



**New York State Technology
Enterprise Corporation**

Financial Statements

September 30, 2022 and 2021

New York State Technology Enterprise Corporation

Financial Statements

September 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
New York State Technology Enterprise Corporation
Albany, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of New York State Technology Enterprise Corporation (Corporation), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS 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 financial statements.



Auditor's Responsibilities for the Audit of the Financial Statements - Continued

In performing an audit in accordance with GAAS 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 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 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 the Corporation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant and cooperative 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 the Corporation'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 the Corporation's internal control over financial reporting and compliance.

BST + Co. CPAs, LLP

Albany, New York
December 15, 2022



New York State Technology Enterprise Corporation

Statements of Financial Position

| | September 30, | |
|--|----------------------|----------------------|
| | 2022 | 2021 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 26,153,120 | \$ 26,163,306 |
| Accounts receivable, net | 23,592,134 | 15,046,032 |
| Prepaid expenses and other assets | 1,390,553 | 951,399 |
| Total current assets | 51,135,807 | 42,160,737 |
| EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET | | |
| Equipment | 163,753 | 163,753 |
| Furniture and fixtures | 32,224 | 32,224 |
| Leasehold improvements | 3,822,163 | 3,273,460 |
| Total equipment and leasehold improvements | 4,018,140 | 3,469,437 |
| Less accumulated depreciation and amortization | 912,689 | 476,562 |
| Equipment and leasehold improvements, net | 3,105,451 | 2,992,875 |
| NON-CURRENT ASSETS | | |
| Deposits | 104,868 | 105,968 |
| Investment in affiliate | 1,693,621 | 1,725,700 |
| Investments | 4,941,870 | 1,299,203 |
| | 6,740,359 | 3,130,871 |
| Total assets | \$ 60,981,617 | \$ 48,284,483 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 5,000,586 | 3,341,824 |
| Accrued expenses | 7,814,189 | 5,967,882 |
| Total current liabilities | 12,814,775 | 9,309,706 |
| COMMITMENTS AND CONTINGENCIES | | |
| NET ASSETS | 48,166,842 | 38,974,777 |
| Total liabilities and net assets | \$ 60,981,617 | \$ 48,284,483 |

See accompanying Notes to Financial Statements.

New York State Technology Enterprise Corporation

Statements of Activities

| | Years Ended September 30, | |
|--|---------------------------|----------------------|
| | 2022 | 2021 |
| REVENUES | | |
| Contract revenue | \$ 75,185,010 | \$ 61,746,912 |
| COST OF REVENUES | | |
| Direct labor, base salaries | 16,022,221 | 13,562,156 |
| Direct labor, fringe benefits and other compensation | 7,096,853 | 5,709,414 |
| Subcontracts and consultants | 16,015,824 | 13,909,645 |
| Travel | 75,568 | 19,641 |
| Other direct costs | 212,485 | 141,414 |
| Total cost of revenues | 39,422,951 | 33,342,270 |
| OVERHEAD AND ADMINISTRATIVE EXPENSES | | |
| Base salaries | 12,638,289 | 10,320,996 |
| Fringe benefits and other compensation | 5,599,208 | 4,336,108 |
| Professional services | 917,868 | 1,044,899 |
| Travel | 479,354 | 140,059 |
| Insurance | 244,977 | 182,350 |
| Marketing | 54,369 | 28,080 |
| Recruiting | 193,948 | 169,003 |
| Professional development | 386,697 | 253,338 |
| Dues and subscriptions | 232,045 | 226,320 |
| Office supplies | 68,636 | 49,892 |
| Telephone | 168,190 | 147,782 |
| Software, hardware, equipment and furniture | 2,266,851 | 2,227,880 |
| Information technology | 127,498 | 121,910 |
| Equipment rental and maintenance | 25,705 | 30,159 |
| Occupancy | 1,262,078 | 990,672 |
| Depreciation and amortization | 436,128 | 293,135 |
| Charitable contributions | 796,855 | 109,982 |
| Provision for bad debts | - | 15,808 |
| Miscellaneous | 391,540 | 219,916 |
| Total general and administrative expenses | 26,290,236 | 20,908,289 |
| Change in net assets from operations | 9,471,823 | 7,496,353 |
| OTHER INCOME (LOSS) | | |
| Investment income (loss), net | (249,179) | 90,854 |
| Gain (loss) on investment in affiliate | (32,079) | 8,195 |
| Gain on sale of equipment | - | 4,736 |
| Miscellaneous income | 1,500 | 18,434 |
| Total other income (loss) | (279,758) | 122,219 |
| Change in net assets | 9,192,065 | 7,618,572 |
| NET ASSETS, beginning of year | 38,974,777 | 31,356,205 |
| NET ASSETS, end of year | \$ 48,166,842 | \$ 38,974,777 |

