



Concurrent Technologies Corporation

**Consolidated Financial Statements,
Schedule of Expenditures of Federal
Awards, and Independent Auditor's
Reports Required by *Government Auditing
Standards* and the Uniform Guidance**
Years ended June 30, 2024 and 2023

Concurrent Technologies Corporation

**Consolidated Financial Statements, Schedule of Expenditures of
Federal Awards, and Independent Auditor's Reports Required by
Government Auditing Standards and the Uniform Guidance**

Years ended June 30, 2024 and 2023

Concurrent Technologies Corporation

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Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive, Suite 800
McLean, VA 22102

Independent Auditor's Report

Board of Directors
Concurrent Technologies Corporation
Johnstown, Pennsylvania

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Concurrent Technologies Corporation and subsidiary (collectively, the Corporation), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of June 30, 2024 and 2023, and the change 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 Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

BDO USA, P.C.

McLean, Virginia
September 25, 2024

Consolidated Financial Statements

Concurrent Technologies Corporation
Consolidated Statements of Financial Position

<i>June 30,</i>	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 10,924,289	\$ 5,040,273
Investments	19,281,004	17,315,371
Contract receivables, net of allowance for expected credit losses of \$0 and \$1,275, respectively	20,946,015	18,062,794
Prepaid expenses and other current assets	6,383,529	4,385,305
Inventory, net	5,046,825	5,128,717
Deferred project costs	157,993	323,081
Total current assets	62,739,655	50,255,541
Property and equipment, net	13,293,223	10,169,687
Operating lease right-of-use assets	684,460	920,837
Financing lease right-of-use asset	-	92,487
Other assets	1,155,820	859,345
Total assets	\$ 77,873,158	\$ 62,297,897
Liabilities and Net Assets		
Current liabilities		
Bank lines-of-credit	\$ -	\$ 2,000,000
Accounts payable and accrued expenses	9,548,380	6,948,951
Accrued compensation and related liabilities	6,828,925	5,065,149
Contract liabilities	6,191,944	3,845,467
Current portion of operating lease liabilities	469,729	459,154
Current portion of financing lease liability	-	25,226
Current portion of notes payable	369,355	127,701
Total current liabilities	23,408,333	18,471,648
Operating lease liabilities	222,802	466,416
Notes payable	1,437,984	-
Other liabilities	527,660	374,524
Total liabilities	25,596,779	19,312,588
Commitments and contingencies		
Net assets without donor restrictions	52,276,379	42,985,309
Total liabilities and net assets	\$ 77,873,158	\$ 62,297,897

See accompanying notes to the consolidated financial statements.

Concurrent Technologies Corporation

Consolidated Statements of Activities and Change in Net Assets

<i>Years ended June 30,</i>	2024	2023
Contract revenue	\$ 116,017,156	\$ 93,987,540
Investment return designated for operations	641,067	-
Costs of revenue		
Direct costs	68,969,873	54,777,204
Selling, general and administrative expenses	37,417,881	34,601,483
Depreciation and amortization	1,771,063	1,978,495
Strategic initiative expenditures	641,067	-
Total costs of revenue	108,799,884	91,357,182
Income from operations	7,858,339	2,630,358
Non-operating activities		
Investment return, net	1,483,666	1,430,842
Other income	379,536	176,659
Gain on disposal of property and equipment	3,530	-
Interest expense	(154,159)	(105,839)
Total non-operating activities	1,712,573	1,501,662
Change in net assets before provision for income taxes	9,570,912	4,132,020
Provision for income taxes	(279,842)	(62,466)
Change in net assets	9,291,070	4,069,554
Net assets at the beginning of the year	42,985,309	38,915,755
Net assets at the end of the year	\$ 52,276,379	\$ 42,985,309

See accompanying notes to the consolidated financial statements.

Concurrent Technologies Corporation

Consolidated Statements of Cash Flows

Years ended June 30,	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 9,291,070	\$ 4,069,554
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in allowance for expected credit losses	(1,275)	-
Change in inventory reserve	429,991	(212,837)
Depreciation and amortization	1,771,063	1,978,495
Reduction in right-of-use assets	526,169	296,376
Interest under financing lease liability	(3,210)	(5,964)
Net realized and unrealized gains on investments	(1,710,490)	(1,084,422)
Gain on disposal of property and equipment	(3,530)	-
Changes in operating assets and liabilities:		
Contract receivables, net	(2,881,946)	(2,571,781)
Prepaid expenses and other current assets	(1,998,224)	(2,021,441)
Inventory	(348,099)	(1,288,397)
Deferred project costs	165,088	253,518
Other assets and other liabilities	(143,339)	(134,095)
Accounts payable and accrued expenses	2,599,429	361,115
Accrued compensation and related liabilities	1,763,776	(419,722)
Contract liabilities	2,346,477	442,243
Operating lease liabilities	(522,831)	(253,803)
Net cash provided by (used in) operating activities	11,280,119	(591,161)
Cash flows from investing activities:		
Proceeds from sales of investments	3,195,470	1,489,474
Purchases of investments	(3,450,613)	(1,815,090)
Acquisition of property and equipment	(2,957,200)	(915,748)
Net cash used in investing activities	(3,212,343)	(1,241,364)
Cash flows from financing activities:		
Net (repayments) borrowings under bank lines-of-credit	(2,000,000)	2,127,701
Principal payments under notes payable	(158,534)	-
Principal payments under financing lease liability	(25,226)	(65,475)
Net cash (used in) provided by financing activities	(2,183,760)	2,062,226
Net increase in cash and cash equivalents	5,884,016	229,701
Cash and cash equivalents at the beginning of the year	5,040,273	4,810,572
Cash and cash equivalents at the end of the year	\$ 10,924,289	\$ 5,040,273
Significant noncash investing and financing activities:		
Property and equipment acquired under notes payable	\$ 1,838,172	\$ -
Supplemental cash flow information:		
Cash paid for interest	\$ (165,170)	\$ (83,445)
Cash paid for income taxes	\$ (182,024)	\$ (145,385)

See accompanying notes to the consolidated financial statements.

