



**New York State Technology
Enterprise Corporation**

Financial Statements
September 30, 2024 and 2023

**New York State Technology
Enterprise Corporation**

Financial Statements
September 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
New York State Technology Enterprise Corporation

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, 2024 and 2023, 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, 2024 and 2023, 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.

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 11, 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, 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

Latham, New York
December 11, 2024



New York State Technology Enterprise Corporation

Statements of Financial Position

	September 30,	
	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 36,366,889	\$ 31,896,791
Accounts receivable, net	27,609,532	24,537,776
Prepaid expenses and other assets	1,846,897	1,299,730
Total current assets	<u>65,823,318</u>	<u>57,734,297</u>
EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET		
Equipment	307,696	307,696
Furniture and fixtures	32,224	32,224
Leasehold improvements	<u>3,879,265</u>	<u>3,864,833</u>
Total equipment and leasehold improvements	4,219,185	4,204,753
Less accumulated depreciation and amortization	<u>1,943,189</u>	<u>1,423,472</u>
Equipment and leasehold improvements, net	<u>2,275,996</u>	<u>2,781,281</u>
NON-CURRENT ASSETS		
Deposits	104,170	103,108
Right-of-use asset for operating leases, net	3,603,799	4,468,631
Investment in affiliate	1,696,986	1,696,077
Investments	<u>17,679,026</u>	<u>12,743,163</u>
Total non-current assets	<u>23,083,981</u>	<u>19,010,979</u>
Total assets	<u>\$ 91,183,295</u>	<u>\$ 79,526,557</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current installments of operating lease liabilities	\$ 824,720	\$ 835,173
Accounts payable	6,779,878	6,041,550
Accrued expenses	<u>9,639,084</u>	<u>8,712,853</u>
Total current liabilities	17,243,682	15,589,576
NON-CURRENT LIABILITIES, less current installments		
Operating lease liabilities	2,748,588	3,573,308
COMMITMENTS AND CONTINGENCIES		
NET ASSETS	<u>71,191,025</u>	<u>60,363,673</u>
Total liabilities and net assets	<u>\$ 91,183,295</u>	<u>\$ 79,526,557</u>

See accompanying Notes to Financial Statements.

New York State Technology Enterprise Corporation

Statements of Activities

	Years Ended September 30,	
	2024	2023
REVENUES		
Contract revenue	\$ 100,384,264	\$ 91,595,757
COST OF REVENUES		
Direct labor, base salaries	20,532,728	18,580,291
Direct labor, fringe benefits and other compensation	8,700,846	7,965,635
Subcontracts and consultants	26,483,055	22,554,068
Travel	106,474	144,725
Other direct costs	321,411	141,162
Total cost of revenues	56,144,514	49,385,881
OVERHEAD AND ADMINISTRATIVE EXPENSES		
Base salaries	18,712,324	15,536,785
Fringe benefits and other compensation	7,914,699	6,657,826
Professional services	1,770,872	1,054,066
Travel	1,074,792	876,349
Insurance	297,251	285,329
Marketing	200,211	142,284
Recruiting	161,701	226,920
Professional development	446,647	353,631
Dues and subscriptions	303,475	298,076
Office supplies	42,104	50,499
Telephone	277,206	252,084
Software, hardware, equipment and furniture	2,125,958	1,937,289
Information technology	177,711	166,423
Equipment rental and maintenance	24,582	24,971
Occupancy	1,455,776	1,376,437
Depreciation and amortization	519,717	510,783
Charitable contributions	508,296	557,803
Provision for bad debts	465,987	51,675
Miscellaneous	648,725	1,432,346
Total general and administrative expenses	37,128,034	31,791,576
Change in net assets from operations	7,111,716	10,418,300
OTHER INCOME		
Investment income, net	3,714,727	1,775,325
Gain on investment in affiliate	909	2,456
Miscellaneous income	-	750
Total other income	3,715,636	1,778,531
Change in net assets	10,827,352	12,196,831
NET ASSETS, beginning of year	60,363,673	48,166,842
NET ASSETS, end of year	\$ 71,191,025	\$ 60,363,673

See accompanying Notes to Financial Statements.

