

Massachusetts Technology  
Park Corporation  
(A Component Unit of the  
Commonwealth of Massachusetts)

Financial Statements and  
Required Supplementary Information  
Year Ended June 30, 2024

Massachusetts Technology Park Corporation  
(A Component Unit of the Commonwealth of Massachusetts)

Financial Statements and Required Supplementary Information

Year Ended June 30, 2024

---

C O N T E N T S

	<u>Page</u>
Independent Auditor's Report .....	1-3
Management's Discussion and Analysis (Unaudited).....	4-19
Financial Statements:	
Government-wide Financial Statements as of and for the Year Ended June 30, 2024:	
Statement of Net Position.....	20
Statement of Activities .....	21
Fund Financial Statements as of and for the Year Ended June 30, 2024:	
Balance Sheet - Governmental Fund .....	22
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund.....	23
Statement of Net Position - Proprietary Fund.....	24
Statement of Revenue, Expenses and Changes in Net Position - Proprietary Fund.....	25
Statement of Cash Flows - Proprietary Fund .....	26
Notes to Financial Statements.....	27-43
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	44-45



RSM US LLP

## Independent Auditor's Report

Board of Directors  
Massachusetts Technology Park Corporation

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Massachusetts Technology Park Corporation (the Organization), a component unit of the Commonwealth of Massachusetts, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Organization, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit 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 (*Government Auditing Standards*). 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 Organization and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

#### **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 Organization's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 opinions. 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 Organization'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 Organization'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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

*RSM US LLP*

Boston, Massachusetts  
November 26, 2024

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

---

This section of the Massachusetts Technology Park Corporation's annual financial report presents management's discussion and analysis of the financial performance during the fiscal year ended June 30, 2024. Please read it in conjunction with the financial statements which follow this section.

#### Agency Overview

The Massachusetts Technology Park Corporation does business as the Massachusetts Technology Collaborative (MassTech). MassTech strengthens the competitiveness of the tech and innovation economy by driving strategic investments, partnerships, and insights that harness the talent of Massachusetts.

As a unique public agency, MassTech supports business formation and growth in the state's technology sector, helping Massachusetts lead in the global digital economy.

To achieve that goal, MassTech:

- Builds strategies, strengthens connections, assists companies, makes investments, and leads programs.
- Develops meaningful collaborations across industry, academia, and government, turning shared challenges into economic opportunity.
- Supports the Commonwealth's tech sector with a strategic focus on talent, ecosystems, and innovation infrastructure across key divisions and programs.

MassTech is advancing economic development in key areas such as digital health technology, broadband deployment, advanced manufacturing, cybersecurity, and other emerging sectors such as robotics, quantum computing, and artificial intelligence. Over its 41-year history, MassTech has managed numerous complex projects, overseeing more than \$886 million in public funding by providing grants and other financial assistance to thousands of projects across the Commonwealth of Massachusetts (the "Commonwealth" or "Massachusetts").

Through its major divisions and centers - the Innovation Institute (the "Innovation Institute"), the Massachusetts eHealth Institute ("MeHI"), the Massachusetts Broadband Institute ("MBI"), the MassCyberCenter, the Center for Advanced Manufacturing ("CAM"), and the Northeast Microelectronics Commons Hub ("NEMC Hub"), MassTech is stimulating economic activity throughout the Commonwealth.

#### The Innovation Institute at MassTech

The Innovation Institute at MassTech is chartered to support the economic conditions for growth for the Commonwealth's technology and innovation-based economy. The Innovation Institute works closely with key stakeholders in academia, industry, public, and nonprofit sectors to strengthen capacities in research, technology and business development, and talent, which lead to new business formation, and job creation. These efforts also attract and grow companies in emerging and established technology sub-sectors such as robotics, financial technology, advanced manufacturing, computing, and cybersecurity.

The Innovation Institute engages in grant activities, manages projects, develops initiatives, and provides direct services for civic, industry and nonprofit organizations. The Innovation Institute also:

- Supports rigorous, collaborative, interdisciplinary research and development partnerships at Massachusetts universities.
- Enhances the ability of the Commonwealth's academic research centers to compete for millions of dollars in federal research awards and aligns technology capacities at its research institutions with the needs of industry.
- Strengthens the technology and innovation ecosystem in regions across the Commonwealth by advancing projects or initiatives that contribute to a competitive advantage for existing and emerging industry clusters.

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

---

- Secures the economic benefits of downstream production and employment for all regions of the Commonwealth as new research and technologies are commercialized in the marketplace.
- Analyzes the Massachusetts innovation economy through the development of the annual Index of the Massachusetts Innovation Economy as well as sector and regional specific analyses.
- Partners with and invests in novel talent development initiatives such as internship support and targeted higher education and adult education technology training programs, many of which have a focus on diversity and inclusion.
- Supports focused efforts that support Diversity in Tech to increase the number of individuals from underrepresented or diverse populations who receive internships or career gateway opportunities within technology firms across the Commonwealth.
- Provides business assistance services targeted toward firms in the technology sector with the goal of helping businesses relocate to or expand in the Commonwealth. The Innovation Institute provides referrals to state resources as well as assisting startup entrepreneurs and tech firms leverage other resources in the tech ecosystem.
- Develops regional innovation economies and cluster growth by supporting high value innovation based economic development activities including support of targeted cluster growth opportunities; analysis of opportunities for growth in technology clusters such as Robotics, Quantum Computing, Artificial Intelligence, FinTech, Marine Tech and Blockchain.
- Convenes key stakeholders in promising clusters to develop consensus around targeted action agendas.

As a mechanism to drive growth in industry clusters, the Innovation Institute also administers a Collaborative Research Matching Grant Program which was created by the Massachusetts Legislature and recapitalized with an additional \$52 million in 2021 through the economic development bill, "An Act Enabling Partnerships for Growth". This program provides matching capital funds for scientific, or technology research and development projects sponsored by the University of Massachusetts, research universities, non-profit entities, or non-profit research institutions in the Commonwealth.

