u>\$ (8,319,332)</u> |
| LIABILITIES | | | | | |
| Current liabilities | \$ 35,004,635 | \$ 19,663,472 | \$ 27,143,306 | \$ 15,341,163 | \$ (7,479,834) |
| Non-current liabilities | 296,503 | 1,200,477 | 1,266,540 | (903,974) | (66,063) |
| Total Liabilities | <u>35,301,138</u> | <u>20,863,949</u> | <u>28,409,846</u> | <u>15,316,163</u> | <u>(7,504,834)</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 25,299 | - | - | 25,299 | - |
| Unrestricted | 130,032,689 | 118,287,270 | 119,060,705 | 11,745,419 | (773,435) |
| Total Net Position | <u>130,057,988</u> | <u>118,287,270</u> | <u>119,060,705</u> | <u>11,770,718</u> | <u>(773,435)</u> |
| Total Liabilities and Net Position | <u>\$ 165,359,126</u> | <u>\$ 139,151,219</u> | <u>\$ 147,470,551</u> | <u>\$ 26,207,907</u> | <u>\$ (8,319,332)</u> |

The largest portions of TEDCO's total assets as of June 30, 2023 are investments of \$71,693,703, cash and cash equivalents, including restricted cash, of \$63,153,966, and notes receivable of \$27,395,933.

The largest portions of TEDCO's total assets as of June 30, 2022 are investments of \$70,902,836, cash and cash equivalents, including restricted cash, of \$50,114,901, and notes receivable of \$15,130,656.

The largest portion of TEDCO's total liabilities as of June 30, 2023 are stem cell and other grants payable of \$22,053,312.

The largest portion of TEDCO's total liabilities as of June 30, 2022 are stem cell and other grants payable of \$11,994,229.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

Comparative Financial Statements – continued

Condensed consolidated statements of revenues, expenses, and changes in net position:

| | 2023 | 2022 | 2021 | 2023 / 2022 Change | 2022 / 2021 Change |
|--|----------------------|----------------------|----------------------|-----------------------|------------------------|
| Operating Revenues – Grants and Other | \$ 54,909,864 | \$ 25,903,594 | \$ 27,159,078 | \$ 29,006,270 | \$ (1,255,484) |
| Operating Expenses | | | | | |
| Stem Cell Program | 19,185,466 | 9,077,608 | 8,169,528 | 10,107,858 | 908,080 |
| Tech Transfer | 6,542,989 | 7,131,495 | 8,328,742 | (588,506) | (1,197,247) |
| Business Incubation | 3,384,173 | 2,576,167 | 6,315,222 | 808,006 | (3,739,055) |
| Maryland Venture Fund | 2,232,082 | 1,188,406 | 1,159,414 | 1,043,676 | 28,992 |
| General Administration | 4,656,806 | 2,748,461 | 1,590,337 | 1,908,345 | 1,158,124 |
| Total Operating Expenses | <u>36,001,516</u> | <u>22,722,137</u> | <u>25,563,243</u> | <u>13,279,379</u> | <u>(2,841,106)</u> |
| Net Operating Income | 18,908,348 | 3,181,457 | 1,595,835 | 15,726,891 | 1,585,622 |
| Investment Earnings (Losses) | (2,344,828) | 10,848,413 | 22,115,849 | (13,193,241) | (11,267,436) |
| Transfer to State of Maryland | (4,792,802) | (14,803,305) | (17,670,260) | 10,010,503 | 2,866,955 |
| Change in Net Position | <u>\$ 11,770,718</u> | <u>\$ (773,435)</u> | <u>\$ 6,041,424</u> | <u>\$ 12,544,153</u> | <u>\$ (6,814,859)</u> |
| Total Revenues | <u>\$ 52,565,036</u> | <u>\$ 36,752,007</u> | <u>\$ 49,274,927</u> | <u>\$ 15,813,029</u> | <u>\$ (12,522,920)</u> |

Analysis of Overall Financial Position and Results of Operations

TEDCO's revenues are derived primarily from State grants for operations and the administration of MSCRF and MII, Federal grants, royalties, and investment earnings. TEDCO's revenues increased approximately 43% from \$36,752,007 for the year ended June 30, 2022 to \$52,565,036 for the year ended June 30, 2023. Most of this increase was from the increase of State funding for the Stem Cell Research program.

TEDCO's revenues decreased approximately 25% from \$49,274,927 for the year ended June 30, 2021 to \$36,752,007 for the year ended June 30, 2022. This decrease was primarily from a drop in investment earnings (\$11M).

TEDCO's programs & operations revenue (not including stem cell and MII) from the State of Maryland increased approximately 48% from \$10,202,738 for the year ended June 30, 2022 to \$15,125,125 for the year ended June 30, 2023. This increase was primarily due to the revenue released (earned income) associated when an investment is made plus two new programs funded by the State; State Small Business Credit Initiative (SSBCI) and the Inclusion Fund. The Builder Fund and Life Science Investment programs had an increase from FY22.

TEDCO's programs & operations revenue (not including stem cell and MII) from the State of Maryland decreased approximately 13% from \$11,735,340 for the year ended June 30, 2021 to \$10,202,738 for the year ended June 30, 2022. This decrease was due to one-time programs funded in FY2021.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

Analysis of Overall Financial Position and Results of Operations - continued

TEDCO's current assets increased approximately 25% from \$52,617,641 as of June 30, 2022 to \$65,958,587 as of June 30, 2023. The increase is due to an increase in cash and cash equivalents and accounts receivable.

TEDCO's current assets decreased approximately 16% from \$62,929,794 as of June 30, 2021 to \$52,617,641 as of June 30, 2022. The decrease is due to a decrease in cash and cash equivalents and accounts receivable.

TEDCO's noncurrent assets increased approximately 14.8% from \$86,533,578 as of June 30, 2022 to \$99,400,539 as of June 30, 2023. The increase is due to an increase in notes receivable.

TEDCO's noncurrent assets increased approximately 2% from \$84,540,757 as of June 30, 2021 to \$86,533,578 as of June 30, 2022. The increase is due to an increase in notes receivable (\$4.8M) offset by a decrease in investments (\$2.4M).

TEDCO's current liabilities increased approximately 78% from \$19,663,472 as of June 30, 2022 to \$35,004,635 as of June 30, 2023. This increase is due to the deployment of the additional Stem Cell grant funds from the State for FY23. Most Stem Cell grants are awarded in May and at year-end are a current liability.

TEDCO's current liabilities decreased approximately 27.6% from \$27,143,306 as of June 30, 2021 to \$19,663,472 as of June 30, 2022. This decrease is due to the reduction of other grants payable (RUBRIC grants paid out) and a reduction of accounts payable and accrued expenses at year-end.

Operating expenses increased approximately 58% from \$22,722,137 for the year ended June 30, 2022 to \$36,001,516 for the year ended June 30, 2023. This is primarily due to an increase of \$10M in the Stem Cell Program along with \$2M in General Administration expenses.

Operating expenses decreased approximately 11% from \$25,563,243 for the year ended June 30, 2021 to \$22,722,137 for the year ended June 30, 2022. This is primarily due to a decrease of \$3.7M in Business Incubation from the FY21 RUBRIC program.

Net position increased by approximately 9.9% from \$118,287,270 as of June 30, 2022 to \$130,063,788 as of June 30, 2023.

Net position decreased by approximately 0.7% from \$119,060,705 as of June 30, 2021 to \$118,287,270 as of June 30, 2022.

Description of Capital Asset and Long-Term Debt Activity

During fiscal year 2023, TEDCO did not purchase any major capital assets. Computer equipment was purchased at a cost of \$22,310. Depreciation and amortization expense was \$4,856 for the year ended June 30, 2023.

During fiscal year 2022, TEDCO did not purchase any major capital assets. Computer equipment was purchased at a cost of \$17,308. Depreciation and amortization expense was \$6,731 for the year ended June 30, 2022.

TEDCO does not have any long-term debt.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

Discussion of Currently Known Facts, Decisions, or Conditions

Fiscal Year 2024 State-Funded Operating Budget

The total State appropriation to TEDCO for fiscal year 2024 is \$59,676,649.

The breakdown of funds is:

- Operating Programs-\$2,935,816
- Cyber MarylandTEDCO -\$690,000
- MSCRF-\$20,500,000
- MII-\$5,300,000
- MII Pilot - \$500,000
- Rural Business Innovation Initiative-\$640,000
- Maryland Industrial Partnerships-\$300,000
- CIF-\$900,000
- LSIF-\$1,000,000
- Gap Investment Fund-\$1,000,000
- Builder Investment Fund-\$6,200,000
- Inclusion Fund - \$750,000
- Animal Testing - \$915,000
- Equitech Fund - \$3,000,000
- Makerspace - \$1,000,000
- Maryland Equity Investment Fund - \$10,000,000
- SSBCI 2.0 - \$4,045,833

The purpose of MSCRF is to promote State-funded stem cell research and cures through grants to public and private entities in the State. MSCRF is a special, non-lapsing fund that is not subject to the State Finance and Procurement Article. The Maryland Stem Cell Commission (the Commission), established by the Maryland General Assembly, has established an independent scientific peer review committee composed of nationally recognized scientific experts in the field of stem cell research. The Committee reviews, ranks, and rates research proposals for State-funded stem cell research based on procedures and guidelines established by the Commission, and in a manner that gives consideration to the scientific, medical, and ethical implications of the research. The Committee will then make recommendations to the Commission, based on the ranking and ratings awarded to each research proposal according to its scientific merit.

MII was established in 2012 to accelerate the rate of commercializing university-developed technologies in Maryland. MII will partner with the University of Maryland-College Park, the University of Maryland-Baltimore, the University of Maryland-Baltimore County, Morgan State University and Johns Hopkins University. In addition to the \$5,300,000, each of the five Universities contribute into this program for an additional \$800,000.

The Maryland Innovation Initiative (MII) Pilot Program is pursuing the vision of promoting entrepreneurship and technology commercialization at two pilot universities – Bowie State University and Frostburg State University. The Program is designed to poise these universities as formidable anchor institutions for their respective regions and communities and expose these comprehensive universities to the knowledge and resources available at the major research institution partners in the main MII program, thus knitting the university entrepreneurship ecosystem together.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

Discussion of Currently Known Facts, Decisions, or Conditions - continued

The Rural Business Innovation Initiative assists start-up and small technology-based businesses in the rural and urban areas of Maryland to advance the company to a higher level of success. The program offers professional ongoing mentoring and targeted projects to help companies succeed at no cost to the company.

