



Small Business Incubator Certification Program

2022 Annual Report



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Incubator Certification Program Overview

Business incubators nurture the development of entrepreneurial companies, helping them survive and grow during the startup period, when they are most vulnerable. These programs provide their client companies with business support services and resources tailored to young firms. Common goals of incubation programs include creating jobs in a community, enhancing a community's entrepreneurial climate, retaining businesses in a community, building or accelerating growth in a local industry, and diversifying local economies.

Incubators vary in the way they deliver their services, in their organizational structure and in the types of clients they serve. As they are highly adaptable, incubators have differing goals. Incubator clients are often at the forefront of developing new and innovative technologies – creating products and services that improve the quality of our lives in communities around the world.

Early incubation programs focused on a variety of technology companies or a combination of light industrial, technology and service firms (mixed use). Over time, new incubators have emerged targeting industries such as food processing, medical technologies, space and ceramics technologies, arts and crafts, and software development. Incubator sponsors have also targeted programs to support microenterprise creation, the needs of women and minorities, environmental endeavors and telecommunications.

A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding, usually in two to three years. These incubator graduates have the potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local and national economies. Typically, 30% of incubator clients graduate each year.

Oklahoma Business Incubators

In 1988, the Oklahoma Legislature passed the Oklahoma Small Business Incubators Incentives Act. The Act enables the tenants of a certified incubator facility to be exempt from state tax liability on income earned as a result of occupancy for up

to five years. In 2001, the legislature amended the act to extend the tenant's tax exemption from five to 10 years. The exemption remains in effect after the tenant has graduated from an incubator. For tax years starting before January 1, 2021, in order to qualify for the tax exemption from the sixth through the 10th year, the tenant must make at least 75% of its gross sales to out-of-state buyers, to buyers located within the state if the product or service is resold to an out-of-state customer, or to the federal government.

For tax years starting after January 1, 2020, the requirement for the sixth through the 10th year is not required. The exemption will be in effect for 10 years as long as the tenant graduates from a certified incubator.

Since the inception of the Act, the State of Oklahoma has benefited from increased revenues and increases in the number of start-up and expanding small businesses. These businesses have created jobs and enhanced economic activity in the Oklahoma communities in which they are located.

Oklahoma Business Incubator Association

The Oklahoma Business Incubator Association (OkBIA) was formed more than 20 years ago. The purpose of the OkBIA is to provide information, networking, guidance and assistance to incubator operators, as well as work with the Legislature to promote and benefit business incubation. OkBIA meets quarterly at incubator locations across the state. There are currently 38 OkBIA members.

OkBIA also sponsors the Incubator Tenant of the Year at the OVF Awards Ceremony. The recipient for 2022 was Tether Tech Safety, a tenant at the Caddo Kiowa Business Development Incubator in Fort Cobb, Okla.

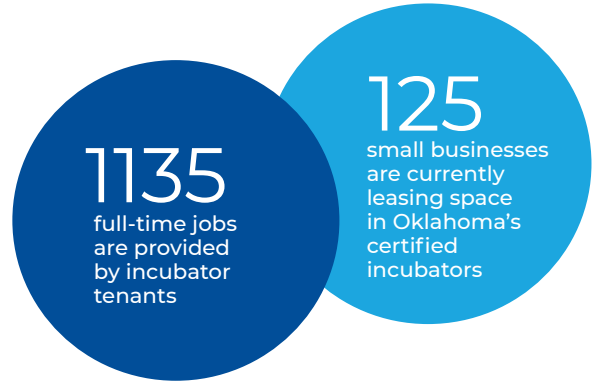
Oklahoma Department of Commerce and Incubators

The role of the Oklahoma Department of Commerce in the incubator process is to certify the incubators pursuant to O.S. Title 74 Section 5071-79. It is the responsibility of the incubator owner to hire managers to manage and market their incubators and provide business services to their tenants.