Two new awards totaling \$8.8 million were made under this program in fiscal year 2024. To date, 26 awards have been made under this fund for a total of \$69.3 million of capital investment to fund and help develop large-scale, long-term collaborative research projects sponsored by Massachusetts-based research entities. This program enables the Innovation Institute to strengthen research capacity in the Commonwealth through these research investments and by convening the directors of research centers to share best practices and to promote partnerships with key industry partners.

In July 2021 the Legislature enacted and the Governor signed a bill broadening the allowable uses of the Collaborative Research Matching Grant Program by providing MassTech with the ability to make strategic investments in ecosystem projects that reach beyond the scope of the research-based projects previously authorized under the program. In 2022, working in close collaboration with the Commonwealth's Executive Office of Economic Development (EOED), the Innovation Institute launched the Technology & Innovation Ecosystem Awards Program to support capital projects, led by organizations in Massachusetts, that provide a new technology, business, talent, capital or other ecosystem support program or initiative that demonstrably contributes to growth in the state's technology and innovation sectors.

The T&I Ecosystem Program seeks to strengthen the technology and innovation ecosystem in regions across the Commonwealth, advance technology and innovation sector projects that will contribute to a competitive advantage for existing and emerging industry clusters in Massachusetts and improve conditions overall for job growth; business expansion and new business formation; and other indicators of growth in the innovation economy. In fiscal year 2024, six awards were made under this program for approximately \$4.5 million.

Two other programs contribute to the goals of the Innovation Institute: The MassTech Intern Partnership (MTIP) and the Massachusetts Mentoring Initiative. The Intern Partnership pays matching stipends to small-

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

---

and medium-sized technology companies in Massachusetts to support the hiring of two- and four-year college students as interns. This program has funded more than 1,345 interns at more than 440 companies with nearly 50% of those from diverse backgrounds or placed at minority/women-owned businesses.

The Intern Partnership also supports a program that exposes high school girls underrepresented communities in Greater Boston to technical skills including programming, product design, prototyping and testing, learning about careers in robotics by touring robotics companies and culminates with summer internships at robotics companies subsidized by MassTech's MTIP. In addition, the Tech Talent Diversity initiative is currently supporting three programs intended to advance the Commonwealth's goals of diversifying the tech talent workforce in Massachusetts both by helping existing graduates gain a foothold in the tech industry and supporting new career pipelines that reach underserved communities.

MassTech's Entrepreneur Mentoring effort is designed to strengthen regional entrepreneur mentoring activities throughout the state through support for entrepreneur support organizations that provide a range of services to emerging startups. In fiscal year 2024, the Innovation Institute participated in 15 regional entrepreneur support initiatives helping to expand and enhance programs and activities to reach more people, target diverse communities, and increase the impact.

During the fiscal year 2023, an act relating to economic growth and relief for the Commonwealth appropriated \$5 million to support growth of the Massachusetts robotics industry cluster and preserve Massachusetts' competitive advantage. During fiscal year 2024 the Innovation Institute continues to implement the scope of work developed in fiscal year 2023 supporting the development of the robust Massachusetts Robotics Cluster.

#### The MassCyberCenter

The MassCyberCenter was launched in 2017 with a vision to enhance opportunities for the Massachusetts cybersecurity ecosystem to compete as the national cybersecurity leader while strengthening the "cyber resiliency" of the Commonwealth's municipalities, public infrastructure, and private companies.

Funding for the MassCyberCenter in fiscal year 2024 includes a state appropriation which included funding for collaboration with community colleges and state universities, to provide regional security operations center (SOC) services for the monitoring and detection of cyber threat activity to municipalities, nonprofits and small businesses and cyber range services (Cyber Range), which shall include opportunities for cybersecurity workforce training. MassCyberCenter continued to support and expand the consortium of academic institutions and private industry (Consortium) established to provide solutions to municipalities, small businesses, and other organizations for protection against cyber threats, as well as grow and promote the diversity of the cybersecurity talent pipeline. Through the creation of, and engagement with, SOC and Cyber Range facilities located at colleges and universities statewide, the Consortium aims to address the following needs of the Massachusetts cybersecurity ecosystem ("the Imperatives"):

- Undersecurity – Organizations across the Commonwealth, especially municipalities, small businesses, and non-profits, are challenged to find affordable resources to defend themselves against growing cybersecurity threats and maintain cyber resiliency.
- Underemployment – There is a supply shortage of trained workers available to meet the cybersecurity industry's workforce demands. Additionally, communities of color and women are underrepresented in the cybersecurity workforce and are frequently overlooked for employment due to a lack of experience.
- Employee Training – Businesses across the Commonwealth do not have a location to send their employees to receive cybersecurity training at an affordable rate.
- Business/Economic Development – There is a need to convene regional hubs for business development where cybersecurity entrepreneurs can establish and grow startups or where specific industry segments such as defense contractors can receive specialized support.



# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

---

The MassCyberCenter provided grant funding to support start-up costs of a non-profit entity called CyberTrust Massachusetts that provides strategic oversight to programs and helps identify additional funding sources to support the Consortium. CyberTrust Massachusetts establishes guidelines to advance the Imperatives, supports educational programs, and advocates for public and private stakeholders. CyberTrust Massachusetts also administers Cyber Range and Managed Security Services Provider contracts which will support SOC and Cyber Range facilities.

MassCyberCenter is working with eligible colleges and universities to support the development of their cybersecurity programs and the establishment and operations of Cyber Ranges and SOC facilities. With funding from the Acts 2021, "An act relative to immediate Covid-19 recovery needs", authorized to support the Commonwealth's cybersecurity workforce and infrastructure in collaboration with the Commonwealth's public institutions of higher education, to provide regional security operations center services for the monitoring and detection of cyber threat activity to municipalities, non-profits and small businesses and Cyber Range services, the MassCyberCenter awarded approximately \$4.1 million for construction, equipment, and operations costs for Cyber Ranges at Bridgewater State University, Mass Bay Community College, Salem State University, and Springfield Technical Community College.