The Cyber Investment Fund (CIF) will support Maryland companies to develop and commercialize new cybersecurity products.

The Life Science Investment Fund (LSIF) assists Maryland companies developing products addressing human health that require approval from the U.S. Food and Drug Administration (FDA) for commercialization.

The Gap Investment Fund addresses the critical gap in capital that exists between seed and venture investments, which often comes when companies are most vulnerable to leaving Maryland for investments from other states. The Gap Investment Fund helps retain these Maryland companies, many of which have already taken advantage of Maryland's various seed and pre-seed funding resources.

The Builder Investment Fund evolved from the Minority Business Pre-Seed Fund that was created in FY2017. The Builder Fund was created to financially and operationally support the development of start-up companies run by entrepreneurs who demonstrate a socially or economically disadvantaged background that hinders access to traditional forms of capital and executive networks at the pre-seed stage. Companies selected for a Builder Fund investment will also receive executive support to better position the company to receive follow-on, professional investment in 12 – 18 months. The Builder Fund differentiates itself by identifying exceptional investment opportunities in markets that are often overlooked by traditional funding organizations, by advancing the development of those opportunities, and by making valuable introductions that can lead to the next stage of investment.

The Inclusion Fund is a fund within TEDCO's Social Impact Funds. The Inclusion Fund focuses on investment opportunities that are often overlooked by traditional sources of investment and financing because of economic disadvantage. One of the biggest challenges is the gap between pre-seed and seed funding for these early-stage technology businesses and the Inclusion fund and seeks to invest in these companies. Ultimately, the companies create jobs in the State and become attractive candidates for follow on financing or investing.

The Makerspace Fund was created through legislation passed by the Maryland General Assembly. It provides grants up to \$100,000 and technical assistance for qualified entities looking to establish a new Makerspace, expand an existing Makerspace, or develop Makerspace programming. The goal is to grow a state-wide community of Makerspaces that provides entrepreneurs with access to tools, technologies, and knowledge to support their growth and development as well as expand workforce training. Funding will be awarded to 20 projects spanning 11 counties and Baltimore City.

For the SSBCI (State Small Business Credit Initiative) program, TEDCO will receive up to \$50 million and will allocate the funds into four existing programs targeting technology-based Maryland businesses and entrepreneurs. Three programs—the Venture Equity Fund, Venture Capital Limited Partnership Equity program, and Seed Funds Equity program—are primarily focused on venture capital and startup funding. The fourth, the Social Impact Funds, provides investment and support to entrepreneurs who demonstrate economic or social disadvantage. Through these four programs, TEDCO will continue to leverage its relationships with top-tier technology companies, entrepreneurs, and investors in the state while collaborating with universities, regional business accelerators and incubators, and other organizations.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022

Discussion of Currently Known Facts, Decisions, or Conditions - continued

The Equitech Growth Fund was legislated in 2023 and created the Maryland Equitech Growth Fund within TEDCO to address specific areas and goals, with funding provided at \$3 million in FY24 and \$5 million annually through FY33. A strategic plan is to be developed in consultation with the Maryland Economic Development Corporation, the Maryland Small Business Development Financing Authority, industry, university, and representative community groups. Ultimately, the legislative leadership seeks an impactful, inclusive, and measurable long-term economic development strategy in advanced technology industries to accelerate Maryland's growth. In tandem with this legislative effort, TEDCO launched an umbrella initiative – Cultivate Maryland – that captures the myriad of TEDCO programs that fall under the Equitech priorities such as TEDCO's women entrepreneur programs, RBII, E3, the Maryland Stem Cell Research Fund, Marketing, etc. Over 40 ecosystem stakeholders have pledged their support of this initiative, focused on stitching and scaling Maryland innovation assets, and addressing gaps.

The Maryland General Assembly created the Cyber Maryland Program for multiple purposes. The program will (1) create a talent pipeline that materially reduces workforce vacancies by July 1, 2026; (2) serve as a one-stop shop for employers seeking to leverage cyber workforce development programs offered by the State and its partners; (3) inform cybersecurity training and education programs operated by public or private entities with industry-driven needs; (4) build the most advanced local and State information technology (IT) workforce in the nation; (5) coordinate and accelerate cybersecurity research and innovation in the State; and (6) support the efforts of the Maryland Department of Information Technology to improve the State government's cybersecurity posture, including State agencies, local government units, and critical infrastructure.

The Maryland Equity Investment Fund's purpose is to allow unappropriated general fund surplus to be invested in a "qualified business" – with a goal to increase private equity and venture capital in the State. For fiscal 2024, the Governor must include an appropriation to the new fund equal to 10% of the unappropriated general fund surplus in excess of \$10.0 million from the second prior fiscal year, up to a maximum of \$10.0 million, with up to \$15.0 million instead of up to \$25.0 million being appropriated to the SRPS accumulation funds (trust fund) that year.

Maryland's entrepreneurs repeatedly express the need for assistance in certain very specific areas ranging from pitch practice and resources to peer support and mentoring to grants and rural pre-seed investments. TEDCO's Entrepreneur and Ecosystem Empowerment (E3) provides this while also supporting a range of ecosystem partners. TEDCO's Network Advisor program consists of experts and serial entrepreneurs that have current, relevant experience in a wide range of areas. They share their broad and diversified depth of experience with Maryland's start-up companies for the purpose of helping the State's technology-based entrepreneurs reach their full potential.

The Enterprise Investment Fund is MVF's flagship fund. MVF invests in early-stage growth companies that are leaders in software, hardware, cybersecurity or life science verticals. The typical initial investment ranges from \$300,000 to \$1,500,000 with the potential for additional investment for follow-on opportunities. The Enterprise Fund is an "evergreen fund" that reinvests returns into new and existing Maryland-based companies based on several factors that include the potential opportunity, return on investment and impact on economic development for Maryland.

Contacting TEDCO

Interested parties can contact TEDCO at 7021 Columbia Gateway Drive, Suite 500, Columbia, Maryland, 21046.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION

A COMPONENT UNIT OF THE STATE OF MARYLAND

Consolidated Statements of Net Position

| <i>As of June 30,</i> | <i>2023</i> | <i>2022</i> |
|---|----------------|----------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 61,965,463 | \$ 48,660,369 |
| Investments | 2,011,720 | 2,426,322 |
| Accounts receivable | 277,428 | 560,966 |
| Loan receivable | 25,000 | 25,000 |
| Current portion of notes receivable, net of allowance of \$2,578,929 and \$1,558,801 | 1,589,742 | 831,359 |
| Prepaid expenses and other current assets | 89,234 | 113,625 |
| Total Current Assets | 65,958,587 | 52,617,641 |
| Non-current Assets: | | |
| Restricted cash | 1,188,503 | 1,454,532 |
| Investments | 69,681,983 | 68,476,514 |
| Loan receivable – noncurrent | 800,000 | 825,000 |
| Notes receivable – noncurrent, net of allowance of \$12,366,159 and \$12,231,862 | 27,087,705 | 14,299,297 |
| Deposits | 26,340 | 49,476 |
| Subscription assets, net of accumulated amortization of \$432,208 and \$179,380 (as restated) | 567,408 | 398,819 |
| Right-of-use assets, net of accumulated amortization of \$0 and \$548,533 | - | 1,005,681 |
| Capital assets, net of accumulated depreciation and amortization of \$46,330 and \$277,154 | 48,600 | 24,259 |
| Total Non-current Assets (as restated) | 99,400,539 | 86,533,578 |
| Total Assets (as restated) | \$ 165,359,126 | \$ 139,151,219 |
| Liabilities and Net Position | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 3,756,479 | \$ 2,263,194 |
| Accrued interest (as restated) | 1,503 | 71,656 |
| Stem cell grants payable | 19,992,817 | 9,363,642 |
| Other grants payable | 2,060,495 | 2,630,587 |
| Due to State of Maryland | 4,792,803 | 3,570,255 |
| Subscription liabilities (as restated), current portion | 292,703 | 191,610 |
| Lease liability, current portion | - | 310,311 |
| Unearned grant revenue | 4,107,835 | 1,262,217 |
| Total Current Liabilities (as restated) | 35,004,635 | 19,663,472 |
| Non-current Liabilities: | | |
| Subscription liabilities (as restated), net of current portion | 296,503 | 244,248 |
| Lease liability, net of current portion | - | 956,229 |
| Total Non-current Liabilities (as restated) | 296,503 | 1,200,477 |
| Total Liabilities (as restated) | 35,301,138 | 20,863,949 |
| Commitments and Contingencies (Note 10) | | |
| Net Position: | | |
| Net investment in capital assets (as restated) | 25,299 | - |
| Unrestricted (as restated) | 130,032,689 | 118,287,270 |
| Total Net Position (as restated) | 130,057,988 | 118,287,270 |
| Total Liabilities and Net Position (as restated) | \$ 165,359,126 | \$ 139,151,219 |

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

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND

**Consolidated Statements of Revenues, Expenses, and
Changes in Net Position**

| <i>For the Years Ended June 30,</i> | <i>2023</i> | <i>2022</i> |
|---|----------------|----------------|
| Operating Revenues: | | |
| State of Maryland grants: | | |
| Maryland Stem Cell Research | \$ 19,193,541 | \$ 9,077,608 |
| State Small Business Credit Initiative | 11,081,043 | - |
| Maryland Innovation Initiative | 6,670,498 | 5,161,602 |
| TEDCO operations | 15,128,125 | 10,202,738 |
| Total State of Maryland grants | 52,073,207 | 24,441,948 |
| Federal grants | 206,109 | 146,525 |
| Sponsorships | 2,295 | 9,000 |
| Royalties | 345,137 | 396,930 |
| Other revenues | 2,283,116 | 909,191 |
| Total Operating Revenues | 54,909,864 | 25,903,594 |
| Operating Expenses | | |
| Stem Cell Program | 19,185,466 | 9,077,608 |
| Tech Transfer | 6,542,989 | 7,131,495 |
| Business Incubation | 3,384,173 | 2,576,167 |
| Maryland Venture Fund | 2,232,082 | 1,188,406 |
| General Administration (as restated) | 4,656,806 | 2,748,461 |
| Total Operating Expenses (as restated) | 36,001,516 | 22,722,137 |
| Operating Income | 18,908,348 | 3,181,457 |
| Non-operating Revenues | | |
| Investment (Losses) Earnings | (2,344,828) | 10,848,413 |
| Transfer to State of Maryland | (4,792,802) | (14,803,305) |
| Change in Net Position (as restated) | 11,770,718 | (773,435) |
| Net Position, beginning of year | 118,287,270 | 119,060,705 |
| Net Position, end of year (as restated) | \$ 130,057,988 | \$ 118,287,270 |

