**MTI PRIME FUND**

**SAMPLE APPLICATION**

INSTRUCTIONS

**Step 1:** Complete the five sections on the following pages of this Word document. You may add your responses on the following pages in this Word document – or you may compose your responses in a separate document. Once complete, save your final application document and compile the required financial documents identified below, to be uploaded in our Online Application Portal in **Step 2**.

You will need electronic versions of the following financial documents to complete your online application:

**x** Signed and dated W-9 Form

**x** Income Statement (or Profit and Loss Statement) for 2019, 2020, & 2021

**x** Current Balance Sheet

☐ Sole proprietors may provide federal tax filings for 2019, 2020, & 2021 (instead of Income Statement)

☐ Sole proprietors may provide confirmation of available cash reserves (instead of Balance Sheet)

**x** Federal UEI number (Unique Entity Identification – required to access federal funds)

**x**  Signed and dated agreement to comply with federal and state reporting requirements

**Step 2:** Create your login credentials and complete your online application at the [PRIME Fund Online Application Portal](https://www.GrantRequest.com/SID_2050?SA=SNA&FID=35164) by going to: <https://www.GrantRequest.com/SID_2050?SA=SNA&FID=35164> You will need an active email address to create your username and password.

When you login to the Online Application Portal, you will be asked to enter information about your business and your funding request into the online forms. You will upload your finalized application document prepared in Step 1, along with the financial documents identified in the checklist above.

*You will need at least 30-45 minutes to complete all required sections of the online application portal*.

You will also be asked to electronically acknowledge MTI’s Disclosure and Confidentiality Statement in the Online Application Portal – for your reference, that statement is also provided at the end of this document.

**Application Notification:**

You will receive an auto-generated email notification once your online application package has been submitted. MTI staff will be in contact with you via email if any further information is required. MTI plans to announce the first round of awards for the PRIME Fund by June 30, 2022.

Use the following link to access your MTI online account and view your saved & submitted applications:

[www.GrantRequest.com/SID\_2050?SA=AM](http://www.GrantRequest.com/SID_2050?SA=AM)

**Section 1**

**Negative Economic Impacts of the Covid-19 Pandemic**

Describe the negative impacts of the pandemic that your business has suffered. Your comments should include quantifiable estimates such as dollar amounts for: revenue lost, additional costs incurred due to the pandemic, costs of increased lead times due to pandemic-related supply chain delays, etc…

*(You can select from the listed categories of negative impact – be sure to provide further details in your answer below)*

List of allowable damages from Federal guidelines

☐ Reduced Revenues (compared to 2019)

**x** Reduced access to credit/capital

**x**  Reduced labor availability

**x** Increased labor expenses

☐ Increased fuel costs

☐ Increased materials costs

☐ Shipping delays

☐ Other supply chain disruptions

**x** Other *(please specify below)*

*Our company is a SaaS software company that provides a platform to enhance and better manage commercial real estate holdings. The company was started in 2018 and 2019 was the first year of commercial sales with year-end revenue of $230k. We had very strong momentum going into 2020 with almost $600k of potential deals in the sales pipeline. With the start of the pandemic, our deal flowed stopped almost immediately. Fortunately, we kept most of our current accounts, but we had anticipated $1.5M of revenue in 2020 and double that in 2021. Our founder went off payroll in the second quarter 2020 to conserve cash and we used the PPP loans to maintain the talented staff . This lasted all of 2020 and we began to see some positive signs of recovery in 2021. Although we had a small growth in revenue in 2020, the disruption in the commercial real estate market due to the pandemic was severe and reduced the opportunity for growth and profitability. By early 2022, we have re-built our pipeline of sales leads and expect that we can regain the momentum we lost prior to the pandemic. We estimate the pandemic caused us to lose sales of $1.5M over 2 years.*

*Reduced Access to Capital*

*In 2020, we had planned on a capital raise of $1.5M to support growth. With the uncertainties regarding commercial leasing, the capital raise was delayed and the lack of capital caused layoffs, salary cuts and a number of open positions in the organization.*