The Massachusetts Cybersecurity Month was held in October 2024, coinciding with national Cybersecurity Awareness Month. With the theme of "*Secure Our Data. Secure Our Future*," which recognized the public- and private-sector efforts to advance an inclusive and cyber-secure Commonwealth. The MassCyberCenter promoted cybersecurity awareness through the sixth annual Cybersecurity Forum, the second Massachusetts Municipal Cybersecurity Summit, and a public awareness campaign, "Life's Work on the Go," which provided helpful tips and resources for citizens to use to secure their digital information, focused at people that work from mobile devices or home. Throughout the year, the MassCyberCenter continued collaboration with the Cyber Resilient Massachusetts Working Group ("CRMWG"), the Municipal Cybersecurity Sub-Working Group, the Regional IT Directors Working Group and the Cybersecurity.

#### The Center for Advanced Manufacturing

The Center for Advanced Manufacturing (CAM) was established to foster the most complete, most connected, and fastest manufacturing ecosystem from innovation through production. CAM builds on the success of the Massachusetts Manufacturing Innovation Institute program (M2I2) to increase its impacts on the manufacturing sector by:

- Aligning investments in manufacturing with the state's vision.
- Leveraging existing programs for increased regional impact.
- Supporting new initiatives from the Advanced Manufacturing Collaborative (AMC).
- Ensuring a deep pipeline for all programs.
- Tracking outcomes and efficacy of all programs.

During fiscal year 2024, the M2I2 program continued as a key pillar of their innovation growth strategy for Massachusetts. This program represents a substantial commitment to develop manufacturing infrastructure within the state's academic, research and manufacturing industry, and is a direct response to Manufacturing USA, a national network of federally sponsored, collaborative communities, each with the mission of securing the future of their respective technologies. M2I2 leverages leading Massachusetts research universities to strengthen the Commonwealth's research-to-manufacturing infrastructure. M2I2 provides capital cost share grant for projects located within the Commonwealth's borders, boosting economic development through its support for job creation and growth in existing and emerging industry clusters across Massachusetts. There were 13 awards made in fiscal year 2024 totaling \$10.2 million.

CAM also continued the Massachusetts Manufacturing Accelerate Program ("MMAP") which was created to help Massachusetts-based small to medium-sized manufacturers prepare their businesses to meet the demands of Industry 4.0 and the manufacturing of new technologies and innovations that align with key

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

---

industries in the Commonwealth. The program provided grants to manufacturers for capital equipment purchases and enabled access to new supply chain connections, new opportunities, and growth through non-profit partners. These partnerships provide assistance through technical support, workforce development support, business connections, or other means of assistance to help manufacturers drive efficiency and scale their business. There were 28 awards for \$5.4 million in fiscal year 2024.

In fiscal year 2024, a new MMAP program, the Manufacturing Cybersecurity Program (MCP), was established to provide a capital cost share for cybersecurity infrastructure improvement projects located within the Commonwealth's borders, as part of the state's on-going commitment to the manufacturing industry. This program aims to help Massachusetts-based small- to medium-sized manufacturers enhance cybersecurity infrastructure to meet requirements from customers, strengthen the security of their networks and allow them to enter additional markets. There were 22 awards for approximately \$0.6 million during the fiscal year.

During fiscal year 2024, CAM started work under a MassBridge Phase 2 grant from the U.S. Department of Defense's (DoD) Manufacturing Technology Program for a manufacturing technician training program. The goal of the MassBridge Phase II program builds off the work completed in phase I to develop and test a state-based training and career pathway model for manufacturing technicians. MassBridge Phase II will enable community college partners to continue the curriculum alignment process to core competencies needed for a first-year manufacturing certificate. Lessons learned through this process will be incorporated into the MassBridge playbook, drive the development of the on-line train-the-trainer course, and enable new schools to adopt MassBridge in Massachusetts and beyond.

In fiscal year 2024 CAM continued to support the New England Regional Defense Industry Collaboration (NERDIC) DoD-OLDCC Phase II grant. The program was funded through February 28, 2024.

During fiscal year 2024, CAM continued to administer the Advanced Manufacturing Training grant program. The program includes a grant program for consortiums that provide workforce development services in advanced manufacturing. This program is aimed at addressing the skills gap by bringing together regional teams of educators, workforce, and economic development professionals to create regional blueprints for growth strategies in every region of the Commonwealth. During the fiscal year, there were nine awards totaling \$2.5 million.

Makers of a Better Future is a free and flexible 12-hour curriculum overlay that introduces students to cutting-edge technologies and the associated careers in advanced manufacturing including: robotics, photonics, advanced functional fabrics, flexible hybrid electronics, additive manufacturing, and semiconductors. In fiscal year 2024, the new Makers of a Better Future webpage and data collection form, sourced content and career success stories from NEMC Hub members, developed lesson plan format, secured a Sheltered English Immersion contractor to update modules for wider accessibility, expanded reach to non-traditional institutions with BoSTEM, partnered with Big Brothers, Big Sisters for curriculum implementation (final discussions) launched.

CAM hosted the third annual Massachusetts Manufacturing Mash-Up at Polar Park in Worcester. Approximately 1,500 attendees comprised of manufacturers, federal labs, academic institutions, and solution providers from the Commonwealth participated to help manufacturers compete and connect research and early state technologies to commercialization opportunities. The Mash-Up included hands-on STEM challenges for students from Innovation Pathway schools around the Commonwealth, award presentations and several networking opportunities. Additionally, CAM hosted a marquee STEM Week event at the Basketball Hall of Fame, the *MassMakes Innovation Challenge*. CAM hosted 14 more Innovation Career Pathway schools with 400 in attendance. This event was attended by the Lt. Governor, Secretaries of Education, Labor and Workforce, along with representatives from the legislature.