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

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND

Consolidated Statements of Cash Flows

| <i>For the Years Ended June 30,</i> | <i>2023</i> | <i>2022</i> |
|--|----------------------|----------------------|
| Cash Flows from Operating Activities: | | |
| Cash received from operations | \$ 58,039,020 | \$ 24,251,202 |
| Cash paid for operations | (22,896,071) | (24,819,263) |
| Net Cash, Cash Equivalents and Restricted Cash Provided by (Used In) Operating Activities | 35,142,949 | (568,061) |
| Cash Flows from Investing Activities: | | |
| Proceeds from sale of investments | 6,494,657 | 3,746,932 |
| Purchases of investments | (12,616,002) | (3,995,290) |
| Distributions from investments | 4,792,802 | 12,598,018 |
| Payments on loan receivable | 25,000 | 25,000 |
| Payments on notes receivable | 1,285,715 | 4,216,779 |
| Advances of notes receivable | (18,000,986) | (8,026,908) |
| Capital and related purchases of property and equipment | (43,845) | (17,311) |
| Loss on disposal of property and equipment | 2,247 | - |
| Net Cash, Cash Equivalents and Restricted Cash (Used in) Provided by Investing Activities | (18,060,412) | 8,547,220 |
| Cash Flows from Financing Activities: | | |
| Payments on lease liabilities | (205,149) | (286,504) |
| Payments on subscription liabilities | (268,069) | (142,341) |
| Net Cash, Cash Equivalents and Restricted Cash Used In Investing Activities | (473,218) | (428,845) |
| Transfer to State of Maryland General Fund | (3,570,254) | (16,310,043) |
| Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash | 13,039,065 | (8,759,729) |
| Cash, Cash Equivalents and Restricted Cash, beginning of year | 50,114,901 | 58,874,630 |
| Cash, Cash Equivalents and Restricted Cash, end of year | \$ 63,153,966 | \$ 50,114,901 |
| Reconciliation of operating income to net cash, cash equivalents and restricted cash provided by (used in) operating activities | | |
| Operating Income | \$ 18,908,348 | \$ 3,181,457 |
| Adjustments to reconcile operating income to net cash, cash equivalents and restricted cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 407,223 | 461,356 |
| Provision for bad debt | 1,168,480 | 568,156 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 283,538 | 1,399,125 |
| Prepaid expenses and other current assets | 24,391 | (11,506) |
| Deposits | 23,136 | 21,864 |
| Accounts payable and accrued expenses | 1,493,285 | (1,349,676) |
| Accrued interest | (70,153) | (12,102) |
| Stem cell grants payable | 10,629,175 | (197,394) |
| Grants payable | (570,092) | (1,577,824) |
| Unearned grant revenue | 2,845,618 | (3,051,517) |
| Net Cash, Cash Equivalents and Restricted Cash Provided by (Used In) Operating Activities | \$ 35,142,949 | \$ (568,061) |

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

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND

Consolidated Statements of Cash Flows - continued

| <i>For the Years Ended June 30,</i> | <i>2023</i> | <i>2022</i> |
|---|----------------|---------------|
| Non-cash Operating Activities | | |
| Recognition of subscription asset (Note 10) | \$ 421,417 | \$ 578,199 |
| Recognition of subscription liability (Note 10) | \$ 421,417 | \$ 578,199 |
| Derecognition of right-of-use asset (Note 10) | \$ 868,543 | \$ - |
| Derecognition of lease liability (Note 10) | \$ 1,061,391 | \$ - |
| Non-cash Investing Activities | | |
| Convertible Notes Receivable Converted to Equity Securities | \$ 2,000,000 | \$ 650,000 |
| Increase (Decrease) in Fair Value of Investments | \$ (7,648,452) | \$ 10,547,631 |
| RECONCILIATION TO STATEMENT OF NET POSITION | | |
| Cash and Cash Equivalents | \$ 61,965,463 | \$ 48,660,369 |
| Restricted Cash | 1,188,503 | 1,454,532 |
| Total Cash, Cash Equivalents and Restricted Cash | \$ 63,153,966 | \$ 50,114,901 |

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

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Maryland Technology Development Corporation (TEDCO) was established as a body corporate and politic and a public instrumentality of the State of Maryland (the State). TEDCO's board of directors consists of 18 individuals, the Secretary of the Maryland Department of Commerce and 17 members appointed by the Governor with the advice and consent of the State Senate. TEDCO works to:

- Assist in transferring to the private sector and commercializing the results and products of scientific research and development conducted by colleges, universities and federal labs.
- Assist in the commercialization of technology developed in the private sector. Foster commercialization of the research and development described above to create and sustain businesses throughout all regions of the State.
- Administer the Maryland Technology Incubator Program by promoting entrepreneurship and the creation of jobs in technology-related industry by establishing and operating effective incubators throughout the State that provide adequate physical space designed, and programs intended, to increase or accelerate business success in the field of technology.
- Administer the Maryland Stem Cell Research Fund. The purpose of the Fund is to promote state-funded stem cell research and cures through grants to public and private entities in the State. The Fund is a special, non-lapsing fund that is not subject to the State Finance and Procurement Article.
- Administer the Maryland Innovation Initiative Fund (MII). The purpose of the Fund is to promote commercialization of research conducted in the partnership universities and leverage each institution's strengths through grants to eligible research universities and university affiliated start-up companies.
- Administer the Maryland Venture Fund (MVF), an early-stage, evergreen venture capital fund, to make direct investments in early-stage technology and life science companies and indirect investments in venture capital funds.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Maryland Technology Development Corporation and MVF. TEDCO acquired MVF in October 2015 through legislation. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

All of TEDCO's activities are reported as an enterprise fund as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, as amended. Financial reporting for enterprise funds conforms to accounting principles generally applicable to the transactions of similar commercial enterprises and utilizes the full accrual method of accounting.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Accounting – continued

TEDCO prepares its consolidated financial statements using the “economic resources” measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by GASB. The consolidated statements of net position present all of TEDCO’s assets, liabilities, and deferred inflows/outflows of resources with the difference between the two reported as “net position.”

The statements of net position combine and consolidate all of TEDCO’s current financial resources with capital assets (net of accumulated depreciation) and liabilities. The end result is categorized as unrestricted net position. The consolidated statements of revenues, expenses and changes in net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

TEDCO is required to follow all statements of the GASB. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued to incorporate FASB and AICPA guidance into GASB authoritative literature. Other pronouncements of FASB are not applied in the preparation of the accompanying consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank accounts, overnight investment accounts, money market funds invested in federal government obligations, and cash and short-term investments on deposit with the State Treasurer. TEDCO considers all short-term securities with an original maturity of three months or less at the date of purchase to be cash equivalents. Certain grants require that TEDCO hold the grant monies in separate bank accounts.

The Annotated Code of Maryland requires TEDCO to maintain its cash balances on deposit with the State Treasurer, except for cash and cash equivalent accounts established to satisfy urgent cash requirements or proceeds of TEDCO financing arrangements. The State Treasurer maintains State funds on a pooled basis in accordance with the Annotated Code of Maryland.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Restricted Cash

Restricted cash represents amounts on deposit with the State Treasurer of \$17,678 and \$17,678 and with commercial banks of \$1,170,825 and \$1,436,854 as of June 30, 2023 and 2022, respectively. These amounts are designated to fulfill funding commitments of certain investments.

Accounts Receivable

Accounts receivable represent amounts appropriated from the State of Maryland, royalties due from companies TEDCO invested in and proceeds due from the sale of investments. Accounts receivable are reported at their outstanding balances. Based on past experience with accounts receivable from the State of Maryland and current analysis of amounts due from companies, TEDCO's management believes that no allowance for doubtful accounts is necessary.

Loan Receivable

Loan receivable consists of a non-interest bearing promissory note due from Dorchester County for funding TEDCO provided for the construction of a technology incubator. Loan receivable is reported at its outstanding balance. Beginning July 15, 2016, payments totaling \$25,000 are due annually. The loan receivable must be repaid in full within 15 years.

Notes Receivable

TEDCO provides funding to various borrowers from its Maryland Technology Commercialization Fund, CyberSecurity Investment Fund, State Small Business Credit Initiative, and MVF. The funds are used by the borrowers to develop and commercialize new technology services and products. In order to reimburse TEDCO for its initial investment, the arrangement allows each of these borrowers, with TEDCO's concurrence, to exercise the option of exchanging the amounts owed to TEDCO for an equitable share in the respective company's equity. With the approval of TEDCO's Executive Director, the notes can be converted into equity investments.

TEDCO reports these notes receivable at their outstanding balances reduced by an allowance for doubtful accounts. Management periodically evaluates the adequacy of the allowance for doubtful accounts by considering TEDCO's past notes receivable loss experience, known and inherent risks in the notes receivable population, adverse situations that may affect a borrower's ability to pay, and current economic conditions.

The allowance for doubtful accounts is increased by charges to bad debt expense and decreased by charge offs of the notes receivable balances. Notes receivable are considered past due when no payments have been received by their contractual due dates, varying with different borrowers. Notes receivable are charged off based on management's case-by-case determination that they are uncollectible. As of June 30, 2023 and 2022, TEDCO determined the allowance for doubtful accounts to be \$14,945,088 and \$13,790,663, respectively.

