



**Maryland Technology Development Corporation
(TEDCO)**

**Annual Report
and
Financial Statements**

Fiscal Year 2025

Maryland Technology Development Corporation
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**MARYLAND TECHNOLOGY DEVELOPMENT
CORPORATION**

A COMPONENT UNIT OF THE STATE OF MARYLAND

**Consolidated Financial Statements and
Supplementary Information**

For the Years Ended June 30, 2025 and 2024

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
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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 Maryland Technology Development Corporation (TEDCO), a component unit of the State of Maryland, as of and for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, 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 12 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2025, 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 18, 2025

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Management's Discussion and Analysis
For the Years Ended June 30, 2025 and 2024

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.

In the last several years, the State has added several new programs to TEDCO's administration. As these programs grow, so do the TEDCO supporting staff, including our Venture Development department, that mentor the new entrepreneurs, preparing them for success. TEDCO has had a very productive Fiscal Year 2025. Applications are still running higher in most programs and interest in our programs and services remained high as evidenced by a large demand for funding. Some specific program statistics follow:

- Technology Commercialization Fund (TCF)
 - 49 applications, 1 company funded, \$200,000 deployed.
- Life Science Investment Fund (LSIF)
 - 18 applications, 1 company funded, \$500,000 deployed.
- Cyber Security Investment Fund (CIF)
 - 10 applications, 1 company funded, \$500,000 deployed.
- MSCRF
 - 128 applications, 63 projects funded, \$22,605,088 deployed.
- MII
 - 88 applications, 27 projects funded, \$5,092,530 deployed.
- BII Pilot
 - 25 applications, 14 projects funded, \$345,505 deployed.
- Gap Investment Fund
 - 19 applications, 3 companies funded, \$840,000 deployed.
- Social Impact Funds
 - 114 applications
 - Builder Fund
 - 30 companies funded, \$6,300,000 deployed.
 - Inclusion Fund
 - 2 companies funded, \$1,000,000 deployed.
- State Small Business Credit Initiative (SSBCI) 2.0
 - 6 companies funded, \$2,781,601 deployed.

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Brief Discussion of the Basic Financial Statements – continued

- Makerspace
 - 25 applications, 14 companies funded, \$784,065 deployed.
- Equitech Growth Fund
 - 75 applications, 13 companies funded, \$6,734,460 deployed.

TEDCO continues to be one of the most active players in Maryland's innovation and entrepreneurial community as we continue to identify, invest in, and help to grow technology and life sciences companies across Maryland. Examples of this activity include serving on boards such as Maryland incubators, tech councils, and industry groups; participating in numerous events throughout the State; and enhancing economic development in our rural and urban communities through dedicated programs to help grow technology innovations.

Like many successful organizations, the key ingredient to TEDCO's success is collaboration. TEDCO works with a variety of entities across Maryland, including tech transfer offices in universities and federal labs focused on commercialization efforts, 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, 2024 through June 30, 2025. As supplementary information required, 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.

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Consolidated Comparative Financial Statements

Condensed consolidated statements of net position:

| | 2025 | 2024 | 2023 | 2025 / 2024 Change | 2024 / 2023 Change |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ 77,992,468 | \$ 80,914,772 | \$ 61,965,463 | \$ (2,922,304) | \$ 18,949,309 |
| Investments | 1,120,499 | 1,452,452 | 2,011,720 | (331,953) | (559,268) |
| Accounts receivable | 408,793 | 217,806 | 277,428 | 190,987 | (59,622) |
| Loan receivable | 25,000 | 25,000 | 25,000 | - | - |
| Current portion of notes receivable | 3,620,219 | 2,676,293 | 1,589,742 | 943,926 | 1,086,551 |
| Prepaid expenses and other current assets | 365,872 | 221,740 | 89,234 | 144,132 | 132,506 |
| Total Current Assets | <u>83,532,851</u> | <u>85,508,063</u> | <u>65,958,587</u> | <u>(1,975,212)</u> | <u>19,549,476</u> |
| NONCURRENT ASSETS | | | | | |
| Restricted cash | - | - | 1,188,503 | - | (1,188,503) |
| Investments | 64,933,895 | 67,255,028 | 69,681,983 | (2,321,133) | (2,426,955) |
| Loan receivable | 750,000 | 775,000 | 800,000 | (25,000) | (25,000) |
| Notes receivable | 47,058,252 | 36,125,265 | 27,087,705 | 10,932,987 | 9,037,560 |
| Deposits | - | 26,340 | 26,340 | (26,340) | - |
| Subscription assets | 183,096 | 296,745 | 567,408 | (113,649) | (270,663) |
| Right-of-use assets | 2,592,665 | 2,764,541 | - | (171,876) | 2,764,541 |
| Capital assets | 184,851 | 38,406 | 48,600 | 146,445 | (10,194) |
| Total Noncurrent Assets | <u>115,702,759</u> | <u>107,281,325</u> | <u>99,400,539</u> | <u>8,421,434</u> | <u>7,880,786</u> |
| Total Assets | <u>\$ 199,235,610</u> | <u>\$ 192,789,388</u> | <u>\$ 165,359,126</u> | <u>\$ 6,446,222</u> | <u>\$ 27,430,262</u> |
| LIABILITIES | | | | | |
| Current liabilities | \$ 56,011,411 | \$ 56,776,204 | \$ 35,004,635 | \$ (764,793) | \$ 21,771,569 |
| Non-current liabilities | 3,161,907 | 3,003,958 | 296,503 | 157,949 | 2,707,455 |
| Total Liabilities | <u>59,173,318</u> | <u>59,780,162</u> | <u>35,301,138</u> | <u>(606,844)</u> | <u>24,479,024</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | (309,982) | (31,762) | 25,299 | (278,220) | (57,061) |
| Unrestricted | 140,372,274 | 133,040,988 | 130,032,689 | 7,331,286 | 3,008,299 |
| Total Net Position | <u>140,062,292</u> | <u>133,009,226</u> | <u>130,057,988</u> | <u>7,053,066</u> | <u>2,951,238</u> |
| Total Liabilities and Net Position | <u>\$ 199,235,610</u> | <u>\$ 192,789,388</u> | <u>\$ 165,359,126</u> | <u>\$ 6,446,222</u> | <u>\$ 27,430,262</u> |

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
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Consolidated Comparative Financial Statements – continued

The largest portions of TEDCO's total assets as of June 30, 2025 are cash and cash equivalents of \$77,992,468, investments of \$66,054,394 and notes receivable of \$50,678,471.

The largest portions of TEDCO's total assets as of June 30, 2024 are cash and cash equivalents of \$80,914,772, investments of \$68,707,480 and notes receivable of \$38,801,558.

The largest portion of TEDCO's total liabilities as of June 30, 2025 are stem cell and other grants payable of \$32,476,375.

The largest portion of TEDCO's total liabilities as of June 30, 2024 are stem cell and other grants payable of \$28,093,359.

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

| | 2025 | 2024 | 2023 | 2025 / 2024 Change | 2024 / 2023 Change |
|--|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Operating Revenues – Grants and Other | \$ 60,040,137 | \$ 46,939,515 | \$ 54,909,864 | \$ 13,100,622 | \$ (7,970,349) |
| Operating Expenses | | | | | |
| Stem Cell Program | 24,099,953 | 20,146,480 | 19,185,466 | 3,953,473 | 961,014 |
| Tech Transfer | 5,327,037 | 7,252,808 | 6,542,989 | (1,925,771) | 709,819 |
| Business Incubation | 2,686,578 | 5,690,303 | 3,384,173 | (3,003,725) | 2,306,130 |
| Maryland Venture Fund | 891,101 | 1,507,822 | 2,232,082 | (616,721) | (724,260) |
| General Administration | 15,953,508 | 6,198,360 | 4,656,806 | 9,755,148 | 1,541,554 |
| Total Operating Expenses | <u>48,958,177</u> | <u>40,795,773</u> | <u>36,001,516</u> | <u>8,162,404</u> | <u>4,794,257</u> |
| Net Operating Income | 11,081,960 | 6,143,742 | 18,908,348 | 4,938,218 | (12,764,606) |
| Investment Earnings (Losses) | (1,709,629) | 176,353 | (2,344,828) | (1,885,982) | 2,521,181 |
| Transfer to State of Maryland | (2,319,265) | (3,368,857) | (4,792,802) | 1,049,592 | 1,423,945 |
| Change in Net Position | <u>\$ 7,053,066</u> | <u>\$ 2,951,238</u> | <u>\$ 11,770,718</u> | <u>\$ 4,101,828</u> | <u>\$ (8,819,480)</u> |
| Total Revenues | <u>\$ 58,330,508</u> | <u>\$ 47,115,868</u> | <u>\$ 52,565,036</u> | <u>\$ 11,214,640</u> | <u>\$ (5,449,168)</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 24% from \$47,115,868 for the year ending June 30, 2024 to \$58,330,508 for the year ended June 30, 2025. Most of this increase was due to deployment of new programs from the Equitech Growth Fund; along with an increase in deployment from the Stem Cell and Builder Fund programs; and the revenue associated with the release of revenue upon deployment.

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Analysis of Overall Financial Position and Results of Operations – continued

TEDCO's revenues decreased approximately 10% from \$52,565,036 for the year ended June 30, 2023 to \$47,115,868 for the year ended June 30, 2024. Most of this decrease was from the decrease in deployment from the SSBCI program; and the revenue associated with the release of revenue upon deployment. SSBCI was new in FY23 and TEDCO deployed at a faster pace than in FY24.

TEDCO's programs & operations revenue (not including Stem Cell, MII & SSBCI) from the State of Maryland increased approximately 98% from \$13,496,859 for the year ended June 30, 2024 to \$26,730,222 for the year ended June 30, 2025. This increase was partially due to the new Equitech Growth Fund which was able to disburse \$6.7M, along with increased deployment of investments from the Social Impact Funds.

TEDCO's programs & operations revenue (not including Stem Cell, MII & SSBCI) from the State of Maryland decreased approximately 10% from \$15,128,125 for the year ended June 30, 2023 to \$13,496,859 for the year ended June 30, 2024. This decrease was primarily due to the revenue released (earned income) associated with when an investment is made.

TEDCO's current assets decreased approximately 2% from \$85,508,063 as of June 30, 2024 to \$83,532,851 as of June 30, 2025. The decrease is due to a decrease in cash and cash equivalents.

TEDCO's current assets increased approximately 29% from \$65,958,587 as of June 30, 2023 to \$85,508,063 as of June 30, 2024. The increase is due to an increase in cash and cash equivalents.

TEDCO's noncurrent assets increased approximately 8% from \$107,281,325 as of June 30, 2024 to \$115,702,759 as of June 30, 2025. The increase is due to an increase in notes receivable. A large amount of TEDCO investments are in the form of Convertible Notes.

TEDCO's noncurrent assets increased approximately 8% from \$99,400,539 as of June 30, 2023 to \$107,281,325 as of June 30, 2024. The increase is due to an increase in notes receivable. A large amount of TEDCO investments are in the form of Convertible Notes.

TEDCO's current liabilities decreased approximately 1% from \$56,776,204 as of June 30, 2024 to \$56,011,411 as of June 30, 2025.

TEDCO's current liabilities increased approximately 62% from \$35,004,635 as of June 30, 2023 to \$56,776,204 as of June 30, 2024. This increase is partially from Stem Cell grants awarded and unearned grant revenues that were not deployed in FY24.

Operating expenses increased approximately 20% from \$40,795,773 for the year ended June 30, 2024 to \$48,958,177 for the year ended June 30, 2025. This is partially due to the increase in Stem Cell grants awarded and in General Administration expenses offset by a decrease in Business Incubation.

Operating expenses increased approximately 13% from \$36,001,516 for the year ended June 30, 2023 to \$40,795,773 for the year ended June 30, 2024. This is partially due to the increase in Business Incubation, Stem Cell grants awarded, and in General Administration expenses.

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Analysis of Overall Financial Position and Results of Operations – continued

Net position increased by approximately 5% from \$133,009,226 as of June 30, 2024 to \$140,062,292 as of June 30, 2025.

Net position increased by approximately 2% from \$130,057,988 as of June 30, 2023 to \$133,009,226 as of June 30, 2024.