**New York State Technology
Enterprise Corporation**

Statements of Cash Flows

	Years Ended September 30,	
	2024	2023
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 10,827,352	\$ 12,196,831
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	519,717	510,783
Provision for bad debts	465,987	51,675
Realized gains on investments, net	(517,837)	(57,705)
Unrealized gains on investments, net	(1,246,052)	(698,631)
Reinvested interest and dividends	(91,867)	(53,484)
Adjustment to right-of-use asset for operating leases	864,832	859,314
Accretion of lease liabilities	156,634	190,674
Gain on investment in affiliate	(909)	(2,456)
(Increase) decrease in		
Accounts receivable	(3,537,743)	(997,317)
Prepaid expenses and other assets	(547,167)	5,482
Deposits	(1,062)	1,760
Increase (decrease) in		
Accounts payable	738,328	1,040,964
Operating lease liabilities for cash paid	(991,807)	(1,024,797)
Accrued expenses	884,520	874,275
	<u>7,522,926</u>	<u>12,897,368</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchases of equipment and leasehold improvements	(14,432)	(186,613)
Purchases of investments	(13,022,833)	(10,889,776)
Proceeds from sale of investments	9,984,437	3,922,692
	<u>(3,052,828)</u>	<u>(7,153,697)</u>
Net increase in cash and cash equivalents	4,470,098	5,743,671
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>31,896,791</u>	<u>26,153,120</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 36,366,889</u>	<u>\$ 31,896,791</u>

See accompanying Notes to Financial Statements.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

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 the 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 (see 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 \$3,527,500 and \$2,164,100 of cash equivalents were invested and included within cash and cash equivalents on the statements of financial position as of September 30, 2024 and 2023, respectively.

f. Accounts Receivable

Accounts receivable represent amounts invoiced to customers as well as amounts earned but unbilled, less an estimate made for doubtful receivables. 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.

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

Unbilled receivables amounted to approximately \$12,548,600 and \$8,807,600 at September 30, 2024 and 2023, respectively, and are included in accounts receivable, net on the statements of financial position.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

g. Allowance for Credit Losses and Doubtful Accounts

Effective October 1, 2023, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 326, *Financial Instruments - Credit Losses*, using the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include accounts receivable, contract assets and non-current receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share characteristics, they are evaluated on an individual basis.

The CECL allowance is based a review of all outstanding amounts on a monthly basis considering relevant, available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The allowance for credit losses of approximately \$551,300 as of September 30, 2024, and the change in the allowance for credit losses during the year then ended, was not material to the financial statements.

Prior to the adoption of ASC 326, the Corporation maintained an allowance for doubtful accounts, when necessary, to reserve for potentially uncollectible receivables. The allowance for doubtful accounts of approximately \$85,300 as of September 30, 2023 was not material to the financial statements.

h. Equipment and Leasehold Improvements, Net

Acquisitions of equipment, furniture and fixtures, leasehold improvements, and repairs that 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 10 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.

i. 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 was no impairment of long-lived assets as of September 30, 2024 or 2023.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

j. 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 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.

k. Investments

Investments are recorded at fair value, with net realized and unrealized gains and losses reflected in the statements of activities. The Corporation uses the specific identification method to identify the cost of securities sold. Investments are classified as non-current as they will not be used for current operations.

Investment securities held by the Corporation are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the values 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.

l. Leases

The Corporation determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Corporation obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Corporation also considers whether its service arrangements include the right to control the use of an asset.