Investments

Investments consist of U.S. government securities, agency securities and equity securities.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Investments – continued

TEDCO, through the Seed Investment Fund, Life Science Investment Fund and Builder Fund programs have made certain equity investments in early-stage technology companies that are economically viable but have not yet attracted venture capital investment. These programs also have made equity investments in companies to assist them in collaborating with Maryland colleges and universities or federal laboratories located in Maryland to develop and commercialize new services and products. TEDCO, through MVF, has made certain investments in early-stage companies that are growing the next generation of outstanding businesses in Maryland. MVF has made investments into venture capital partnerships that invest in early-stage technology companies where there is a significant risk of private capital being deployed. Most of these equity investments are in businesses that do not have a proven history of profitability. As such, the future financial condition and operating results of the businesses are uncertain, and the market value of MVF's investments could be significantly affected.

TEDCO has a program for providing seed capital to start-up technology companies. TEDCO follows State of Maryland regulations, as stipulated in TEDCO's investment policy, in selecting its investment funds and companies.

TEDCO invests in various investment securities, which are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and those changes could materially affect investment balances.

Deposits

Deposits consist of amounts related to future periods that TEDCO has paid in conjunction with certain leases.

Right-Of-Use Assets

TEDCO has adopted a policy of capitalizing right-of-use assets held under lease liabilities as defined by GASB Statement No. 87, *Leases*. These assets include leased facilities. The leased assets are recorded at the present value of the leased liability and amortized using a systematic and rational manner over the shorter of the lease term or useful life of the underlying asset.

Subscription Assets

TEDCO has adopted a policy of capitalizing subscription assets held under subscription liabilities as defined by GASB Statement No. 96, *Subscription-Based Information Technology Agreements*. These assets include subscription based information technology arrangements. The subscription assets are recorded at the present value of the subscription liability and amortized using a systematic and rational manner over the shorter of the subscription term or useful life of the underlying asset.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Assets

Capital assets are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated on the straight-line basis over the estimated useful lives of the respective assets ranging between 3 and 10 years. All purchases of individual capital assets over \$2,500 with a useful life greater than one year are capitalized. Computer software purchases are recorded as capital assets and depreciated based on the useful life of the asset.

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of capital assets are retired, the related cost and accumulated depreciation and amortization are removed from the accounts, and any gain or loss is included in the consolidated statements of revenues, expenses, and changes in net position.

Capital assets are evaluated for impairment on an annual basis under GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries* (GASB 42). GASB 42 requires an evaluation of prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. As of June 30, 2023 and 2022, management does not believe that any of the capital assets of TEDCO meet the criteria for impairment as set forth in GASB 42.

Unearned Grant Revenue

Unearned grant revenue results from unexpended federal and nonfederal grant advances. TEDCO recognizes grant revenue when related expenses are incurred. As of June 30, 2023 and 2022, unearned grant revenue was \$4,107,835 and \$1,262,217, respectively.

Revenue Recognition

Revenues are recognized when earned. The State of Maryland has granted TEDCO an operating grant of \$6,775,816 and \$6,335,816 for the years ended June 30, 2023 and 2022, respectively.

Stem cell funding is recorded as revenue when TEDCO commits these funds and the funds are payable. During each of the years ended June 30, 2023 and 2022, the State of Maryland granted TEDCO \$20,500,000 for Maryland Stem Cell Research. These funds are committed for the next three years and will be recognized as revenue as they are earned. Stem cell funding recognized as revenue for the years ended June 30, 2023 and 2022 totaled \$19,193,541 and \$9,077,608, respectively.

TEDCO receives grant funds from the United States Department of the Treasury through the State Small Business Credit Initiative (SSBCI) to support private financing to small businesses. TEDCO recognizes revenue in relation to these grant funds when TEDCO commits these funds and the funds are payable. SSBCI funding recognized as revenue for the years ended June 30, 2023 and 2022 totaled \$11,081,043 and \$0, respectively.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition – continued

TEDCO Operations consolidated statement of revenues, expenses and changes in net position is comprised of other grant funds received from the State for business incubation facility development are considered unearned until TEDCO commits these funds and the funds are payable. Other grants are recorded on the cost-reimbursement method where revenue is recognized when the expenses have been incurred by TEDCO. Revenue recognized for TEDCO Operations for the years ended June 30, 2023 and 2022 totaled \$15,128,125 and \$10,202,738, respectively.

Other revenues on the consolidated statement of revenues, expenses and changes in net position for the year ended June 30, 2023 is comprised of approximately \$226,000 of contributions from various universities participating in the MII program; approximately \$1,470,000 of prior year awards that were rescinded for various reasons and able to be used for future awards; and approximately \$590,000 for various income items relating to event income and various repayments.

Other revenues on the consolidated statement of revenues, expenses and changes in net position for the year ended June 30, 2022 is comprised of approximately \$234,000 of contributions from various universities participating in the MII program; approximately \$637,000 of prior year awards that were rescinded for various reasons and able to be used for future awards; and approximately \$17,000 for various income items relating to event income and various repayments.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of revenues, expenses, and changes in net position. Expenses that can be directly identified with a particular function are assigned to that function. Expenses that can be allocated among the various functions using a reasonable allocation method are allocated among the functions benefited.

TEDCO distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with TEDCO's operating charter. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Significant Concentration

TEDCO receives a substantial portion of its grant revenue from the State of Maryland. If the State of Maryland were to discontinue funding to TEDCO, and if alternative funding sources could not be obtained, operations could cease or be significantly curtailed.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recently Adopted Accounting Principles

Effective July 1, 2021, TEDCO adopted GASB Statement No. 87, *Leases*, which modifies the guidance for lease accounting. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, with the exception of leases with an original term of 12 months or less, thereby enhancing the relevance and consistency of information about governments' leasing activities. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. TEDCO used the retrospective approach to adopt this guidance, which required a restatement for all prior periods presented.

As a result of the adoption of GASB Statement No. 87, TEDCO recognized a lease liability of \$1,824,683, which represents the present value of remaining lease payments, and a right-of-use-asset of \$1,554,234 as of July 1, 2020. The right-of-use-asset is measured at an amount equal to the lease liability, plus any payments made to the lessor at or before the commencement of the lease term.

Effective July 1, 2022, TEDCO adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), which improves financial reporting by addressing issues related to public-private and public-public partnerships (PPPs) and provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An operator, as defined by GASB 94 should report an intangible right-to-use asset related to an underlying PPP asset that is either owned by the transferor, as defined by GASB 94, at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an service concession arrangement (SCA), an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term. This statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate. There was no effect on operating income, or net position as a result of the adoption of GASB 94.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recently Adopted Accounting Principles - continued

Effective July 1, 2022, TEDCO adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), which modifies the guidance for subscription-based information technology arrangements (SBITA's) accounting. Under this statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. GASB 96 requires the retrospective approach to adopt this guidance, which requires a restatement for all prior periods presented. As a result of the adoption of GASB Statement No. 96, TEDCO recognized a subscription liability of \$488,620, which represents the present value of remaining subscription payments, and a subscription asset, net, of \$488,620 as of July 1, 2021. The subscription asset is measured at an amount equal to the subscription liability, plus any payments made at or before the commencement of the subscription term (Note 2).

Transfer to the State of Maryland

The State of Maryland law requires TEDCO to transfer the distributions received from its venture capital investments in early-stage technology to the State of Maryland. Distributions received from venture capital investments totaled \$4,792,802 and \$12,598,018 for the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, distributions received from venture capital investments but not yet transferred to the State of Maryland totaled \$4,792,803 and \$3,570,255, respectively.

Reclassification

Certain amounts in the 2022 consolidated financial statements have been reclassified to conform to current year presentation. These reclassifications had no impact on 2022 consolidated net income or net position.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

2. RESTATEMENT

As described in the Emphasis of Matter note in the opinion, the accompanying consolidated financial statements as of and for the year ended June 30, 2022 have been restated to recognize the impact of GASB Statement No. 96. The effects of the restatement as of and for the year ended June 30, 2022 are as follows:

| Financial Statement Line Item | As of June 30, 2022 | | |
|---------------------------------------|---------------------------|--------------------------|-------------|
| | As Previously Reported | Effect of Restatement | As Restated |
| Subscription assets, net | \$ - | \$ 398,819 | \$ 398,819 |
| Subscription liabilities, current | - | 191,610 | 191,610 |
| Subscription liabilities, non-current | - | 244,248 | 244,248 |
| Accrued interest | 69,952 | 1,704 | 71,656 |
| Operating expenses | 22,683,394 | 38,743 | 22,722,137 |
| Net position, end of year | 118,326,013 | (38,743) | 118,287,270 |

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents consisted of the following as of June 30,:

| | 2023 | 2022 |
|--------------------------------------|---------------|---------------|
| Deposits with Financial Institutions | \$ 57,113,896 | \$ 44,367,857 |
| Restricted Cash | 1,188,503 | 1,454,532 |
| Money Market Funds | 4,851,567 | 4,292,512 |
| Total | \$ 63,153,966 | \$ 50,114,901 |

Investments consisted of the following as of June 30,:

| | 2023 | Percent | 2022 | Percent |
|----------------------------|---------------|---------|---------------|---------|
| U.S. Government Securities | \$ 2,011,720 | 3% | \$ 2,426,322 | 3% |
| Equity Securities | 69,681,983 | 97% | 68,476,514 | 97% |
| Total | \$ 71,693,703 | 100% | \$ 70,902,836 | 100% |

Market Risk

TEDCO holds equity securities of companies in connection with its Maryland Technology Incubator Program and MVF described in Note 1. These investments are a part of the service TEDCO provides to these companies to promote entrepreneurship and the creation of jobs.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS – continued

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, TEDCO’s deposits in financial institutions may not be returned. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution’s trust department or agent, but not in TEDCO’s name.

As of June 30, 2023, TEDCO’s bank balances were \$58,302,399. Of the bank balances, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$58,052,399 was covered by collateral held in the pledging bank’s trust department in TEDCO’s name.

As of June 30, 2022, TEDCO’s bank balances were \$45,822,389. Of the bank balances, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$45,572,389 was covered by collateral held in the pledging bank’s trust department in TEDCO’s name.