Description of Capital Asset and Long-Term Debt Activity

During fiscal year 2025, TEDCO did not purchase any major capital assets. Computer equipment was purchased at a cost of \$25,752. Furniture & Fixtures for the new office was purchased at a cost of \$158,135. Depreciation and amortization expense was \$53,033 for the year ended June 30, 2025.

During fiscal year 2024, TEDCO did not purchase any major capital assets. Computer equipment was purchased at a cost of \$14,539. Depreciation and amortization expense was \$24,732 for the year ended June 30, 2024.

TEDCO does not have any long-term debt.

Discussion of Currently Known Facts, Decisions, or Conditions

Fiscal Year 2026 State-Funded Operating Budget

The total State appropriation to TEDCO for fiscal year 2026 is \$47,495,816.

The breakdown of funds is:

- Operating Programs - \$2,935,816
- MSCRF- \$15,500,000
- MII - \$5,300,000
- BII Pilot - \$1,500,000
- Rural Business Innovation Initiative - \$640,000
- Maryland Industrial Partnerships - \$300,000
- Cyber Investment Fund - \$900,000
- Life Science Investment Fund - \$1,000,000
- Gap Investment Fund - \$1,000,000
- Builder Fund - \$7,500,000
- Inclusion Fund - \$750,000
- Makerspace - \$1,000,000
- Pava La Pere Innovation Acceleration Grant - \$500,000
- SBIR & STTR Incentive and Technical Asst - \$1,830,000
- Upsurge- Uprise - \$840,000
- Baltimore Tech Hub Consortium - \$1,000,000
- Equitech Growth Fund - \$5,000,000

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

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. In 2023, the MII Pilot program extended inclusion to all universities and colleges in Maryland.

Baltimore Innovation Initiative - This is a two-year Maryland Innovation Initiative Pilot Program supporting technology commercialization for colleges and universities in the Baltimore-Columbia-Towson MSA prioritizing products or services aimed at integrating artificial intelligence or machine learning in health care and biotechnology sectors. This program is based on the successful MII University Partnership Pilot Program model that expanded eligibility of MII to Bowie State and Frostburg State Universities.

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.

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

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 disadvantages. One of the biggest challenges is the gap between pre-seed and seed funding for these early-stage technology businesses and the Inclusion fund seeking 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 provide 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.

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, Venture Development, 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 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 million from the second prior fiscal year, up to a maximum of \$10 million, with up to \$15 million instead of up to \$25 million being appropriated to the SRPS accumulation funds (trust fund) that year.

Pava La Pere Innovation Acceleration Grant - This program, administered by TEDCO, will make available \$50,000 to qualifying technology-based start-up companies founded by students or faculty members of post-secondary institutions in the Baltimore-Towson-Columbia area. These grant funds will be used, in part, to support costs associated with planning, development, regulatory compliance, and/or other technical assistance related to establishing the entrepreneur's company. This program will encourage and support founders with Pava's entrepreneurial spirit and passion by providing financial support to make their ideas into reality.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE STATE OF MARYLAND
Management's Discussion and Analysis
For the Years Ended June 30, 2025 and 2024

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

Upsurge-UpRise - This is a program at UpSurge Baltimore, an organization that provides grants, investments, and other support to local startup companies. The funds in TEDCO's budget will support the Upsurge-UpRise program and is intended to connect founders with investors, experienced entrepreneurs, and service providers to accelerate growth. This funding also supports the federal Tech Hub application.

The Baltimore Tech Hub Consortium is participating in a federal program to invest in regions with the potential for rapid growth in key technology sectors. This funding will support the federal application for Phase 2 of the U.S. EDA's Tech Hub Program that would bring additional federal investment to the region (potentially \$70 million and more).

The SBIR/STTR Incentive Program was created to entice eligible Maryland businesses to apply for funding through the Small Business Innovation Research (SBIR) and Small Business Technology Transfer Research (STTR) programs. These programs, collectively called America's Seed Fund, provide federal funding to support research and product development in small businesses. Maryland is providing matching funds up to \$25K or \$75K for Phase I or Phase II awards, respectively. These grants can be used by companies for business related expenses that are not covered by the SBIR/STTR grants and can help to prepare businesses for investment or scaling and will ultimately contribute to job growth in the State of Maryland.

TEDCO's Venture Development department manages several programs to assist start-up companies with key milestones designed to accelerate growth. Our Venture Development programs and services take several different forms, depending on the company's stage and an assessment of its likely path forward. The Venture Development team collaborates with the start-up company and its other advisors to create an advisory solution that complements and augments the other assistance the entrepreneur receives. Some of the programs include Rural Business Innovation Initiative, Urban Business Innovation Initiative, Network Advisors, Loaned Executives, Maryland Makerspace Initiative Program, Prelude Pitch, and more.

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. MVF's operating reserves have been depleted, since State funding ended in April 2020. Administrative costs had been covered using returns from the original Enterprise Fund, the only statutorily permitted source. However, returns remain unpredictable and are currently limited by weak market conditions. In the past 2 years, TEDCO has been covering expenses with the expectation of repayment once investment returns are realized.

Contacting TEDCO

Interested parties can contact TEDCO at 10960 Grantchester Way, Suite 120, Columbia, Maryland, 21044.

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

Consolidated Statements of Net Position

| <i>As of June 30,</i> | <i>2025</i> | <i>2024</i> |
|--|-----------------------|-----------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 77,992,468 | \$ 80,914,772 |
| Investments | 1,120,499 | 1,452,452 |
| Accounts receivable | 408,793 | 217,806 |
| Loan receivable | 25,000 | 25,000 |
| Current portion of notes receivable, net of allowance of \$5,142,116 and \$3,915,096 | 3,620,219 | 2,676,293 |
| Prepaid expenses and other current assets | 365,872 | 221,740 |
| Total Current Assets | 83,532,851 | 85,508,063 |
| Non-current Assets: | | |
| Investments | 64,933,895 | 67,255,028 |
| Loan receivable – noncurrent | 750,000 | 775,000 |
| Notes receivable – noncurrent, net of allowance of \$12,441,171 and \$13,873,462 | 47,058,252 | 36,125,265 |
| Deposits | - | 26,340 |
| Subscription assets, net of accumulated amortization of \$326,258 and \$611,449 | 183,096 | 296,745 |
| Right-of-use assets, net of accumulated amortization of \$202,547 and \$30,671 | 2,592,665 | 2,764,541 |
| Capital assets, net of accumulated depreciation and amortization of \$124,096 and \$71,603 | 184,851 | 38,406 |
| Total Non-current Assets | 115,702,759 | 107,281,325 |
| Total Assets | \$ 199,235,610 | \$ 192,789,388 |
| Liabilities and Net Position | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 1,207,467 | \$ 4,130,125 |
| Accrued interest | 260 | 523 |
| Stem cell grants payable | 28,306,021 | 25,838,836 |
| Other grants payable | 4,170,354 | 2,254,523 |
| Due to State of Maryland | 2,319,265 | 3,368,857 |
| Subscription liabilities, current portion | 108,687 | 127,496 |
| Unearned grant revenue | 19,899,357 | 21,055,844 |
| Total Current Liabilities | 56,011,411 | 56,776,204 |
| Non-current Liabilities: | | |
| Subscription liabilities, net of current portion | 76,372 | 169,007 |
| Lease liability | 3,085,535 | 2,834,951 |
| Total Non-current Liabilities | 3,161,907 | 3,003,958 |
| Total Liabilities | 59,173,318 | 59,780,162 |
| Commitments and Contingencies (Note 9) | | |
| Net Position: | | |
| Net investment in capital assets | (309,982) | (31,762) |
| Unrestricted | 140,372,274 | 133,040,988 |
| Total Net Position | 140,062,292 | 133,009,226 |
| Total Liabilities and Net Position | \$ 199,235,610 | \$ 192,789,388 |

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>2025</i> | <i>2024</i> |
|--|----------------|----------------|
| Operating Revenues: | | |
| State of Maryland grants: | | |
| Maryland Stem Cell Research | \$ 20,144,497 | \$ 20,128,998 |
| State Small Business Credit Initiative | 3,061,797 | 4,858,279 |
| Maryland Innovation Initiative | 5,919,550 | 5,859,223 |
| TEDCO operations | 26,730,222 | 13,496,859 |
| Total State of Maryland grants | 55,856,066 | 44,343,359 |
| Federal grants | 271,609 | 244,839 |
| Sponsorships | 174,500 | 850 |
| Royalties | 83,598 | 70,453 |
| Other revenues | 3,654,364 | 2,280,014 |
| Total Operating Revenues | 60,040,137 | 46,939,515 |
| Operating Expenses | | |
| Stem Cell Program | 24,099,953 | 20,146,480 |
| Tech Transfer | 5,327,037 | 7,252,808 |
| Business Incubation | 2,686,578 | 5,690,303 |
| Maryland Venture Fund | 891,101 | 1,507,822 |
| General Administration | 15,953,508 | 6,198,360 |
| Total Operating Expenses | 48,958,177 | 40,795,773 |
| Operating Income | 11,081,960 | 6,143,742 |
| Non-operating Revenues | | |
| Investment Earnings (Loss) | (1,709,629) | 176,353 |
| Transfer to State of Maryland | (2,319,265) | (3,368,857) |
| Change in Net Position | 7,053,066 | 2,951,238 |
| Net Position, beginning of year | 133,009,226 | 130,057,988 |
| Net Position, end of year | \$ 140,062,292 | \$ 133,009,226 |

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>2025</i> | <i>2024</i> |
|---|----------------------|----------------------|
| Cash Flows from Operating Activities: | | |
| Cash received from operations | \$ 58,692,663 | \$ 63,947,146 |
| Cash paid for operations | (41,275,641) | (30,772,754) |
| Net Cash and Cash Equivalents Provided by Operating Activities | 17,417,022 | 33,174,392 |
| Cash Flows from Investing Activities: | | |
| Proceeds from sale of investments | 5,747,517 | 7,008,008 |
| Purchases of investments | (5,548,366) | (6,314,290) |
| Distributions from investments | 2,319,265 | 3,368,857 |
| Payments on loan receivable | 25,000 | 25,000 |
| Payments on notes receivable | 325,000 | 292,782 |
| Advances of notes receivable | (19,527,964) | (14,693,898) |
| Capital and related purchases of property and equipment | (199,477) | (14,540) |
| Net Cash and Cash Equivalents Used in Investing Activities | (16,859,025) | (10,328,081) |
| Cash Flows from Financing Activities: | | |
| Payments on subscription liabilities | (111,444) | (292,703) |
| Net Cash and Cash Equivalents Used In Financing Activities | (111,444) | (292,703) |
| Transfer to State of Maryland General Fund | (3,368,857) | (4,792,802) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (2,922,304) | 17,760,806 |
| Cash and Cash Equivalents, beginning of year | 80,914,772 | 63,153,966 |
| Cash and Cash Equivalents, end of year | \$ 77,992,468 | \$ 80,914,772 |
| Reconciliation of operating income to net cash and cash equivalents provided by operating activities | | |
| Operating Income | \$ 11,081,960 | \$ 6,143,742 |
| Adjustments to reconcile operating income to net cash and cash equivalents cash provided by operating activities: | | |
| Depreciation and amortization | 338,557 | 326,068 |
| Allowance for doubtful accounts | 5,751,092 | 3,377,005 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (190,987) | 59,622 |
| Prepaid expenses and other current assets | (144,132) | (132,506) |
| Deposits | 26,340 | - |
| Accounts payable and accrued expenses | (2,922,658) | 373,646 |
| Accrued interest | (263) | (980) |
| Stem cell grants payable | 2,467,185 | 5,846,019 |
| Other grants payable | 1,915,831 | 194,028 |
| Unearned grant revenue | (1,156,487) | 16,948,009 |
| Lease liability | 250,584 | 39,739 |
| Net Cash and Cash Equivalents Provided by Operating Activities | \$ 17,417,022 | \$ 33,174,392 |

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>2025</i> | <i>2024</i> |
|---|----------------|----------------|
| Non-cash Operating Activities | | |
| Recognition of right-of-use asset (Note 9) | \$ - | \$ 2,795,212 |
| Recognition of lease liability (Note 9) | \$ - | \$ 2,795,212 |
| Non-cash Investing Activities | | |
| Convertible Notes Receivable Converted to Equity Securities | \$ 1,574,959 | \$ 900,000 |
| Decrease in Fair Value of Investments | \$ (4,781,682) | \$ (6,469,086) |

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, 2025 and 2024

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, 2025 and 2024

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, 2025 and 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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, Maryland Innovation Initiative, GAP Funding, Minority Business PreSeed Fund, Builder Fund, Rural Pre-Seed Fund, Life Science Investment Fund, State Small Business Credit Initiative, Inclusion Fund, 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, as well as interest accrued which is calculated on a quarterly basis, 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. TEDCO estimates its allowance for doubtful accounts based on historical experience and analysis performed by both its investment team and an independent accounting firm. Based on that analysis, approximately 70% of companies funded through convertible notes historically did not succeed. Using a conservative approach, TEDCO reserves 70% of the accrued interest on its convertible notes.