Concurrent Technologies Corporation

Notes to the Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

Concurrent Technologies Corporation (CTC) is an independent, nonprofit, applied scientific research and development professional services organization providing innovative management and technology-based solutions. As a nonprofit organization, CTC conducts impartial, in-depth assessments and delivers reliable, unbiased solutions that emphasize increased quality, enhanced effectiveness, and rapid technology transition and deployment.

CTC is headquartered in Johnstown, Pennsylvania and conducts operations in various corporate, client and offsite locations throughout the United States.

The consolidated financial statements include Enterprise Ventures Corporation (EVC). EVC was established by CTC in fiscal year 2001 and is a wholly-owned for-profit subsidiary of CTC established with the objective to further the purpose of the group through investments and other activities, designed to encourage the development and commercialization of advanced technologies.

The significant accounting policies followed by CTC and EVC are described below.

Basis of accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of consolidation

The consolidated financial statements include the accounts of CTC and EVC as described above (collectively referred to as the Corporation). All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

In preparing consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Operating cycle

The Corporation's operating cycle for long-term contracts may be greater than one year and is measured by the average time intervening between the inception and the completion of those contracts. Contract-related assets and liabilities are classified as current assets and current liabilities.

Revenue recognition

The Corporation recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. Substantially all of the Corporation's revenue-

Concurrent Technologies Corporation

Notes to the Consolidated Financial Statements

producing arrangements meet the definition of a contract under ASC 606, as the customer receives commensurate value.

ASC 606 outlines a five-step model whereby revenue is recognized as performance obligations within the contract are satisfied. The Corporation's performance obligations are satisfied over time as work progresses or at a point in time. Generally, the Corporation provides services and products under various contract types which are determined by or negotiated with the U.S. government and may depend on certain factors, including the type and complexity of the work to be performed, degree and timing of the responsibility to be assumed by the contractor for the costs of performance, the extent of price competition and the amount and nature of the profit incentive offered to the contractor for achieving or exceeding specified standards or goals. The Corporation generates revenues under several types of contracts, including the following:

- **Cost-Reimbursable Contracts:** Cost-reimbursable contracts provide for the payment of allowable costs incurred during performance of the contract, up to a ceiling based on the amount that has been funded, plus a fixed fee or award fee.
- **Time-and-Materials (T&M) Contracts:** Under contracts in this category, the Corporation charges a fixed hourly rate for each direct labor hour expended and is reimbursed for billable material costs and billable out-of-pocket expenses inclusive of allocable indirect costs. The Corporation assumes the financial risk on time-and-materials contracts because costs of performance may exceed negotiated hourly rates.
- **Fixed-Price-Level-of-Effort (FP-LOE) Contracts:** substantially similar to T&M contracts except they require a specified level of effort over a stated period of time on work that can be stated only in general terms. This type of contract is generally used when the contractor is required to perform an investigation or study in a specific research and development area and to provide a report showing the results achieved based on the level of effort. Payment is based on the effort expended rather than the results achieved.
- **Firm-Fixed-Price (FFP) Contracts:** provide for a fixed price for specified products, systems and/or services. This type of contract is generally used when the U.S. Government acquires products and services on the basis of reasonably definitive specifications, and which have a determinable fair and reasonable price. These contracts offer potential increased profits if the Corporation can complete the work at lower costs than planned. While FFP contracts allow a benefit from cost savings, these contracts also increase the Corporation's exposure to the risk of cost overruns.
- **EVC sells software under arrangements that include hardware and services.** The software is configured together with the hardware prior to delivery. Revenue is recognized ratably over the period the services are delivered.

The Corporation's earnings and profitability may vary depending on changes in the proportionate amount of revenues derived from each type of contract and the nature of services or products provided, as well as the achievement of performance objectives and the stage of performance at which the right to receive fees, particularly under incentive fee and award fee contracts, is finally determined.

The Corporation recognizes revenue over time when there is a continuous transfer of control to the customer. For U.S. government contracts, this continuous transfer of control to the customer is supported by clauses in the contract that allow the U.S. government to unilaterally terminate

Concurrent Technologies Corporation

Notes to the Consolidated Financial Statements

the contract for convenience, pay for costs incurred plus a reasonable profit and take control of any work in process. When control is transferred over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. Based on the nature of the products and services provided in the contract, the Corporation uses judgment to determine if an input measure or output measure best depicts the transfer of control over time. For services contracts, the Corporation typically satisfies performance obligations as services are rendered. The Corporation typically uses a cost-based input method to measure progress. Revenue is recognized proportionally as contract costs are incurred plus estimated fees. For time-and-material contracts, the Corporation bills the customer per labor hour and per material, and revenue is recognized in the amount invoiced because the amount corresponds directly to the value of performance to date. For certain fixed-price service contracts, a time-elapsed output method is used to measure progress, and revenue is recognized straight-line over the term of the contract.

If a contract does not meet the criteria for recognizing revenue over time, revenue is recognized at a point in time. Revenue is recognized at the point in time when control of the good or service is transferred to the customer. The Corporation considers control to be transferred when it has a present right to payment and the customer has legal title.

Contract modifications are routine in the performance of contracts. Contracts are often modified to account for changes in contract specifications or requirements. In most instances, contract modifications are for goods or services that are not distinct and, therefore, are accounted for as part of the existing contract.

Accounting for long-term contracts involves the use of various techniques to estimate total contract revenue and costs. Contract estimates are based on various assumptions to project the outcome of future events that often span several years. These assumptions include labor productivity and availability, the complexity of the work to be performed, the cost and availability of material, the performance of subcontractors and the availability and timing of funding from the customer. When estimates of total costs to be incurred on a contract exceed total estimates of the transaction price, a provision for the entire loss is determined at the contract level and is recorded in the period in which the loss is determined.

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. A contract's transaction price is allocated to each distinct performance obligation within that contract and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Corporation's contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and is, therefore, not distinct. Some contracts have multiple performance obligations, most commonly due to the contract covering multiple phases of the product lifecycle (development, production, maintenance and support). For contracts with multiple performance obligations, the Corporation allocates the contract's transaction price to each performance obligation using management's best estimate of the standalone selling price of each distinct good or service in the contract. The primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which the Corporation forecasts expected costs of satisfying a performance obligation and then adding an appropriate margin for that distinct good or service.