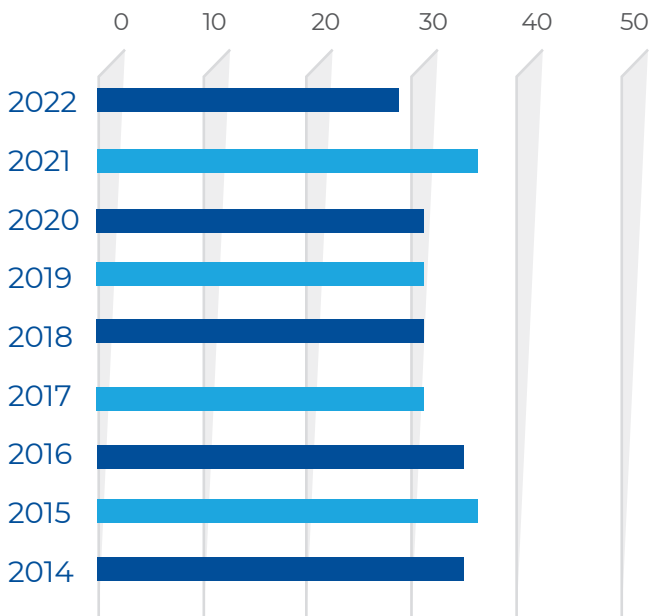
Oklahoma Incubator Program Growth

29 certified small business incubators are operating in Oklahoma, with tenants ranging from small service companies to high-tech research and development operations and manufacturing entities.

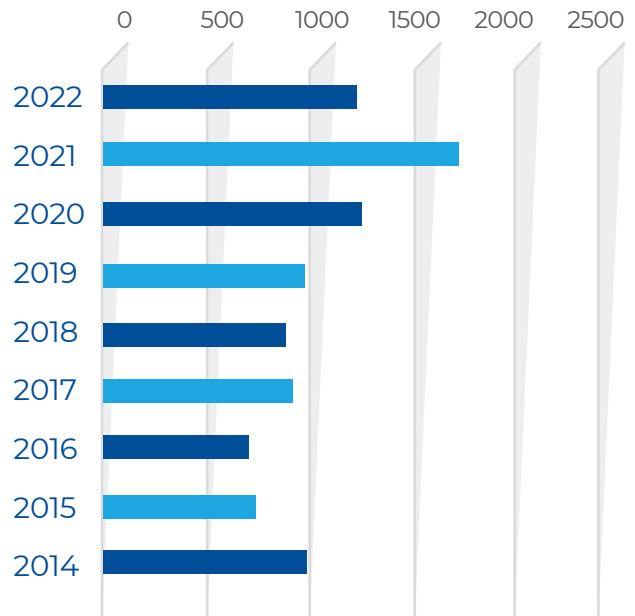
During 2022, Oklahoma incubator managers were asked to complete a questionnaire to document their activities for the current reporting period. Based on the information received from the responding incubator managers:



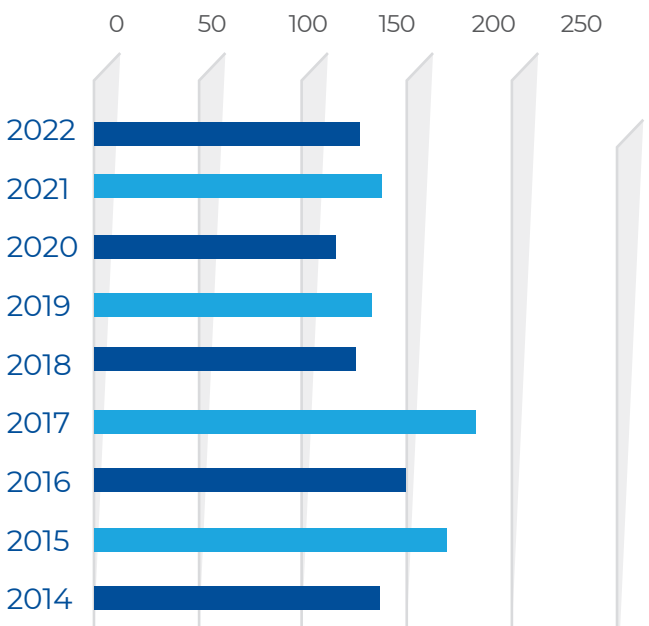
NUMBER OF INCUBATORS



NUMBER OF JOBS CREATED BY INCUBATOR CLIENTS



NUMBER OF SMALL BUSINESSES LOCATED IN INCUBATORS



More than 1,000 small businesses have located in a small business incubator throughout the life of Oklahoma's Certified Small Business Incubator Program.

More than 500 of those have graduated from the program or relocated to a larger facility.