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, 2025 and 2024, TEDCO determined the allowance for doubtful accounts to be \$17,583,287 and \$17,788,558, 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, 2025 and 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Investments

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

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 lease 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, 2025 and 2024

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, 2025 and 2024, 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, 2025 and 2024, unearned grant revenue was \$19,899,357 and \$21,055,844, respectively.

Revenue Recognition

Revenues are recognized when earned. The State of Maryland has granted TEDCO an operating grant of \$11,385,816 and \$7,465,816 for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024 totaled \$20,144,497 and \$20,128,998, 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, 2025 and 2024 totaled \$3,061,797 and \$4,858,279, 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, 2025 and 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition – continued

TEDCO receives grant funds from the state of Maryland through MII to promote the commercialization of research conducted within Maryland universities. TEDCO recognizes revenue in relation to these grant funds when TEDCO commits these funds and the funds are payable. MII funding recognized as revenue for the years ended June 30, 2025 and 2024 totaled \$5,919,550 and \$5,859,223, respectively.

TEDCO Operations revenue on the 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 and is 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, 2025 and 2024 totaled \$26,730,222 and \$13,496,859, respectively.

Other revenues on the consolidated statement of revenues, expenses and changes in net position for the year ended June 30, 2025 is comprised of approximately \$6,000 of contributions from various universities participating in the MII program; approximately \$2,860,000 of prior year awards that were rescinded for various reasons and able to be used for future awards; and approximately \$784,000 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, 2024 is comprised of approximately \$30,000 of contributions from various universities participating in the MII program; approximately \$1,720,000 of prior year awards that were rescinded for various reasons and able to be used for future awards; and approximately \$530,000 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, 2025 and 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recently Adopted Accounting Principles

Effective July 1, 2023, TEDCO adopted GASB statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), which modifies the guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB 100 requires the retrospective approach to adopt this guidance which requires a restatement for all prior periods presented. There was no effect on operating income or net position as a result of the adoption of GASB 100.

Effective July 1, 2024, TEDCO adopted GASB Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. This new guidance is effective for fiscal years beginning after December 15, 2023 and should be applied retrospectively. There was no effect on operating income or net position as a result of the adoption of GASB 101.

Effective July 1, 2024, TEDCO adopted GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), which requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. GASB 102 requires the retrospective approach to adopt this guidance which requires a restatement for all prior periods presented. There was no effect on operating income or net position as a result of the adoption of GASB 102.

Recently Issued Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability and addresses certain application issues. The requirements for this Statement (1) will improve MD&A and the quality of the analysis of changes from the prior year, which will enhance the relevance of that information and clarity on what information will be included, (2) will provide clarity regarding which items should be reported separately from other inflows and outflows of resources, (3) will change the definitions of operating revenues and expenses and of nonoperating revenues and expenses improving comparability from government to government. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve relevance of information provided in proprietary fund statement of revenues, expenses and changes in fund net position, (4) will improve comparability for presentation of major component information, and (5) will require that budgetary comparison information be presented as required supplementary information will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability. This new guidance is effective for fiscal years beginning after June 15, 2025 and should be applied retrospectively. Early adoption is permitted. TEDCO is currently evaluating the timing of its adoption and the impact of adopting GASB 103 on the accompanying financial statements.

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recently Issued Accounting Pronouncements – continued

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104). The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. This new guidance is effective for fiscal years beginning after June 15, 2025 and should be applied retrospectively. Early adoption is permitted. TEDCO is currently evaluating the timing of its adoption and the impact of adopting GASB 104 on the accompanying financial statements.

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 \$2,319,265 and \$3,368,857 for the years ended June 30, 2025 and 2024 respectively. As of June 30, 2025 and 2024, distributions received from venture capital investments but not yet transferred to the State of Maryland totaled \$2,319,265 and \$3,368,857, respectively.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

| | 2025 | 2024 |
|--------------------------------------|---------------|---------------|
| Deposits with Financial Institutions | \$ 71,592,119 | \$ 75,174,309 |
| Money Market Funds | 6,400,349 | 5,740,463 |
| Total | \$ 77,992,468 | \$ 80,914,772 |

Investments consisted of the following as of June 30,:

| | 2025 | Percent | 2024 | Percent |
|----------------------------|---------------|---------|---------------|---------|
| U.S. Government Securities | \$ 1,120,499 | 2% | \$ 1,452,452 | 2% |
| Equity Securities | 64,933,895 | 98% | 67,255,028 | 98% |
| Total | \$ 66,054,394 | 100% | \$ 68,707,480 | 100% |

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2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – continued

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.

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, 2025, TEDCO’s bank balances were \$71,592,119. Of the bank balances, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$71,342,119 was covered by collateral held in the pledging bank’s trust department in TEDCO’s name.

As of June 30, 2024, TEDCO’s bank balances were \$75,191,987. Of the bank balances, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$74,941,987 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, 2025 and 2024, 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, 2025, securities with stated maturities mature according to the following segmented time distribution:

| Investment Type | Fair Value | Less than 1 Year | 1-5 Years | 6-10 Years |
|----------------------------|--------------|------------------|------------|------------|
| U.S. Government Securities | \$ 1,120,499 | \$ 677,080 | \$ 443,419 | \$ - |
| Total | \$ 1,120,499 | \$ 677,080 | \$ 443,419 | \$ - |

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2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – continued

Interest Rate Risk - continued

As of June 30, 2024, securities with stated maturities mature according to the following segmented time distribution:

| Investment Type | Fair Value | Less than 1 Year | 1-5 Years | 6-10 Years |
|----------------------------|--------------|------------------|--------------|------------|
| U.S. Government Securities | \$ 1,452,452 | \$ 222,398 | \$ 1,230,054 | \$ - |
| Total | \$ 1,452,452 | \$ 222,398 | \$ 1,230,054 | \$ - |

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, 2025, TEDCO’s agency securities are rated as AAA under Moody’s and AA+ under S&P. All other investments held are unrated.

3. 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;
- 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.

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3. FAIR VALUE MEASUREMENTS – continued

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, 2025:

| | Level 1 | Level 2 | Level 3 | Investments Measured at Net Asset Value ⁽¹⁾ | Total |
|--|---------------------|-------------|----------------------|---|----------------------|
| Investments by fair value level | | | | | |
| U.S. government securities | \$ 1,120,499 | \$ - | \$ - | \$ - | \$ 1,120,499 |
| Equity investments in privately-held companies | - | - | 47,978,188 | - | 47,978,188 |
| Equity investments in venture capital partnerships | - | - | - | 16,955,707 | 16,955,707 |
| Total investments by fair value level | \$ 1,120,499 | \$ - | \$ 47,978,188 | \$ 16,955,707 | \$ 66,054,394 |

The following table sets forth by level, within the fair value hierarchy, TEDCO’s investments at fair value as of June 30, 2024:

| | Level 1 | Level 2 | Level 3 | Investments Measured at Net Asset Value ⁽¹⁾ | Total |
|--|---------------------|-------------|----------------------|---|----------------------|
| Investments by fair value level | | | | | |
| U.S. government securities | \$ 1,452,452 | \$ - | \$ - | \$ - | \$ 1,452,452 |
| Equity investments in privately-held companies | - | - | 45,299,988 | - | 45,299,988 |
| Equity investments in venture capital partnerships | - | - | - | 21,955,040 | 21,955,040 |
| Total investments by fair value level | \$ 1,452,452 | \$ - | \$ 45,299,988 | \$ 21,955,040 | \$ 68,707,480 |

(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.

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3. 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 investees. 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,:

| | 2025 | 2024 |
|---|---------------|---------------|
| Balance, Beginning of Year | \$ 45,299,988 | \$ 43,661,742 |
| Transfer/Conversion | 1,574,959 | 900,000 |
| Realized Gains (Losses) | (3,235,628) | 140,724 |
| Unrealized Losses Relating to Instruments Held at the Reporting Date | (4,781,682) | (6,469,086) |
| Purchases, Sales, Issuances, and Settlements, Net | 9,120,551 | 7,066,608 |
| Balance, End of Year | \$ 47,978,188 | \$ 45,299,988 |

4. NOTES RECEIVABLE

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 through January 2025. The note was paid off during the year ended June 30, 2025.

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, 2025 and 2024, the total balance outstanding on these convertible promissory notes was \$58,151,075 and \$48,004,898, which included accrued interest of \$7,332,597 and \$5,651,468, respectively.

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4. 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, 2025 and 2024, the total balance outstanding on these convertible promissory notes was \$10,110,683 and \$8,445,866, which included accrued interest of \$1,429,738 and \$939,921, respectively.

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

| | 2025 | 2024 |
|---|---------------|---------------|
| Convertible Promissory Notes Principal Advanced | \$ 59,499,423 | \$ 49,859,375 |
| Convertible Promissory Notes Interest Accrued | 8,762,335 | 6,591,389 |
| Allowance for Uncollectible Balances | (17,583,287) | (17,788,558) |
| Total Convertible Promissory Notes | 50,678,471 | 38,662,206 |
| Other Notes Receivable | - | 139,352 |
| Total Notes Receivable | \$ 50,678,471 | \$ 38,801,558 |
| | | |
| Notes Receivable - Current | \$ 3,620,219 | \$ 2,676,293 |
| Notes Receivable - Noncurrent | 47,058,252 | 36,125,265 |
| Total | \$ 50,678,471 | \$ 38,801,558 |

The decrease in allowance for uncollectible balances on notes receivable of \$205,271 during the year ended June 30, 2025 can be strictly attributable to TEDCO notes. The increase in allowance for uncollectible balances on notes receivable of \$2,843,470 incurred during the year ended June 30, 2024 can be strictly attributable to TEDCO notes.

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5. RIGHT-OF-USE ASSETS

Right-of-use assets activity for the years ended June 30, 2025 and 2024 is summarized as follows:

| | Balance, July 1, 2024 | Additions | Retirements | Balance, June 30, 2025 |
|--------------------------------|--------------------------|---------------------|-------------|---------------------------|
| Right-of-use assets | \$ 2,795,212 | \$ - | \$ - | \$ 2,795,212 |
| Less: accumulated amortization | (30,671) | (171,876) | - | (202,547) |
| Net right-of-use assets | <u>\$ 2,764,541</u> | <u>\$ (171,876)</u> | <u>\$ -</u> | <u>\$ 2,592,665</u> |

| | Balance, July 1, 2023 | Additions | Retirements | Balance, June 30, 2024 |
|--------------------------------|--------------------------|---------------------|-------------|---------------------------|
| Right-of-use assets | \$ - | \$ 2,795,212 | \$ - | \$ 2,795,212 |
| Less: accumulated amortization | - | (30,671) | - | (30,671) |
| Net right-of-use assets | <u>\$ -</u> | <u>\$ 2,764,541</u> | <u>\$ -</u> | <u>\$ 2,764,541</u> |

Amortization expense for the years ended June 30, 2025 and 2024 was \$171,876 and \$30,671, respectively. This amount is included in general administration under operating expenses on the consolidated statements of revenues, expenses, and changes in net position.