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

#### Northeast Microelectronics Commons Hub

The Northeast Microelectronics Common (NEMC) Hub was formally established as its own division within MassTech in fiscal year 2024 following its selection as 1 of 8 regional Microelectronics Commons Hubs by the DoD. With the selection, the NEMC Hub was awarded \$19.67 million for Hub Operations. At the time of selection, the NEMC Hub had approximately 80 Member organizations.

Today, the NEMC Hub is a network of over 750 people representing 220+ member organizations including commercial and defense companies, leading academic institutions, federally funded research and development centers, and startups concentrated in the Northeast. The NEMC Hub is a division of MassTech and was established in 2023 with federal CHIPS Act funding under the DoD Microelectronics Commons program. The Commonwealth of Massachusetts has also committed up to \$40 million towards its operations and sustainability. The mission of the NEMC Hub is to create a vibrant, well-connected ecosystem that meets the needs of the DoD, while fostering genuine engagement across the region to provide sustainable lab-to-fabrication enablement while strengthening the domestic microelectronics workforce. A comprehensive operating model has been developed to accomplish this.

#### NEMC Hub Operations Model:

- Regional entry point for the DoD, Defense Industrial Base (DIB), and others.
- Harness region's pool of emerging tech creators.
- Specific benefits for non-traditional defense suppliers and startups.
- Holistic, industry-connected approach to education and workforce development (EWD).
- Lab-to-fabrication enablement service for commercial transition.
- Breaking barriers to establish a capability network.
- Prime pull and DoD alignment for next step in technology lifecycle.

Since its founding, the NEMC Hub has executed on multiple aspects of the Hub's operation model in fiscal year 2024, including:

- Grew membership from 90 to over 200. Over 2/3 identify as "non-traditional defense partners."
- Established the NEMC Hub as the northeast regional entry point for DoD-funded microelectronics projects — 6 awarded projects address the most diverse set of DoD critical technology execution areas of all 8 Hubs.
- A \$7.7 million NEMC Hub grant unlocked more than \$30 million of Applied Materials investment to add advanced nano-fabrication equipment and capabilities to MIT.nano.
- Launched unique-in-the-nation Powering Regional Opportunities for Prototyping Microelectronics (PROPEL) initiative, a \$2.5M series funding programs that address the needs of startups and small businesses in the microelectronics industry.
- Invested \$1.5 million to boost workforce development, education, and student engagement across the Northeast Region.
- Key partner in the Cross-Hub Enablement Solution for EDA tools, digital infrastructure, and enablement of capabilities across 6 Commons Hubs.

A key role of the Microelectronics Commons Hubs is to support the lab-to-fabrication transition of critical technology execution areas for the DoD. These include Quantum technologies, Next-generation Communication (5G/6G), Secure Edge Computing, AI Hardware, Electronic Warfare Advancements, and Commercially viable Leap Ahead Technologies. The NEMC Hub has the capability and capacity across its member-base to pursue project-based funding. This Member-base was activated, and scaled, in response to the inaugural Microelectronics Commons Call for Projects (CFP) in fiscal year 2024. The NEMC Hub organized workshop events and Member meetings to facilitate cross-organization teaming, proposal development, and reviews.

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

Overall, 70+ organizations from across 15 states submitted 43 concept proposals that were down selected to a final 15 proposals in response to the CFP. Additionally, general Membership meetings, workshops, and the 2024 Microelectronics Commons Road Show event were organized to connect stakeholders across the NEMC Hub and to programming.

#### Massachusetts eHealth Institute

The Massachusetts eHealth Institute (MeHI) works to accelerate the growth and adoption of technologies that save lives and reduce healthcare costs. MeHI was created through the passage of Chapter 305 of the Acts of 2008 and tasked with improving healthcare quality and increasing efficiency through the increased adoption of innovative technologies. Chapter 224 of the Acts of 2012 enhanced MeHI's charge to expand its focus on key priorities including implementing electronic health records ("EHRs") in all provider settings statewide, helping providers connect these EHRs to the Commonwealth's health information exchange, the Mass Hlway, identifying and promoting technologies with the potential to improve the quality and reduce the cost of healthcare and MeHI's mission was further expanded in 2016 to support the growth of a digital health industry sector within the Commonwealth.

Under this work, MeHI serves as the implementing agency of the Massachusetts Digital Health Initiative, which was launched to position Massachusetts as the leading global ecosystem for digital health. Digital Health is among the fastest growing industry sectors in the country and Massachusetts is positioned at the forefront of this growth, combining its strengths in both healthcare and technology to drive innovation. Massachusetts is already home to more than 450 digital health companies and the Initiative aims to increase the growth of these firms. MeHI connects policymakers, healthcare experts, physicians, and business leaders to break down the barriers to widespread integration of these advanced technologies.

During fiscal year 2024, MeHI had two primary programs furthering its mission. The first was conducted under an agreement with the Commonwealth of Massachusetts Executive Office of Health and Human Services. The Hlway Adoption and Outreach Services develops and delivers services to promote health information exchange adoption and utilization among healthcare providers. The second was MeHI's Digital Health program focused on the growth of the Commonwealth's digital health ecosystem in Massachusetts by:

- Owning, maintaining, and enhancing the MassDigitalHealth.org web portal, including improving and promoting the only statewide digital health job board in the United States with nearly 300 companies and approximately 1,200 open digital health jobs as of the end of fiscal year 2024.
- Continuing the Digital Health Sandbox Network and Grant Program which supports Massachusetts digital health companies in accessing testing and validation opportunities at Massachusetts research and development centers (the "sandboxes" for innovation). The program has 10 Sandbox locations as of the end of fiscal year 2024. MeHI awarded \$68,000 in grants to the Sandboxes to support projects with three Massachusetts digital health companies through the Rolling Grant program during the year. In addition, MeHI launched the Women's Health Sandbox Challenge and selected nine companies to participate in the program. The nine companies were matched with Sandboxes, scoped projects, and pitched for funding at an event in May of 2024. Three winners were selected, and awards were made through the program in early FY25. MeHI also selected one company to participate in the first Medicaid Pilot Challenge. This company will work with one Sandbox partner and a Medicaid Senior Care Options organization. MeHI awarded \$40,000 to the Sandbox partner and \$10,000 to the Senior Care Options organization in fiscal year 2024 to support this project.
- Expanding efforts to support unpaid family caregivers through the Mass Caregiving Initiative. The Initiative works with stakeholders on three focus areas: employers, community, and innovation. MeHI supports the Massachusetts Caregiver Coalition to help employers support their employees who are family caregivers. In addition, MeHI works with the Executive Office of Elder Affairs to

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

---

address the needs of caregivers and their communities, and hosts webinars and other activities to highlight innovative solutions that leaders and organizations can use to lessen caregiver stress and support caregivers.