Concurrent Technologies Corporation

Notes to the Consolidated Financial Statements

For arrangements with the U.S. Government, work on contracts generally does not begin until funding is appropriated by the customer. Billing timetables and payment terms on contracts vary based on a number of factors, including the contract type. Typical payment terms under fixed-price contracts with the U.S. Government provide that the customer pays either performance-based payments (PBPs) based on the achievement of contract milestones or progress payments based on a percentage of costs that are incurred. The Corporation recognizes a liability for payments in excess of revenue recognized, which is presented as a contract liability on the accompanying consolidated statements of financial position. The portion of payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer from the Corporation's failure to adequately complete some or all of the obligations under the contract. Payments received from customers in advance of revenue recognition are not considered to be significant financing components because they are used to meet working capital demands that can be higher in the early stages of a contract.

Contributions

Contributions may be conditional or unconditional transactions. If the contribution is determined to be unconditional, the Corporation recognizes revenue at the earlier of the period received or promised. If the contribution is determined to be conditional, the Corporation recognizes revenue when the condition has been met. Contributions received are considered to be without donor restriction unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions. When the donor-imposed restrictions are met, the funds are released with an offset to net assets without donor restrictions.

Costs of revenue

Costs of revenue include all direct contract costs, as well as indirect overhead costs and selling, general and administrative expenses that are allowable and allocable to contracts under federal procurement standards. Costs of revenue also include costs and expenses that are unallowable and are not allocable to contracts for billing purposes. Such costs and expenses do not directly generate revenue but are necessary for business operations.

Cash equivalents

The Corporation considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Currently, all interest bearing and non-interest bearing U.S. deposit accounts maintained by the Corporation are insured up to \$250,000 by either the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). At June 30, 2024, the Corporation held deposits of \$10.3 million in excess of FDIC limits. At times, the Corporation also maintains cash in sweep accounts that invest primarily in securities backed by U.S. Treasuries and U.S. Government Agencies. The Corporation has not experienced losses in the deposit accounts or sweep accounts and believes it is not exposed to significant credit risk associated with those accounts.

Concurrent Technologies Corporation

Notes to the Consolidated Financial Statements

Restricted cash

The Corporation has restricted cash in the amount of \$1,502,803 and \$1,496,094 at June 30, 2024 and 2023, respectively, which represents unexpended grant proceeds that will be used for grant expenditures during the next fiscal year. These amounts are included in cash and cash equivalents in the accompanying consolidated statements of financial position.

Contract receivables and contract liabilities

Contract receivables are generated from prime and subcontracting arrangements with federal governmental agencies and various commercial entities. Billed amounts represent invoices that have been prepared and sent to the customer. Contract assets represent costs and anticipated profits not yet billed or awaiting milestones to bill. Contract liabilities represent interim contract billings in excess of costs and estimated earnings incurred on those contracts.

Allowance for Expected Credit Losses

Beginning July 1, 2023, as required by ASC 326, *Financial Instruments - Credit Losses*, the Corporation recognizes an allowance for expected credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the date of the consolidated statements of financial position. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term). In determining such allowance, management considers historical loss rates and adjusts for current economic conditions, where applicable. Assets are written off when the Corporation determines that such financial assets are uncollectible. The Corporation pools billed contract receivables and contract assets in estimating the expected credit losses. The difference in the allowance for doubtful accounts prior to the implementation of ASC 326 and the revised allowance for expected credit losses at June 30, 2024 was determined by management to be insignificant given the Corporation's historical loss rates and customer base.

Investments

Investments in marketable securities are measured and reported at fair value. Purchases and sales of securities are reflected on a trade-date basis. Interest is recorded when earned. Dividends are recorded as of the ex-dividend date.

As described in the *Net assets* section below, on occasion the Corporation designates a portion of the investment return for operations to fund strategic initiatives approved by the Board.

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

Inventory

The Corporation's inventory is stated at lower of cost or market value, with cost being determined on an average cost basis. Raw materials purchased for a specific contract are valued using the specific identification basis. The Corporation capitalizes labor, material, subcontractor and

Concurrent Technologies Corporation

Notes to the Consolidated Financial Statements

overhead costs as work-in-process for contracts where control has not yet passed to the customer. Management regularly reviews its inventory for obsolescence and provides for write downs when items are deemed to be unrealizable at their stated carrying value. Generally, write downs have not been material as a substantial portion of inventory is purchased for specific contracts and placed into production soon after delivery.

Deferred project costs

EVC defers and amortizes the revenue and costs associated with its Advanced Guard for Information Security (AGIS) software product on a straight-line basis and in accordance with the product's licensing and maintenance agreement.

Property and equipment

Property and equipment above \$5,000 and with an estimated useful life of at least two years are capitalized and stated at cost, and are depreciated on the straight-line method for both consolidated financial statement and income tax purposes. Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance, and repairs are charged to expense as incurred. The estimated useful life is three years for computer software, five years for computer equipment, twelve years for furniture and fixtures and 20 to 40 years for buildings, building improvements and land improvements. Leasehold improvements are amortized over the term of the lease or useful life, whichever is shorter. Construction-in-progress is stated at cost and is not depreciated. Such costs will be transferred to property and equipment upon completion. Land is not depreciated or amortized.

Leases

The Corporation determines whether a contract contains a lease at inception based on whether a right to control the use of an identified asset is conveyed. The Corporation's leases are classified as either operating leases or financing leases. The Corporation records lease right-of-use assets and lease liabilities in the consolidated statements of financial position. Lease expenses are recorded within selling, general and administrative expenses in the accompanying consolidated statements of activities and change in net assets, except for the imputed interest portion of financing lease expense which is included within interest expense in the accompanying consolidated statements of activities and change in net assets. Right-of-use assets and lease liabilities are recognized based on the net present value of future minimum lease payments over the lease term beginning on the commencement date. The Corporation generally is not able to determine the rate implicit in its leases and, as such, applies an appropriate risk-free rate. Operating lease expense is recognized on a straight-line basis over the lease term. Lease terms may include an option to extend or terminate a lease if it is reasonably certain that the Corporation will exercise such options. The Corporation has elected the practical expedients to utilize the risk-free rate, to not separate lease components from non-lease components and to not record a right-of-use asset or lease liability for leases which, at inception, have a term of twelve months or less. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments.