*Increased Labor Expense/Availability*

*We have a small staff of 7 talented individuals with 4 being Maine. Although they are loyal and excited about our work, we needed to address the reality of the labor market and make some salary adjustments for the staff that stayed with us. This increase in labor expense represented almost $120k of added expense in 2021.*

*In addition to higher wages for some employees, we struggled to find 1-2 key hires that we needed for our software development and management. The labor pool shrunk enormously during the pandemic and caused us to hire part time contractors for some work that should have been done by staff.*

*Disruption in Commercial real estate*

*The major impact to our business was caused by the enormous disruption in the commercial real estate market. Not only were deals delayed, but many of the contacts that we had nurtured through our marketing and sales processes left those companies or in some cases they left the industry entirely. Trying to re-kindle interest has been difficult as we are starting from ground zero in many cases. With a cost of account acquisition of $27,000/account, the loss of these relationships was like losing over $200,000+ of investment made during 2019 and early 2020.*

**Section 2**

**Pandemic Response Plan**

How much funding are you requesting?

*$200,000*

How much matching funds are you committing to your proposed response plan budget?

*$200,000*

Are there any other matching commitments you are making? If yes, please provide a quantifiable estimate for the value of those matching commitments?

*As of May 1, 2022, we expect that we will have approximately $150,000 of cash at Bangor Savings and can provide bank records to prove this. In the first quarter of 2022, our revenues averaged $32,000 per month. If we are allowed to count 3 months of forward revenue, this would be $96,000 that will be coming in during Q2. In addition, the founder remains off payroll but is still working 100% in the company on a daily basis. His prior pay was $120k/year, this would be a total of in-kind match in the amount of $216k. According to the instructions, 25% of this can be used for match which would be $54k, putting us just over the match requirement of $200k.*

How will you use the requested funds to address the negative impacts of the pandemic that your business has suffered?

*(You can select from the categories of uses listed below – and provide further detail in your answers below…)*

☐ Reimburse the expense of workplace safety measures and personal protective equipment

☐ Changes made in the marketing or distribution of your product to comply with COVID protocols

☐ Medical and testing equipment for employees

**X** Investments in new processing equipment or labor-saving devices

**X** Additional hires

**X** Enhanced compensation, benefits or training for existing employees

☐ Build inventory to mitigate future supply disruptions

**X** Other *(please specify below)*

Please describe your plans to use the requested funds. Be sure to specify estimated costs for the various types of expenses in your proposed budget, particularly if your plan involves multiple phases– we ask for these details because it is very possible you will be awarded less funding than the amount you request.

*We plan to use these funds for three initiatives at our company.*

*The first is the addition of a full time Marketing manager and an additional sales representative. Ensuring that the sales pipeline is robust and viable is critical to the long term health of the company. To date, our marketing has been spotty. We intend to take advantage of the MTI discount with Hubspot and implement that system to manage our sales and marketing efforts. We estimate that the incremental cost of the Marketing position and the added sales person and the Hubspot licenses will be $180k. We currently outsource some of this work, so the incremental expense is less than the actual total expense.*

*Second, we need to build an integration for our platform that seamlessly ties to the two largest accounting platforms used in the commercial lease management industry. One platform is dominant in the US and the other is used in Europe. We would be the first in the marketplace to have a fully integrated solution and this would provide a significant product advantage for us. We estimate the cost of the development over the next 6 months will be approximately $100k.*

*Finally, we need to add employee benefits that create loyalty and employee satisfaction. Specifically, we would use some of the funding to create a matching 401k and ESOP program. We would also create year end bonus contributions to the ESOP based on personal and company performance for the last year. The feedback from our small staff indicates that this type of program would be very well received. We would also put our founder back on payroll and make some other salary adjustments. The cost for this initiative would be approximately $120k.*

Will you use these funds to make any new hire(s) in 2022? If yes, how many new employees? If you are a seasonal employer, be sure to specify an estimated duration of employment for any new hires.

*Yes- see plan above*

How does your plan help you build a stronger business in the wake of the pandemic?

*This plan allows us to regain sales momentum and product superiority in this space. We feel confident that with increased sales and development efforts, the company will be well positioned for growth in the US and international markets. Multiple markets mitigates risks in any one market. The enhancements to employee benefits will reduce employee churn as a risk for our business.*

**Section 3**

**Business Structure and Financial Statements**

Where is your business located? Do you have multiple locations? In-state and/or out-of-state?