#### Massachusetts Broadband Institute

The Massachusetts Broadband Institute (MBI) was created as a division within MasTech in 2008 with a mission to make high-speed Internet available to all homes, businesses, schools, libraries, medical facilities, government offices, and other public places across the Commonwealth. MBI works closely with the Administration, state legislature, municipalities, broadband service providers, and other key stakeholders to bridge the digital divide in Massachusetts.

MBI's investments include the MassBroadband 123 fiber-optic network deployed in the western and central regions of the state in addition to supporting communities, organizations, and providers statewide. MBI built the MassBroadband 123 network, which became operational in 2014 and stretches over 1,200 miles, to connect over 120 communities and serve as a building block for the region. MBI also has provided grants and technical support to design and deploy new Last Mile networks in these communities.

As part of the American Rescue Plan Act legislation, enacted in March 2021 by Congress, \$75 million was authorized by the State Legislature for digital equity investments to close the digital divide. The funding shall be used to:

- Facilitate equitable broadband service adoption in unserved and underserved communities.
- Expand digital literacy for residents experiencing economic hardship.
- Empower communities to use digital tools through the provision of devices, connectivity, and training to low-income populations.

MBI works with the Executive Office of Economic Development (EOED) and has launched four programs that are being administered by MBI, as subrecipient of the ARPA funding, to invest more deeply in proven programs and expand broadband and digital equity offerings in the Commonwealth.

- Broadband Infrastructure Gap Networks Program - This program will fund the deployment of broadband infrastructure in those areas that currently lack access to sufficient broadband internet service, defined as service offering download speeds of at least 100 Mbps and upload speeds of at least 20 Mbps.
- Digital Equity Partnership Program - This program will award grants to high-capacity organizations to support the implementation of the Digital Equity Partnership Program's six initiatives across the state. The six initiatives are: (1) Digital Literacy Initiative; (2) Wi-Fi Access Initiative; (3) Public Space Internet Modernization Initiative; (4) Connectivity Initiative for Economic Hardship; (5) Device Distribution and Refurbishment Initiative; and (6) Education, Outreach and Adoption.
- Municipal Digital Equity Planning and Implementation Programs - The goal of the Municipal Digital Equity Planning Program is to enable municipalities, or other local bodies of government, to engage in planning activities related to digital equity and bridging the digital divide. These planning activities will result in strategic documents designed to identify the community's needs, interest, and key assets and provide a framework that will guide future municipal decision-making and potential investments and activities that will increase access and usage of the internet. MBI also launched the Municipal Digital Equity Implementation Program to allow those communities participating in the Municipal Digital Equity Planning Program to apply for a one-time grant of up to \$100,000 to implement the digital equity initiatives outlined in their strategic documents.
- Residential Retrofit Program - The goal of the Residential Retrofit Program is to deploy state-of-the-art broadband infrastructure to approximately 22,000 public and affordable housing units across Massachusetts. This program will increase low-income residents' opportunities to access

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

---

high-quality, reliable and affordable broadband service in their homes by addressing deficient wiring and infrastructure through grants for the deployment of fiberoptic cabling to the unit to qualified Internet Service Providers (ISP's) who will install, own and maintain equipment.

Additionally, MBI launched the Broadband Equity, Access, and Deployment (BEAD) Program with funding from the Federal Infrastructure, Investment & Jobs Act (IIJA) (Enacted November 2021 by Congress). The goal of the \$147 million BEAD Program is to expand reliable internet coverage to unserved and underserved homes, businesses, and community anchor institutions. The program has several phases, which included the development of an Initial Proposal for the BEAD Program that was approved by NTIA in 2024 and a public Challenge Process phase in 2024. The Initial Proposal provided the framework for the investment of funds, while the Challenge Process sought public feedback to identify broadband serviceable locations (BSLs) across the state that may qualify for BEAD funding. Additionally, BEAD funds may also be expended for non-deployment activities if federal broadband deployment priorities are met.

#### Campus Operations

MassTech owns, manages, and develops its Westborough, Massachusetts, headquarters as the Massachusetts Technology Park Corporation. The use of the 36-acre campus reflects MassTech's mission to promote partnerships among industrial, educational, and governmental sectors.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to MassTech's basic financial statements, which have three components: (1) government-wide financial statements, (2) fund level financial statements, and (3) notes to the financial statements.

The financial statement presentation includes both government-wide and fund-level financial statements. The government-wide financial statements present both the governmental and business-type activities of MassTech on the full accrual basis of accounting. The fund-level statements include separate statements for (i) the governmental activities, which are supported by state appropriations and federal funding and (ii) the business-type activities, which rely on fees and charges for support. The governmental fund-level financial statements are reported on the modified accrual basis of accounting. A reconciliation of the governmental fund financial statements to the government-wide financial statements is provided in the fund-level statements in the basic financial statement section of the financial statements. All activities, both governmental and business-type, are performed as part of carrying out MassTech's essential governmental function.

#### Financial Analysis

The statement of net position is a government-wide statement that presents information on all of MassTech's assets, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Increases or decreases in net position serve as one indicator of MassTech's financial condition. On the following page is a summary of the statement of net position for fiscal years 2024 and 2023.