The Corporation recognizes most leases on its statement of financial position as a right-of-use (ROU) asset, representing the right to use an underlying asset, and a lease liability, representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of activities.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

l. Leases (Continued)

The Corporation made an accounting policy election available under FASB ASC Topic 842, *Leases*, not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or October 1, 2022 for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Corporation made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or the remaining term for leases existing upon the adoption of Topic 842).

m. Net Assets

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: Net assets without donor restrictions are assets available for use in general operations and not subject to donor restrictions.

Net assets with 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, 2024 or 2023.

n. Contract Revenue Recognition

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

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. 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.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

n. Contract Revenue Recognition (Continued)

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.

The Corporation generates consulting revenue under two types of billing arrangements: time-and-materials and fixed-fee. The customer in time-and-materials 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 a 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, 2022 was approximately \$23,592,100.

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.

o. 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.

p. Marketing Costs

Marketing costs are expensed as incurred.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

q. 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 the 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, 2024 or 2023.

r. Subsequent Events

The Corporation has evaluated subsequent events for potential recognition or disclosure through December 11, 2024, 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 restrictions or other restrictions limiting their use) within one year of the statement of financial position dates comprise the following:

	September 30,	
	2024	2023
Total assets at September 30,	\$ 91,183,295	\$ 79,526,557
Less assets not available for general expenditures		
Prepaid expenses and other assets	(1,846,897)	(1,299,730)
Equipment and leasehold improvements, net	(2,275,996)	(2,781,281)
Deposits	(104,170)	(103,108)
Right-of-use asset for operating leases, net	(3,603,799)	(4,468,631)
Investment in affiliate	(1,696,986)	(1,696,077)
Financial assets available for general expenditure	<u>\$ 81,655,447</u>	<u>\$ 69,177,730</u>

The Corporation has approximately \$81,655,400 of financial assets available within one year of the statement of financial position date, consisting of cash and cash equivalents of approximately \$36,366,900; accounts receivable, net of approximately \$27,609,500; and investments of approximately \$17,679,000.

The Corporation's September 30, 2025 budget has approximately \$108,000,000 in contract revenues, which includes approximately \$186,085,000 in signed commitments as of September 30, 2024, some of which include multi-year engagements.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 2. Liquidity and Availability (Continued)

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

Note 3. Investments

A summary of investments is as follows:

	September 30, 2024			
	Original Cost	Unrealized Gains	Unrealized Losses	Fair Value
Fixed income	\$ 2,102,519	\$ 51,913	\$ -	\$ 2,154,432
Mutual funds and exchange-traded funds	11,919,279	1,610,550	-	13,529,829
Assets valued at NAV	1,911,638	83,127	-	1,994,765
	<u>\$ 15,933,436</u>	<u>\$ 1,745,590</u>	<u>\$ -</u>	<u>\$ 17,679,026</u>

	September 30, 2023			
	Original Cost	Unrealized Gains	Unrealized Losses	Fair Value
Fixed income	\$ 2,023,778	\$ 25,699	\$ -	\$ 2,049,477
Mutual funds and exchange-traded funds	8,855,072	428,297	-	9,283,369
Assets valued at NAV	1,364,775	45,542	-	1,410,317
	<u>\$ 12,243,625</u>	<u>\$ 499,538</u>	<u>\$ -</u>	<u>\$ 12,743,163</u>

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 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 \$2,757,816 and \$2,893,185 at September 30, 2024 and 2023, respectively.

The Corporation and the GLDC have unconditionally guaranteed a loan the LLC has with Mohawk Valley Economic Development District, Inc. in the amount of \$375,000, the outstanding balance of which was \$286,824 and \$308,171 at September 30, 2024 and 2023, respectively.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 4. Investment in Affiliate (Continued)

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 \$401,554 and \$431,440 at September 30, 2024 and 2023, respectively.