*Cumberland County*

Who owns your business? List all owners and ownership percentages:

*Current Cap Table uploaded with financial data*

Does your business carry any debt? If yes, list all existing debt obligations and include lender name, current balance, monthly payment, and loan collateral *(you may refer to your balance sheet, if included)*

*Balance Sheet indicates a convertible note that will be cleared with the next round of equity financing.*

What are your annual Profit and Loss projections for 2022?

*We anticipate a loss in 2022 of approximately $250k*

What accounting system(s) do you utilize to track income and expenses?

*QuickBooks Online with monthly review by an outside accountant*

**Section 4**

**Creating Quality Jobs in Maine**

*To most effectively address the negative economic impacts of the COVID-19 Pandemic, MTI’s PRIME Fund is committed to helping businesses create quality jobs for Mainers. Learn more about MTI’s commitment to* [*creating quality jobs here*](https://www.mainetechnology.org/docs/MTI-Approach-to-Quality-Jobs.pdf)*.*

What is the average annual wage for your current full-time employees (excluding senior management)?

*Excluding the founder who is currently off payroll, the average wage for the employee group is $64,555/year*

What was your total annual expense for all employment compensation in 2021? (include all payroll costs: wages, salaries, all benefits and payroll taxes)

*The payroll, taxes and benefit expense in 2021 was $551,200.*

**Basic Benefits**

Does the company currently offer paid time off to full time employees?

*Yes. Employees are encouraged to take 3 weeks of paid time off. Sick time is unlimited and does not count against PTO.*

Does the company offer subsidies for health care benefits?

*Yes. The company has a contract with Harvard Pilgrim and pays $400/month towards the plan chosen by the employee.*

Does the company contribute to a retirement plan for the employee or provide a saving program?

*We do not currently have a 401k, but would plan to start one if we are awarded the full amount requested.*

**Fair and Engaging Workplace**

Does the company provide at least a week’s notice for any scheduling change for workers?

*All our workers are salary and have the flexibility to work around personal time requirements. There is no set schedule.*

Does the company do annual performance and wage reviews directlywith all employees?

*The company does annual goal setting reviews with each employee and there have been multiple salary discussions with each employee this year.*

Does the company provide training opportunities on site or provide tuition reimbursement for offsite training?

*New employees receive training from their peers. We also allow our senior developers to sign up and take online courses as needed for their specialty. Sales people are encouraged to take online courses on SaaS sales techniques that are paid for by the company.*

Do you offer any other benefit or workplace programs that contribute to employee satisfaction and retention?

*Last yar we introduced “Summer Hours” (finish by 1PM on Fridays) , year end banquet and awards ceremony and we pay $20/month towards the cost of any gym membership.*

**Section 5**

**Diversity, Equity, Inclusion, and Belonging (DEIB)**

*MTI’s PRIME Fund is committed to helping businesses foster Diversity, Equity, Inclusion, and Belonging as critical tools to build out Maine’s workforce in the wake of the COVID-19 Pandemic. Learn more about MTI’s commitment to* [*fostering Diversity, Equity, Inclusion, and Belonging here*](https://www.mainetechnology.org/docs/DEIB-MTI-Approach.pdf)*.*

|  |
| --- |
| **Organizational Structure** |
| Indicate whether your organizational owner and employee demographics are currently diverse as defined by race, ethnicity, sex, sexual orientation (gender identity and expression), or physical or mental disability. |

|  |  |  |  |
| --- | --- | --- | --- |
| ***In my organization . . .*** | **Yes/No** | **Evidence** |  |
| At least 51% owned, controlled, or operated by a woman or member of a historically underrepresented group | No | [describe evidence you see] |  |
| 5% or more of the current workforce is comprised of diverse employees. | Yes | 2 of our seven employees are women and one has a partial disability |  |