See accompanying Notes to Financial Statements.

New York State Technology Enterprise Corporation

Statements of Cash Flows

| | Years Ended September 30, | |
|---|---------------------------|----------------------|
| | 2022 | 2021 |
| CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Change in net assets | \$ 9,192,065 | \$ 7,618,572 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities | | |
| Depreciation and amortization | 436,128 | 293,135 |
| Provision for bad debts | - | 15,808 |
| Gain on sale of equipment | - | (4,736) |
| Realized (gains) losses on investments, net | 43,529 | (88,491) |
| Unrealized losses on investments, net | 285,691 | 26,858 |
| Reinvested interest and dividends | (5,964) | - |
| (Gain) loss on investment in affiliate | 32,079 | (8,195) |
| (Increase) decrease in | | |
| Accounts receivable | (8,546,102) | 2,028,481 |
| Prepaid expenses and other assets | (439,154) | (484,403) |
| Deposits | 1,100 | - |
| Increase (decrease) in | | |
| Accounts payable | 1,658,762 | (1,172,450) |
| Accrued expenses | 1,835,841 | (554,694) |
| | 4,493,975 | 7,669,885 |
| CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES | | |
| Purchases of equipment and leasehold improvements | (548,704) | (1,442,588) |
| Proceeds from sale of equipment | - | 20,000 |
| Purchases of investments | (5,857,244) | (520,538) |
| Proceeds from sale of investments | 1,901,787 | 499,841 |
| | (4,504,161) | (1,443,285) |
| Net increase (decrease) in cash and cash equivalents | (10,186) | 6,226,600 |
| CASH AND CASH EQUIVALENTS, <i>beginning of year</i> | 26,163,306 | 19,936,706 |
| CASH AND CASH EQUIVALENTS, <i>end of year</i> | \$ 26,153,120 | \$ 26,163,306 |

See accompanying Notes to Financial Statements.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies

a. Description of Organization

New York State Technology Enterprise Corporation (Corporation) is a not-for-profit technology consulting company advising New York state and local governments; and New York state and local government funded agencies, organizations, institutions, and businesses. The Corporation's mission is to provide superior consulting services to assist clients in successfully identifying, defining, acquiring, and implementing technology needs. The Corporation provides services that leverage the technology base in New York State to define, develop, and enhance high-tech innovation, knowledge, and capabilities throughout government and industry.

b. Basis of Accounting

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities.

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

d. Fair Value Measurement

The Corporation reports certain assets at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date (Note 9).

e. Cash and Cash Equivalents

The Corporation's cash and cash equivalents are defined as short-term, highly liquid investments with an initial maturity of three months or less. Approximately \$4,894,300 of cash equivalents are invested and included within the cash and cash equivalents on the statement of financial position.

f. Accounts Receivable, Net

Accounts receivable represents amounts invoiced to customers as well as amounts earned but unbilled, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts, and by using historical experience applied to the aging of accounts. The allowance for doubtful accounts was approximately \$33,600 and \$35,500 at September 30, 2022 and 2021, respectively.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. The Corporation does not charge interest on any past due accounts receivable.

New York State Technology Enterprise Corporation

Notes to Financial Statements September 30, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

f. Accounts Receivable, Net - Continued

Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Unbilled receivables amounted to approximately \$9,110,700 and \$5,047,500 at September 30, 2022 and 2021, respectively, and are included in accounts receivable, net on the statements of financial position

g. Equipment and Leasehold Improvements, Net

Acquisitions of equipment, furniture and fixtures, leasehold improvements, and repairs which materially change capacities or extend useful lives, are reported at cost, net of accumulated depreciation and amortization. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred. When assets are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation or amortization, and any resultant gain or loss is credited or charged to the Corporation's change in net assets.