Concurrent Technologies Corporation

Notes to the Consolidated Financial Statements

Impairment of long-lived assets

Long-lived assets, including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may be impaired. Impairment is determined by comparing the carrying value of long-lived assets to an estimate of the future undiscounted cash flows expected to result from the assets and eventual disposition. In the event impairment exists, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset, which is generally determined by using quoted market prices or valuation techniques such as discounted cash flow models, appraisals, or other pricing models. Management believes that no events have occurred that would cause such an impairment for the fiscal years ended June 30, 2024 and 2023.

Net assets

The Corporation classifies its net assets into the two categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions

Net assets without donor restrictions generally result from net revenues derived from contracts, net investment return and other net inflows of assets whose use by the Corporation is not limited by donor-imposed restrictions. Net assets without donor restrictions include net assets with board-designations. During the year ended June 30, 2024, the board designated up to \$650,000 for strategic initiatives and incurred \$641,067 of expenditures against the designation. The unspent amount was released from the board designation on June 30, 2024. There were no such designations or expenditures for 2023. As of June 30, 2024 and 2023, the Corporation has no board-designated net assets.

Net assets with donor restrictions

On occasion, the Corporation receives contributions designated by donors to be used for future stipulated purposes and future periods. As of June 30, 2024 and 2023, there were no net assets with donor restrictions.

Fair value of financial instruments

The fair value of the Corporation's cash and cash equivalents, contract receivables, accounts payable and accrued expenses and accrued compensation and related liabilities approximate their carrying amounts due to the relatively short maturity of these items.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

Concurrent Technologies Corporation

Notes to the Consolidated Financial Statements

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

Research and development expenses

Expenditures for research and development costs are expensed as incurred and amounted to \$1,710,313 and \$686,197 during the years ended June 30, 2024 and 2023, respectively.

Advertising expenses

During the years ended June 30, 2024 and 2023, the Corporation incurred advertising expenses in the amount of \$132,426 and \$129,155, respectively. Such expenses are included in selling, general and administrative expenses in the accompanying consolidated statements of activities and change in net assets. Advertising expenses are expensed as incurred and are not reimbursable to the Corporation under contracts with agencies of the U.S. Government.

Income taxes

CTC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the IRC) and is subject to tax only on activities which give rise to unrelated business income. EVC is subject to income taxes and utilizes the liability method to measure the tax consequences of temporary differences between financial statement income and taxable income.

The Corporation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Corporation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ended June 30, 2020 and prior. The Corporation has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

The Corporation follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Concurrent Technologies Corporation
Notes to the Consolidated Financial Statements

Recently adopted authoritative guidance

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13 which eliminates the requirement that a credit loss on a financial instrument be "probable" prior to recognition. Instead, a valuation allowance will be recorded to reflect an entity's current estimate of all expected credit losses, based on both historical and forecasted information related to an instrument. The update was effective for the Corporation on July 1, 2023 and was adopted using a modified retrospective approach, which applies a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. The adoption of this guidance did not have a material impact to the Corporation's consolidated financial results or disclosures.

Recent accounting pronouncements not yet adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. For private business entities, the update requires the entity to disclose on an annual basis the amount of income taxes paid (net of refunds received) disaggregated by (i) federal, state or foreign taxes, and (ii) by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5% of total income taxes paid, among certain other amended disclosure requirements. The update is effective for private business entities for annual and interim reporting periods beginning after December 15, 2025, and should be applied on a prospective basis, but retrospective application is permitted. Early adoption is permitted. The Corporation is evaluating the effect that adoption of this new standard will have on the Corporation's consolidated financial statements.

The Corporation has assessed other accounting pronouncements issued or effective during the years ended June 30, 2024 and 2023 and deemed they were not applicable to the Corporation or are not anticipated to have a material effect on the consolidated financial statements.

2. Liquidity and Availability

The following represents the Corporation's financial assets available within one year of the consolidated statements of financial position date that are expected to be used for general expenditures as of June 30:

	2024	2023
Financial assets:		
Cash and cash equivalents (net of restricted cash)	\$ 9,421,486	\$ 3,544,179
Investments	19,281,004	17,315,371
Contract receivables, net	20,946,015	18,062,794
Total financial assets	49,648,505	38,922,344
Adjustments for amounts not available for general expenditures within one year:		
Bank line-of-credit (secured by investments)	-	(2,000,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 49,648,505	\$ 36,922,344

Concurrent Technologies Corporation

Notes to the Consolidated Financial Statements

The Corporation has \$49,648,505 and \$36,922,344 of financial assets available as of June 30, 2024 and 2023, respectively, to meet cash needs for general expenditures to be made within one year. Other than cash restricted for particular grants and investments serving as collateral for a bank line-of-credit (see Note 8), none of the financial assets are subject to contractual restrictions that make them unavailable for general expenditures within one year of the consolidated statements of financial position dates. Receivables are subject to implied time restrictions but are expected to be collected within one year. All investments are readily convertible to cash in the open markets. In addition, there are no board designated restrictions related to the Corporation's liquidity.

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Corporation invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Corporation has bank lines-of-credit which it could draw upon if necessary (see Note 8). However, one of the Corporation's lines-of-credit is secured by investments, which would limit the availability of the related investment balances should outstanding borrowings exist.

The management of investments is governed by the Corporation's investment policy which is reviewed by the Board of Directors at least annually. An investment policy statement between the Corporation and the investment advisor provides detailed investment objectives, risk considerations, asset allocation guidelines and performance benchmarking of the respective investments. Asset allocations and investment returns are reviewed by the Corporation on a continual basis.

