

## **APPENDIX D – Reporting Requirements Maine Technology Institute Development Loan**

Recipient shall submit Milestone Completion Reports, Project Completion Reports, Annual Reports, Commercialization Disclosures, and Survey Responses, as follows:

### **1. Milestone Completion Reports: (Submit upon completion of each Appendix/Form B Milestone)**

#### **Part A - Narrative Describing Progress On Project Goals, Objectives, and Scientific Data Review: 5 Pages or Less**

In five pages or less (not including attachments) provide a narrative including:

1. A description of the actual outcome of the milestone versus planned objectives.
  - a. If applicable, include a technical and scientific data review/experimentation utilizing the following technical format:
    - Abstract Summary
    - Data Review and Conclusions
    - Supporting Documentation
2. Major Project activities including: new hires, new equipment, changes in contractual services, collaborations, breakthroughs, newly acquired funds, or any events or issues that are related to or impact Project activities.
3. Obstacles that might influence the outcome of the Project including new technologies that might leapfrog or challenge yours, competition from new or current technologies that will affect the marketing of yours, regulatory issues, political or other issues such as lack of available resources to accomplish goals. Please explain how these obstacles may affect Project milestones or goals, why these changes occurred and how you will address them.
4. Any changes in Project or company management, the effect on the Project and how you will address these changes.
5. Status of Technology development, including commercialization efforts the company has undertaken or is planning, the effective date of any commercialization of any Product, Service or Process related to the Project Technology or Intellectual Property as defined in the Agreement, and any revenues received from commercialization.
6. Describe any Intellectual Property developed during the Project and the status of patent, trademark, or copyright property rights pursued or to be pursued by Recipient as required under Agreement Sections 6 and 10. Describe any sale or transfer of rights to the Technology and Intellectual Property, or any related Product, Service or Process.

#### **Part B - Project Financial Progress Reports:**

Please adjust the current milestone to reflect actual expenses on the Appendix/Form B Project Financial Milestone Report. Provide an original signed copy to MTI within 15 days of the scheduled milestone completion date. Include all expenditures for the grant Project for the milestone reporting period identified in the original contract Appendix/Form B detailing the MTI portion and matching support (cash and in-kind). Extensions to any milestones will require a written request to MTI within 15 days of the scheduled milestone completion date and will require a revised Appendix/Form B.

- At each milestone the **Appendix/Form B** (MS Excel Spreadsheet) should be completed and signed as a summary of expenditures. **Approval requires MTI signature.**

- All MTI funds must be accounted for, as well as, all matching funds (cash or in-kind). Any MTI funds not expended, or accounted for cannot be carried forward and will be applied toward the next milestone payment unless requested with a revised Appendix/Form B Project Financial Milestone Report. Under-budget funds may also be used at later stages of the Project if negotiated with MTI. **IT IS OK TO BE UNDER BUDGET!**
- If MTI funds, cash match, or in-kind payroll hours are going toward personnel then a **time/task log must be kept** for individual personnel. If the company prefers to provide a summary of hours worked in lieu of time logs, then the summary should be signed and backup documentation should be kept to demonstrate time worked and/or wages paid. Backup payroll checks and time log information may be inspected by MTI.
- In-kind equipment match will be tracked at some predetermined hourly rate. Sunk costs prior to the Project may not be recovered or used as match in the MTI Project. However, a piece of owned or leased equipment may be pledged to the Project at some predetermined rate. As with personnel, a system of tracking the hours/days utilized must be established and demonstrated.
- All expenses as part of the budget (except personnel) **must be documented with invoices.**
  - If an expense is **between** \$500 and \$3,000 must be documented with an invoice.
  - If an expense is **greater than** \$3,000 it must be documented with a paid invoice, bank statement, or canceled check.
  - If back up details are received at an onsite meeting, MTI staff will verify and note if it was acceptable on the reporting forms. No formal documentation will be kept on file, except when an invoice is tied to an MTI Security Agreement. If back up information is received in advance of a milestone meeting, MTI staff will verify and the documentation will be kept on file.
- As a general rule, capital purchases over \$10,000 will need to first be approved by MTI and potentially secured under a purchase price security agreement. These funds will be issued as part of a dual party check and a Security Agreement form must be submitted to MTI prior to disbursement of funds.
- Travel expenses **must be documented with paid invoices** or travel logs document the mileage in the case of in-kind travel.
- Total indirect costs applied to MTI **cannot exceed 20%** of the awarded funds or of the total budget. A brief description of indirect costs should be included in the first report and updated if changed in future reports. Personnel Overhead/ Fringe benefit costs should be worked into the hourly wage rates when possible.
- Total sales and marketing costs applied to MTI **cannot exceed 15%** of the award funds or of the total budget. A brief description of sales and marketing costs should be included in the first report and updated if changed in future reports.