1,255 people are currently employed by 231 of the graduated businesses that remained in the state.

The incubators reported the total payroll of 2022 tenants at \$123,502,277, and sales of \$212,094,728. The reported incentive tax exemption that could be claimed in 2023 was \$3,029,962.

It was reported that the past number of tenants still operating in Oklahoma has 1,255 employees with a payroll of \$6,714,295 and sales of \$38,213,002.

Incubator Standards for Success

Characteristics of Model Business Incubation Programs

Commit to business incubation's two core principles

Obtain consensus on a mission that defines the incubator's role in the community, then develop a strategic plan containing quantifiable objectives to achieve that mission

Structure the program for financial sustainability by developing and implementing a realistic business plan

Recruit and appropriately compensate management capable of achieving the incubator's mission and helping companies grow

Build an effective board of directors committed to the incubator's mission and to maximizing management's role in developing successful companies

Prioritize management time to place the greatest emphasis on client assistance, including proactive advising and guidance that results in company success and wealth creation

Develop an incubator facility, resources, methods and tools that contribute to the effective delivery of business assistance to client firms, as well as address each company's developmental needs

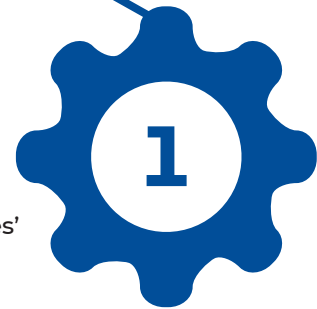
Develop stakeholder support, including a resource network, that helps the incubation program's client companies and supports the incubator's mission and operations

Maintain a management information system and collect statistics and other information necessary for ongoing program evaluation, thus improving effectiveness and allowing the program to evolve with clients' needs

Two Core Principles That Characterize Effective Business Incubation:



The incubator aspires to have a positive impact on its community's economic health by maximizing emerging companies' successes.



The incubator itself is a dynamic model of a sustainable, efficient business operation.

The Best Incubators Provide:

- Flexible space and leases
- Office services and equipment
- An on-site incubator manager as a resource for business advice
- Exposure to a network of outside business and technical consultants, often providing accounting, marketing, engineering and legal advice
- Assistance with financing
- Assistance with marketing

Certified Incubator Success Stories

➤ Oklahoma's incubators have many success stories. The examples below are just a few for 2022.



36 Degrees North Incubator

Plant Seeds - Tulsa

Born and raised in Tulsa, Okla., Bryan Meador spent the past 12 years of his life in NYC missing the connection to nature that the Midwest offers. This led Bryan to create Plant Seeds, a sustainable company whose debut product is a vertical garden planter. Last year, Bryan packed up the company and moved back to his hometown to continue his sustainability mission.

Plant Seeds makes sustainable products that empower people to live well in a changing environment. They do this by creating adaptive solutions that mitigate the effects of climate change in simple and practical ways. The company's designs are manufactured in the U.S. from sustainable materials and offered at a price point that is accessible to everyone. Bryan's mission is to allow everyone to grow something, no matter where they live or how much ground they have to garden.

Vertical gardens contribute to urban environments in a variety of ways. Most notably they absorb CO² and excess rainwater which contributes to flooding. They also help cool the environment and dampen noise pollution, all of which help create a more livable (and beautiful) environment. To further the company's green mission, for every five planters sold, Plant

Seeds plants a tree in an area suffering from deforestation.

Soon, Plants Seeds planters will be available in 454 Walmart stores nationwide. The momentum from this deal has allowed the company to think more broadly about how it can grow over the next 3-4 years.

"Starting a company is a really hard thing to do, so having a community of other entrepreneurs to bounce ideas off is invaluable. I feel so lucky to work alongside a whole team of people who have gone through a similar experience, and it's inspiring to see their endeavors grow. Finding this new entrepreneurial ecosystem and the 36°N community was a huge part of that process and I'm grateful for that."

36 Degrees North Incubator

Totem - Tulsa

Totem banking will go live in early 2023 as a mobile banking app with a spending account, debit card, early paycheck access, information about tribal benefits and more. The Native American population is currently served by several dedicated banks, credit unions and community development financial institutions, but Totem appears to be the first challenger bank focused on this audience. The company's roadmap features credit-building, charitable giving and Native-specific mortgages, such as Section 184 loans from the U.S. Department of Housing and Urban Development.