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Management's Discussion and Analysis (Unaudited)

### Summary of Statements of Net Position

Year Ended June 30, 2024

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>						
Noncapital assets	\$ 111,582,331	\$ 21,014,471	\$ 132,596,802	\$ 79,070,357	\$ 13,347,101	\$ 92,417,458
Internal balances	4,454,946	(4,454,946)	-	(1,910,467)	1,910,467	-
Capital assets (net of accumulated amortization and depreciation)	35,709,287	2,919,073	38,628,360	37,640,724	3,133,747	40,774,471
Total assets	151,746,564	19,478,598	171,225,162	114,800,614	18,391,315	133,191,929
<b>LIABILITIES</b>						
Noncurrent liabilities	2,545,209	125,000	2,670,209	1,426,253	125,000	1,551,253
Other liabilities	23,157,166	51,605	23,208,771	29,501,677	31,717	29,533,394
Total liabilities	25,702,375	176,605	25,878,980	30,927,930	156,717	31,084,647
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Lease related items	-	2,094,556	2,094,556	-	2,640,962	2,640,962
Total deferred inflows of resources	-	2,094,556	2,094,556	-	2,640,962	2,640,962
<b>NET POSITION</b>						
Net investment in capital assets	\$ 33,442,601	\$ 2,919,073	\$ 36,361,674	\$ 36,151,414	\$ 3,133,747	\$ 39,285,161
Restricted for:						
Massachusetts e-Health Institute	6,391,806	-	6,391,806	6,531,165	-	6,531,165
Innovation Institute	23,685,676	-	23,685,676	20,165,247	-	20,165,247
MassCyberCenter	4,194,479	-	4,194,479	2,756,534	-	2,756,534
Center for Advanced Manufacturing	21,182,748	-	21,182,748	12,324,031	-	12,324,031
Northeast Microelectronics Commons Hub	26,503,686	-	26,503,686	-	-	-
Massachusetts Broadband Institute	10,259,245	-	10,259,245	5,277,609	-	5,277,609
Campus Development/other corporate purposes	-	3,346,990	3,346,990	-	3,341,461	3,341,461
Unrestricted	383,948	10,941,374	11,325,322	666,684	9,118,428	9,785,112
Total net position	\$ 126,044,189	\$ 17,207,437	\$ 143,251,626	\$ 83,872,684	\$ 15,593,636	\$ 99,466,320

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

---

#### Assets

MassTech's total assets were approximately \$171.2 million as of June 30, 2024, an increase of approximately \$38 million from the prior year.

Noncapital assets were approximately \$132.6 million, and include restricted and unrestricted cash and cash equivalents totaling \$108.8 million, receivables of \$17.9 million and prepaid and other assets of \$5.9 million.

MassTech's investment in capital assets for its governmental and business-type activities as of June 30, 2024, is approximately \$38.6 million, net of depreciation and amortization. The investment in capital assets includes buildings, improvements, furniture, equipment, leases and broadband infrastructure. The decrease in investment in capital assets for the current fiscal year was approximately \$2.1 million, primarily attributable to depreciation of the MassBroadband 123 network. Refer to Note 3 of the financial statements for more detailed information about capital assets.

#### Liabilities

Liabilities were approximately \$25.9 million as of June 30, 2024, a decrease of approximately \$5.2 million from the prior year. Of this change, approximately \$2.2 million relates to an increase in accounts payable and accrued expenses; an increase of \$8.2 million in Funding Received in Advance primarily due to the receipt of MBI ARPA funding that will be expended in the coming fiscal year; and a \$0.8 million increase in lease liabilities.

MassTech has no long-term debt outstanding.

#### Deferred Inflows of Resources

Deferred Inflow of Resources as of June 30, 2024, was approximately \$2.1 million, a decrease of \$0.5 million, which is related to amortization of the Kopin lease.

#### Net Position

Between fiscal years 2024 and 2023, the net position has increased by approximately \$43.8 million to approximately \$143.3 million.

Net investment in capital assets represents approximately 25.4% of net position as of June 30, 2024. Of the approximately 74.6% of MassTech's net position remaining at June 30, 2024, approximately 16.5% is attributable to the Innovation Institute, approximately 4.5% to MeHI, approximately 7.2% to MBI, approximately 2.9% to MassCyberCenter, approximately 14.8% to Center for Advanced Manufacturing, approximately 18.5% to the Northeast Microelectronics Commons Hub, approximately 2.3% to Campus Operations and other corporate purposes, and the approximately 7.9% remaining is classified as unrestricted.

Unrestricted net position of the governmental activities decreased by approximately \$0.3 million compared to prior year.

Approximately \$36.4 million of net position is invested in capital assets. Of this amount, \$30.4 million is related to the MassBroadband 123 network.

Restricted net position of Massachusetts e-Health Institute decreased by approximately \$0.1 million as a result of the net impact of approximately \$1.5 million in revenues, primarily from the Commonwealth, offset by operating and financial assistance expenses of approximately \$1.6 million.

Restricted net position of the Innovation Institute increased by approximately \$3.5 million as a result of the net impact of approximately \$24.9 million in revenues, primarily from the Commonwealth, offset by operating expenses, financial assistance expenses and transfers of approximately \$21.4 million.



# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

---

Restricted net position of the MassCyberCenter increased by approximately \$1.4 million, as a result of the net impact of approximately \$6.1 million in revenues, primarily from the Commonwealth, offset by operating and financial assistance expenses of approximately \$4.7 million.

Restricted net position of the Center for Advanced Manufacturing increased by approximately \$8.8 million, as a result of the net impact of approximately \$22.5 million in revenues, primarily from the Commonwealth, offset by operating and financial assistance expenses of approximately \$13.7 million.

Restricted net position of the Northeast Microelectronics Commons Hub is \$26.5 million, as a result of the net impact of approximately \$30 million in revenues, primarily federal, offset by operating and financial assistance expenses of approximately \$3.5 million.