6. SUBSCRIPTION ASSETS

The following table presents the total subscription assets and accumulated amortization as of June 30, 2025 and 2024, respectively:

| | Balance, July 1, 2024 | Additions | Retirements | Balance, June 30, 2025 |
|--------------------------------|--------------------------|---------------------|--------------|---------------------------|
| Subscription assets | \$ 908,194 | \$ 16,785 | \$ (415,625) | \$ 509,354 |
| Less: Accumulated amortization | (611,449) | (130,434) | 415,625 | (326,258) |
| Net Subscription Assets | <u>\$ 296,745</u> | <u>\$ (113,649)</u> | <u>\$ -</u> | <u>\$ 183,096</u> |

| | Balance, July 1, 2023 | Additions | Retirements | Balance, June 30, 2024 |
|--------------------------------|--------------------------|---------------------|-------------|---------------------------|
| Subscription assets | \$ 999,616 | \$ - | \$ (91,422) | \$ 908,194 |
| Less: Accumulated amortization | (432,208) | (270,663) | 91,422 | (611,449) |
| Net Subscription Assets | <u>\$ 567,408</u> | <u>\$ (270,663)</u> | <u>\$ -</u> | <u>\$ 296,745</u> |

Amortization expense for the years ended June 30, 2025 and 2024 was \$130,434 and \$270,663, respectively. This amount is included in general administration under operating expenses on the consolidated statements of revenues, expenses, and changes in net position.

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7. CAPITAL ASSETS

Changes in the components of capital assets are summarized as follows for the years ended June 30, 2025 and 2024:

| | Balance, July 1, 2024 | Additions | Deletions | Balance, June 30, 2025 |
|--|--------------------------|-------------------|-------------|---------------------------|
| Computer equipment | \$ 109,470 | \$ 36,540 | \$ - | \$ 146,010 |
| Office furniture | - | 158,135 | - | 158,135 |
| Leasehold improvements | - | 4,802 | - | 4,802 |
| | <u>109,470</u> | <u>199,477</u> | <u>-</u> | <u>308,947</u> |
| Accumulated depreciation and amortization: | | | | |
| Computer equipment | 71,064 | 28,546 | - | 99,610 |
| Office furniture | - | 24,006 | - | 24,006 |
| Leasehold improvements | - | 480 | - | 480 |
| | <u>71,064</u> | <u>53,032</u> | <u>-</u> | <u>124,096</u> |
| Capital assets, net | <u>\$ 38,406</u> | <u>\$ 146,445</u> | <u>\$ -</u> | <u>\$ 184,851</u> |

| | Balance, July 1, 2023 | Additions | Deletions | Balance, June 30, 2024 |
|--|--------------------------|--------------------|-------------|---------------------------|
| Computer equipment | \$ 94,930 | \$ 14,540 | \$ - | \$ 109,470 |
| | <u>94,930</u> | <u>14,540</u> | <u>-</u> | <u>109,470</u> |
| Accumulated depreciation and amortization: | | | | |
| Computer equipment | 46,330 | 24,734 | - | 71,064 |
| | <u>46,330</u> | <u>24,734</u> | <u>-</u> | <u>71,064</u> |
| Capital assets, net | <u>\$ 48,600</u> | <u>\$ (10,194)</u> | <u>\$ -</u> | <u>\$ 38,406</u> |

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 was \$53,032 and \$24,734, respectively. This amount is included in general administration under operating expenses on the consolidated statements of revenues, expenses, and changes in net position.

8. 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, 2025 and 2024, TEDCO made an 8% contribution of each employee’s base compensation. Contract employees do not contribute to the Plan.

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8. PROFIT SHARING PLAN – continued

Contribution expense for TEDCO was \$316,101 and \$284,110 for the years ended June 30, 2025 and 2024, respectively, which is allocated among programs and general administration expenses in the consolidated statements of revenues, expenses, and changes in net position.

9. COMMITMENTS AND CONTINGENCIES

Office Space Lease

During the year ended June 30, 2024, TEDCO entered into a new 11-year lease agreement for an office space, which is set to expire April 30, 2035. The lease initially required monthly rental payments of approximately \$34,000 (base rent), increasing to approximately \$44,000 by the year 2035. The lease agreement contains a rent abatement period in which TEDCO is not responsible for paying the rent for the first fourteen months of the lease from their commencement date, which was May 1, 2024. As a result of the new lease agreement, TEDCO recognized an initial lease liability \$2,795,212, which represents the present value of remaining lease payments, and a right-of-use asset of \$2,795,212 as of May 1, 2024, the date they entered into 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 8.50%, 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.

Lease payments due totaled \$0 for the years ended June 30, 2025 and 2024.

Interest expense on the lease liability totaled \$250,584 and \$39,739 for the years ended June 30, 2025 and 2024, respectively, and is recorded in general administration on the accompanying consolidated statements of revenues, expenses and changes in net position. There was no accrued interest as of June 30, 2025 and 2024.

The weighted average remaining lease term of the lease is 9.83 years as of June 30, 2025. The weighted average discount rate of the lease is 8.50% as of June 30, 2025.

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9. 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 | 9/15/2021 | 9/14/2026 | \$ 71,152 |
| Jungle Laser | Software License | 10/1/2021 | 9/30/2024 | 18,428 |
| Oracle | Licenses for NetSuite Software and Cloud Services | 10/20/2022 | 10/19/2027 | 223,054 |
| Payscale | Subscription to Insight Lab Core | 6/25/2025 | 6/24/2027 | 16,785 |
| Pitchbook | Pitchbook Platform | 7/1/2021 | 9/30/2024 | 168,480 |
| Streamlink | AmpliFund Software Subscription | 12/1/2022 | 11/30/2025 | 88,392 |
| Workday | Adaptive Planning Base | 9/30/2022 | 9/29/2026 | 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 8.50%, 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 \$128,229 and \$292,703 for the years ended June 30, 2025 and 2024, respectively. Four contracts ended during the year ended June 30, 2025, which resulted in a retirement of \$415,625. One contract ended during the year ended June 30, 2024, which resulted in a retirement of \$91,422.

Interest expense on the subscription liabilities totaled \$11,572 and \$22,429 for the years ended June 30, 2025 and 2024, respectively, and is recorded in general administration on the accompanying consolidated statements of revenues, expenses and changes in net position.

The weighted average remaining subscription term was 1.87 and 2.60 years as of June 30, 2025 and 2024, respectively. The weighted average discount rate of the subscriptions was 5.00% as of June 30, 2025 and 2024.

The following table presents future minimum subscription payments as of June 30, 2025:

| Year Ending June 30, | Total | Principal | Interest |
|-----------------------------|-------------------|-------------------|-----------------|
| 2026 | \$ 115,328 | \$ 108,687 | \$ 6,641 |
| 2027 | 66,090 | 63,901 | 2,189 |
| 2028 | 12,575 | 12,471 | 104 |
| Total | \$ 193,993 | \$ 185,059 | \$ 8,934 |

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10. 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.

11. 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, 2025 and 2024, no losses have been incurred.

12. 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, 2025 and 2024, 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, 2025

| | Maryland Technology Development Corporation | Maryland Venture Fund | Eliminations | Consolidated Total |
|---|--|--------------------------|-----------------------|-----------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 63,085,599 | \$ 14,906,869 | \$ - | \$ 77,992,468 |
| Investments | 1,120,499 | - | - | 1,120,499 |
| Accounts receivable | 386,993 | 21,800 | - | 408,793 |
| Loan receivable | 25,000 | - | - | 25,000 |
| Current portion of notes receivable, net of allowance of \$5,142,116 | 2,190,481 | 1,429,738 | - | 3,620,219 |
| Prepaid expenses and other current assets | 365,872 | - | - | 365,872 |
| Due from Maryland Venture Fund | 1,679,822 | - | (1,679,822) | - |
| Total Current Assets | 68,854,266 | 16,358,407 | (1,679,822) | 83,532,851 |
| Non-current Assets: | | | | |
| Investments | 25,745,323 | 39,188,572 | - | 64,933,895 |
| Loan receivable – noncurrent | 750,000 | - | - | 750,000 |
| Notes receivable – noncurrent, net of allowance of \$12,441,171 | 38,663,252 | 8,395,000 | - | 47,058,252 |
| Subscription assets, net of accumulated amortization of \$326,258 | 183,096 | - | - | 183,096 |
| Right-of-use assets, net of accumulated amortization of \$202,547 | 2,592,665 | - | - | 2,592,665 |
| Capital assets, net of accumulated depreciation and amortization of \$124,096 | 184,851 | - | - | 184,851 |
| Total Noncurrent Assets | 68,119,187 | 47,583,572 | - | 115,702,759 |
| Total Assets | \$ 136,973,453 | \$ 63,941,979 | \$ (1,679,822) | \$ 199,235,610 |
| Liabilities and Net Position | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 1,207,467 | \$ - | \$ - | \$ 1,207,467 |
| Accrued interest | 260 | - | - | 260 |
| Stem cell grants payable | 28,306,021 | - | - | 28,306,021 |
| Other grants payable | 4,170,354 | - | - | 4,170,354 |
| Due to State of Maryland | - | 2,319,265 | - | 2,319,265 |
| Due to TEDCO | - | 1,679,822 | (1,679,822) | - |
| Subscription liabilities, current portion | 108,687 | - | - | 108,687 |
| Unearned grant revenue | 19,899,357 | - | - | 19,899,357 |
| Total Current Liabilities | 53,692,146 | 3,999,087 | (1,679,822) | 56,011,411 |
| Non-current Liabilities: | | | | |
| Subscription liabilities, net of current portion | 76,372 | - | - | 76,372 |
| Lease liability | 3,085,535 | - | - | 3,085,535 |
| Total Non-current Liabilities | 3,161,907 | - | - | 3,161,907 |
| Total Liabilities | 56,854,053 | 3,999,087 | (1,679,822) | 59,173,318 |
| Net Position: | | | | |
| Net investment in capital assets | (309,982) | - | - | (309,982) |
| Unrestricted | 80,429,382 | 59,942,892 | - | 140,372,274 |
| Total Net Position | 80,119,400 | 59,942,892 | - | 140,062,292 |
| Total Liabilities and Net Position | \$ 136,973,453 | \$ 63,941,979 | \$ (1,679,822) | \$ 199,235,610 |

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, 2024

| | Maryland Technology Development Corporation | Maryland Venture Fund | Eliminations | Consolidated Total |
|--|--|-----------------------------|-----------------------|-----------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 62,115,218 | \$ 18,799,554 | \$ - | \$ 80,914,772 |
| Investments | 1,452,452 | - | - | 1,452,452 |
| Accounts receivable | 191,506 | 26,300 | - | 217,806 |
| Loan receivable | 25,000 | - | - | 25,000 |
| Current portion of notes receivable, net of allowance of \$3,915,096 | 1,736,372 | 939,921 | - | 2,676,293 |
| Prepaid expenses and other current assets | 203,190 | 18,550 | - | 221,740 |
| Due from Maryland Venture Fund | 1,037,270 | - | (1,037,270) | - |
| Total Current Assets | 66,761,008 | 19,784,325 | (1,037,270) | 85,508,063 |
| Non-current Assets: | | | | |
| Investments | 22,545,276 | 44,709,752 | - | 67,255,028 |
| Loan receivable – non-current | 775,000 | - | - | 775,000 |
| Notes receivable – non-current, net of allowance of \$13,873,462 | 28,905,265 | 7,220,000 | - | 36,125,265 |
| Deposits | 26,340 | - | - | 26,340 |
| Subscription assets, net of accumulated amortization of \$611,449 | 296,745 | - | - | 296,745 |
| Right-of-use assets, net of accumulated amortization of \$30,671 | 2,764,541 | - | - | 2,764,541 |
| Capital assets, net of accumulated depreciation and amortization of \$71,603 | 38,406 | - | - | 38,406 |
| Total Non-current Assets | 55,351,573 | 51,929,752 | - | 107,281,325 |
| Total Assets | \$ 122,112,581 | \$ 71,714,077 | \$ (1,037,270) | \$ 192,789,388 |
| Liabilities and Net Position | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 4,130,125 | \$ - | \$ - | \$ 4,130,125 |
| Accrued interest | 523 | - | - | 523 |
| Stem cell grants payable | 25,838,836 | - | - | 25,838,836 |
| Other grants payable | 2,254,523 | - | - | 2,254,523 |
| Due to State of Maryland | - | 3,368,857 | - | 3,368,857 |
| Due to TEDCO | - | 1,037,270 | (1,037,270) | - |
| Subscription liabilities, current portion | 127,496 | - | - | 127,496 |
| Unearned grant revenue | 21,055,844 | - | - | 21,055,844 |
| Total Current Liabilities | 53,407,347 | 4,406,127 | (1,037,270) | 56,776,204 |
| Non-current Liabilities: | | | | |
| Subscription liabilities, net of current portion | 169,007 | - | - | 169,007 |
| Lease Liability | 2,834,951 | - | - | 2,834,951 |
| Total Non-current Liabilities | 3,003,958 | - | - | 3,003,958 |
| Total Liabilities | 56,411,305 | 4,406,127 | (1,037,270) | 59,780,162 |
| Net Position: | | | | |
| Net investment in capital assets | (31,762) | - | - | (31,762) |
| Unrestricted | 65,733,038 | 67,307,950 | - | 133,040,988 |
| Total Net Position | 65,701,276 | 67,307,950 | - | 133,009,226 |
| Total Liabilities and Net Position | \$ 122,112,581 | \$ 71,714,077 | \$ (1,037,270) | \$ 192,789,388 |