The bank is focused on solving financial barriers to Native Americans "to change the status quo and create a new tradition of Native wealth-building," Amber Buker, founder and CEO of Totem, said. "We're doing it in a way that honors and uplifts our people."

Totem's digital banking app is the first created by and for Native Americans. The challenger bank will help each of its partner tribes offer uniquely branded apps that provide banking services, distribute government assistance and teach users how to build their credit.

Jimmy Chen, founder and CEO of Propel which builds technology for low-income people to improve their financial health and was an angel investor in the round, said “Connecting tribal members to their benefits could be a game changer in someone’s life. We believe improving access to benefits will help to unlock the true promise of restorative support and social safety nets.”

First Priority Bank in Pryor, Okla., which has \$315.2 million of assets, will provide underlying banking services for Totem.

Meridian Technology Center South Vida Bars - Oklahoma City

Ana Nuñez didn’t set out to change the hair care industry for curly haired clients, but in less than two years, that’s exactly what she’s done with Vida Bars. Somehow between juggling being a single parent, working full-time and pursuing a master’s degree, Ana also found time to research the structure and composition of hair, hair care health and products that replenish moisture. After six months of researching and lots of trial and error with no experience in hair care formulation or business background, Vida Bars came to life in Nuñez’s kitchen in April 2020. Vida Bars are solid bars of shampoo and conditioner. While the bars were designed specifically for curls, the products work on all hair types, including chemically processed and color-treated hair.

Ana initially released one new bar a month and sold the product from her house. However, it didn’t take long for demand to dictate the need for more space. In the fall of 2022, Nuñez moved her company into the new Meridian PEAK incubator at South Division in Guthrie to provide easier access and more space. Since moving into the business incubator, Nuñez has experienced tremendous growth. Most of her customers learn about the brand on social media or through the Curly Girl community. Along the way, Nuñez became an unintentional influencer. Her personal Instagram page, @vidabypearls, has more than 35,000 followers. The company’s Instagram page, @thevidabars, has more than 10,000 followers. Both accounts feature a behind-the-scenes look at Nuñez’s hair transformation, background information on Vida Bars and

profiles of clients who have brought bounce back to their locks.

The company website, thevidabars.com, offers a hair quiz to help customers identify which bar would be best for their individual hair care needs. Bars can be purchased individually, as a set and they can be mixed and matched. Right now, bars can be purchased online and at select salons in California and New York.



Caddo-Kiowa Tech Center Tether Tech Safety - Fort Cobb

Driven by a search to end “wheel-off” accidents, Billy Turner developed the Tether Tech Safety system. From experience with his own small trucking company, Billy knew this was a problem that needed to be solved.

Billy once had a truck show up at the company terminal with a set of dual wheels missing from the trailer. When the driver was questioned about it, he had no idea when and where he had lost them. After losing a set from one of his own trailers, Billy immediately went to work looking for a way to fix the problem, only to find there were no solutions. This was the beginning of what is now known as the Tether Tech Safety system.

In May 2022, Billy’s mission paid off when Tether Tech Safety was named Oklahoma Business Incubator Association Incubator Tenant of the Year at the Oklahoma Venture Forum Award Luncheon.

Duncan Center for Business Development

Vortex Swimming LLC - Duncan

Barbara Titus moved to Oklahoma in June 2021 after a successful coaching career in California which included seven years at the infamous Santa Clara Swim Club and 10 years as the head coach of her own team. Barbara spent her first year in Oklahoma as the Site Head Coach for Bison Aquatics at the Duncan Simmons Center. When Bison decided to shut down their Duncan site in July 2022, Barbara formed Vortex Swimming, and kept the competitive swimming dream alive in Duncan. To achieve this dream, she went to the Duncan Center for Business Development, made a business plan, and registered with the State of Oklahoma, Oklahoma Swimming and USA Swimming. With the help of her swim parents plus her own marketing, she is now training 15 swimmers. With adherence to the precision pressure propulsion technique, swimmers learn how to control their bodies, focus their minds, manage their emotions, and gain knowledge and understanding on how to master success and failure gracefully.