Depreciation is recorded using the straight-line method over estimated useful lives which vary from five to ten years. Amortization of leasehold improvements is recorded using the straight-line method over the shorter of the life of the lease or the estimated life of the asset.

h. Long-lived Assets

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There were no impairments of long-lived assets as of September 30, 2022 and 2021.

i. Equity Method of Accounting

Investee companies that are not consolidated, but over which the Corporation exercises significant influence, are accounted for under the equity method of accounting. Whether or not the Corporation exercises significant influence with respect to an investee depends on an evaluation of several factors including, among others, representation on the investee company's board of directors and ownership level, which is generally a 20% to 50% interest in the voting securities of the investee company. Under the equity method of accounting, an investee company's accounts are not reflected within the Corporation's statement of financial position and statement of activities; however, the Corporation's share of the earnings or losses of the investee company is reflected as other income (loss) in the statement of activities. The Corporation's carrying value in an equity method investee company is reflected in the caption "investment in affiliate" in the Corporation's statement of financial position.

When the Corporation's carrying value in an equity method investee company is reduced to zero, no further losses are recorded in the Corporation's financial statements unless the Corporation guaranteed obligations of the investee company or has committed additional funding. When the investee company subsequently reports income, the Corporation will not record its share of such income until it equals the amount of its share of losses not previously recognized.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

j. Net Assets - Continued

Net assets, revenues, other income, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions are assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions consist of net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature and will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Any donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Corporation did not have any net assets with donor restrictions as of September 30, 2022 and 2021.

k. Contract Revenue Recognition

Revenue from contracts with customers is recognized in accordance with a five step model as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when or as performance obligations are satisfied

The majority of the Corporation's revenue is generated by providing consulting services to its clients.

The Corporation assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. Customer contracts generally are standardized and non-cancellable for the duration of the stated contract.

Revenue related to consulting services is recognized over time as the customer consumes the benefits of the services the Corporation performs. The timing of revenue recognition is based on an input measure, which is based on labor and material costs incurred to date as they relate to the estimated total cost to complete the engagement. Estimates of total engagement revenue and cost of services are monitored regularly during the term of the engagement.

New York State Technology Enterprise Corporation

Notes to Financial Statements September 30, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

k. Contract Revenue Recognition - Continued

The Corporation generates consulting revenue under two types of billing arrangements: time-and-materials and fixed-fee. The customer in time-and-material arrangements generally is invoiced based on the contractual agreement between the parties, typically on a monthly basis. In these contracts, the Corporation's right to consideration from the customer directly corresponds to the value received by the customer from the entity's performance completed to date. Therefore, the Corporation recognizes revenue under time-and-materials arrangements using the right-to-invoice practical expedient, which allows it to recognize revenue in the amount invoiced based on the number of hours worked and the agreed-upon hourly rates. The customer in fixed-fee arrangements generally is invoiced based on the contractual agreement between the parties, typically on monthly or milestone-driven basis.

The timing of revenue recognition may not align with the right to invoice the customer. The Corporation records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded and is included in accounts receivable, net on the statements of financial position. If revenue received from customers has not been recognized because services have not yet been performed, a contract liability (deferred revenue) is recorded.

The opening balance of accounts receivable, net as of October 1, 2020 was approximately \$17,090,300.

The Corporation also earns revenue from federal contracts and grants that are conditional upon measurable performance or other barriers and a right of return and are not recognized until the conditions on which they depend have been met. The federal contracts are conditioned upon certain performance requirements or milestones and/or the incurrence of allowable qualifying expenses.

l. Functional Allocation of Expenses (See Note 6)

Expenses that are directly identifiable are charged to program services. Expenses related to more than one function are either charged to program services or management and general using specific allocation methods. Base salaries are allocated based on time and effort. Fringe benefits and other compensation, insurance, occupancy, dues and subscriptions, and depreciation and amortization are allocated based on the percentage of direct salaries to total salaries. Professional development, office supplies, telephone, software, hardware, equipment and furniture, and information technology expenses are allocated based on an estimate of usage by function. Travel costs are allocated based on an estimate of the purpose of the trips taken by function.

m. Marketing Costs

Marketing costs are expensed as incurred.