3. Functional Allocation of Expenses

The Corporation allocates its expenses on a functional basis among its program and support services. Expenditures which can be identified with program or support services are allocated directly, according to their natural expenditure. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by management. Allocation of functional expenses consists of the following for the years ended June 30, 2024 and 2023:

<i>Natural classification for the year ended June 30, 2024</i>	Program	Support	Total
Compensation and benefits	\$ 35,464,513	\$ 14,989,720	\$ 50,454,233
Professional fees	26,662,302	2,142,289	28,804,591
Program materials and inventory costs	16,606,285	-	16,606,285
Information technology	2,170,890	527,449	2,698,339
Occupancy	3,087,314	222,568	3,309,882
Travel	1,282,928	141,218	1,424,146
Meetings/events/memberships	318,276	269,991	588,267
Interest/taxes/fees	45,736	433,955	479,691
Depreciation and amortization	1,329,026	442,037	1,771,063
Program services/general/corporate	2,487,171	330,375	2,817,546
Total expenses	\$ 89,454,441	\$ 19,499,602	\$ 108,954,043

Concurrent Technologies Corporation
Notes to the Consolidated Financial Statements

<i>Natural classification for the year ended June 30, 2023</i>	Program	Support	Total
Compensation and benefits	\$ 30,704,391	\$ 13,219,245	\$ 43,923,636
Professional fees	24,572,866	1,869,710	26,442,576
Program materials and inventory costs	10,196,246	-	10,196,246
Information technology	1,974,014	478,544	2,452,558
Occupancy	2,978,079	230,601	3,208,680
Travel	1,091,480	137,778	1,229,258
Meetings/events/memberships	278,181	184,936	463,117
Interest/taxes/fees	42,616	186,169	228,785
Depreciation and amortization	1,535,201	443,294	1,978,495
Program services/general/corporate	1,075,057	264,613	1,339,670
Total expenses	\$ 74,448,131	\$ 17,014,890	\$ 91,463,021

The functional expenses for the years ended June 30, 2024 and 2023 above include all costs of revenue and interest expense as reported in the accompanying consolidated statements of activities and change in net assets.

4. Fair Value Measurements

Assets measured at fair value on a recurring basis consist of the following at June 30, 2024:

<i>Description</i>	Fair Value Hierarchy Level		Total
	Level 1	Level 2	
Fixed income exchange-traded funds	\$ 703,721	\$ -	\$ 703,721
Alternative exchange-traded funds	1,139,850	-	1,139,850
U.S. stock exchange-traded funds	10,348,234	-	10,348,234
International stock exchange-traded funds	972,282	-	972,282
International stock mutual funds	1,061,123	-	1,061,123
Government securities	-	3,632,292	3,632,292
Corporate bonds	-	1,423,502	1,423,502
Total investments	\$ 14,225,210	\$ 5,055,794	\$ 19,281,004

Concurrent Technologies Corporation
Notes to the Consolidated Financial Statements

Assets measured at fair value on a recurring basis consist of the following at June 30, 2023:

<i>Description</i>	Fair Value Hierarchy Level		Total
	Level 1	Level 2	
Fixed income exchange-traded funds	\$ 1,085,172	\$ -	\$ 1,085,172
Alternative exchange-traded funds	584,275	-	584,275
U.S. stock exchange-traded funds	8,963,653	-	8,963,653
International stock exchange-traded funds	901,770	-	901,770
International stock mutual funds	961,052	-	961,052
Government securities	-	3,587,257	3,587,257
Corporate bonds	-	1,232,192	1,232,192
Total investments	\$ 12,495,922	\$ 4,819,449	\$ 17,315,371

The following is a description of the valuation methodologies for financial instruments measured at fair value:

Mutual funds and exchange-traded funds are valued at the closing price reported on the active market on which the individual securities are traded.

Government securities and corporate bonds with quoted prices available in an active markets are classified within Level 1 of the fair value hierarchy. If quoted market prices are not available or accessible, then fair values are estimated using pricing models, matrix pricing, or other discounted cash flow models. The most significant inputs to the discounted cash flow model are the coupon, yield and expected maturity date. The fair values of government securities and corporate bonds that are estimated using pricing models or matrix pricing based on observable market data are generally classified within Level 2 of the fair value hierarchy.

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

5. Contract Receivables and Contract Liabilities

Contract receivables and contract liabilities consist of the following at June 30:

	2024	2023
Billed receivables	\$ 15,871,192	\$ 14,289,464
Contract assets	5,074,823	3,774,605
	20,946,015	18,064,069
Less: allowance for expected credit losses	-	(1,275)
	\$ 20,946,015	\$ 18,062,794
Contract liabilities	\$ 6,191,944	\$ 3,845,467

Concurrent Technologies Corporation
Notes to the Consolidated Financial Statements

Contract assets and contract liabilities include contract retentions, rate variances, contract costs not yet billable, and amounts arising from recognizing revenue on the percentage-of-completion basis. Such amounts may not be completely billed and collected in the following fiscal year but have been classified as current in accordance with industry practice.

Management periodically reviews the status of outstanding receivables and establishes reserves when necessary.

6. Inventory

Inventory consists of the following at June 30:

	2024	2023
Raw materials	\$ 2,924,025	\$ 2,276,620
Work-in-process	1,132,283	477,875
Finished goods	1,420,508	2,374,222
Inventory reserve	(429,991)	-
	\$ 5,046,825	\$ 5,128,717

7. Property and Equipment

Property and equipment, net consists of the following at June 30:

	2024	2023
Land	\$ 2,197,023	\$ 2,197,023
Buildings	18,957,166	18,897,856
Software	4,348,568	6,867,639
Equipment	14,950,136	13,074,843
Furniture and fixtures	7,703,020	7,686,624
Leasehold improvements	1,275,294	737,266
Construction-in-progress	1,905,840	784,765
	51,337,047	50,246,016
Less: accumulated depreciation and amortization	(38,043,824)	(40,076,329)
	\$ 13,293,223	\$ 10,169,687

8. Bank Lines-of-Credit and Notes Payable

The Corporation has available an operating line-of-credit agreement with a bank. The line-of-credit provides for borrowings up to \$11,250,000, subject to a borrowing limit determined monthly by the bank. The borrowing limit is based on the underlying investment securities, taking into consideration each security's perceived value, risk, and liquidity. Any borrowings are secured by the rights to and proceeds from the Corporation's investment portfolio. The interest rate is based upon the one-month Bloomberg Short-Term Bank Yield Index (BSBY) plus 75 basis points. The interest rate is 6.13% per annum at June 30, 2024. As of June 30, 2024 and 2023, the outstanding balance on the line-of-credit totaled \$0 and \$2,000,000, respectively.