TEDCO is required by Section 17-101(d) of the Local Government Article of the Annotated Code of Maryland to collateralize deposits in banks in excess of federal deposit insurance. Satisfactory collateral is enumerated at Section 6-202 of the State Finance and Procurement Article of the Code. As of June 30, 2023 and 2022, bank deposits were properly collateralized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of TEDCO’s investment in a single issuer. Investments guaranteed by the U.S. government are excluded from this determination.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates.

As of June 30, 2023, securities with stated maturities mature according to the following segmented time distribution:

| Investment Type | Fair Value | Less than 1 | 1-5 | 6-10 |
|----------------------------|--------------|-------------|--------------|------|
| U.S. Government Securities | \$ 2,011,720 | \$ 222,855 | \$ 1,788,865 | \$ - |
| Total | \$ 2,011,720 | \$ 222,855 | \$ 1,788,865 | \$ - |

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS – continued

As of June 30, 2022, securities with stated maturities mature according to the following segmented time distribution:

| Investment Type | Fair Value | Less than 1 | 1-5 | 6-10 |
|----------------------------|--------------|-------------|--------------|------|
| U.S. Government Securities | \$ 2,426,322 | \$ 224,437 | \$ 2,201,885 | \$ - |
| Total | \$ 2,426,322 | \$ 224,437 | \$ 2,201,885 | \$ - |

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates could adversely affect the fair value of the investment. TEDCO does not invest in foreign currency denominated investments and is not exposed to foreign currency risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to TEDCO.

Certificates of deposit are held at various financial institutions covered within the FDIC insurance limits at those financial institutions.

As of June 30, 2023, TEDCO's agency securities are rated as AAA under Moody's and AA+ under S&P. All other investments held are unrated.

4. FAIR VALUE MEASUREMENTS

TEDCO categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles, as follows:

- Level 1: Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date;
- Level 2: Valuations based on pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies;

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

4. FAIR VALUE MEASUREMENTS – continued

Level 3: Valuations based on pricing inputs that are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgement or estimation.

As a practical expedient, investments in privately held venture capital partnerships ordinarily are valued at fair value based on TEDCO's proportionate share of the funds' net asset value, which represents a market approach. TEDCO's valuation procedures require TEDCO to consider all relevant information at the time TEDCO values its investments. TEDCO has assessed factors including, but not limited to, price transparency and valuation procedures in place, and the level of illiquid investments held. TEDCO will consider such information and consider whether it is appropriate, in light of all relevant circumstances, to value such a position at its net asset value as reported or whether to adjust such value.

The following table sets forth by level, within the fair value hierarchy, TEDCO's investments at fair value as of June 30, 2023:

| | Level 1 | Level 2 | Level 3 | Investments Measured at Net Asset Value ⁽¹⁾ | Total |
|--|---------------------|-------------|----------------------|---|----------------------|
| Investments by fair value level | | | | | |
| U.S. government securities | \$ 2,011,720 | \$ - | \$ - | \$ - | \$ 2,011,720 |
| Equity investments in privately-held companies | - | - | 43,661,742 | - | 43,661,742 |
| Equity investments in venture capital partnerships | - | - | - | 26,020,241 | 26,020,241 |
| Total investments by fair value level | \$ 2,011,720 | \$ - | \$ 43,661,742 | \$ 26,020,241 | \$ 71,693,703 |

The following table sets forth by level, within the fair value hierarchy, TEDCO's investments at fair value as of June 30, 2022:

| | Level 1 | Level 2 | Level 3 | Investments Measured at Net Asset Value ⁽¹⁾ | Total |
|--|---------------------|-------------|----------------------|---|----------------------|
| Investments by fair value level | | | | | |
| U.S. government securities | \$ 2,426,322 | \$ - | \$ - | \$ - | \$ 2,426,322 |
| Equity investments in privately-held companies | - | - | 31,929,677 | - | 31,929,677 |
| Equity investments in venture capital partnerships | - | - | - | 36,546,837 | 36,546,837 |
| Total investments by fair value level | \$ 2,426,322 | \$ - | \$ 31,929,677 | \$ 36,546,837 | \$ 70,902,836 |

- (1) These investments are presented for reconciliation purposes and are not required to be categorized in the fair value hierarchy since they are measured at net asset value, without adjustment, as permitted by the practical expedient.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

4. FAIR VALUE MEASUREMENTS – continued

Investments of TEDCO are included in the consolidated statements of net position at fair value as determined by management. U.S. government and agency securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those securities. Fair values of investments in privately-held companies, classified in Level 3 of the fair value hierarchy, are determined by management after consideration of, among other factors, the financial condition, operating results, significant recent events, and other security offerings of the investors. Fair values of investments in venture capital partnerships are determined using the net asset value practical expedient.

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of TEDCO’s Level 3 assets for the years ended June 30,:

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Balance, Beginning of Year | \$ 31,929,677 | \$ 27,607,641 |
| Transfer/Conversion | 2,000,000 | 650,000 |
| Realized Gains | 2,067,794 | 199,538 |
| Unrealized Gains (Losses) Relating to Instruments | | |
| Held at the Reporting Date | (284,058) | 6,000,697 |
| Purchases, Sales, Issuances, and Settlements, Net | <u>7,948,329</u> | <u>(2,528,199)</u> |
| Balance, End of Year | <u>\$ 43,661,742</u> | <u>\$ 31,929,677</u> |

5. NOTES RECEIVABLE

In August 2015, TEDCO obtained a note receivable due from Neos Technologies, LLC. This is a noninterest-bearing note with an original balance of \$50,234 and calls for monthly principal payments of \$500 through January 2024. As of June 30, 2023 and 2022, the principal balance was \$3,234 and \$9,234, respectively.

In January 2023, TEDCO obtained a note receivable due from Radiopharmaceutical Imaging and Dosimetry, LLC (Rapid Dosimetry). The note required an initial installment payment of \$15,715 and then requires quarterly payments based on the lesser of 10% of Rapid Dosimetry’s quarterly revenue or the principal balance of the note as of the end of the quarter. The full principal amount is due on January 21, 2025, the note carries no interest until the maturity date at which 10% interest per annum will be added to the unpaid principal balance as of the maturity date. As of June 30, 2023, the principal balance was \$192,760.

During the year ended June 30, 2012, TEDCO began obtaining convertible promissory notes in exchange for TEDCO’s agreement to invest in various companies. The convertible promissory notes accrue interest at rates ranging from 3% to 8% and have maturity dates ranging from 18 months to 5 years after the date of the note. Upon the occurrence of any deemed conversion event, TEDCO has the sole discretion to accelerate amounts due under the note or to exchange the entire outstanding principal amount, together with accrued interest, for an equity investment in the company. As of June 30, 2023 and 2022, the total balance outstanding on these convertible promissory notes was \$37,897,632 and \$22,371,925, which included accrued interest of \$3,625,707 and \$2,162,004, respectively.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

5. NOTES RECEIVABLE – continued

During the year ended June 30, 2016, as part of the MVF program, TEDCO began obtaining convertible promissory notes in exchange for TEDCO’s agreement to invest in various early-stage technology and life science companies. The convertible promissory notes accrue interest at 8% and have maturity dates ranging from 18 months to 5 years after the date of the note. Upon the occurrence of certain events, TEDCO has the right either to accelerate amounts due under the notes or to exchange the entire outstanding principal amount, together with accrued interest, for an equity investment in the company. As of June 30, 2023 and 2022, the total balance outstanding on these convertible promissory notes was \$5,528,909 and \$4,435,945, which included accrued interest of \$542,964 and \$228,156, respectively.

Notes receivable are summarized as follows as of June 30,:

| | 2023 | 2022 |
|---|---------------|---------------|
| Convertible Promissory Notes Principal Advanced | \$ 39,257,870 | \$ 26,807,870 |
| Convertible Promissory Notes Interest Accrued | 4,168,671 | 2,390,160 |
| Allowance for Uncollectible Balances | (14,945,088) | (14,076,608) |
| Total Convertible Promissory Notes | 28,481,453 | 15,121,422 |
| Other Notes Receivable | 195,994 | 9,234 |
| Total Notes Receivable | \$ 28,677,447 | \$ 15,130,656 |
| | | |
| Notes Receivable - Current | \$ 1,589,742 | \$ 831,359 |
| Notes Receivable - Noncurrent | 27,087,705 | 14,299,297 |
| Total | \$ 28,677,447 | \$ 15,130,656 |

The increase for uncollectible balances on notes receivable of \$1,154,425 incurred during the year ended June 30, 2023 can be strictly attributable to TEDCO notes. During the year ended June 30, 2022, the increase for uncollectible balances on notes receivable of \$590,619 comprises the increase in the allowance for uncollectible balances of \$1,014,619 for TEDCO and the decrease in the allowance for uncollectible balances of \$424,000 on notes receivable under the MVF Program.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

6. RIGHT-OF-USE ASSETS

Right-of-use assets activity for the years ended June 30, 2023 and 2022 is summarized as follows:

| | Balance, July 1, 2022 | Additions | Retirements | Balance, June 30, 2023 |
|--------------------------------|--------------------------|---------------------|---------------------|---------------------------|
| Right-of-use assets | \$ 1,554,234 | \$ - | \$ (1,554,234) | \$ - |
| Less: accumulated amortization | (548,553) | (137,138) | 685,691 | - |
| Net right-of-use assets | <u>\$ 1,005,681</u> | <u>\$ (137,138)</u> | <u>\$ (868,543)</u> | <u>\$ -</u> |

| | Balance, July 1, 2021 | Additions | Retirements | Balance, June 30, 2022 |
|--------------------------------|--------------------------|---------------------|-------------|---------------------------|
| Right-of-use assets | \$ 1,554,234 | \$ - | \$ - | \$ 1,554,234 |
| Less: accumulated amortization | (274,277) | (274,276) | - | (548,553) |
| Net right-of-use assets | <u>\$ 1,279,957</u> | <u>\$ (274,276)</u> | <u>\$ -</u> | <u>\$ 1,005,681</u> |

Amortization expense for the years ended June 30, 2023 and 2022 was \$137,138 and \$274,276, respectively. This amount is included in general administration under operating expenses on the consolidated statements of revenues, expenses, and changes in net position.