New York State Technology Enterprise Corporation

Notes to Financial Statements September 30, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

n. Tax Status

The Corporation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and comparable New York state law. The Corporation has been classified as a publicly supported organization that is not a private foundation under Section 509(a)(2) of the Code.

The Corporation files Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated the Corporation's tax positions, including interest and penalties attributable thereto, and concluded that the Corporation had taken no tax position that required adjustments in its financial statements as of September 30, 2022 and 2021.

o. Subsequent Events

The Corporation evaluated subsequent events for potential recognition or disclosure through December 15, 2022, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | September 30 | |
|--|----------------------|----------------------|
| | 2022 | 2021 |
| Total assets at September 30, | \$ 60,981,617 | \$ 48,284,483 |
| Less assets not available for general expenditures | | |
| Prepaid expenses and other assets | (1,390,553) | (951,399) |
| Equipment and leasehold improvements, net | (3,105,451) | (2,992,875) |
| Deposits | (104,868) | (105,968) |
| Investment in affiliate | (1,693,621) | (1,725,700) |
| Financial assets available for general expenditure | <u>\$ 54,687,124</u> | <u>\$ 42,508,541</u> |

The Corporation has approximately \$54,687,100 of financial assets available within one year of the statement of financial position date consisting of cash and cash equivalents of approximately \$26,153,100, accounts receivable, net of approximately \$23,592,100, and investments of approximately \$4,941,900.

The Corporation's September 30, 2023 budget has approximately \$88,000,000 in contract revenues, which includes approximately \$223,685,000 in signed commitments as of September 30, 2022, some of which include multi-year engagements.

In addition, as discussed in Note 5, the Corporation has available a line-of-credit in the amount of \$3,000,000, which it could draw upon in the event of an unanticipated liquidity need.

New York State Technology Enterprise Corporation

Notes to Financial Statements September 30, 2022 and 2021

Note 3 - Investments

A summary of investments is as follows:

| | September 30, 2022 | | | |
|-----------------------|--------------------|---------------------|----------------------|---------------|
| | Original Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Fixed income | \$ - | \$ - | \$ - | \$ - |
| Equities | - | - | - | - |
| Exchange traded funds | 3,610,721 | - | (203,866) | 3,406,855 |
| Mutual funds | 1,525,964 | 9,051 | - | 1,535,015 |
| Money market funds | - | - | - | - |
| | \$ 5,136,685 | \$ 9,051 | \$ (203,866) | \$ 4,941,870 |
| | September 30, 2021 | | | |
| | Original Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Fixed income | \$ 806,974 | \$ 21,946 | \$ - | \$ 828,920 |
| Equities | 75,218 | 43,767 | - | 118,985 |
| Exchange traded funds | - | - | - | - |
| Mutual funds | 308,906 | 24,179 | - | 333,085 |
| Money market funds | 18,213 | - | - | 18,213 |
| | \$ 1,209,311 | \$ 89,892 | \$ - | \$ 1,299,203 |

Note 4 - Investment in Affiliate

The Corporation has a 45% ownership interest in 99 Otis Street, LLC (LLC), which was established during July 2018. The remaining 55% is owned by Griffiss Local Development Corporation (GLDC), a New York not-for-profit corporation. The LLC was formed exclusively for the purpose of maintaining, owning, operating, developing, financing, and leasing one or more properties in the City of Rome, New York.

The Corporation has contributed a total of \$1,560,000 since the LLC was established.

The LLC constructed a property located in Rome, New York at a total cost of approximately \$7,000,000.

The Corporation has provided limited guarantees (up to the Corporation's ownership percentage) on two construction loans the LLC has with M&T Bank USA, N.A. (M&T) in the amount of approximately \$3,841,800, the outstanding balances of which were \$3,024,114 and \$3,150,528 at September 30, 2022 and 2021, respectively.