|  |  |  |
| --- | --- | --- |
| **Organizational DEIB Practices** | | |
| Rate your organization on each of the below statements. If your organization has consistently acted in the manner described in the statement, you should select "strongly agree" as your response. Less convincing evidence would lower the score that you associated with the item. Please use the following scale: 1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree. | | |
|  | | |  |
| ***In my organization . . .*** | **Rating** | **Evidence** |  |
| We actively seek diverse candidates for each open position. | 4 | We send all job openings to the University of Maine Career Center and preferentially interview all minority candidates |  |
| Our leaders / founders have developed or are working to develop personal and professional networks from which to draw diverse future talent. | 3 | Founder is a member of the CEO roundtable and chamber of commerce |  |
| Our team members are encouraged to express ideas freely. | 5 | We have weekly strategy/objective sessions with the entire company- strong participation from each employee |  |
| Our team members are encouraged to listen to each others' ideas with openness and curiosity. | 4 | Mutual respect is a core value for the company- it is not taught but is required |  |
| The leadership team regularly examines how team members share information, resolve conflict, and make final decisions to identify and address barriers to inclusion. | 4 | The weekly strategy updates require respect and participation and both are required of all employees |  |
| We regularly solicit employee feedback on their experience with the company (e.g., surveys, group discussions, etc.). | 3 | We recently had a session on employee benefits and preferred benefits going forward |  |
| We have nondiscrimination policies and practices. | 5 | Company handbook |  |
| We use objective, position-specific criteria when hiring, conducting performance evaluations, and promoting individuals. | 4 | We are metric oriented for all performance discussions |  |
| We have taken or have scheduled online or in-person DEIB training. | 1 | Haven’t done so yet, but will look int it |  |
| Our leaders/founders model inclusive behaviors. | 4 | I think so? Employees tell me they are happy and feel respected and valued |  |

**Disclosure and Confidentiality Statement**

*(Acknowledgement in MTI’s Online Application Portal)*

MTI’s obligations regarding the confidentiality of Applicant’s Application and associated documents are controlled by 5 MRS section 15302-A which requires that certain information in MTI’s possession must be available for public inspection after an application for financial assistance is received, including, but not limited to: names and addresses of Applicants, including principals; the amounts, types and general terms of financial assistance; general description of projects and businesses benefiting from the assistance; and the number of jobs projected in connection with a project.

Certain records at MTI are designated confidential by section 15302-A and will not be available to the public for inspection, including: records requested to be treated as confidential, which if disclosed, would constitute an invasion of an individual's privacy, such as: personal tax returns, financial statements, or assessments of creditworthiness or financial condition; records obtained by MTI in connection with any monitoring or servicing on an existing project, or any other records or information the release of which MTI has determined could cause a business competitive detriment.

**If an Applicant desires that certain information remain confidential, the Applicant must clearly identify what information or documents it wishes to remain confidential. The Applicant must also explain, in writing, the basis for such a request**. Where the Applicant asserts that the basis for the confidentiality request is that release of the information could cause a business or competitive disadvantage, or loss of a competitive advantage, the Applicant must provide MTI with sufficient information to independently determine the likelihood of such a detriment. Applicants may wish to consult their attorney or MTI staff as to the scope of public disclosure and confidentiality as it relates to MTI and Applicants.

MTI does not discriminate in the administration of any of its programs or in its employment practices on the basis of race, color, national origin, age, gender, religion, physical or mental disability, political affiliation, marital status or sexual orientation. MTI is an equal opportunity employer, provider and lender.

For full details, see [MTI’s Disclosure and Confidentiality Statement](about:blank). Please review the list of all Board members, Technology Board members and staff listed on the [MTI website](about:blank).

**If there are any MTI Board members, Technology Board members or staff from whom we should withhold your application, please note those individuals below for entry in your online application.**

**By signing this application, I certify that all information contained herein is complete and accurate to the best of my knowledge. I agree to accept responsibility for the conduct of the project, and I agree to provide all required progress reports, if an award is made.**

This sample Word document template represents ½ the application. Once completed and saved on your computer and when the other docs listed in the instructions are ready, the applicant should go online to answer basic questions about the business directly into the MTI database. Once completed there, the applicant will be prompted to upload this Word document as well as financials and the signed copy of the agreement and the W9 form. Once submitted, you will receive an email confirmation from MTI that the application was received.