

**Massachusetts Technology Collaborative Finance and Audit Committee  
December 1, 2020**

**MINUTES**

Present: Committee Members: Joseph Dorant, Anne Margulies, Paige Fetzer; Mass Tech Collaborative Staff: Carolyn Kirk, Brianna Wehrs, Jennifer Saubermann, Lisa Erlandson and Mary Creamer. Daniel Bonnette, Valerie Colimon and Andrew Wolf from RSM were also in attendance to present and discuss the FY2020 audit.

Start Time: 11:00 a.m.

Location: Zoom Videoconference

<b>Agenda Topic</b>	<b>Discussion</b>	<b>Action Taken/Required</b>
Approval of Minutes	The Minutes of the June 12, 2020 meeting were presented for approval.	The minutes for the June 12, 2020 meeting of the Finance and Audit Committee were approved by the Committee unanimously and without abstention.
FY20 Audit Discussion & Presentation by RSM	Ms. Colimon of RSM shared a presentation with the attendees. Mr. Bonnette began the discussion by explaining the audit status and the audit scope from Slides 2 and 3 of the presentation. He noted that the audit was completed and the unmodified opinion was issued on November 23, 2020. The audit was conducted in accordance with the plan set forth in May. Ms. Colimon discussed the areas of audit emphasis which included complex, non-routine transactions or those that require significant judgements and estimates. She also reviewed significant matters addressed during the audit including the impact of COVID-19 on operations, as outlined by their COVID-19 procedures on slide 6. It was noted that MassTech was able to successfully transition to a work-from-home model. The audit was performed 100% remote, using Zoom meetings as needed and it went very smoothly. Mr. Wolf took over the presentation at Slide 7 and discussed all of the matters required to be communicated to the audit committee. Andrew stated there were no disagreements with management and the process was as seamless as could be, especially given that it was all done remote. RSM and MassTech had significant discussions around intangible assets added during this year. Ms. Margulies questioned what this was related to. Lisa explained that MassTech had become aware of	No action was necessary.

	<p>the demand for a block of IP addresses it received for free from ARIN many years ago. These addresses were not considered an asset on the books. MassTech received inquiries from interested parties to purchase the block at a pretty significant value. We disclosed this to RSM in the prior year, but there was no clear method to value them at that time. During the year, we utilized a firm, Brander Group, to solicit bids to purchase the block on MassTech’s behalf. Based upon the bids, MassTech recognized the IP Addresses as an intangible asset as of the end of FY20 and the sale of the asset(s) will be recognized in FY21 when the transaction closes.</p> <p>Ms. Kirk explained to the Committee that there were potential risks of COVID’s impact on operations and compliance and had asked RSM to focus on this. Ms. Colimon assured her that there were not any changes or modifications to any procedures. Mr. Bonnette also reiterated this. He said some clients have changed their processes as a result of COVID and was happy to see that Ms. Kirk’s set the expectations that there were no changes to MassTech’s controls.</p> <p>Valerie asked if anyone had any further questions and the Committee declined. Lisa offered that the committee members could reach out directly to the audit staff, if needed.</p> <p>RSM signed off of the Zoom call.</p> <p>Ms. Margulies asked about the campus assets and whether they sit on the MassTech or Commonwealth’s books. Ms. Erlandson explained that the land is not on MassTech’s books because it will revert to the state if it is no longer used for the purposes for which it was transferred to MassTech, in accordance with the Land Disposition Agreement. MassTech does, however, have the valuation of the buildings on its books. Ms. Margulies asked about the long-term strategy for the campus and MBI Network and stressed that buildings can often turn into liabilities. Lisa stated that we have funds available for reinvestment in the MBI Network and we also have funds reserved for the campus. Carolyn said that Kopin is coming up for renewal soon. She wants to analyze what is the best option moving forward – release, sell or update.</p> <p>Mr. Dorant thanked MassTech staff for an audit well done and presented.</p>	
FY21 Q1 Financial Review	Ms. Erlandson presented the Q1 financial statements. She explained that the biggest	No action was necessary.

	<p>impact is revenue in FY21 due to the uncertainty of the state budget and where our funding ends up. Revenue is on target through November, achieved through short-term, multi-month contracts with the state. The state budget is in conference committee and we are hoping for a final approved budget by the end of December. It was noted that expenditures funded through the FY21 appropriations, including hiring of staff, have been reduced and/or postponed until the state budget is finalized.</p> <p>Mr. Dorant asked if we have heard an update on the economic development bill. Ms. Saubermann indicated that we have not.</p> <p>Ms. Erlandson said that the House budget is more than the Governor’s budget for MassTech but the Senate budget does not have intern and mentor funding. We are cautiously optimistic and we hope to know more in the coming two weeks.</p> <p>Ms. Erlandson went on to say that MassTech will also receive \$9.2 million for MBI which needs to be expended by the end of June 2021. The funds will be used for broadband subsidies, WiFi hotspot programs and device programs. The programs are projected to begin rolling out in the next couple of weeks. MassTech will be going to the Executive Committee to request an increase to the budget at their next meeting.</p> <p>The MassCyberCenter was awarded a Homeland Security federal grant. Most of the costs will occur in FY22. MeHI is also applying for a federal grant. The MassTech leadership team is working to diversify our program revenues.</p> <p>Ms. Margulies thanked everyone for all they do throughout the year and Carolyn for her leadership.</p> <p>The meeting was adjourned.</p>	
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**Materials and Exhibits Used at this Meeting:**

1. Draft Minutes – June 12, 2020
2. FY20 Audited Financial Statements and Required Supplementary Information
3. FY21 Q1 Financial Statement Overview
4. FY21 Q1 Financial Statements