Concurrent Technologies Corporation
Notes to the Consolidated Financial Statements

In March 2022, the Corporation opened two new lines-of-credit with a bank: a Working Capital line-of-credit (the WC LOC) and a Commercial Guidance line-of-credit (the CG LOC). The WC LOC provides for borrowings up to the lesser of \$6,000,000 or the borrowing base, which is based on 70% of receivables aged 90 days or less. The CG LOC provides for borrowings up to \$5,000,000, with the proceeds from any borrowing limited for the use of purchase of certain equipment. Draws under the CG LOC are reported as notes payable in the accompanying consolidated statements of financial position, and repayments of the CG LOC will be over a 60-month term from the date of the borrowing. Any borrowings are secured by the Corporation's contract receivables for the WC LOC and by the purchased equipment for the CG LOC. The interest rate on the WC LOC is based upon the Wall Street Journal (WSJ) prime rate less 25 basis, or 8.25% per annum at June 30, 2024. The interest rate on the CG LOC is based upon the WSJ prime rate at the time of the draw, which ranged from 6.25% to 8.25% per annum at June 30, 2024. As a result of a September 2024 extension, the lines-of-credit expire, if not renewed, on March 14, 2025 and February 15, 2025 for the WC LOC and CG LOC, respectively. No amounts were outstanding under the WC LOC as of June 30, 2024 and 2023. As of June 30, 2024 and 2023, the outstanding balances of the various draws under the CG LOC total \$1,807,339 and \$127,701, respectively.

The outstanding balance of the various draws under the CG LOC will mature as follows as:

<i>Years Ending June 30,</i>		
2025	\$	369,355
2026		398,750
2027		432,684
2028		433,992
2029		172,558
	\$	1,807,339

9. Disaggregation of Revenue

The Corporation disaggregates revenue from contracts with customers by contract type, customer, as well as whether the Corporation acts as prime contractor or sub-contractor, as the Corporation believes these categories best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Performance obligations related to the Corporation's contracts are satisfied over time as work progresses or at a point in time. Substantially all revenue from products and services were transferred to customers over time for the years ended June 30, 2024 and 2023. Incurred costs represent work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer.

Performance obligations

Remaining performance obligations represent the transaction price of exercised contracts for which work has not yet been performed, irrespective of whether funding has or has not been authorized and appropriated as of the date of exercise. Remaining performance obligations do not include negotiated but unexercised options or the unfunded value of expired contracts.

Concurrent Technologies Corporation
Notes to the Consolidated Financial Statements

10. Income Taxes

CTC is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. EVC is subject to income taxes and utilizes the liability method to measure the tax consequences of temporary differences between financial statement income and taxable income.

Significant components of the provision for income taxes are as follows for the years ended June 30:

	2024	2023
Current income tax expense	\$ 279,842	\$ 62,466
Deferred income tax expense	-	-
Provision for income taxes	\$ 279,842	\$ 62,466

The Corporation's provision for income taxes differs from the amount of income tax determined by applying the applicable federal and state statutory income tax rates to the income before income taxes primarily due to changes in the Corporation's valuation allowance position on deferred income tax assets. For the fiscal years ended June 30, 2024 and 2023, the current income tax expense is primarily comprised of federal unrelated business income tax (UBIT) and state tax expense attributable to state minimum taxes.

Deferred income taxes reflect temporary differences in the recognition of revenue and expenses for income tax reporting and financial statement purposes. Significant components of the Corporation's deferred tax assets (liabilities) are as follows at June 30:

	2024	2023
Deferred tax assets		
Net operating loss carryforward - federal	\$ 2,505,680	\$ 2,611,634
Net operating loss carryforward - state	1,101,321	1,093,009
Accrued payroll and related liabilities	20,631	19,420
Research and development tax credits	403,832	403,832
Depreciation and amortization	7,863	164,713
Other	3,080	3,118
Valuation allowance	(4,042,407)	(4,286,068)
Net deferred tax assets	-	9,658
Deferred tax liabilities		
Section 481(a) Adjustment	-	(9,658)
Deferred tax liabilities	-	(9,658)
Net deferred tax assets (liabilities)	\$ -	\$ -

Concurrent Technologies Corporation
Notes to the Consolidated Financial Statements

The Corporation evaluates the ability to realize these future tax deductions by assessing whether the Corporation expects to have sufficient future taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies to utilize these future deductions and credits. The Corporation establishes a valuation allowance when they no longer consider it more likely than not that a deferred tax asset will be realized. As of each reporting date, the Corporation's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets. As of June 30, 2024, management determined that sufficient positive evidence does not yet exist to conclude that it is more likely than not that the deferred tax assets are realizable, and therefore, a valuation allowance is required.

As of June 30, 2024 and 2023, the Corporation has federal net operating loss (NOL) carryforwards of approximately \$11.9 million and \$12.4 million, respectively, which will be available to offset future taxable income. The federal NOLs generated in fiscal year 2017 and prior expire at various dates through 2037, while the NOLs generated in fiscal year 2018 and thereafter can be carried forward indefinitely.

11. Commitments and Contingencies

Leases

The Corporation leases office space and certain equipment under the terms of noncancelable operating leases that expire at various dates through July 2026. The Corporation is also responsible for certain operating expenses.

During the years ended June 30, 2024 and 2023, the Corporation recognized operating lease right-of-use assets acquired in exchange for operating lease liabilities totaling \$289,792 and \$692,910, respectively.