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, 2025**

| | Maryland Technology Development Corporation | Maryland Venture Fund | Eliminations | Consolidated Eliminations Total |
|--|--|--------------------------|--------------|---------------------------------------|
| Operating Revenues: | | | | |
| State of Maryland grants: | | | | |
| Maryland Stem Cell Research | \$ 20,144,497 | \$ - | \$ - | \$ 20,144,497 |
| State Small Business Credit Initiative | 3,061,797 | - | - | 3,061,797 |
| Maryland Innovation Initiative | 5,919,550 | - | - | 5,919,550 |
| TEDCO operations | 26,730,222 | - | - | 26,730,222 |
| Total State of Maryland grants | 55,856,066 | - | - | 55,856,066 |
| Federal grants | 271,609 | - | - | 271,609 |
| Sponsorships | 174,500 | - | - | 174,500 |
| Royalties | 83,598 | - | - | 83,598 |
| Other revenues | 3,589,814 | 64,550 | - | 3,654,364 |
| Total Operating Revenues | 59,975,587 | 64,550 | - | 60,040,137 |
| Operating Expenses | | | | |
| Stem Cell Program | 24,099,953 | - | - | 24,099,953 |
| Tech Transfer | 5,327,037 | - | - | 5,327,037 |
| Business Incubation | 2,686,578 | - | - | 2,686,578 |
| Maryland Venture Fund | - | 891,101 | - | 891,101 |
| General Administration | 15,953,508 | - | - | 15,953,508 |
| Total Operating Expenses | 48,067,076 | 891,101 | - | 48,958,177 |
| Operating Income (Loss) | 11,908,511 | (826,551) | - | 11,081,960 |
| Non-operating Revenues | | | | |
| Investment Earnings (Loss) | 2,509,613 | (4,219,242) | - | (1,709,629) |
| Transfer to State of Maryland | - | (2,319,265) | - | (2,319,265) |
| Change in Net Position | 14,418,124 | (7,365,058) | - | 7,053,066 |
| Net Position, beginning of year | 65,701,276 | 67,307,950 | - | 133,009,226 |
| Net Position, end of year | \$ 80,119,400 | \$ 59,942,892 | \$ - | \$ 140,062,292 |

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, 2024**

| | Maryland Technology Development Corporation | Maryland Venture Fund | Eliminations | Consolidated Eliminations Total |
|--|--|--------------------------|--------------|---------------------------------------|
| Operating Revenues: | | | | |
| State of Maryland grants: | | | | |
| Maryland Stem Cell Research | \$ 20,128,998 | \$ - | \$ - | \$ 20,128,998 |
| State Small Business Credit Initiative | 4,858,279 | - | - | 4,858,279 |
| Maryland Innovation Initiative | 5,859,223 | - | - | 5,859,223 |
| TEDCO operations | 13,496,859 | - | - | 13,496,859 |
| Total State of Maryland grants | 44,343,359 | - | - | 44,343,359 |
| Federal grants | 244,839 | - | - | 244,839 |
| Sponsorships | 850 | - | - | 850 |
| Royalties | 70,453 | - | - | 70,453 |
| Other revenues | 2,274,214 | 5,800 | - | 2,280,014 |
| Total Operating Revenues | 46,933,715 | 5,800 | - | 46,939,515 |
| Operating Expenses | | | | |
| Stem Cell Program | 20,146,480 | - | - | 20,146,480 |
| Tech Transfer | 7,252,808 | - | - | 7,252,808 |
| Business Incubation | 5,690,303 | - | - | 5,690,303 |
| Maryland Venture Fund | - | 1,507,822 | - | 1,507,822 |
| General Administration | 6,198,360 | - | - | 6,198,360 |
| Total Operating Expenses | 39,287,951 | 1,507,822 | - | 40,795,773 |
| Operating Income (Loss) | 7,645,764 | (1,502,022) | - | 6,143,742 |
| Non-operating Revenues | | | | |
| Investment Earnings (Loss) | 874,764 | (698,411) | - | 176,353 |
| Transfer to State of Maryland | - | (3,368,857) | - | (3,368,857) |
| Change in Net Position | 8,520,528 | (5,569,290) | - | 2,951,238 |
| Net Position, beginning of year | 57,180,748 | 72,877,240 | - | 130,057,988 |
| Net Position, end of year | \$ 65,701,276 | \$ 67,307,950 | \$ - | \$ 133,009,226 |

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, 2025

| Functions | Expenses | <u>Program Revenues</u> | | Net Revenues (Expenses) and Change in Net Position |
|------------------------|---------------|-------------------------|-------------------------------|---|
| | | Operating Grants | Sponsorships and Royalties | |
| Stem Cell Program | \$ 24,099,953 | \$ 20,144,497 | \$ - | \$ (3,955,456) |
| Tech Transfer | 5,327,037 | 5,700,484 | 83,598 | 457,045 |
| Business Incubation | 2,686,578 | 13,044,960 | - | 10,358,382 |
| Maryland Venture Fund | 891,101 | - | - | (891,101) |
| General Administration | 15,953,508 | 17,237,734 | 174,500 | 1,458,726 |
| Total | \$ 48,958,177 | \$ 56,127,675 | \$ 258,098 | \$ 7,427,596 |
| | | | | |
| General Revenues | | | | |
| | | | | 3,654,364 |
| | | | | (1,709,629) |
| | | | | <u>1,944,735</u> |
| | | | | (2,319,265) |
| | | | | 7,053,066 |
| | | | | <u>133,009,226</u> |
| | | | | <u>\$ 140,062,292</u> |

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, 2024

| Functions | Expenses | Program Revenues | | Net Revenues (Expenses) and Change in Net Position |
|------------------------|---------------|---------------------|-------------------------------|---|
| | | Operating Grants | Sponsorships and Royalties | |
| Stem Cell Program | \$ 20,146,480 | \$ 20,128,998 | \$ - | \$ (17,482) |
| Tech Transfer | 7,252,808 | 6,094,099 | 70,453 | (1,088,256) |
| Business Incubation | 5,690,303 | 13,730,489 | - | 8,040,186 |
| Maryland Venture Fund | 1,507,822 | - | - | (1,507,822) |
| General Administration | 6,198,360 | 4,634,612 | 850 | (1,562,898) |
| Total | \$ 40,795,773 | \$ 44,588,198 | \$ 71,303 | \$ 3,863,728 |
| General Revenues | | | | |
| | | | | 2,280,014 |
| | | | | 176,353 |
| | | | | 2,456,367 |
| | | | | (3,368,857) |
| | | | | 2,951,238 |
| | | | | 130,057,988 |
| | | | | \$ 133,009,226 |

See accompanying independent auditors' report.

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.

Powering Maryland’s Innovation Ecosystem

In addition to the TEDCO services described in the following report, TEDCO’s administrative and operational teams provide regular and important support to the Maryland innovation ecosystem helping the state’s early-stage tech and life science start-ups thrive and grow.

For example, in FY 2025 TEDCO announced the return of its premier, [award winning](#) event for Maryland’s entrepreneurial community, TEDCO’s Entrepreneur Expo. This vibrant gathering for entrepreneurs, business owners, angel and venture capital investors, legislators and influencers provided a platform to connect, learn and be inspired throughout the ecosystem. Held on December 4, 2024 at the Renaissance Harborplace Baltimore Hotel, this symposium of Maryland’s most innovative and entrepreneurial minds attracted over 1,000 attendees to hear from over 100 speakers and participate in a selection of nearly 25 sessions of interest throughout the day, including a keynote address by Governor Wes Moore, Fireside Chat with legislative leaders including, House Ways and Means Committee Chairwoman Vanessa Atterbeary and Delegate Stephanie Smith, and sessions with various leaders from state agencies.

In response to the overwhelming positive feedback from the ecosystem, 83% of attendees rating the event as very good/excellent, 95% of attendees saying their purpose was accomplished, and 97% of attendees indicating they would attend again, TEDCO announced plans to host the Entrepreneur Expo again in FY 2026. [TEDCO’s 11th Entrepreneur Expo](#) is scheduled to take place on Tuesday, October 21, 2025, at The Hotel at the University of Maryland in College Park, MD.

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 collaboration 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 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.

In June 2024, MII announced the appointment of [Abishek Kulshreshth](#), as the new Executive Director

of the Program. In his position, Mr. Kulshreshtha began overseeing all MII activities starting at the beginning of the FY 2025 Fiscal Year (July 1, 2024).

Following the 2025 Legislative Session, the Maryland Innovation Initiative Institution Partnership Extension Program was established within the Maryland Innovation Initiative, resulting from the passage of HB 799/CH217. The Maryland Innovation Initiative Institution Partnership Extension Program expands MII's services for technology validation, entrepreneurial development, and industry engagement to all public or private nonprofit institutions of higher education, leveraging MII's unique position, between academia and industry, to encourage collaboration and cooperation between the state's higher education institutions and industry. Additional information on the Maryland Innovation Initiative Institution Partnership Extension program is provided below.

During FY2025, demand for funding under the Maryland Innovation Initiative grew exponentially, with \$16.1M in total funding requests received within the fiscal year: a considerable increase from a previously reported and unprecedented \$11.2M in FY24. The program disbursed \$5.9M in awards in FY24 and \$5.1M in FY25. The decrease in funding awarded from FY24 to FY25 reflects a return to expected program funding on account of carryover from previous fiscal years and cash returns to the program. MII anticipates continued increases in funding requests due to (1) increased tech transfer and commercialization initiatives from MII institutions, (2) reduced federal research funding and (3) declining private early-stage investment activity.

FY2025 MII Statistics

- # of proposals - 88
- # of awards/investments – 27
- # of start-up companies formed – 25
- # of start-up companies funded – 10
- Total amount granted and invested - \$5,092,530

Newly Created MII Program Institution Partnership Extension Program

Following the passage of Chapter 217 of 2025, the Maryland Innovation Initiative launched the Maryland Innovation Initiative Partnership Extension Program, which expands MII's services for technology validation, entrepreneurial development, and industry engagement to all public or private nonprofit institutions of higher education, leveraging MII's unique position, between academia and industry, to encourage collaboration and cooperation between the state's higher education institutions and industry.

The establishment of the Maryland Innovation Initiative Partnership Extension Program follows the success of the Baltimore Innovation Initiative Pilot Program, which created a two-year pilot extending MII services to colleges and universities in the Baltimore-Columbia-Towson MSA, and the MII Institution Partnership Extension Pilot Program, a lapsed two year pilot that expanded MII services to Frostburg State University and Bowie State University.

Though the program has not yet received funding, the Maryland Innovation Initiative has been leveraging existing relationships to engage the newly eligible institutions in conversations in support of this initiative.

On January 1, 2026, the Maryland Innovation Initiative will submit a report outlining a vision and strategy to facilitate statewide expansion, including coordination with relevant regional and state

economic development strategies, benchmarks to peer states, and the potential economic benefits and costs of expanding the Initiative to all public and private nonprofit institutions of higher education operating in the State.