New York State Technology Enterprise Corporation

Notes to Financial Statements September 30, 2022 and 2021

Note 4 - Investment in Affiliate - Continued

The Corporation and the GLDC have unconditionally guaranteed a loan the LLC has with the Mohawk Valley Economic Development District, Inc. in the amount of \$375,000, the outstanding balance of which was \$328,683 and \$348,392 at September 30, 2022 and 2021, respectively.

In addition, the Corporation and the GLDC have unconditionally guaranteed a loan the LLC has with the Economic Development Growth Enterprise Corporation in the amount of \$525,000, the outstanding balance of which was \$460,157 and \$487,750 at September 30, 2022 and 2021, respectively.

During July 2018, the Corporation signed a ten-year lease for office space with the LLC, which began in October 2019. The lease requires monthly payments of \$24,128 for the first five years and \$26,105 for the remaining five years. The Corporation has two five-year renewal options at monthly payments defined in the lease agreement.

A summary of the LLC's financial position is as follows:

| | September 30, | |
|----------------------------------|---------------|--------------|
| | 2022 | 2021 |
| Total assets | \$ 7,589,676 | \$ 7,784,307 |
| Liabilities | \$ 3,794,273 | \$ 3,917,618 |
| Net assets | 3,795,403 | 3,866,689 |
| Total liabilities and net assets | \$ 7,589,676 | \$ 7,784,307 |

A summary of the LLC's changes in net assets is as follows:

| | Years Ended September 30, | |
|----------------------|---------------------------|------------|
| | 2022 | 2021 |
| Revenues | \$ 627,526 | \$ 552,183 |
| Expenses | (698,812) | (533,973) |
| Change in net assets | \$ (71,286) | \$ 18,210 |

Note 5 - Lines-of-Credit

The Corporation has a \$3,000,000 line-of-credit with M&T, of which no balance was outstanding at September 30, 2022 and 2021, respectively. The line-of-credit is renewable annually. Interest is charged at M&T's prime rate (6.25% and 3.25% at September 30, 2022 and 2021, respectively). The line-of-credit is secured by all of the assets of the Corporation. The agreement requires the Corporation to meet certain reporting requirements.

New York State Technology Enterprise Corporation

Notes to Financial Statements September 30, 2022 and 2021

Note 6 - Functional Expenses

The statements of activities present expenses categorized by cost of revenues, and overhead and administrative costs. The table below presents expenses by function and natural classification.

| | Years ended September 30, | | | | | |
|---|---------------------------|------------------------|----------------------|----------------------|------------------------|----------------------|
| | 2022 | | | 2021 | | |
| | Program Services | Management and General | Total | Program Services | Management and General | Total |
| Base salaries | \$ 23,505,140 | \$ 5,155,370 | \$ 28,660,510 | \$ 19,618,722 | \$ 4,264,430 | \$ 23,883,152 |
| Subcontracts and consultants | 16,015,824 | - | 16,015,824 | 13,909,645 | - | 13,909,645 |
| Fringe benefits and other compensation | 10,409,764 | 2,286,297 | 12,696,061 | 8,244,576 | 1,800,946 | 10,045,522 |
| Professional services | 45,135 | 872,733 | 917,868 | - | 1,044,899 | 1,044,899 |
| Travel | 326,448 | 228,474 | 554,922 | 88,569 | 71,131 | 159,700 |
| Insurance | 195,982 | 48,995 | 244,977 | 145,880 | 36,470 | 182,350 |
| Marketing | - | 54,369 | 54,369 | - | 28,080 | 28,080 |
| Recruiting | - | 193,948 | 193,948 | - | 169,003 | 169,003 |
| Professional development | 303,025 | 83,672 | 386,697 | 190,003 | 63,335 | 253,338 |
| Dues and subscriptions | 185,636 | 46,409 | 232,045 | 181,056 | 45,264 | 226,320 |
| Office supplies | 53,967 | 14,669 | 68,636 | 38,687 | 11,205 | 49,892 |
| Telephone | 122,416 | 45,774 | 168,190 | 107,248 | 40,534 | 147,782 |
| Software, hardware, equipment and furniture | 1,916,769 | 350,082 | 2,266,851 | 1,887,795 | 340,085 | 2,227,880 |
| Information technology | 102,682 | 24,816 | 127,498 | 102,536 | 19,374 | 121,910 |
| Equipment rental and maintenance | - | 25,705 | 25,705 | - | 30,159 | 30,159 |
| Occupancy | 1,009,662 | 252,416 | 1,262,078 | 792,538 | 198,134 | 990,672 |
| Depreciation and amortization | 348,903 | 87,225 | 436,128 | 234,508 | 58,627 | 293,135 |
| Charitable contributions | - | 796,855 | 796,855 | - | 109,982 | 109,982 |
| Provision for bad debts | - | - | - | - | 15,808 | 15,808 |
| Miscellaneous | 212,485 | 391,540 | 604,025 | 141,414 | 219,916 | 361,330 |
| | <u>\$ 54,753,838</u> | <u>\$ 10,959,349</u> | <u>\$ 65,713,187</u> | <u>\$ 45,683,177</u> | <u>\$ 8,567,382</u> | <u>\$ 54,250,559</u> |