During July 2018, the Corporation signed a 10-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,	
	2024	2023
Total assets	\$ 7,401,801	\$ 7,520,677
Liabilities	\$ 3,482,713	\$ 3,603,611
Net assets	3,919,088	3,917,066
Total liabilities and net assets	\$ 7,401,801	\$ 7,520,677

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

	Years Ended September 30,	
	2024	2023
Revenues	\$ 696,675	\$ 714,006
Expenses	(694,653)	(708,548)
Change in net assets	\$ 2,022	\$ 5,458

Note 5. Line of Credit

The Corporation has a \$3,000,000 line of credit with M&T, of which no balance was outstanding at September 30, 2024 or 2023. The line of credit is renewable annually. Interest is charged at M&T's prime rate (8.00% and 8.50% at September 30, 2024 and 2023, 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, 2024 and 2023

Note 6. Functional Expenses

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

	Year Ended September 30, 2024		
	Program Services	Management and General	Total
Base salaries	\$ 31,476,753	\$ 7,768,299	\$ 39,245,052
Subcontracts and consultants	26,483,055	-	26,483,055
Fringe benefits and other compensation	13,470,533	3,145,012	16,615,545
Professional services	120,500	1,650,372	1,770,872
Travel	789,931	391,335	1,181,266
Insurance	237,801	59,450	297,251
Marketing	-	200,211	200,211
Recruiting	-	161,701	161,701
Professional development	315,801	130,846	446,647
Dues and subscriptions	242,782	60,693	303,475
Office supplies	31,773	10,331	42,104
Telephone	215,291	61,915	277,206
Software, hardware, equipment and furniture	1,724,125	401,833	2,125,958
Information technology	149,195	28,516	177,711
Equipment rental and maintenance	-	24,582	24,582
Occupancy	1,164,620	291,156	1,455,776
Depreciation and amortization	415,774	103,943	519,717
Charitable contributions	-	508,296	508,296
Provision for bad debts	-	465,987	465,987
Miscellaneous	321,411	648,725	970,136
	<u>\$ 77,159,345</u>	<u>\$ 16,113,203</u>	<u>\$ 93,272,548</u>

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 6. Functional Expenses (Continued)

	Year Ended September 30, 2023		
	Program Services	Management and General	Total
Base salaries	\$ 27,625,932	\$ 6,491,144	\$ 34,117,076
Subcontracts and consultants	22,554,068	-	22,554,068
Fringe benefits and other compensation	11,847,445	2,776,016	14,623,461
Professional services	45,135	1,008,931	1,054,066
Travel	650,164	370,910	1,021,074
Insurance	228,262	57,067	285,329
Marketing	-	142,284	142,284
Recruiting	-	226,920	226,920
Professional development	266,067	87,564	353,631
Dues and subscriptions	238,461	59,615	298,076
Office supplies	39,211	11,288	50,499
Telephone	190,158	61,926	252,084
Software, hardware, equipment and furniture	1,581,201	356,088	1,937,289
Information technology	134,103	32,320	166,423
Equipment rental and maintenance	-	24,971	24,971
Occupancy	1,101,150	275,287	1,376,437
Depreciation and amortization	408,626	102,157	510,783
Charitable contributions	-	557,803	557,803
Provision for bad debts	-	51,675	51,675
Miscellaneous	141,162	1,432,346	1,573,508
	<u>\$ 67,051,145</u>	<u>\$ 14,126,312</u>	<u>\$ 81,177,457</u>

Note 7. Retirement Plans

The Corporation has a 403(b) defined contribution plan (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 \$3,663,800 and \$3,293,800 for the years ended September 30, 2024 and 2023, respectively.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 7. Retirement Plans (Continued)

The Corporation also sponsors a 457(b) defined contribution plan (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 \$28,400 and \$21,400 for the years ended September 30, 2024 and 2023, respectively. The liability related to the 457(b) of approximately \$76,600 and \$34,900 at September 30, 2024 and 2023, respectively, is included in the statements of financial position within accrued expenses. The Corporation has included approximately \$76,600 and \$34,900 in investments at September 30, 2024 and 2023, respectively, which represents the fair value of the assets held in the plan.