Expenses in excess of 10% greater than the budget line item must be approved by MTI through a revised Appendix/Form B Project Financial Milestone Report and Form D Budget. Unapproved expenses may be disqualified at MTI's discretion.

**NOTE: Allow up to 10 business days after the receipt of a milestone report (including required narrative and financial information) for MTI staff to review and request additional supporting documentation as needed. Milestone meetings will not occur until all required information is supplied.**

## **2. Final Project Report Narrative (Submit upon Project Completion)**

### **Final Project Report Narrative – Not to exceed 5 pages**

In addition to the standard milestone narrative requirements, the final Project narrative report should include a summary of the entire Project, a commercialization update detailing next steps, probabilities and obstacles and a comparison of how the Project was accomplished compared to the plan in the original application.

## **3. Annual Reports (Submit until Project Termination Date)**

### **During Project, Prior to Project Completion Date**

Annual reports in addition to the milestone and final Project report narrative are not required. However, Companies that receive MTI funding also are required to account for, maintain, and retain annual financial statements that include commercial sales or other Project-related revenues and income. All such records are subject to a full financial audit at the discretion and expense of the MTI.

### **Annual Reports Following Project Completion, and Prior to Termination Date**

On each anniversary of the Project completion date until the Agreement Termination Date, Companies must submit an annual report notifying MTI of the Technology commercialization status, any changes in the Intellectual Property Development Plan, any requests for revision in the Development Loan repayment plan, and providing financial statements that include commercial sales or other Project-related revenues and income. All such records are subject to a full financial audit at the discretion and expense of the MTI. The annual report submitted on the first anniversary date of the Project Completion Date shall include the information required by Section 10.3 concerning the status of Intellectual Property generated by the Project and any commercialization plans.

After commercialization, with MTI permission, Recipient may submit the annual report on the next anniversary date of commercialization, and such report shall be accompanied by, at a minimum, the annual minimum repayment of 2% of Recipient's non-adjusted gross sales. Each annual report after commercialization shall also provide a status report on Recipient's capacity to complete repayment of the Development Loan according to Agreement terms, and include any request for modification of repayment terms, with supporting rationale.

## **4. Commercialization and Other Disclosures**

MTI Recipients remain obligated throughout the term of this Agreement to promptly disclose to MTI the successful commercialization of Project Technology or Intellectual Property, as well as any material change in or additions or improvements to Project Intellectual Property. Recipients must also affirmatively disclose any failure to comply with applicable Agreement covenants under Section 6.

## **5. Annual Surveys (Respond until Project Termination Date)**

MTI will collect information to measure the impact that the Project has on the Maine economy through an annual survey. Companies that receive MTI funding are required to provide data, directly attributed to the Project being funded, until their respective Project Termination Dates, on the following:

- Jobs created or maintained
- Payroll increases
- Productivity increases

- Revenues generated
- Patents produced
- Corporate income taxes paid
- Capital invested
- Capital obtained
- Costs saving

If MTI terminates a Company's Development Loan under Section 7.0 due to Project Failure, the Company shall be required to continue completion of annual surveys for the period of time agreed upon with MTI.

Please sign and date all forms. Thank you.