AXIS at Francis Tuttle

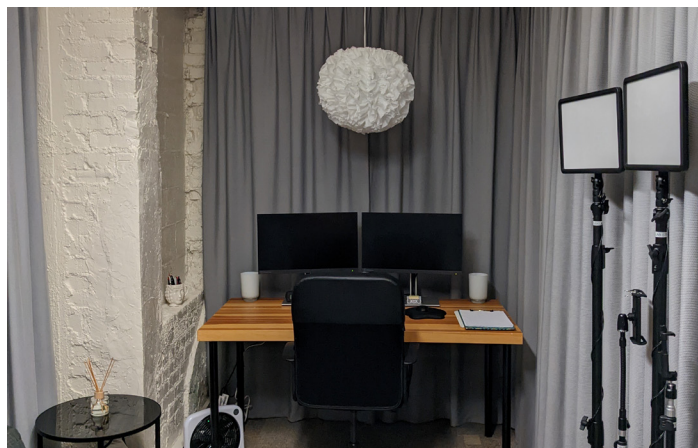
Critical Fault - Edmond

Critical Fault continues to grow through new contracts and the development of new products in cybersecurity, especially as they relate to increased security for clients during their coding process. The company also has the potential to expand into security for industries that handle nuclear materials. As a Native American-owned company, Critical Fault supports the training and hiring of other Natives and routinely speaks to rural schools and technology centers about career pathways in cybersecurity. This effort has increased awareness of careers not only for Native and rural Oklahomans but also for other nontraditional workforce members like those in the disabled community. The company is also working with federal programs to increase access to certifications for those individuals interested in penetration testing. Critical Fault plans to develop an apprenticeship program to help secure a reliable talent pipeline as it grows. Critical Fault's efforts add value to Oklahoma by keeping organizations secure and by reducing barriers to work for nontraditional and underutilized laborers in Oklahoma.

The Strate Center and Autry Technology Center

Chisholm Trail Milling - Enid

Chisholm Trail Milling moved into The Strate Center at Autry Technology Center in July 2021. Owned by Oklahoma entrepreneur Brady Sidwell and New Orleans baker Graison Gill, Chisholm Trail Milling produces stone-milled flour from 100% local grain. The company has deep roots in Oklahoma's soil and farming traditions working with wheat breeders and grain companies in Oklahoma to supply flour to the state. They also work directly with the Wheat Improvement Teams at Oklahoma State University, the Oklahoma Wheat Commission, and the Oklahoma Wheat Growers Association to develop a quality product. The business mills all of the flour to order between two natural granite stones which crush the wheat into extremely fine flour. The flour is then shipped throughout the U.S.



The Forge Incubator

New studio and recording space - Tulsa

The Forge Incubator, redeveloped one offices to create a studio and recording space, available for tenants to use. The studio allows for high-quality audio and video recordings, such as client interviews, testimonials, podcasts and more. By providing access to this professional style of content, The Forge removes the cost of entry for users and helps differentiate the company from competitors. Further, the content can be used for various social media channels and video platforms to help the company's online presence and enhance search engine optimization efforts.

Oklahoma Certified Incubators Map



Recertified State Incubators 2022

Major County Economic Development

Fairview, Okla. completed their second 10-year recertification.

Caddo Kiowa Technology Center

Fort Cobb, Okla. completed their first 10-year recertification.

Acorn Growth Companies

Oklahoma City, Okla. completed their second 10-year recertification.

Incubator	Location	Square footage of incubator	Tenant capacity	Number of current tenants in incubator	Number of current jobs in incubator	Type of businesses targeted	Support services offered to tenants
Southwest Technology Center Business Incubator	Altus	1,250	4	0	0	Aviation and manufacturing	Shared computer network, shared phone service, business planning assistance, marketing assistance, conference room
Northwest Technology Center	Alva	3,052	7	0	0	Mixed	Shared computer network, phone service, business planning assistance, marketing assistance, conference room
Tri-County Tech Center	Bartlesville	14,000	12	1	1	Mixed	Business planning assistance, conference room
Central Oklahoma Business & Job Development Corporation	Cushing	725	1	0	0	Mixed	Business planning assistance, marketing assistance, conference room
Central Oklahoma Business & Job Development Corporation - Anderson Drive	Drumright	2,200	1	1	4	Office/Light manufacturing	Business planning assistance, marketing assistance
Central Oklahoma Business & Job Development Corporation - Settle Drive	Drumright	10,000	10	1	1	Office/Light manufacturing	Shared phone service, business planning assistance, marketing assistance, conference room
Duncan Center for Business Development	Duncan	12,000	23	6	231	Mixed	Shared computer network, shared phone service, business planning assistance, conference room
AXIS Powered by Francis Tuttle	Edmond	9,700	10	6	16	Mixed	Shared computer network, business planning assistance, marketing assistance, conference room, education and training
The Strate Center at Autry Technology Center	Enid	18,000	12	3	3	Services, technology, light manufacturing, agriculture, aviation	Shared computer network, business planning assistance, marketing assistance, conference room, business consulting, PTAC services, business workshops