7. SUBSCRIPTION ASSETS

The following table presents the total subscription assets and accumulated amortization as of June 30, 2023 and 2022, respectively:

| | Balance, July 1, 2022 | Additions | Retirements | Balance, June 30, 2023 |
|--------------------------------|--------------------------|-------------------|-------------|---------------------------|
| Subscription assets | \$ 578,199 | \$ 421,417 | \$ - | \$ 999,616 |
| Less: Accumulated amortization | (179,380) | (252,828) | - | (432,208) |
| Net Subscription Assets | <u>\$ 398,819</u> | <u>\$ 168,589</u> | <u>\$ -</u> | <u>\$ 567,408</u> |

| | Balance, July 1, 2021 | Additions | Retirements | Balance, June 30, 2022 |
|--------------------------------|--------------------------|--------------------|-------------|---------------------------|
| Subscription assets | \$ 488,620 | \$ 89,579 | \$ - | \$ 578,199 |
| Less: Accumulated amortization | - | (179,380) | - | (179,380) |
| Net Subscription Assets | <u>\$ 488,620</u> | <u>\$ (89,801)</u> | <u>\$ -</u> | <u>\$ 398,819</u> |

Amortization expense for the years ended June 30, 2023 and 2022 was \$252,828 and \$179,380, respectively. This amount is included in general administration under operating expenses on the consolidated statements of revenues, expenses, and changes in net position.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

8. CAPITAL ASSETS

Changes in the components of capital assets are summarized as follows for the years ended June 30, 2023 and 2022:

| | Balance, July 1, 2022 | Additions | Deletions | Balance, June 30, 2023 |
|--|--------------------------|------------------|-------------------|---------------------------|
| Computer equipment | \$ 83,574 | \$ 43,845 | \$ (32,489) | \$ 94,930 |
| Office furniture | 210,142 | - | (210,142) | - |
| Leasehold improvements | 7,697 | - | (7,697) | - |
| | <u>301,413</u> | <u>43,845</u> | <u>(250,328)</u> | <u>94,930</u> |
| Accumulated depreciation and amortization: | | | | |
| Computer equipment | 62,139 | 16,680 | (32,489) | 46,330 |
| Office furniture | 210,142 | - | (210,142) | - |
| Leasehold improvements | 4,873 | 577 | (5,450) | - |
| | <u>277,154</u> | <u>17,257</u> | <u>(248,081)</u> | <u>46,330</u> |
| Capital assets, net | <u>\$ 24,259</u> | <u>\$ 26,588</u> | <u>\$ (2,247)</u> | <u>\$ 48,600</u> |
| | | | | |
| | Balance, July 1, 2021 | Additions | Deletions | Balance, June 30, 2022 |
| Computer equipment | \$ 66,263 | \$ 17,311 | \$ - | \$ 83,574 |
| Office furniture | 210,142 | - | - | 210,142 |
| Leasehold improvements | 7,697 | - | - | 7,697 |
| | <u>284,102</u> | <u>17,311</u> | <u>-</u> | <u>301,413</u> |
| Accumulated depreciation and amortization: | | | | |
| Computer equipment | 55,209 | 6,930 | - | 62,139 |
| Office furniture | 210,142 | - | - | 210,142 |
| Leasehold improvements | 4,103 | 770 | - | 4,873 |
| | <u>269,454</u> | <u>7,700</u> | <u>-</u> | <u>277,154</u> |
| Capital assets, net | <u>\$ 14,648</u> | <u>\$ 9,611</u> | <u>\$ -</u> | <u>\$ 24,259</u> |

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$17,257 and \$7,700, respectively. This amount is included in general administration under operating expenses on the consolidated statements of revenues, expenses, and changes in net position.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

9. PROFIT SHARING PLAN

TEDCO maintains a defined contribution, tax deferred “profit sharing” plan that covers all eligible contract employees. All contract employees who have completed six consecutive months of service with TEDCO and have attained age 21 are eligible for the plan. Participants are 100% vested at all times. Each plan year, TEDCO may, in its sole discretion, make a contribution to be allocated to the accounts of eligible participants. For the years ended June 30, 2023 and 2022, TEDCO made an 8% contribution of each employee’s base compensation. Contract employees do not contribute to the Plan.

Contribution expense for TEDCO was \$287,154 and \$237,440 for the years ended June 30, 2023 and 2022, respectively, which is allocated among programs and general administration expenses in the consolidated statements of revenues, expenses, and changes in net position.

10. COMMITMENTS AND CONTINGENCIES

Office Space Lease

TEDCO had a 10-year lease agreement for an office space, which was set to expire on February 28, 2026. The lease initially required monthly rental payments of approximately \$316,000 (base rent), increasing to approximately \$395,000 by the year 2025, plus a pro-rata share of common area maintenance and real estate tax charges, as defined in the lease agreement. During the year ended June 30, 2022, TEDCO implemented GASB Statement No. 87, which requires both capital and operating leases to be presented on the statement of net position as an amortizable right-of-use asset and a liability to make lease payments. The right-of-use-asset represents TEDCO’s right to use an underlying asset for the lease term and lease liabilities represent TEDCO’s obligation to make lease payments per the lease agreement. The lease liability is measured at the present value of payments expected to be made during the lease term, including variable payments that depend on an index or a rate (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs and is amortized over the lease term. The lease liability is measured by using TEDCO’s estimated incremental borrowing rate of 5.00%, in determining the present value of the lease payments. The amortization of the discount on the lease liability is reported as interest expense each period. TEDCO also considered any lease terms that included options to extend or terminate the lease, residual value guarantees, restrictive covenants and lease incentives when valuing the right-of-use assets.

During the year ended June 30, 2023, TEDCO elected to terminate their lease from their old office and move into a new office space temporarily. Therefore, the right-of-use assets and lease liability were removed from of the books during the year ended June 30, 2023. The lease termination resulted in a gain on termination of lease of \$180,758 which is included in other revenues on the consolidated statement of changes in net position for the year ended June 30, 2023. As the new office lease is under twelve months, it was not required to be included on the consolidated statements of net position and the costs are expensed as incurred.

Lease payments due totaled \$389,966 and \$286,504 for the years ended June 30, 2023 and 2022, respectively.

Interest expense on the lease liability totaled \$68,498 and \$69,952 for the years ended June 30, 2023 and 2022, respectively, and is recorded in interest expense on the accompanying consolidated statements revenues, expenses and changes in net position. Accrued interest totaled \$0 and \$69,952 as of June 30, 2023 and 2022, respectively, and is recorded in current liabilities on the accompanying consolidated statements of net position.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

10. COMMITMENTS AND CONTINGENCIES – continued

Subscription Based Arrangements

TEDCO has several subscription based information technology agreements with various vendors as follows:

| Agreement | Description | Begin Date | End Date | Initial Subscription Asset |
|------------------|---|-------------------|-----------------|-----------------------------------|
| Cinergy | Licenses for Gatekeeper NetSuite Module | 09/15/2021 | 09/14/2026 | \$ 71,152 |
| Global Data | Subscription for Medical and Pharma Intelligence | 07/01/2021 | 06/30/2024 | 209,393 |
| Jungle Laser | Software License | 10/01/2021 | 09/30/2024 | 18,428 |
| Oracle | Licenses for NetSuite Software and Cloud Services | 10/20/2022 | 10/19/2027 | 223,054 |
| Payscale | Subscription to Insight Lab Core | 07/01/2021 | 06/30/2024 | 19,324 |
| Pitchbook | Pitchbook Platform | 07/01/2021 | 09/30/2024 | 168,480 |
| Salesforce | Sales Cloud, Lightning Platform Starter | 07/01/2021 | 01/31/2024 | 91,422 |
| Streamlink | AmpliFund Software Subscription | 12/01/2022 | 11/30/2025 | 88,392 |
| Workday | Adaptive Planning Base | 09/30/2022 | 09/29/2026 | 109,971 |

During the year ended June 30, 2023, TEDCO implemented GASB Statement No. 96, which requires all subscription based information technology arrangements to be presented on the statement of net position as an amortizable subscription asset and a liability to make payments. The subscription assets represent TEDCO's right to use underlying assets for the subscription term and subscription liabilities represent TEDCO's obligation to make subscription payments per the subscription agreement. The subscription liabilities are measured at the present value of payments expected to be made during the subscription terms, including variable payments that depend on an index or a rate. The subscription assets are measured at the amount of the initial measurement of the subscription liabilities, plus any payments made to the vendor at or before the commencement of the subscription term. The subscription liabilities are measured by using TEDCO's estimated incremental borrowing rate of 5.00%, in determining the present value of the subscription payments. The amortization of the discount on the subscription liability is reported as interest expense each period.

Subscription payments totaled \$277,092 and \$197,017 for the years ended June 30, 2023 and 2022, respectively.

Interest expense on the subscription liabilities totaled \$24,274 and \$17,637 for the years ended June 30, 2023 and 2022, respectively, and is recorded in interest expense on the accompanying consolidated statements of revenues, expenses and changes in net position.

The weighted average remaining subscription term is 2.8 years as of June 30, 2023. The weighted average discount rate of the subscriptions is 5.0% as of June 30, 2023.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

10. COMMITMENTS AND CONTINGENCIES – continued

Subscription Based Arrangements – continued

The following table presents future minimum subscription payments as of June 30, 2023:

| Year Ending June 30, | Total | Principal | Interest |
|----------------------|------------|------------|-----------|
| 2024 | \$ 315,132 | \$ 292,703 | \$ 22,429 |
| 2025 | 139,068 | 127,496 | 11,572 |
| 2026 | 106,528 | 100,504 | 6,024 |
| 2027 | 58,023 | 56,032 | 1,991 |
| 2028 | 12,575 | 12,471 | 104 |
| Total | \$ 631,326 | \$ 589,206 | \$ 42,120 |

11. INCOME TAXES

TEDCO was created by the Maryland General Assembly and is exempt from state and federal income taxes. Accordingly, no tax provision has been included in the accompanying consolidated financial statements.

12. RELATED PARTIES

On November 9, 2017, TEDCO formed a Limited Liability Company, Maryland Innovation Opportunity Fund I, LLC (MIOF), with the Maryland State Retirement and Pension System (MSRPS). As stipulated by the operating agreement, TEDCO will manage the operations of MIOF. The purpose of MIOF is to make investments in private equity and venture capital in the State of Maryland. All capital for investment will be contributed by MSRPS. TEDCO will not receive any cost reimbursement or management fee for its management role, rather it will receive a carried interest in the fund as stipulated in the operating agreement. Additionally, TEDCO has guaranteed the investments held by MIOF up to the lesser of the capital invested by MSRPS or \$25,000,000 for potential losses in portfolio losses on investments held by MIOF. For the years ending June 30, 2023 and 2022, no losses have been incurred.