Note 7 - Retirement Plans

The Corporation has a 403(b) defined contribution plan (the 403(b)) that covers substantially all employees as defined in the plan. Each employee is required to contribute 5% of eligible compensation and the Corporation provides an additional 5% of eligible compensation. In addition, employees may make pre and post-tax contributions to their 403(b) accounts, via salary deferrals, up to limits prescribed in the Code. The Corporation may also make discretionary contributions to the 403(b), as determined annually by the board of directors. The Corporation's total contributions to the 403(b) were approximately \$2,852,470 and \$2,355,260 for the years ended September 30, 2022 and 2021, respectively.

The Corporation also sponsors a 457(b) defined contribution plan (the 457(b)) covering certain eligible employees as defined in the plan. The Corporation may make discretionary contributions to the 457(b), as determined annually by the board of directors. The Corporation's total contributions to the 457(b) were approximately \$11,700 and \$19,500 for the years ended September 30, 2022 and 2021, respectively. The liability related to the 457(b) of approximately \$10,460 at September 30, 2022, is included in the statement of financial position within accrued expenses. The Corporation has included approximately \$10,460 in investments at September 30, 2022, which represents the fair value of the assets held in the plan. There was no liability or investments at September 30, 2021, because the sole eligible employee during that fiscal year withdrew the funds upon termination.

New York State Technology Enterprise Corporation

Notes to Financial Statements September 30, 2022 and 2021

Note 8 - Commitments, Risks, and Uncertainties

a. Operating Leases

The Corporation leases office space in Albany, New York City, Rome, and Troy, New York. The monthly rental payments range from approximately \$3,000 to \$31,500 and expire at various times from May 2023 through April 2031. The rent expense on these agreements totaled approximately \$1,004,800 and \$805,800 during the years ended September 30, 2022 and 2021, respectively.

The Corporation leases office equipment that requires monthly payments of approximately \$1,850 through February 2025. Rent expense on this equipment totaled approximately \$24,000 and \$27,600 for the years ended September 30, 2022 and 2021, respectively.

A summary of the future annual minimum payments on these operating leases, and the lease with the LLC described in Note 4, is as follows:

| | |
|---------------------------|---------------------|
| Year ending September 30, | |
| 2023 | \$ 995,909 |
| 2024 | 939,542 |
| 2025 | 950,129 |
| 2026 | 917,529 |
| 2027 | 576,821 |
| Thereafter | <u>1,570,939</u> |
| | <u>\$ 5,950,869</u> |

b. Concentration of Credit Risk

The Corporation maintains cash balances in one financial institution located in New York State. The Corporation's accounts at this institution are insured, up to certain limits, by the Federal Deposit Insurance Corporation (FDIC). At times, the Corporation has bank deposits in excess of amounts insured by the FDIC.

The Corporation maintains its securities and cash equivalents with a custodian that is a member of the Securities Investor Protection Corporation (SIPC). Securities held at member firms are insured by the SIPC up to \$500,000 per customer, including a maximum of \$250,000 for cash.

Investment securities held by the Corporation are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect the amounts reported in the statements of financial position and the statements of activities.

c. Significant Customers

The Corporation had one customer that accounted for 51% and 57% of revenues during the years ended September 30, 2022 and 2021, respectively. No other customers accounted for more than 10% of revenues for the years ended September 30, 2022 and 2021.