The Corporation recognizes the total cost of its leases ratably over the respective lease periods. The Corporation recorded lease costs as follows:

<i>Years ended June 30,</i>	2024	2023
Operating lease costs	\$ 503,150	\$ 258,106
Short-term lease costs	26,226	195,264
Variable lease costs	39,292	52,111
Financing lease costs:		
Amortization of right-of-use asset	15,946	38,270
Interest	3,210	5,964

During the year ended June 30, 2024, the Corporation purchased an asset that was originally acquired under a financing lease and, accordingly, reclassified the unamortized financing lease right-of-use asset to property and equipment totaling \$79,751.

Concurrent Technologies Corporation
Notes to the Consolidated Financial Statements

The following is a schedule by year of the maturities of the operating lease liabilities required under these leases as of June 30, 2024:

<i>Years Ending June 30,</i>	<i>Operating Lease</i>
2025	\$ 492,611
2026	245,042
Total lease payments	737,653
Less: imputed interest	(45,122)
	\$ 692,531

The weighted average remaining lease term and discount rates for operating leases were approximately 1.62 years and 3.75% at June 30, 2024. The weighted average remaining lease term and discount rates for the financing lease was approximately 2.54 years and 3.75% at June 30, 2023.

The Corporation leases space as a lessor in buildings it owns through lease agreements expiring at various dates through August 2026. Rental income, which is recorded as a reduction of rent expense, in connection with operating leases for the years ended June 30, 2024 and 2023 totaled \$60,000 in each year. Rental income is expected to be \$60,000 per year through June 30, 2026 with \$10,000 of expected rental income for the year ended June 30, 2027.

Government oversight and audits

The Corporation's government contracts activity is subject to oversight by the U.S. Government. In addition, contract costs including indirect costs, are subject to audit by agencies of the U.S. Government.

12. Employee Benefits Plans

Retirement programs

CTC sponsors a retirement program, which includes the Retirement Savings Plan (the Plan). The retirement program covers all eligible employees. CTC matches 100 percent of employee contributions up to three percent of eligible compensation and 50 percent on contributions from four percent to five percent, subject to certain limits. CTC matching contributions to the Plan totaled \$1,592,446 and \$1,360,304 for the years ended June 30, 2024 and 2023, respectively. Discretionary contributions were made to the Plan for the years ended June 30, 2024 and 2023 totaling \$1,197,506 and \$5,653, respectively.

EVC sponsors a 401(k) retirement plan (the 401k Plan) which covers all eligible employees. EVC matches 100 percent of employee contributions up to three percent of eligible compensation and 50 percent on contributions from four percent to five percent, subject to certain limits. EVC matching contributions to the 401(k) Plan totaled \$117,469 and \$89,148 for the years ended June 30, 2024 and 2023, respectively.

Concurrent Technologies Corporation

Notes to the Consolidated Financial Statements

Health care program

The Corporation maintains a self-insurance program for employee health care claims. These risks are subject to various claims and an annual aggregate plan limit and an individual participant limit with excess liability coverage provided by an independent insurer. During the year ended June 30, 2024, the annual aggregate plan limit was \$5,889,787 and the individual participant limit was \$225,000. During the year ended June 30, 2023, the annual aggregate plan limit was \$4,435,273 and the individual participant limit was \$225,000. Liabilities related to this plan have been recorded by the Corporation at June 30, 2024 and 2023 in the amount of \$264,514 and \$320,403, respectively, for the estimated amount of claims that have been incurred but not reported. The liabilities are included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position. The estimated liabilities are based on the Corporation's claims history.

Expenses related to employee health care coverage for the years ended June 30, 2024 and 2023 totaled \$3,243,714 and \$3,955,186, respectively.

13. Related Party Transactions

Certain members of the Board of Directors of the Corporation are members of the Board of Directors of certain financial institutions. The Corporation holds certain cash accounts at those financial institutions. Deposits held by the Corporation at the financial institutions amounted to \$1,422,746 and \$173,374 at June 30, 2024 and 2023, respectively.

Members of the Board of Directors and senior executive leadership team of the Corporation and their family members are members of the Board of Directors or are key employees of other organizations in which the Corporation engages in business activities. During the year ended June 30, 2024, costs incurred by the Corporation related to activities with these organizations totaled \$287,446, which included \$64,825 to nonprofit organizations in the form of charitable contributions, \$136,207 to a for-profit organization for legal services, and \$86,414 for expenses related to conference and meeting fees, membership fees, professional fees, subcontractor fees, software and sponsorships. During the year ended June 30, 2023, costs incurred by the Corporation related to activities with these organizations totaled \$319,149, which included \$48,100 to nonprofit organizations in the form of charitable contributions, \$241,082 to a for-profit organization for legal services, and \$29,967 for expenses related to conference and meeting fees, membership fees, professional fees, subcontractor fees, software and sponsorships.

14. Major Customers

During the years ended June 30, 2024 and 2023, the Corporation derived 67% and 68% of its revenue from prime contracts with agencies of the U.S. Government. As of June 30, 2024 and 2023, 48% and 63% of billed contract receivables were due from such U.S. Government agencies. Such receivables are due from multiple departments and agencies of the U.S. Government and have been billed in accordance with contractual terms.

15. Subsequent Events

The Corporation has evaluated its June 30, 2024 consolidated financial statements for subsequent events through September 25, 2024, the date the consolidated financial statements were available to be issued. Except as described in Note 8, the Corporation is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