2- year Pilot Program - MII Baltimore Innovation Initiative

Established by CH 711 of 2024, the Baltimore Innovation Initiative (BII) Pilot Program was created to advance technology toward commercialization of a product or service and bolster support systems for entrepreneurs developing technology-based ventures throughout the Baltimore-Columbia-Towson Metropolitan Statistical Area (MSA). The opt-in program is available to public or private colleges or universities located within the Baltimore–Columbia–Towson Metropolitan Statistical Area (MSA) including:

- Anne Arundel Community College
- Baltimore City Community College
- Carroll Community College
- Chesapeake College
- Community College of Baltimore County
- Coppin State University
- Goucher College
- Harford Community College
- Howard Community College
- Johns Hopkins University
- Loyola University Maryland
- Maryland Institute College of Art
- McDaniel College
- Morgan State University
- Notre Dame of Maryland University
- St. John’s College
- Stevenson University
- Towson University
- University of Baltimore
- University of Maryland, Baltimore
- University of Maryland Baltimore County

To participate in the Baltimore Innovation Initiative (BII) Pilot Program, institutions must first formally join the initiative as collaborators. Only collaborating organizations can submit project proposals for BII funding and Project proposals must:

- advance technology commercialization and support start-up creation; or
- foster entrepreneurship development at the eligible university.

Funding through the program was made available through two funding programs which included:

- **Technology Advancement:** Awards of up to \$50,000 to full-time faculty members, students, or student principal investigators at participating institutions to support the commercialization of new or existing technology at the participating institution.
- **Entrepreneurship Commercialization, Programming, and Infrastructure:** Awards of up to \$50,000 to staff or faculty operating entrepreneurship and/or commercialization programs at an

participating institution to support the creation or enhancement of entrepreneurship programs and commercialization infrastructure for technology-based ventures.

The inaugural RFA for the Baltimore Innovation Initiative was made available in February 2025 after a period of engagement with eligible institutions. This RFA was closed in May 2025 and announced awards in June 2025. Awards totaled \$645k across seven institutions.

FY2025 BII Statistics

- # of proposals - 25
- # of awards/investments - 14
- # of start-up companies formed – 1
- # of start-up companies funded – 4

Total amount granted and invested - \$645,472

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.

FY2025 TCF Statistics

- # of proposals received - 49
- # of investments - 1
- # of jobs in funded companies – 1¹
- Total \$ invested - \$200,000
- Annual amount of follow-on funding for active TCF portfolio - \$16,851,872

Cybersecurity Investment Fund

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

FY2025 CIF Statistics

- # of proposals received - 10
- # of investments - 1
- # of jobs in funded companies – 1²
- Total \$ invested-\$500,000
- Annual amount of follow-on funding for active CIF portfolio - \$21,373,094

¹ Estimate

² Estimate

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.

FY2025 LSIF Statistics

- # of proposals received - 18
- # of investments - 1
- # of jobs in funded companies – 7³
- Total \$ invested- \$500,000
- Annual amount of follow-on funding for active LSIF portfolio - \$102,165,732

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 established in Maryland.

FY2025 Gap Investment Fund Statistics

- # of proposals received - 19
- # of investments – 3
- # of jobs in funded companies – 4⁴
- \$ awarded - \$840,000

Social Impact Funds

TEDCO embraces diversity, equity, inclusion, and merit, supporting all Maryland startup communities. Our Social Impact Funds are purposefully designed to engage and invest in economically underserved founders and communities. TEDCO's social impact funds consists of the Pre-seed Builder Fund (or Builder Fund), and the Inclusion Fund, both of which are specifically designed to engage and invest in economically underserved founders and communities. Companies applying to the Social Impact Funds must be technology-based, headquartered in Maryland, have at least half of their workforce based in the State. Companies also cannot have received over \$15,000,000 in dilutive funding and must have less than 251 employees. To reduce barriers, simplify access, and streamline the process for applicants, TEDCO has implemented a single application that covers both the Builder Fund and the Inclusion Fund.

³ Estimate

⁴ Estimate

In response to ecosystem needs, in FY25, utilizing funding through the Builder Fund, TEDCO began the Concept Capital program, a TEDCO initiative designed to fill the very early-stage funding gap for underrepresented and disadvantaged founders, especially those in rural or economically disadvantaged communities in Maryland. Providing convertible notes ranging from \$25,000 to \$50,000, Concept Capital funds come with founder-friendly terms (e.g. zero interest and negotiable valuation caps). Additional information on the Concept Capital program is available in the Venture Development section of this report.

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 and 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 social and 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 2025, the program provided funding to 23 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 (MSBDFA). TEDCO systematically makes referrals to MSBDFA for all companies that express an interest in other resources.

FY2025 Builder Fund Statistics

- # of proposals received - 112
- # of investments - 30
- # of jobs in funded companies – 98
- \$ awarded - \$6,300,000
- # of mentor hours for Builder Companies – 639 hours

Inclusion Fund

The Inclusion Fund focuses on investment opportunities that are often overlooked by traditional sources of investment and financing due to economic disadvantages. One of the biggest challenges is the gap between pre-seed and seed funding for these early-stage technology businesses and the Inclusion Fund 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 Inclusion Fund is made available to early-stage technology startups that meet all the following qualifications:

- At least one full-time employee;
- The founder, officers, or managers of the Company agree to receive executive support;

- At least 30% of the Company is owned by one or more individuals who have demonstrated social and economic disadvantage; and
- For at least one year after receiving TEDCO's investment, the Company will be controlled and managed by one or more individuals who have demonstrated social and economic disadvantages.

FY2025 Inclusion Fund Statistics

- # of proposals received - 112
- # of investments - 2
- # of jobs in funded companies – 53
- \$ awarded - \$1,000,000

Maryland Venture Fund

In 2015, CH141 of 2015 facilitated transfer of the Enterprise Fund and Invest Maryland Program from the Maryland Department of Commerce to TEDCO. Collectively, these funds are referred to as the Maryland Venture Fund (MVF).

Below are descriptions of the Maryland Enterprise Fund and Invest Maryland Program.

Maryland Enterprise Fund: This program provides capital through equity purchases for start-up companies that are developing innovative technologies. Individual investments, except those made in venture capital limited liability companies, are limited to \$500,000 and may not exceed 15 years in duration. Beginning in fiscal 2013, this program became the means for the department to implement the Invest Maryland Program.

Invest Maryland Program: Chapter 409 of 2011 created the Invest Maryland Program. The legislation created a State-supported venture capital program and also increased funding for the Enterprise Fund and other Maryland Commerce programs. These programs were funded through an auction of a tax credit against the insurance premium tax for insurance companies. Proceeds totaling \$84.0 million were collected under the program, a portion of which was allocated to TEDCO each year in the State budget.

At this point, TEDCO does not receive any new appropriations for the operation of MVF and the MVF is considered an Evergreen Fund.

The Maryland Venture Fund now serves as 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

Investments made through the Maryland Venture Fund vary between \$500,000 to \$1.5M.

FY2025 Maryland Venture Fund Statistics

- # of proposals received - 89
- # of investments - 11
- # of jobs in funded companies – 426 total (283 MD Jobs)
- \$ awarded - \$2.3M
- Annual amount of follow-on funding for active MVF portfolio - \$320M

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

From the start of the program through FY 2025, TEDCO allocated the following amounts:

Social Impact Fund: \$1,650,000

Seed Funds Equity Program: \$7,891,022

Venture Equity Fund: \$6,999,957

Venture Capital Limited Partnership (VCLP) Equity Program: \$7 million committed; \$291,923 deployed (invested)

VCLP Partners:

- Collide Capital
- 100KM Venture Capital
- AIN Ventures

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. Due to a lack of funding, no new projects were funded in FY2025. 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. Due to a lack of funding, no feasibility studies were undertaken in FY 2025.

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

Venture Development (formerly Entrepreneur and Ecosystem Empowerment (E3))

TEDCO's Entrepreneur and Ecosystem Empowerment (E3) was renamed Venture Development in FY2025.

TEDCO's Venture Development department managed several programs throughout FY25 to assist start-up companies in accelerating their growth as well as support ecosystem partners with the same goals. Venture Development programs and services take several different forms, depending on the company's stage and an assessment of its likely path forward.

The Venture Development team collaborates with the start-up company to create mentorship and advisory solutions that complement and build on other assistance the entrepreneur receives. Some of the programs include Concept Capital, Rural Business Innovation Initiative (RBII), Urban Business Innovation Initiative (UBII), Network Advisors, Loaned Executives, Maryland Makerspace Initiative Program, Prelude Pitch, Equitech Growth Fund, and more.

Equitech Growth Fund

Established by CH 461 of 2023, the Equitech Growth Fund provides grants for infrastructure and workforce development initiatives that support Maryland’s economic competitiveness, foster economic opportunity for all and accelerate growth of emerging and advanced industries in the State, with the goal of positioning Maryland as a leading global and inclusive innovation economy by 2040.

In FY2025, TEDCO announced 13 awardees for the initial round of Equitech Growth Fund. These finalists were selected from a pool of 74 applicants. One awardee (LaunchPort, LLC) received funding for two projects, an infrastructure project and a workforce development project. The 14 awarded projects for the first round of the Equitech Growth Fund include three (3) projects housed in Baltimore City, four (4) located in Montgomery County, two (2) located in Prince George's County, and one each (1) in Talbot, Allegany, Howard, Caroline, and Washington County. At total of \$6,734,460 was distributed amongst awardees. Six (6) awards are infrastructure projects, and eight (8) are workforce development projects. Awardees included:

| Organization | County | Project Description | Award Amount |
|---------------------------------------|-------------------|---|---------------------|
| Clym Environmental Services, LLC | Allegany County | Infrastructure – Expand its processing facility space to accommodate a sustainable medical waste management alternative for ozone treatment, hiring ten (10) full-time personnel in the process. | \$1,000,000 |
| Early Charm Ventures | Baltimore City | Infrastructure – Establish an advanced materials manufacturing facility that increases production capacity for local manufacturing companies, generating one hundred (100) new jobs in the next 5 years. | \$1,200,000 |
| Eastern Shore Entrepreneurship Center | Talbot County | Infrastructure – Equip an agriculture-focused biotechnology facility with product manufacturing equipment for university-based tech transfer commercialization and local startup creation. | \$625,000 |
| Escalate USA, Inc. | Montgomery County | Workforce Development – Reskill two hundred fifty | \$250,000 |

| | | | |
|--|------------------------|---|-----------|
| | | (250) frontline workers for entry-level cybersecurity jobs. | |
| Health Tech Alley | Caroline County | Workforce Development – Launch an apprenticeship program for twenty (20) job seekers and company leaders seeking career training in Artificial Intelligence, then matched to aligned employment opportunities. | \$135,500 |
| KID Museum | Montgomery County | Workforce Development – Launch a professional development fellowship to train sixty (60) elementary school teachers on delivering quality STEM instruction to young students. | \$250,000 |
| LaunchPort, LLC | Baltimore City | Infrastructure – Upgrade the facility with the necessary lab equipment for the complementary workforce project. | \$41,500 |
| LaunchPort, LLC | Baltimore City | Workforce Development – Employ and train eight (8) tech operators and assembly technicians who will support fifteen (15) different medical technology startups housed in the facility. | \$234,100 |
| Maryland Association of Community Colleges | Howard County | Infrastructure – Install cybersecurity training (cyber ranges) equipment available to all sixteen (16) community college students. | \$935,680 |
| The Coding School | Prince George’s County | Workforce Development – Launch a two-year high school summer research experience for eighty-six | \$250,000 |

| | | | |
|--|------------------------|---|-------------|
| | | (86) students, building quantum computing and data science skills. | |
| TCecure, LLC | Prince George's County | Infrastructure – Outfit a cybersecurity training clinic preparing one thousand (1,000) Maryland residents to be market ready Certified CMMC Professionals and Assessors. | \$786,216 |
| The Henry M. Jackson Foundation for the Advancement of Military Medicine, Inc. | Montgomery County | Workforce Development – Create a unique regional biotech incubator that addresses challenges specific to startups when licensing and/or developing dual-use medical technologies out of Maryland universities and laboratories. | \$904,237 |
| University System Maryland Foundation, Inc. | Washington County | Workforce Development – Develop an applied computer science lab with twenty-eight (28) student workstations at University System of Maryland, Hagerstown (USMH), available to community college graduates and transfer students. | \$97,127.50 |
| Worksource Montgomery, Inc. | Montgomery County | Workforce Development – A workforce training program equipping participants with job-ready biotechnology skills in life science industry. | \$250,000 |

Additionally, in FY25, the Equitech Growth Commission concluded its work to complete the Equitech Growth Commission Strategic Plan, an inclusive, comprehensive, long-term strategic plan and 10-year goals for growing the State's innovation economy to be highly competitive with other states and regions relative to growing, attracting, and retaining a skilled workforce and high-growth businesses. The Commission consisted of leaders from various State entities, institutions of higher education, trade and non-profit organizations, and legislative and gubernatorial appointees from the business community each bringing unique insights and perspectives to inform the development of the strategic plan and 10-year

goals. The strategic plan, was submitted on July 1, 2025, and guides the funding priorities of the Equitech Growth Fund.