New York State Technology Enterprise Corporation

Notes to Financial Statements September 30, 2022 and 2021

Note 8 - Commitments, Risks, and Uncertainties - Continued

c. Significant Customers - Continued

Accounts receivable due from two customers accounted for approximately 59% of accounts receivable, net at September 30, 2022. Accounts receivable due from one customer accounted for approximately 51% of accounts receivable, net at September 30, 2021. No other customer accounted for more than 10% of accounts receivable, net.

Note 9 - Fair Value Measurement

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The following three levels of inputs may be used to measure fair value:

Level 1 Unadjusted quoted market prices in active markets for identical assets.

Level 2 Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.

Level 3 Unobservable inputs that are supported by little or no market activity.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value at September 30, 2022 and 2021.

Money Market Funds: The carrying amounts approximate fair value because of the short maturity of these instruments.

Equities, Mutual Funds and Exchange Traded Funds: Valued at the quoted closing price reported in the active market in which the individual security is traded.

Fixed Income: Valued based on observable prices for the particular security, or when prices are not observable, the valuation is based on prices of comparable bonds or the present value of expected future cash flows.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Corporation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

New York State Technology Enterprise Corporation

Notes to Financial Statements September 30, 2022 and 2021

Note 9 - Fair Value Measurement - Continued

A summary of the Corporation's assets measured at fair value on a recurring basis is as follows:

| | September 30, 2022 | | | |
|--------------------------------------|---------------------|-------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds & exchange traded funds | | | | |
| Blend | \$ 598,384 | - | - | \$ 598,384 |
| Emerging markets | 303,776 | - | - | 303,776 |
| Fixed income | 692,989 | - | - | 692,989 |
| Growth | 1,328,172 | - | - | 1,328,172 |
| International | 476,451 | - | - | 476,451 |
| Large value | 574,481 | - | - | 574,481 |
| Miscellaneous | 233,011 | - | - | 233,011 |
| Real estate funds | 523,768 | - | - | 523,768 |
| Small blend | 148,518 | - | - | 148,518 |
| Small cap | 62,320 | - | - | 62,320 |
| | <u>\$ 4,941,870</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,941,870</u> |
| Total investments | <u>\$ 4,941,870</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,941,870</u> |
| | | | | |
| | September 30, 2021 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Fixed income | | | | |
| Corporate bonds | \$ - | \$ 712,205 | \$ - | \$ 712,205 |
| Mortgage backed securities | - | 116,715 | - | 116,715 |
| Equities | | | | |
| Domestic | 116,104 | - | - | 116,104 |
| International | 2,881 | - | - | 2,881 |
| Mutual funds | | | | |
| Emerging markets | 24,086 | - | - | 24,086 |
| Inflation-protected bond funds | 103,157 | - | - | 103,157 |
| Infrastructure funds | 12,551 | - | - | 12,551 |
| International funds | 50,501 | - | - | 50,501 |
| Natural resources funds | 51,972 | - | - | 51,972 |
| Real estate funds | 12,878 | - | - | 12,878 |
| U.S. Mid cap | 12,955 | - | - | 12,955 |
| U.S. Small cap | 12,572 | - | - | 12,572 |
| U.S. Taxable | 52,413 | - | - | 52,413 |
| Money market funds | 18,213 | - | - | 18,213 |
| | <u>\$ 470,283</u> | <u>\$ 828,920</u> | <u>\$ -</u> | <u>\$ 1,299,203</u> |
| Total investments | <u>\$ 470,283</u> | <u>\$ 828,920</u> | <u>\$ -</u> | <u>\$ 1,299,203</u> |

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2022 and 2021

Note 10 - New Accounting Pronouncements Issued But Not Yet Implemented

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, which provides an optional transition method allowing the standard to be applied at the adoption date. In March 2019, the FASB issued ASU 2019-01, Leases (Topic 842) Codification Improvements, which exempts entities from having to provide the interim disclosures required by ASC 250-10-50-3 in the fiscal year in which a company adopts the new leases standard. A modified retrospective transition approach is required. An entity may adopt the guidance either: (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented; or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard provides a number of practical expedients. The Corporation currently expects that upon adoption of ASU 2016-02, right of use assets and lease liabilities will be recognized in the statement of financial position will be material. The new standard, as delayed by ASU's 2019-10 and 2020-05, is effective for fiscal years beginning after December 15, 2021. The ASU is effective for the Corporation beginning on October 1, 2022.