13. RISK MANAGEMENT

TEDCO, as a public instrumentality of the State of Maryland, benefits from sovereign immunity. As such, it is liable for, and exposed to risk of loss from, causes of action arising in tort (including, inter alia, causes of action alleging errors and omissions) only to the limited extent provided in the Maryland Tort Claims Act (Title 12, State Government Article, Annotated Code of Maryland).

TEDCO is exposed to various risks of loss related to theft of, damage to, and destruction of assets, including, inter alia, those caused by natural disasters. During the years ended June 30, 2023 and 2022, TEDCO carried insurance through various commercial carriers to cover such risks of loss. TEDCO has had no settled claims resulting from these risks that exceeded its commercial insurance coverage in any of the prior three fiscal years.

SUPPLEMENTARY INFORMATION

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND

Consolidating Schedule of Net Position
As of June 30, 2023

| | Maryland Technology Development Corporation | Maryland Venture Fund | Eliminations | Consolidated Total |
|--|---|--------------------------|---------------------|-----------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 38,428,888 | \$ 23,536,575 | \$ - | \$ 61,965,463 |
| Investments | 2,011,720 | - | - | 2,011,720 |
| Accounts receivable | 256,930 | 20,498 | - | 277,428 |
| Loan receivable | 25,000 | - | - | 25,000 |
| Current portion of notes receivable, net of allowance of \$2,578,929 | 1,046,778 | 542,964 | - | 1,589,742 |
| Prepaid expenses and other current assets | 71,734 | 17,500 | - | 89,234 |
| Due from Maryland Venture Fund | 373,544 | - | (373,544) | - |
| Total Current Assets | 42,214,594 | 24,117,537 | (373,544) | 65,958,587 |
| Non-current Assets: | | | | |
| Restricted cash | - | 1,188,503 | - | 1,188,503 |
| Investments | 21,631,528 | 48,050,455 | - | 69,681,983 |
| Loan receivable – noncurrent | 800,000 | - | - | 800,000 |
| Notes receivable – noncurrent, net of allowance of \$12,366,159 | 22,387,705 | 4,700,000 | - | 27,087,705 |
| Deposits | 26,340 | - | - | 26,340 |
| Subscription assets, net of accumulated amortization of \$432,208 | 567,408 | - | - | 567,408 |
| Capital assets, net of accumulated depreciation and amortization of \$46,330 | 48,600 | - | - | 48,600 |
| Total Noncurrent Assets | 45,461,581 | 53,938,958 | - | 99,400,539 |
| Total Assets | \$ 87,676,175 | \$ 78,056,495 | \$ (373,544) | \$ 165,359,126 |
| Liabilities and Net Position | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 3,743,571 | \$ 12,908 | \$ - | \$ 3,756,479 |
| Accrued interest | 1,503 | - | - | 1,503 |
| Stem cell grants payable | 19,992,817 | - | - | 19,992,817 |
| Other grants payable | 2,060,495 | - | - | 2,060,495 |
| Due to State of Maryland | - | 4,792,803 | - | 4,792,803 |
| Due to TEDCO | - | 373,544 | (373,544) | - |
| Subscription liabilities, current portion | 292,703 | - | - | 292,703 |
| Unearned grant revenue | 4,107,835 | - | - | 4,107,835 |
| Total Current Liabilities | 30,198,924 | 5,179,255 | (373,544) | 35,004,635 |
| Non-current Liabilities: | | | | |
| Subscription liabilities, net of current portion | 296,503 | - | - | 296,503 |
| Total Liabilities | 30,495,427 | 5,179,255 | (373,544) | 35,301,138 |
| Net Position: | | | | |
| Net investment in capital assets | 25,299 | - | - | 25,299 |
| Unrestricted | 57,155,449 | 72,877,240 | - | 130,032,689 |
| Total Net Position | 57,180,748 | 72,877,240 | - | 130,057,988 |
| Total Liabilities and Net Position | \$ 87,676,175 | \$ 78,056,495 | \$ (373,544) | \$ 165,359,126 |

See accompanying independent auditors' report.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND

Consolidating Schedule of Net Position
As of June 30, 2022

| | Maryland Technology Development Corporation | Maryland Venture Fund | Eliminations | Consolidated Total |
|---|--|--------------------------|---------------------|-----------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 18,846,732 | \$ 29,813,637 | \$ - | \$ 48,660,369 |
| Investments | 2,426,322 | - | - | 2,426,322 |
| Accounts receivable | 506,321 | 54,645 | - | 560,966 |
| Loan receivable | 25,000 | - | - | 25,000 |
| Current portion of notes receivable, net of allowance of \$1,558,801 | 603,203 | 228,156 | - | 831,359 |
| Prepaid expenses and other current assets | 104,965 | 8,660 | - | 113,625 |
| Due from Maryland Venture Fund | 319,113 | - | (319,113) | - |
| Total Current Assets | 22,831,656 | 30,105,098 | (319,113) | 52,617,641 |
| Non-current Assets: | | | | |
| Restricted cash | - | 1,454,532 | - | 1,454,532 |
| Investments | 11,750,478 | 56,726,036 | - | 68,476,514 |
| Loan receivable – non-current | 825,000 | - | - | 825,000 |
| Notes receivable – non-current, net of allowance of \$12,231,862 | 10,149,297 | 4,150,000 | - | 14,299,297 |
| Deposits | 49,476 | - | - | 49,476 |
| Subscription assets, net of accumulated amortization of \$179,380 (as restated) | 398,819 | - | - | 398,819 |
| Right-of-use assets, net of accumulated amortization of \$548,533 | 1,005,681 | - | - | 1,005,681 |
| Capital assets, net of accumulated depreciation of \$277,154 | 24,259 | - | - | 24,259 |
| Total Non-current Assets | 24,203,010 | 62,330,568 | - | 86,533,578 |
| Total Assets | \$ 47,034,666 | \$ 92,435,666 | \$ (319,113) | \$ 139,151,219 |
| Liabilities and Net Position | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 2,263,194 | \$ - | \$ - | \$ 2,263,194 |
| Accrued interest (as restated) | 71,656 | - | - | 71,656 |
| Stem cell grants payable | 9,363,642 | - | - | 9,363,642 |
| Other grants payable | 2,630,587 | - | - | 2,630,587 |
| Due to State of Maryland | - | 3,570,255 | - | 3,570,255 |
| Due to TEDCO | - | 319,113 | (319,113) | - |
| Subscription liabilities (as restated), current portion | 191,610 | - | - | 191,610 |
| Lease liability, current portion | 310,311 | - | - | 310,311 |
| Unearned grant revenue | 1,262,217 | - | - | 1,262,217 |
| Total Current Liabilities (as restated) | 16,093,217 | 3,889,368 | (319,113) | 19,663,472 |
| Non-current Liabilities: | | | | |
| Subscription liabilities (as restated), net of current portion | 244,248 | - | - | 244,248 |
| Lease liability, net of current portion | 956,229 | - | - | 956,229 |
| Total Non-current Liabilities (as restated) | 1,200,477 | - | - | 1,200,477 |
| Total Liabilities (as restated) | 17,293,694 | 3,889,368 | (319,113) | 20,863,949 |
| Net Position: | | | | |
| Net investment in capital assets | - | - | - | - |
| Unrestricted | 29,740,972 | 88,546,298 | - | 118,287,270 |
| Total Net Position (as restated) | 29,740,972 | 88,546,298 | - | 118,287,270 |
| Total Liabilities and Net Position (as restated) | \$ 47,034,666 | \$ 92,435,666 | \$ (319,113) | \$ 139,151,219 |

See accompanying independent auditors' report.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND

**Consolidating Schedule of Revenues, Expenses, and
Changes in Net Position
For the Year Ended June 30, 2023**

| | Maryland Technology Development Corporation | Maryland Venture Fund | Eliminations | Consolidated Eliminations Total |
|--|--|--------------------------|--------------|------------------------------------|
| Operating Revenues: | | | | |
| State of Maryland grants: | | | | |
| Maryland Stem Cell Research | \$ 19,193,541 | \$ - | \$ - | \$ 19,193,541 |
| State Small Business Credit Initiative | 11,081,043 | - | - | 11,081,043 |
| Maryland Innovation Initiative | 6,670,498 | - | - | 6,670,498 |
| TEDCO operations | 15,128,125 | - | - | 15,128,125 |
| Total State of Maryland grants | 52,073,207 | - | - | 52,073,207 |
| Federal grants | 206,109 | - | - | 206,109 |
| Sponsorships | 2,295 | - | - | 2,295 |
| Royalties | 345,137 | - | - | 345,137 |
| Other revenues | 2,283,116 | - | - | 2,283,116 |
| Total Operating Revenues | 54,909,864 | - | - | 54,909,864 |
| Operating Expenses | | | | |
| Stem Cell Program | 19,185,466 | - | - | 19,185,466 |
| Tech Transfer | 6,542,989 | - | - | 6,542,989 |
| Business Incubation | 3,384,173 | - | - | 3,384,173 |
| Maryland Venture Fund | - | 2,232,082 | - | 2,232,082 |
| General Administration | 4,656,806 | - | - | 4,656,806 |
| Total Operating Expenses | 33,769,434 | 2,232,082 | - | 36,001,516 |
| Operating Income (Loss) | 21,140,430 | (2,232,082) | - | 18,908,348 |
| Non-operating Revenues (Losses) | | | | |
| Investment Earnings (Losses) | 6,299,346 | (8,644,174) | - | (2,344,828) |
| Transfer to State of Maryland | - | (4,792,802) | - | (4,792,802) |
| Change in Net Position | 27,439,776 | (15,669,058) | - | 11,770,718 |
| Net Position, beginning of year | 29,740,972 | 88,546,298 | - | 118,287,270 |
| Net Position, end of year | \$ 57,180,748 | \$ 72,877,240 | \$ - | \$ 130,057,988 |