Note 8. Commitments, Risks and Uncertainties

a. Leases

The Corporation leases office space in Albany, New York City, Rome, and Troy, New York under operating leases that have initial terms ranging from two to eight years. Some leases include one or more options to renew, generally at the Corporation's sole discretion, with renewal terms that can extend the lease terms from two to 10 years. These options to extend a lease are included in the lease terms when it is reasonably certain that the Corporation will exercise that option.

Operating lease cost is recognized on a straight-line basis over the lease term. Lease expense was approximately \$1,022,100 and \$1,050,000 for the years ended September 30, 2024 and 2023, respectively, which is included in occupancy in the functional expenses footnote.

As of September 30, 2024 and 2023, the weighted-average remaining lease term was 5.08 and 5.81 years, respectively, and the weighted-average discount rate was 3.97% and 3.98%, respectively.

Future undiscounted cash flows for the next five years and thereafter and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of September 30, 2024:

Years ending September 30,	
2025	\$ 948,286
2026	884,867
2027	576,821
2028	576,821
2029	550,715
Thereafter	395,334
Total lease payments	3,932,844
Less imputed interest	(359,536)
Total present value of lease liabilities	3,573,308
Current portion of the lease liabilities	824,720
Long-term portion of the lease liabilities	<u>\$ 2,748,588</u>

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 8. Commitments, Risks and Uncertainties (Continued)

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.

c. Significant Customers

The Corporation had one customer that accounted for 53% and 50% of revenues during the years ended September 30, 2024 and 2023, respectively. No other customers accounted for more than 10% of revenues for the years ended September 30, 2024 or 2023.

Accounts receivable due from two customers accounted for approximately 44% of accounts receivable, net at September 30, 2024. Accounts receivable due from three customers accounted for approximately 68% of accounts receivable, net at September 30, 2023. 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 are descriptions of the valuation methodologies used for assets measured at fair value at September 30, 2024 and 2023:

U.S. Treasury obligations, mutual funds and exchange-traded funds: Valued at the quoted closing price reported in the active market in which the individual security is traded.

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 9. Fair Value Measurement (Continued)

Assets valued at net asset value (NAV): Valued based upon the shares of the fund held by the Corporation at year-end multiplied by the respective share value. As a practical expedient, the alternative investments do not have a readily determined fair value and are valued at the NAV provided by the fund manager. The NAV for each class of shares is determined by dividing the value of total assets attributable to the class minus liabilities attributable to the class by the total number of common shares outstanding of the class. The NAV is not a publicly quoted price in an active market and is computed in accordance with investment company measurement principles.

- Real estate income trusts: The share value is calculated based on the fair value of the underlying real estate, which is based, in part, on values provided by third-party independent appraisers and reviewed by the fund's independent valuation advisor using quoted market prices, market value of comparable companies, discounted cash flows, realizable value of any collateral, and other estimates.
- Private equity funds: The share value is calculated based on the fair value of the underlying investments using quoted market prices, market value of comparable companies, realizable value of any collateral, comparable markets, discounted cash flows and other estimates.

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 that its valuation methods are 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.

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

September 30, 2024				
	Level 1	Level 2	Level 3	Total
Fixed income				
U.S. Treasury obligations	\$ 2,154,432	\$ -	\$ -	\$ 2,154,432
Mutual funds and exchange-traded funds				
Blend	2,714,501	-	-	2,714,501
Emerging markets	1,184,006	-	-	1,184,006
Fixed income	2,934,367	-	-	2,934,367
Growth	2,705,204	-	-	2,705,204
International	37,239	-	-	37,239
Large cap	-	-	-	-
Large value	3,293,814	-	-	3,293,814
Miscellaneous	76,567	-	-	76,567
Small blend	228,672	-	-	228,672
Small cap	355,459	-	-	355,459
Assets valued at NAV (a)				
Real estate income trusts	-	-	-	1,307,279
Private equity funds	-	-	-	687,486
	<u>\$ 15,684,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,679,026</u>