Pava LaPere Innovation Acceleration Grant Program

Established by CH 711 of 2024, the Pava LaPere Innovation Acceleration Grant Program honors the legacy of Baltimore entrepreneur and CEO Pava LaPere, an influential and respected thought leader in the Maryland innovation ecosystem who tragically passed in late 2023.

The Pava LaPere Innovation Acceleration Grant Program makes available \$50,000 to qualifying technology-based start-up companies founded by students of post-secondary institutions in the Baltimore-Towson-Columbia area. The grant funds are used, in part, to support costs associated with planning, development, regulatory compliance, and/or other technical assistance related to establishing the entrepreneur's company.

In FY2025, TEDCO partnered with ecosystem stakeholder, UpSurge, to manage the inaugural award cycle for the awards. Thirteen participating institutions nominated 39 student ventures and ultimately nine awardees were provided a \$50,000 non-dilutive award through the program. Awardees were honored at the Maryland Student Venture Showcase on February 18, 2025.

Awardees included:

- **DegreeMap** (Towson University): An intuitive platform that streamlines the process for students and advisors to collaboratively plan, track, and manage degree completion plans.
- **Elastic Energy** (University of Maryland, Baltimore County (UMBC)): Develops innovative energy storage solutions derived from tree sap, providing a cost-effective, sustainable, and durable way to accelerate the global transition to renewable energy.
- **Fetal Therapy Technologies** (Johns Hopkins University): The first platform microsurgical device company developing surgical instruments and training models optimized for the uterine environment to improve the safety of life-saving fetal surgical procedures.
- **Luminova Beauty LLC** (Loyola University): Redefining skincare with affordable science-backed products that empower you to feel confident in your own skin.
- **SneakerSyncLabs.com** (Towson University): Enables anyone to start a plug-and-play resell business by offering streamlined sourcing automations.
- **Somnair** (Johns Hopkins University): Developing the first entirely non-invasive, clinically effect neurostimulation device for the treatment of obstructive sleep apnea, a disease affecting 54 million Americans and 1 billion people worldwide.
- **Sustainabli** (University of Maryland, Baltimore (UMB)): Building easy-to-retrofit IoT systems to promote energy efficiency and safety in healthcare and laboratory settings.
- **WholeSite** (Community College of Baltimore County (CCBC)): Drio's AI-assisted platform that simplifies website creation for growing businesses by combining guided content planning, dynamic design integration, and the power of WordPress to deliver professional, purpose-driven websites that reflect their values and attract their ideal audience.

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 2025, Business Mentors mentored approximately 45 new companies, resulting in 1,151 hours of mentoring. Six companies received pre-seed investments and five companies received project grant funding.

Examples of business assistance included:

- Market studies
- Competitive analysis
- 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.

Concept Capital

Concept Capital is TEDCO's initiative to bridge the early-stage funding gap for underrepresented entrepreneurs across Maryland. The program was created to provide flexible funding and specialized support to founders, thereby ensuring they are prepared for future venture opportunities.

With a focus on socially and economically disadvantaged and rural-based founders, Concept Capital offers convertible notes ranging from \$25,000 to \$50,000. These funds come with founder-friendly terms (e.g. zero interest and negotiable valuation caps). To qualify, applicants must meet the following requirements:

- Maryland-based business (principal office in Maryland with 51%+ workforce in-state)
- Technology-driven business (non-retail focus)
- Founded within the last 7 years
- Founder or business located in a rural or disadvantaged community, or a socially and economically disadvantaged individual (SEDI), including minority, disabled, or female

Additionally, through the program, TEDCO offers services beyond funding to eligible founders including:

- One-on-one mentoring and advisory services
- Advanced software for performance tracking and investment-readiness
- Tailored guidance to achieve critical venture milestones

In FY 2025, 8 awards were made totaling \$200,000.

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. In FY 2025, a total of 7 investments were made totaling \$175,000.

Urban Business Innovation Initiative

In FY21, TEDCO expanded the RBII concept to assist underserved entrepreneurs in two urban areas, Prince George’s County and Baltimore City. By 2025, the program had further grown to include Montgomery, Howard, and Anne Arundel counties. This program is referred to as the Urban Business Innovation Initiative (UBII).

In FY25, UBII representatives mentored 52 new companies with a total of 559 mentoring hours and 1,745 hours of outreach. In addition, the program approved three project grants to start-ups – examples of assistance included market assessment and product development. 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 managed 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 its second year of execution, the Maryland Makerspace Initiative received 44 applications and awarded 18 makerspaces with a collective funding total of \$817,577. Of that, 48% or \$396,979 went to makerspaces located in rural counties in Maryland. Twenty awardees were previously funded last year while 7 new awardees were selected.

In its third year of execution, the Maryland Makerspace Initiative received 27 applications and awarded 14 makerspaces with a collective funding total of \$784,065. Of that, 41% or \$323,500, went to makerspaces located in rural counties in Maryland. 5 of 14 (38% of awardees) are newly funded by the Maryland Makerspace Initiative.

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 FY25, this program continued to grow to 122 Network Advisors with over 45 requests.

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 FY2025, TEDCO funded 21 loaned executive projects totaling a maximum of 1,029.25 hours served. 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 FY25, TEDCO held multiple Prelude Pitch events which provided 59 companies an opportunity to pitch their ideas.

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.

Maryland Entrepreneur Hub

In FY21, TEDCO partnered with Commerce and the University System of Maryland (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).

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 and grow 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

Given Maryland's position as the home of more Federal Laboratories than any state in the country, Federal Laboratory Technology Initiatives are another important aspect of TEDCO's mission. Federal labs have an interest and a mandate to transfer their innovations to the commercial sector, and TEDCO has always worked with the Federal labs to support their technology transfer efforts and to connect the labs to Maryland entrepreneurs, who are creating technology-based companies, and to existing companies, which are adopting new technologies to become more competitive and helping companies to scale. Additionally, the Federal labs have equipment and facilities with excess capacity that they are willing to make available, usually for a fee.

TEDCO wants Maryland entrepreneurs to be aware of and to have access to these capabilities. To facilitate this exchange, TEDCO has entered into formal agreements with federal labs to provide access to their technology, data sets, facilities, and more, all to benefit Maryland entrepreneurs. Additionally, thanks to the support from the State of Maryland, TEDCO recently began implementing the SBIR/STTR Matching Grant Program which provides State support for Maryland businesses that have received a Phase I or Phase II award under the U.S. Small Business Administration Office of Technology's Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) program. This important tool along with others, such as the SBIR/STTR Technical Assistance Program, has helped Maryland maintain its position as a top state for SBIR/STTR awards to Maryland small businesses.

In addition to TEDCO's ongoing Federal Technology Transfer Initiatives, TEDCO has been more

aggressive in its pursuit of applying for and coordinating applications for Federal Funding. Though TEDCO's efforts have been effective in receiving additional Federal Funds to help Maryland entrepreneurs, TEDCO remains cautious, recognizing the possibility that federal funding streams may be rescinded or reprogrammed given the present environment.

SBIR/STTR Matching Grant Program

Established by Chapters 8 and 25 of 2021, the Maryland Small Business Innovation Research (SBIR) and Technology Transfer (STTR) Incentive Program was enacted to foster job creation and economic development by creating an incentive for Maryland businesses to pursue and secure Small Business Innovation Research (SBIR) and Small Business Technology Transfer Research (STTR) funding from the Federal Government.

Under the program, Maryland businesses that have received a Phase I or Phase II award under the U.S. Small Business Administration Office of Technology's Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) program(s) are eligible to apply for an investment or grant of up to 25% of the SBIR/STTR award (limited to \$25,000 for Phase I funding or \$75,000 for Phase II funding) through the Maryland SBIR/STTR Incentive Matching Fund. Companies that received an SBIR or STTR award within six (6) months of the application cycle are eligible to apply.

In FY2025, TEDCO received 26 applications. The applications were reviewed on a quarterly schedule. The next review will start on October 1, 2025. TEDCO finished the first and second round of reviews and selected five (5) awardees for SBIR/STTR Matching Funds from a pool of 11 applicants. An exact total of \$275,000.00 was distributed amongst awardees. Awardees included:

- **Main Engineering:** Main Engineering is developing innovative integrated circuits for spacecraft instrumentation and other applications.
- **Simmbion, LLC (Chariot Biosciences):** Simmbion is developing a novel a long-term (at least 3 months) therapeutic delivery approach (patent pending) for in-vivo expressed biologics to safely deliver and significantly reduce the cost and time of care.
- **Whoosh HPC Lab, LLC:** Whoosh HPC Lab is developing disruptive, state-of-the-art, GPU-native computational fluid dynamics software for use in hypersonics design and aviation.
- **SpringWear, LLC:** SpringWear is developing HandSOME I, an affordable, lightweight, wearable solution that allows stroke patients to practice tasks at home, integrating daily activities with reduced effort and fatigue.
- **Tao Treasures LLC DBA Nanobiofab:** NanoBioFab is developing WoundSentry™, an Integrated Smart Dressing for Non-Invasive, Real-Time Detection of Burn Wound Infections.

SBIR/STTR Technical Assistance Program

The SBIR/STTR Technical Assistance program was established to help Maryland technology and life sciences companies build the expertise needed to access funding from America's Seed Fund (SBIR/STTR) and grow their businesses. The program targets small businesses with limited experience in securing federal SBIR/STTR investments, helping them navigate SBIR/STTR program requirements, understanding the resources available, and guiding them through the SBIR/STTR proposal process with technical and business resource support.

The program is divided into several workshops that offer an overview of federal SBIR/STTR programs, along with in-depth sessions on agency-specific processes and proposal writing. It also includes guest

presentations from industry experts and individual expert proposal reviews to help participants enhance their capability of proposal writing. The program is organized into two parts:

Part 1: Workshops for SBIR/STTR knowledge and proposal training

- Federal SBIR/STTR program overview: This session is an overview of federal SBIR/STTR programs, funding agencies, differences between SBIR and STTR, and availability of various related resources.
- DoD SBIR/STTR program overview: This session is an overview of DoD SBIR/STTR programs, differences from other agencies, program requirements and expectations, and the proposal submission process.
- NIH SBIR/STTR program overview: This session is an overview of NIH SBIR/STTR programs, differences from other agencies, NIH topic areas, and the proposal submission process.
- DoE SBIR/STTR program overview: This session is an overview of DoE SBIR/STTR programs, differences from other agencies, program requirements and expectations, and the proposal submission process.
- Training session 1 - Find the right topics and write good technical proposals: This workshop is a practical training session, focusing on helping companies understand different agency requirements, identifying the right topic based on their technical backgrounds, and preparing a good technical proposal.
- Training session 2 - Commercialization and TABA support: This workshop is a practical training session, focusing on helping companies understand the importance of technology transition and commercialization, guiding them to write a strong commercialization plan, and obtaining suitable TABA support.
- Training session 3 - Prepare the budget proposal: This workshop is a practical training session, focusing on helping companies prepare a reasonable cost proposal.

Part 2: Individual proposal reviews

- This program will provide two rounds of reviews for each proposal by technical and/or business expertise.
- TEDCO will work with each participant and domain experts to determine the review schedule.

The program was funded for the first time in 2025, and the first round of training began in July 2025. In FY25, the program accepted 25 early-stage start-up companies with interest of leveraging SBIR/STTR resources to grow the company. TEDCO, partnered with OST Global Solutions, delivered 6 full day training workshops to 22 participants, mentoring them on how to understand SBIR/STTR requirements, and how to draft a high-quality research proposal to DoD, NIH and DoE. All 25 companies will participate in Part 2 of the program on proposal reviews with the target submission date between November 2025 to January 2025.