See accompanying independent auditors' report.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND

**Consolidating Schedule of Revenues, Expenses, and
Changes in Net Position
For the Year Ended June 30, 2022**

| | Maryland Technology Development Corporation | Maryland Venture Fund | Eliminations | Consolidated Eliminations Total |
|--|--|--------------------------|--------------|------------------------------------|
| Operating Revenues: | | | | |
| State of Maryland grants: | | | | |
| Maryland Stem Cell Research | \$ 9,077,608 | \$ - | \$ - | \$ 9,077,608 |
| Maryland Innovation Initiative | 5,161,602 | - | - | 5,161,602 |
| TEDCO operations | 10,202,738 | - | - | 10,202,738 |
| Total State of Maryland grants | 24,441,948 | - | - | 24,441,948 |
| Federal grants | 146,525 | - | - | 146,525 |
| Sponsorships | 9,000 | - | - | 9,000 |
| Royalties | 396,930 | - | - | 396,930 |
| Other revenues | 888,691 | 20,500 | - | 909,191 |
| Total Operating Revenues | 25,883,094 | 20,500 | - | 25,903,594 |
| Operating Expenses | | | | |
| Stem Cell Program | 9,077,608 | - | - | 9,077,608 |
| Tech Transfer | 7,131,495 | - | - | 7,131,495 |
| Business Incubation | 2,576,167 | - | - | 2,576,167 |
| Maryland Venture Fund | - | 1,188,406 | - | 1,188,406 |
| General Administration (as restated) | 2,748,461 | - | - | 2,748,461 |
| Total Operating Expenses (as restated) | 21,533,731 | 1,188,406 | - | 22,722,137 |
| Operating Income (Loss) | 4,349,363 | (1,167,906) | - | 3,181,457 |
| Non-operating Revenues | | | | |
| Investment Earnings | 2,507,313 | 8,341,100 | - | 10,848,413 |
| Transfer to State of Maryland | - | (14,803,305) | - | (14,803,305) |
| Change in Net Position (as restated) | 6,856,676 | (7,630,111) | - | (773,435) |
| Net Position, beginning of year | 22,884,296 | 96,176,409 | - | 119,060,705 |
| Net Position, end of year (as restated) | \$ 29,740,972 | \$ 88,546,298 | \$ - | \$ 118,287,270 |

See accompanying independent auditors' report.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND

Schedule of Governmental Activities
For the Year Ended June 30, 2023

| Functions | Program Revenues | | | Net Revenues (Expenses) and Change in Net Position |
|------------------------|------------------|-------------------------------|------------|---|
| Expenses | Operating Grants | Sponsorships and Royalties | | |
| Stem Cell Program | \$ 19,185,466 | \$ 19,193,541 | \$ - | \$ 8,075 |
| Tech Transfer | 6,542,989 | 6,820,151 | 345,137 | 622,299 |
| Business Incubation | 3,384,173 | 23,845,236 | - | 20,461,063 |
| Maryland Venture Fund | 2,232,082 | - | - | (2,232,082) |
| General Administration | 4,656,806 | 2,420,388 | 2,295 | (2,234,123) |
| Total | \$ 36,001,516 | \$ 52,279,316 | \$ 347,432 | \$ 16,625,232 |
| General Revenues | | | | |
| | | | | 2,283,116 |
| | | | | (2,344,828) |
| | | | | (61,712) |
| | | | | (4,792,802) |
| | | | | 11,770,718 |
| | | | | 118,287,270 |
| | | | | \$ 130,057,988 |

See accompanying independent auditors' report.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND

Schedule of Governmental Activities
For the Year Ended June 30, 2022

| Functions | Program Revenues | | | Net Revenues (Expenses) and Change in Net Position |
|------------------------|------------------|------------------|-------------------------------|---|
| Functions | Expenses | Operating Grants | Sponsorships and Royalties | Position |
| Stem Cell Program | \$ 9,077,608 | \$ 9,077,608 | \$ - | \$ - |
| Tech Transfer | 7,131,495 | 10,580,830 | 396,930 | 3,846,265 |
| Business Incubation | 2,576,167 | 3,621,157 | - | 1,044,990 |
| Maryland Venture Fund | 1,188,406 | - | - | (1,188,406) |
| General Administration | 2,748,461 | 1,308,878 | 9,000 | (1,430,583) |
| Total | \$ 22,722,137 | \$ 24,588,473 | \$ 405,930 | \$ 2,272,266 |
| General Revenues | | | | |
| | | | | 909,191 |
| | | | | 10,848,413 |
| | | | | 11,757,604 |
| | | | | (14,803,305) |
| | | | | (773,435) |
| | | | | 119,060,705 |
| | | | | \$ 118,287,270 |

See accompanying independent auditors' report.

| | | | | | | | | | |
|-------------------------------------|------------------------|----|--------------|----|-----|-------------------|---|------------|-----------------|
| Marinalife, Inc. | Baltimore City | RI | Westerly | 12 | 14 | Software | Maryland Venture Fund | 1/13/2023 | \$500,000.00 |
| CGD Sensors, LLC | | MD | | | | | Maryland Innovation Initiative | 10/4/2022 | |
| Pathotrak, Inc. | Prince George's County | MD | Bethesda | 7 | 7 | Manufacturing | Maryland Venture Fund | 12/22/2022 | \$300,000.00 |
| Cerebro Capital, Inc. | Baltimore City | MD | Baltimore | | 17 | FinTech | Maryland Venture Fund | 2/28/2023 | \$1,000,000.00 |
| JuneBrain Inc. | Baltimore City | MD | Baltimore | 4 | 4 | Biotechnology | Urban Business Innovation Initiative | 12/15/2022 | \$150,000.00 |
| The Black Brain Trust LLC | Baltimore City | MD | Baltimore | | 2 | Data Analytics | Social Impact | 10/28/2022 | \$100,000.00 |
| Elite Gaming Live | Howard County | MD | COLUMBIA | | 17 | Education | Social Impact | 9/27/2022 | \$200,000.00 |
| Tuzmo, Inc. | Montgomery County | MD | Gaithersburg | 2 | 2 | | Social Impact | 9/6/2022 | \$100,000.00 |
| CyDeploy, LLC | Baltimore City | MD | Baltimore | 4 | 7 | Software | Social Impact Seed Investment Funds | 2/9/2023 | |
| Foretrace, Inc. | Howard County | MD | Columbia | 2 | 3 | Cybersecurity | Seed Investment Funds | 1/27/2023 | \$500,000.00 |
| Routespring, Inc | Montgomery County | MD | Chevy Chase | 2 | 3 | Software | Seed Investment Funds | 1/25/2023 | \$500,000.00 |
| Rapa Therapeutics LLC | Montgomery County | MD | rockville | 15 | 15 | Biotechnology | Maryland Venture Fund Seed Investment Funds | 2/17/2023 | \$1,000,000.00 |
| Quident, LLC | Howard County | MD | Columbia | 6 | 11 | Software | Seed Investment Funds | 7/14/2022 | \$500,000.00 |
| Astek Diagnostics Inc. | Baltimore County | MD | Baltimore | | 4 | Healthcare | Social Impact Seed Investment Funds | 12/22/2022 | \$250,000.00 |
| CARRTECH CORP | Frederick County | MD | Frederick | 3 | 3 | Biotechnology | Seed Investment Funds | 2/17/2023 | \$249,984.54 |
| The Black Brain Trust LLC | Baltimore City | MD | Baltimore | | 2 | Data Analytics | Social Impact | 3/10/2023 | \$100,000.00 |
| Blue and Green Energy Solutions LLC | | MD | Germantown | 1 | 1 | | Social Impact Seed Investment Funds | 3/9/2023 | |
| Nanocrine, Inc. | Frederick County | MD | Frederick | 31 | 3 | Biotechnology | Seed Investment Funds | 3/17/2023 | \$300,000.00 |
| Aqualith Advanced Materials, Inc. | Prince George's County | MD | College Park | 3 | 3 | Physical Sciences | Seed Investment Funds | 6/7/2023 | \$325,000.00 |
| N5 Sensors, Inc. | Montgomery County | MD | Rockville | 15 | 29 | Engineering | Seed Investment Funds | 3/20/2023 | \$391,021.50 |
| Givhero, Inc. | Montgomery County | MD | Gaithersburg | 2 | 3 | Software | Social Impact | 3/15/2023 | \$200,000.00 |
| Novel Microdevices, Inc. | Baltimore City | MD | Baltimore | 9 | 11 | Biotechnology | Urban Business Innovation Initiative | 2/10/2023 | \$200,000.00 |
| Givhero, Inc. | Montgomery County | MD | Gaithersburg | 2 | 3 | Software | Social Impact Seed Investment Funds | 3/15/2023 | \$200,000.00 |
| Aidar Health, Inc | Baltimore City | MD | Baltimore | 9 | 10 | Medical Device | Seed Investment Funds | 3/24/2023 | \$250,000.00 |
| Rise Therapeutics, LLC | Montgomery County | MD | Rockville | 13 | 15 | Biotechnology | Seed Investment Funds | 3/27/2023 | \$200,000.00 |
| Nostopharma | Montgomery County | MD | Bethesda | 2 | 1 | | Social Impact | 6/7/2023 | \$250,000.00 |
| Sisu Global | Baltimore City | MD | BALTIMORE | 5 | 5 | | Social Impact Seed Investment Funds | 4/13/2023 | \$100,000.00 |
| Ardent Security LLC | Baltimore County | MD | Catonsville | 4 | 4 | Cybersecurity | Seed Investment Funds | 6/15/2023 | \$350,000.00 |
| Astek Diagnostics Inc. | Baltimore County | MD | Baltimore | | 4 | Healthcare | Social Impact | 6/13/2023 | \$325,000.00 |
| Veralox Therapeutics, Inc. | Frederick County | MD | Frederick | | 8 | Biotechnology | Maryland Venture Fund Seed Investment Funds | 6/1/2023 | \$1,108,075.00 |
| Zero Point Five Therapeutics, Inc | Montgomery County | MD | Baltimore | 2 | 2 | Biotechnology | Seed Investment Funds | 9/2/2022 | \$1,500,000.00 |
| Total | Sum | | 68 | | 301 | 456 | | | \$21,969,079.85 |