Schedule of Expenditures of Federal Awards

Concurrent Technologies Corporation

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Contract Number / Pass-Through Entity	Amounts Provided to Subrecipients	2024 Federal Expenditures
Research and Development Cluster:				
U.S. Department of Defense				
Direct Programs Department of the Navy	12.RD		\$ -	\$ 2,626,337
Pass through Programs from:				
EPS Corporation	12.RD	EPS-Seaport NxG-CTC 05-20	-	1,239,805
Advanced Technology International	12.RD	BTA# 2022-442	-	22,671
Advanced Technology International	12.RD	12.2022-540	-	106,674
Advanced Technology International	12.RD	BASE AGRMNT 2023-342	-	1,504,443
General Dynamics Electric	12.RD	12.PO#1000075167	-	48,823
Total Department of the Navy			-	5,548,753
Direct Programs Department of the Army	12.RD		-	4,817,427
Pass through Programs from:				
Cybex	12.RD	CBX-SC-18-110	-	1,265,190
National Advanced Mobility Consortium	12.RD	PO#69-201531	-	6,271
EnDyna	12.RD	CASDAP-CTC-001	-	37,282
Georgia Tech Research Institute (GTRI)	12.RD	POD8A3-S2	-	177,265
Northeastern University	12.RD	555033-78052	-	8,180
Radiance Technologies	12.RD	225-1881	-	164,879
Camgian Corporation	12.RD	Sub Agmt Dated 9/7/22	-	122,169
C.H. Guernsey & Company	12.RD	TO# OK40538000	-	632,235
Applied Research Associates	12.RD	S-G30002-IDIQ-72-CTC	-	2,821,182
Michigan Technologies University	12.RD	PO#23-0223-Z1	-	161,114
Applied Research Associates	12.RD	S-005296-IDIQ-CTC	-	40,969
Forge Group	12.RD	23-CTC-001	-	2,952
Georgia Tech Research Institute (GTRI)	12.RD	PO# D84ZK-S3	-	191,140
National Center for Manufacturing Sciences, Inc. (NCMS)	12.RD	2023216-142376	-	5,302,097
Radiance Technologies	12.RD	0000004781	-	110,954
Total Department of the Army			-	15,861,306
Direct Programs Department of the Air Force	12.RD		-	5,677,391
Pass through Programs from:				
4ES Corporation	12.RD	4ES-PSA-CTC-20-001	-	7,954
Jones Lang Lasalle	12.RD	Subk Agmt Dated 6/1/23	-	20,223
Jones Lang Lasalle	12.RD	Subk Agmt Dated 6/1/24	-	9,508
Raytheon Missilies & Defense	12.RD	PO#12042023-CTC	-	1,726,346
ThermAvant	12.RD	PO#16964	-	18,592
Total Department of the Air Force			-	7,460,014
Pass through Programs from Department of the U.S. Marines:				
Tactical Edge	12.RD	S18-003	-	19,175
Total Department of the U.S. Marines			-	19,175
Direct Programs Department of the National Security Agency	12.RD		-	12,526,105
Total Department of the National Security Agency			-	12,526,105

Concurrent Technologies Corporation

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Contract Number / Pass-Through Entity	Amounts Provided to Subrecipients	2024 Federal Expenditures
Research and Development Cluster:				
Pass through Programs from National Geospatial Intelligence Agency:				
Booz Allen Hamilton	12.RD	A3208-1	-	546,347
Applied Research Lab of Penn State	12.RD	PO#S23-36	-	1,070,611
Total Department of the National Geospatial Intelligence Agency			-	1,616,958
Direct Program Defense Logistics Agency	12.RD		-	1,707,502
Pass through Programs from:				
MRL Materials Resources LLC	12.RD	PO#MRL-22-T-0001	-	302,914
Total Defense Logistics Agency			-	2,010,416
Direct Program National Reconnaissance Office	12.RD		-	7,975
Total National Reconnaissance Office			-	7,975
Pass through Program Defense Intelligence Agency:				
Booz Allen Hamilton	12.RD	S900695BAH	-	-
Total Defense Intelligence Agency			-	-
Pass through Program Defense Advanced Research Projects Agency:				
Raytheon	12.RD	PO4202441573	-	-
Total Defense Advanced Research Projects Agency			-	-
Pass through Program Defense Ordinance Technology Consortium (DOTC):				
Advanced Technology International	12.RD	2020-521	-	2,674,163
Total Defense Ordinance Technology Consortium (DOTC)			-	2,674,163
Total U.S. Department of Defense			-	47,724,865
Pass through Programs General Services Administration:				
A2 Systems Engineering	39.RD	CTC-01-19	-	559,226
Total General Services Administration			-	559,226
Direct Program U.S. Department of Homeland Security	97.RD		-	954,211
Total U.S. Department of Homeland Security			-	954,211
Pass through Program from Office of Economic Adjustment:				
Catalyst Connection	NA.RD	PO00004052	-	29,836
Total Office of Economic Adjustment			-	29,836
Total Research and Development Cluster Expenditures of Federal Awards			\$ -	\$ 49,268,138

The accompanying notes are an integral part of this schedule.

Concurrent Technologies Corporation

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Concurrent Technologies Corporation and subsidiary (the Corporation) under programs of the Federal government for the year ended June 30, 2024. The information in this Schedule is presented 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). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the consolidated financial position, change in net assets or cash flows of the Corporation.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Federal Acquisition Regulations (FAR) and the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

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

**Independent Auditor's Reports
Required by *Government Auditing Standards*
and the Uniform Guidance**



Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive, Suite 800
McLean, VA 22102

Independent Auditor's 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
Concurrent Technologies Corporation
Johnstown, Pennsylvania

We have audited, in accordance with the 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 consolidated financial statements of Concurrent Technologies Corporation and subsidiary (the Corporation), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

McLean, Virginia
September 25, 2024



Independent Auditor's Report on Compliance For the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Concurrent Technologies Corporation
Johnstown, Pennsylvania

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Concurrent Technologies Corporation and subsidiary's (the 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 June 30, 2024. 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 compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the 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; 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 or grant agreements applicable to the Corporation's federal program.



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 the 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.



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.

BDO USA, P.C.

McLean, Virginia
September 25, 2024

Schedule of Findings and Questioned Costs

Concurrent Technologies Corporation

Schedule of Findings and Questioned Costs Year ended June 30, 2024

Section I - Summary of Auditor's Results

Consolidated Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to consolidated financial statements noted?

yes no

Federal Awards

Internal control over the major federal program:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for the major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of the major federal program:

Federal Assistance Listing Numbers

Various

Name of Federal Program or Cluster

Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,478,044

Auditee qualified as low-risk auditee?

yes no

Concurrent Technologies Corporation

Schedule of Findings and Questioned Costs Year ended June 30, 2024

Section II - Financial Statement Findings

During the audit for the year ended June 30, 2024, there were no findings related to the consolidated financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

Section III - Federal Award Findings and Questioned Costs

There were no findings or questioned costs for Federal awards (as defined in Section 2 CFR 200.516 (a) of the Uniform Guidance) that are required to be reported.