Venture Well's Aspire

TEDCO partnered with VentureWell to set up a new subprogram, Aspire, to support Medtech startups to prepare for investor engagement. Aspire Medtech is a five-week hybrid program that equips early-stage, technology-based startups with the training, guidance, and investor connections they need to cross the critical funding gap often called the “valley of death.” Through a combination of cohort-based learning, one-on-one mentoring, and hands-on activities, startups enhance their commercialization capability, tackle real-world business challenges, and strengthen their investment readiness.

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%. Cohort graduates have been awarded more than \$28M in SBIR and STTR Phase I and Phase II awards from multiple agencies. 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 FY24, TEDCO accepted 27 companies into the cohort. Recruiting for the FY25 cohort began on October 1, 2024.

In FY 2025:

- The program conducted eight full-day training workshops with invited guest speakers. The lab was split into two parts: Part 1 focused on the project pitch preparation, and Part 2 focused on the proposal preparation and submission. The lab provided interactive training presentation with hand-on lab experiments to ensure interest and engagement from participants. The lab provided updated Annotated Outlines to ensure proposal compliance with NSF's FY25 solicitation.
- Engaged with over 50 small business through interviews, and selected [28 small businesses](#) to join Part 1 of the lab, and 14 small businesses for Part II through a competitive application process that culminates in submission of NSF Phase I proposals by the NSF's July submission window. 57% of their pitch submissions were accepted by NSF, and 100% accepted pitch submitted proposal.
- Invited presentation provided insights and strategic direction by special guest speakers from government agencies and prior successful SBIR/STTR winners, including two previous Cohort members with SBIR success, a TEDCO's Investment Team member, a Business Cost and Pricing senior expert, a legal and IP expert, a NSF proposal reviewer, a NASA Program Director. The talks cover a wide range of topics, from a reviewer's perspective, experience sharing of a successful SBIR journey, to effective business investment strategy, and IP and legal advices.
- The lab provided two rounds of formal Proposal Reviews (Pink and Red) and in total five reviews for each company's proposal in addition to two project pitch reviews from business and industry experts selected to meet Cohort members' specific needs, with 80% of the cohort participation.
- The lab provided advanced market segment understanding with detailed insights from TEDCO's [Market Search](#) services. Members accessed Frost and Sullivan and Global Data to make data-driven decisions and demonstrate a precise level of market understanding.

Business Resource Information, Development, and Guidance Ecosystem (BRIDGE) Program

Funded mostly by grant funding through the US Department of Treasury, TEDCO's Business Resource Information, Development, and Guidance Ecosystem (BRIDGE) Program was created to provide legal, accounting and financial advisory services to Socially and Economically Disadvantaged Individuals

(SEDI)-owned businesses and Very Small Businesses (VSBs) with fewer than 10 employees.

With this additional support, SEDI-owned businesses and VSBs receive better access to capital, including funds from the State Small Business Credit Initiative (SSBCI) Capital Program and other federal funding opportunities resulting from the Bipartisan Infrastructure Law, CHIPS and Science Act, Inflation Reduction Act, and SBIR/STTR funding.

The three-year project is led by TEDCO in collaboration with Small Business Development Centers (SBDCs - MD-UMCP, VA-George Mason University, DC-Howard University), University of Maryland Francis King Carey School of Law and supported by SBDC (Delaware), Delaware Division of Small Business and the Virginia Small Business Financing Authority.

Services made available under the BRIDGE Program include:

- **BRIDGE Advising:** TEDCO's BRIDGE Advisors work with each individual business, providing mentoring and advising support. Once a business applies to BRIDGE, they then complete an Assessment to help Advisors understand their business status and guide them to the best resources available.
- **Financial Literacy, Credit Repair, and Building:** This is a new program that provides consulting services to help business owners improve credit to better position them for loans and other debt capital.
- **CDFI Technical Assistance:** This is a new competitive program that will engage CDFI partners across the region by awarding 8 grants of up to \$100K each year to support technical assistance programs managed by the CDFIs.
- **Back-Office-In-A-Box:** This is a new competitive program that will provide 3-5 grants of up to \$100K to partner organizations that can provide accounting, bookkeeping and other support to companies.
- **Women's Access to Capital & Entrepreneurship (ACE) Program:** This funding expands the current IWEE entrepreneurial leadership program to reach more SEDI women and women leading VSBs to better position them for funding.
- **Rural & Urban Business Innovation Initiatives (R/UBII):** This funding will support the expansion of TEDCO's R/UBII program by adding two additional venture advisors for the duration of the program.
- **BRIDGE Proposal Lab:** The Proposal Lab is an intensive business development accelerator program designed to equip SEDI entrepreneurs and VSBs with the skills, resources, assistance, and mentorship necessary to compete and win proposals in today's increasingly consolidated federal funding environment. It is open for applications to government contractors registered to do business in Maryland, DC, Virginia, and Delaware. This cohort-based initiative blends U.S. Department of Labor-certified Apprenticeship instruction with hands-on pipeline, capture, and proposal development.
- **Carey Business Law Clinic + Intellectual Property & Entrepreneurship Clinic (IPEC):** This funding will support an expansion of the Carey School's legal clinic, which provides pro bono legal services to entrepreneurs – especially for corporate formation and related business matters.
- **Loaned Executive Program:** These funds will expand TEDCO's Loaned Executive program by allowing for 30 more loaned executive engagements each year.

The BRIDGE Team is very active, attending community events, receiving business-to-business referrals, and gaining exposure to the vast ecosystems of organizations. The BRIDGE team met with and spoke to 118 companies that have not yet officially registered, and an additional 127 companies have completed their applications.

The Maryland Defense Technology Commercialization Center (DefTech)

DefTech is funded by the Department of Defense (DoD) Office of Local Defense Community Cooperation (OLDCC), 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 through August 2024 and based upon its exceptional performance, received follow-on funding from OLDCC through June 20th 2026.

There is a demand for DefTech. The number of active DefTech members at the end of Q4 is 42 which has the program at near capacity. During Q4, six new members were approved, and in the quarter alone a total of 13 T2 agreements are progress or completed. As sample of DefTech Member includes the following:

- **Biosynthesis AI** – Developing a pilot-scale biomanufacturing plant in Harford County for the production of materials relevant to forces in forward positions where regular supply lines may be degraded. They are in the process of negotiating a CRADA with DEVCOM CBC which operates its own in-house facility and both parties wish to develop solutions for both civilian and military applications. The company participated in the DefTech-organized tour of the CBC facility in May.
- **NanoBioFab** – In Q3, the company received a \$2 million SBIR direct to Phase 2 award from the Department of Defense and also submitted five further SBIR proposals to the Department of Defense. The testing of the company's wound infection sensor on non-human animals has been progressing well assistance has been requested with introductions to Walter Reed National Military Medical Center, which the DefTech Advisor is pursuing with the assistance of Henry M Jackson Foundation. The company is also collaborating with a major medical device manufacturer.
- **Algisense** – Using AI to process electrical signals in the brain to provide tools to help manage pain and stress, with a focus on both military and civilian use. Seeking partners that can provide access data from patients with chronic pain and / or PTSD. The company is in discussion with the Henry M Jackson Foundation regarding access to patients from Walter Reid and is also under consideration for participation in the HJF incubation program. Also considering an application in response to a call for proposals from DoD relevant to the company's focus.
- **AlarisPro** –Has developed a unique comprehensive fleet management system for unmanned systems of all kinds and is seeking to enter into a CRADA with the Navy to further develop the system. The company attended an information session with Naval Air Warfare Center Aircraft Division organized by DefTech and is pursuing contacts obtained during the session.
- **CarrTech** – Developed the FROG (Filter Removal of Glass) filter needle. They recently received FDA Approval for their FROG device under Section 510k of the Food, Drug and Cosmetic Act and can now sell the FROG as an approved medical device. Manufacturing partners for the device have been identified and it is anticipated that the company will begin sales in 2026.
- **Pervista** – Developing a standoff distance weapons detection capability. They have submitted proposals for two different DARPA opportunities, one as a result of the DefTech Opportunities distribution. As a follow-up to DefTech Opportunities, they have reached out to NAWCAD, Southern Maryland Tech Bridge, and the AFDW Industry Day. They also attended the Navy 'Tide Talks' as a result of DefTech.
- **Redhelm** – Developing laser-beamed energy technology, and currently applying for DoD Operational Energy Capability Improvement Funding. The company is also pursuing Other Transaction Authority funding based on an "Awardable" status in DARPA a Navy SBIR Phase 2

proposal and has submitted an application for a Special Operation Forces opportunity. They attended the Aberdeen Proving Ground Advance Planning Briefing for Industry and a tour of the Advanced Manufacturing Facility at Aberdeen Proving Ground, both of which were organized by the DefTech team.

- **WearableDose** – Developing a dosimeter for proton therapy. Submitted a proposal to Robert Wood Johnson Foundation’s Rapid Response Research Award. Prepared pre-submission documentation for an NIH SBIR Phase I and developed a concept submission for xTechOverwatch program (Army). They received \$35K from the Alliance for Pediatric Device Innovation.
- **BioEvanescence** – The company is developing a technology to eliminate post-surgical adhesions using a novel hydrogel-based barrier and delivery mechanism. There is a significant risk of adhesions in 90% of abdominal and pelvic surgeries such as appendectomies and caesarean sections. The company has submitted an SBIR Phase I proposal to the National Science Foundation in Q3.
- **Sybal** – The company provides Proof of Governance solutions, based on a patented AI system. They have received contracts from the Department of Defense, and in Q2 submitted a \$750K follow-on proposal to the Defense Logistics Agency (DLA) Weapon System Sustainment Program (WSSP) in response to a Broad Agency Announcement (BAA), for which contract negotiations are now under way. They also participated in two DefTech member networking events in Q3.

Federal Labs Leveraging Innovation to Products (FLLIP)

The FLLIP Pilot Program is a new program, with a three-year Period of Performance starting July 1, 2024 through June 30, 2027. It is structured around a phased timeline designed to maximize strategic planning, expert deployment, and company engagement over a multi-year period. FLLIP is underway with material program infrastructure established by the end of the first year. By January 2025, the program was fully up and running with exploratory meetings involving program stakeholders, federal laboratory partners, and ecosystem collaborators to establish alignment and define initial opportunities.

By February 2025, TEDCO had recruited and procured a team of Technical Experts prepared to engage with federal labs. Recognizing potential attrition, the program will maintain flexibility by recruiting more than ten experts and conducting additional RFAs as needed.

By September 2025, initial lab briefings with three federal labs were completed, satisfying a major program requirement ahead of schedule. Building up on these initial engagements, lab tour planning will begin for the second and third years. Throughout this period, lab tours will be open to both Technical Experts and the selected companies.

Between November 2025 and June 2026, company engagement will progress in three phases:

- 25–50% of target companies identified and supported by November 2025
- 75% by February 2026
- 100% by June 2026

Target companies will be identified through a combination of expert recommendations, workshop outreach, and recruitment efforts by TEDCO and FITCI from September 2026 through June 2027. During this time, the Technical Experts will continue to provide one-on-one support to participating companies, while lab tours proceed as a key engagement tool.

At the conclusion of the performance period, FLLIP will have supported 30 companies with tailored education and advisory services, with the goal of establishing material relationships with between 5 to 10 of these companies and participating federal labs, demonstrating the program’s impact on federal commercialization and innovation.

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 2025. 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 2025 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 | 4 | \$1,196,700 | \$406,878 | \$1,603,578 |
| Vice President/Chief | 4 | \$796,335 | \$270,754 | \$1,067,089 |
| Program Director | 5 | \$897,222 | \$305,055 | \$1,202,277 |
| Assistant Director | 8 | \$ 1,009,085 | \$343,089 | \$1,352,174 |
| Associate Administration | 4 | \$415,000 | \$141,100 | \$556,100 |
| | 9 | \$745,985 | \$253,635 | \$999,619 |
| Total | 34 | \$5,060,327 | \$1,720,511 | \$6,780,838 |

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 2025 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 2025 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.