New York State Technology Enterprise Corporation

Notes to Financial Statements
September 30, 2024 and 2023

Note 9. Fair Value Measurement (Continued)

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Fixed income				
U.S. Treasury obligations	\$ 2,049,477	\$ -	\$ -	\$ 2,049,477
Mutual funds and exchange-traded funds				
Blend	1,440,024	-	-	1,440,024
Emerging markets	813,275	-	-	813,275
Fixed income	2,131,685	-	-	2,131,685
Growth	1,464,381	-	-	1,464,381
International	671,297	-	-	671,297
Large cap	1,006,380	-	-	1,006,380
Large value	1,193,747	-	-	1,193,747
Miscellaneous	34,857	-	-	34,857
Small blend	360,843	-	-	360,843
Small cap	166,880	-	-	166,880
Assets valued at NAV (a)				
Real estate income trusts	-	-	-	614,509
Private equity funds	-	-	-	795,808
	<u>\$ 11,332,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,743,163</u>

(a) Certain investments that were measured at NAV per share (or its equivalent) have not been included in the fair value hierarchy. The fair values presented in these tables are intended to permit the reconciliation of the fair value hierarchy of the line items presented on the statements of financial position.

The following table summarizes the liquidity factors of investments measured at fair value based on NAV per share, including redemption frequency, availability and notice period at September 30, 2024:

	NAV	Unfunded Commitments	Redemption Frequency	Available	Notice Period
Real estate income trust	\$ 452,363	n/a	Monthly	1/2/2025	30 days
Real estate income trust	235,123	n/a	Monthly	1/2/2025	30 days
Private equity fund	473,438	n/a	Quarterly	3/31/2025	30 to 45 days
Private equity fund	327,879	n/a	Quarterly	3/31/2025	30 to 45 days
Private equity fund	<u>505,962</u>	n/a	Quarterly	12/31/2024	30 days
	<u>\$ 1,994,765</u>				



**New York State Technology
Enterprise Corporation**

Single Audit Report
Year Ended September 30, 2024

**New York State Technology
Enterprise Corporation**

Single Audit Report
Year Ended September 30, 2024

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**New York State Technology
Enterprise Corporation**

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

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:				
AFRL SBIR/STTR Store Front	12.800	FA8750-19-3-6102	\$ -	\$ 125,793
AFRL IoT Living Lab/TAK Center of Excellence	12.800	FA8750-19-3-6103	-	62,235
			-	188,028
Office of Small Business Programs/ Empire APEX Accelerator	12.002	W56KGU2320076	-	428,366
Empire APEX Accelerator	12.002	W56KGU2420078	-	251,688
			-	680,054
Department of Homeland Security/ DHS Science & Technology Directorate/ Technology Transfer and Commercialization Support for DHS	97.U01	70RSAT20TPIA0001	-	38,136
				<u>\$ 906,218</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, 2024

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 New York State Technology Enterprise Corporation (Corporation) funded by the federal government or pass-through entities for the year ended September 30, 2024, 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 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 Office of Management and Budget Circular 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% 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, 2024.



**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***

Independent Auditor's Report

Board of Directors
New York State Technology Enterprise Corporation

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, 2024, 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 11, 2024.

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

Latham, New York
December 11, 2024





**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**

Independent Auditor's Report

Board of Directors
New York State Technology Enterprise Corporation

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 Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on the Corporation's major federal program for the year ended September 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 September 30, 2024.

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.

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, 2024, and have issued our report thereon dated December 11, 2024, 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

Latham, New York
December 11, 2024



New York State Technology Enterprise Corporation

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

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? | <u> </u> Yes | <u> X </u> No |
| ▪ Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None Reported |

Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No
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Federal Awards

Internal control over major federal programs:

- | | | |
|---|-----------------------|------------------------------------|
| ▪ Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| ▪ Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> 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)?

<u> </u> Yes	<u> X </u> No
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Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
12.002	Empire APEX Accelerator

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
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Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.