Incubator	Location	Square footage of incubator	Tenant capacity	Number of current tenants in incubator	Number of current jobs in incubator	Type of businesses targeted	Support services offered to tenants
Major County Economic Development Incubator	Fairview	8,400	6	4	9	Mixed	Shared computer network, shared phone service, business planning assistance, marketing assistance, conference room
Caddo Kiowa Business Development Center	Fort Cobb	4,805	4	3	7	Mixed	Shared computer network, phone service, business planning assistance, conference room
Meridian Technology Center Business Incubator - South	Guthrie	11,000	13	3	5	Mixed	Shared computer network, business planning assistance, marketing assistance, conference room, consulting/programming/administrative support
Artist Incubation, Inc.	Guymon	200	2	0	0	Artists	Shared computer network, shared phone service, business planning assistance, marketing assistance, conference room, showroom for art exhibits
Center for Emerging Technology and Entrepreneurial Studies (CETES) at Cameron University	Lawton	2,091	5	1	1	Technology	Shared phone service, business planning assistance, marketing assistance, conference room, Chamber of Commerce membership, internet service
Great Plains Technology Center	Lawton	28,000	14	12	530	Mixed	Business planning assistance, marketing assistance, conference room, business coaching, prototype lab
Startup 405	Norman	2,000	6	4	22	Technology, Weather and Radar, Biosciences	Shared computer network, shared phone service, business planning assistance, marketing assistance, conference room
Acorn Growth Companies	Oklahoma City	6,000	7	0	0	Aviation/Defense	Shared computer network, shared phone services, business planning assistance, marketing assistance, conference room
LX Studio Business Incubator at the University of Central Oklahoma	Oklahoma City	12,000	15	0	0	Mixed	Shared computer network, phone service, business planning assistance, marketing assistance, conference room
Project 3810	Oklahoma City	45,000	35	7	48	Product based	Shared computer network, shared phone service, business planning assistance, marketing assistance, conference room, paint booth/forklift

Incubator	Location	Square footage of incubator	Tenant capacity	Number of current tenants in incubator	Number of current jobs in incubator	Type of businesses targeted	Support services offered to tenants
Pawhuska Business Development Center	Pawhuska	14,000	12	4	5	Mixed	Shared computer network, conference room, copier and break room
Pioneer Technology Center	Ponca City	5,740	8	1	1	Mixed	Business planning assistance, marketing assistance, conference
The LINK	Sand Springs	7,000	17	4	4	Mixed	Shared computer network, business planning assistance, marketing assisting assistance, conference room
Seminole Business Development Center Incubator	Seminole	91,000	3	2	32	Mixed	Conference room
Meridian Technology Center Business Incubator - North	Stillwater	24,500	18	10	33	Innovation/Technology	Business planning assistance, marketing assistance, conference room, consulting/programming/administrative Support
Riata Startup Experience Program - Oklahoma State University	Stillwater	1,500	20	10	11	Mixed	Shared computer network, shared phone service, business planning assistance, marketing assistance, conference room, business development workshops
Tonkawa Business Incubator	Tonkawa	9,000	4	1	8	Service Related	Business planning assistance, conference room
36 Degrees North	Tulsa	48,000	35	28	128	Tech enabled startups	Shared computer network, business planning assistance, marketing assistance, conference room, in-house venture capitalists, founder events
Hemphill Create	Tulsa	100,000	15	9	22	Assembly, construction, manufacturing	Shared computer network, shared phone service, business planning assistance, marketing assistance, conference room, fork lift
The Forge	Tulsa	900	5	3	13	Technology/Professional Services	Business planning assistance, conference room, financial resources



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