**New York State Technology
Enterprise Corporation**

Single Audit Reports

Year Ended September 30, 2022

New York State Technology Enterprise Corporation

Single Audit Reports

Year Ended September 30, 2022

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New York State Technology Enterprise Corporation

Schedule of Expenditures of Federal Awards Year Ended September 30, 2022

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Assistance Listing Number | Pass-Through Entity Identification Number | Provided to Subrecipients | Total Federal Expenditures |
|---|---------------------------------|--|------------------------------|----------------------------------|
| Department of Defense/ | | | | |
| USAF, AFMC Air Force Research Laboratory/ | | | | |
| Air Force Defense Research Sciences Program: | | | | |
| Quantum Sciences, Training & Outreach | 12.800 | FA8750-19-3-6101 | \$ - | \$ 1,460 |
| AFRL SBIR/STTR Store Front | 12.800 | FA8750-19-3-6102 | - | 277,476 |
| | | | <u>-</u> | <u>278,936</u> |
| Department of Defense/ | | | | |
| Defense Logistics Agency/ | | | | |
| IgniteU NY Procurement Technical Assistance Center | 12.002 | SP4800-20-2-2076 | - | 30,429 |
| IgniteU NY Procurement Technical Assistance Center | 12.002 | SP4800-21-2-2176 | - | 353,960 |
| | | | <u>-</u> | <u>384,389</u> |
| Department of Homeland Security/ | | | | |
| DHS Science & Technology Directorate/ | | | | |
| Technology Transfer and Commercialization Support for DHS | 97.U01 | 70RSAT20TPIA0001 | - | 532,887 |
| | | | | <u>\$ 1,196,212</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards, Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, and Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

New York State Technology Enterprise Corporation

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies

a. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The purpose of the Schedule is to present a summary of those activities of the New York State Technology Enterprise Corporation (Corporation) funded by the federal government or pass-through entities for the year ended September 30, 2022, using the accrual basis of accounting. For purposes of this Schedule, federal awards include assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans and loan guarantees, and other noncash assistance. Negative amounts, if any, on the Schedule represent adjustments made to prior year expenditures in the normal course of business.

b. *Relationship to Financial Statements*

Federal award revenues are reported in the Corporation's financial statements as contract revenue. The Corporation's financial statements are presented using the accrual basis. The Schedule presents only a selected portion of the activities of the Corporation. It is not intended to, and does not, present either the financial position, changes in net assets, or cash flows of the Corporation.

c. *Direct and Indirect Costs*

Expenditures for direct and indirect costs are recognized as incurred using the accrual method of accounting and in accordance with OMB A-122, *Cost Principles for Non-Profit Organizations and the Uniform Guidance*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

The Corporation has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 - Noncash Assistance

There were no federal awards expended in the form of noncash assistance by the Corporation during the year ended September 30, 2022.



**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Board of Directors
New York State Technology Enterprise Corporation
Rome, New York

We have audited, 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, the financial statements of New York State Technology Enterprise Corporation (Corporation), which comprise the statement of financial position as of September 30, 2022, the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BST+Co.CPAs, LLP

Albany, New York
December 15, 2022





**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on
Schedule of Expenditures of Federal Awards Required by
the Uniform Guidance**

Board of Directors
New York State Technology Enterprise Corporation
Rome, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New York State Technology Enterprise Corporation's (Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Corporation's major federal program for the year ended September 30, 2022. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts and grant agreements applicable to the Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Report on Internal Control Over Compliance - Continued

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Corporation as of and for the year ended September 30, 2022, and have issued our report thereon dated December 15, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on those financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BST & Co. CPAs, LLP

Albany, New York
December 15, 2022



New York State Technology Enterprise Corporation

Schedule of Findings and Questioned Costs Year Ended September 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------------------------|--|
| 12.002 | IgniteU NY Procurement Technical Assistance Center |

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statements Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.