Restricted net position of the MBI increased by approximately \$5 million, primarily as a result of the net impact of approximately \$25.3 million in revenues, primarily from the Commonwealth, offset by operating, financial assistance and capital expenditures of approximately \$20.3 million.

The net position of the business-type activities was approximately \$17.2 million as of June 30, 2024, an increase of \$1.6 million. This increase is primarily a result of revenues of \$1.6 million and transfers from governmental activities of \$0.6 million offset by operating expenses of \$0.6 million. The primary function of the business-type activities is the Campus Operations, the fund that relates to the development and maintenance of the 36-acre campus in Westborough, Massachusetts. Of the total net position, approximately \$2.9 million was invested in capital assets, approximately \$3.3 million was restricted for future investment in the campus and its buildings and other restricted purposes, and the remaining balance of approximately \$11 million was unrestricted.

The summary statements of net position show how the fiscal year activities impacted the net position. The following page contains the summary of changes in the statement of net position for the fiscal years 2024 and 2023.

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Management's Discussion and Analysis (Unaudited)

### Summary of Statements of Activities

Year Ended June 30, 2024

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenue:</b>						
State funding	\$ 69,190,760	\$ -	\$ 69,190,760	\$ 49,089,641	\$ -	\$ 49,089,641
Federal funding	38,063,561	-	38,063,561	4,142,833	-	4,142,833
Outsourced corporate services	20,833	-	20,833	125,000	-	125,000
Other revenue	735,588	-	735,588	1,220,267	-	1,220,267
Campus operations	-	802,464	802,464	-	842,868	842,868
Total revenue	108,010,742	802,464	108,813,206	54,577,741	842,868	55,420,609
<b>Expenses:</b>						
Innovation Institute	21,371,868	-	21,371,868	12,754,436	-	12,754,436
MassCyberCenter	4,693,296	-	4,693,296	2,308,371	-	2,308,371
Center for Advanced Manufacturing	13,693,476	-	13,693,476	7,301,521	-	7,301,521
Northeast Microelectronics Commons Hub	3,469,788	-	3,469,788	-	-	-
Massachusetts e-Health Institute	1,642,873	-	1,642,873	2,134,863	-	2,134,863
Massachusetts Broadband Institute	22,589,916	-	22,589,916	13,392,498	-	13,392,498
Economic Development/Other	17,118	-	17,118	149,486	-	149,486
Campus operations	-	719,514	719,514	-	747,018	747,018
Total expenses	67,478,335	719,514	68,197,849	38,041,175	747,018	38,788,193
Revenues, net of expenses	40,532,407	82,950	40,615,357	16,536,566	95,850	16,632,416
Transfers	(656,088)	656,088	-	(1,271,264)	1,271,264	-
Investment earnings	2,295,186	874,763	3,169,949	1,473,440	418,260	1,891,700
Change in net position	42,171,505	1,613,801	43,785,306	16,738,742	1,785,374	18,524,116
Net position - beginning of year	83,872,684	15,593,636	99,466,320	61,825,971	13,808,262	75,634,233
Prior period restatement	-	-	-	5,307,971	-	5,307,971
Net position - beginning of year - restated	83,872,684	15,593,636	99,466,320	67,133,942	13,808,262	80,942,204
Net position - end of year	\$ 126,044,189	\$ 17,207,437	\$ 143,251,626	\$ 83,872,684	\$ 15,593,636	\$ 99,466,320

# Massachusetts Technology Park Corporation

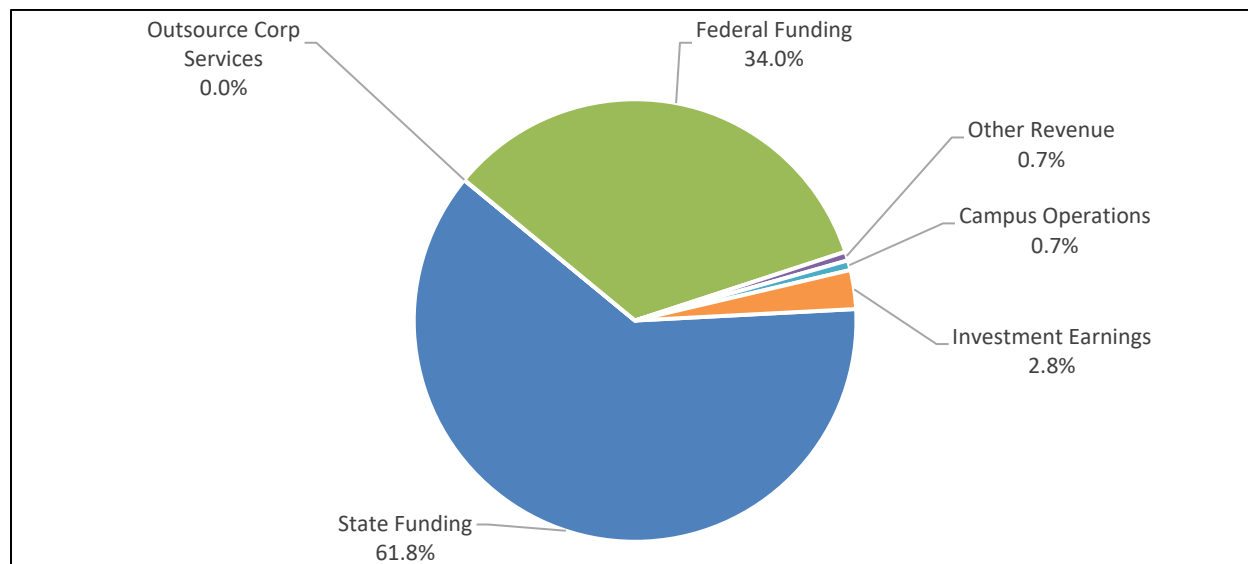
(A Component Unit of the Commonwealth of Massachusetts)

## Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

Total governmental and business-type revenues, including investment earnings, were approximately \$112 million for the fiscal year ended on June 30, 2024, which was an increase of approximately \$54.7 million from the prior year. The change in revenue results from an increase of approximately \$20.1 million in state funding, an increase of \$33.9 million in federal funding, a combined decrease of \$0.6 million in other revenue, outsource corporate services and campus operations, and an increase in investment earnings of approximately \$1.3 million. The state funding increased primarily due to new bond funding of \$10 million under the NEMC Hub, increases in bond funding for the Center for Advanced Manufacturing's MMAP and M2I2 grant programs, as well as MBI's Middle Mile program. Total expenses increased by approximately \$29.4 million. MeHI's expenses decreased by approximately \$0.5 million, primarily due to a decrease in financial assistance expenditures. MBI expenses increased by approximately \$9.2 million, primarily as a result of an increase in financial assistance expenditures related to the ARPA Digital Equity Partnership program. The Innovation Institute's expenses increased by approximately \$8.7 million, primarily as a result of an increase in financial assistance expenditures related to the Collaborative Research Matching Grant Program. The MassCyberCenter expenses increased by approximately \$2.4 million as a result of increased financial assistance expenditures related to the SOC/Cyber Range program. The Center for Advanced Manufacturing expenses increased by \$6.4 million primarily as a result of an increase in financial assistance expenses under the M2I2 and MMAP programs. The Northeast Microelectronics Commons Hub's expenditures in its first year totaled \$3.5M. The Economic Development/Other Fund's expenses decreased slightly by \$0.1 million, while the campus operations expenses remained relatively flat.

### Revenue

The total revenues of MassTech for the fiscal year ended June 30, 2024, were \$112 million, including investment earnings. Total revenues break down by source as follows:



MassTech's primary source of programmatic revenue during this fiscal year was state funding. The state funding included bond funds for MBI, the Innovation Institute's Collaborative Research Matching Grant Fund, the Center for Advanced Manufacturing's M2I2 and MMAP Programs, and NEMC's Chips & Science Act Matches; the Innovation Institute, Center for Advanced Manufacturing and MassCyberCenter appropriations; and various State Agency service contracts. Other sources of revenue for fiscal year 2024 include federal funding, fees from the Massachusetts Life Sciences Center for outsourced corporate services, network operator payments, rentals of campus buildings, and investment earnings.

# Massachusetts Technology Park Corporation

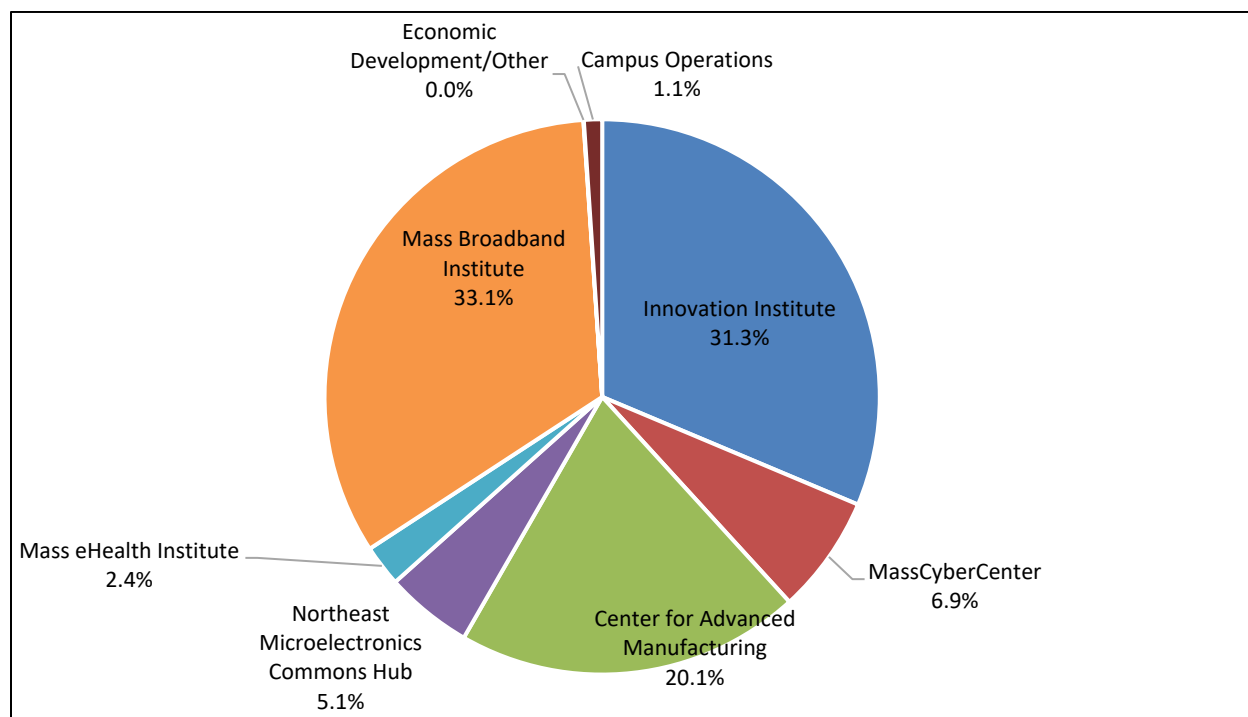
## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited)

#### Year Ended June 30, 2024

#### Expenses

The expenses for fiscal year 2024 were approximately \$68.2 million, which, in addition to operating costs included approximately \$48.7 million of financial assistance expenses, and \$5.2 million of depreciation and amortization expense, most of which is related to the MassBroadband 123 network. Financial assistance expenses are those paid out to award recipients or third-parties for projects which directly benefit the stakeholders in the Commonwealth. The breakdown of expense by division, based upon the fund-level financial statements is as follows:



#### Governmental Funds

The focus of MassTech's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing MassTech's funding requirements.

The general fund is the chief operating fund of MassTech. At the end of the current fiscal year, fund balance of the general fund was approximately \$90.2 million. This consisted of approximately \$3.6 million in non-spendable, \$86.6 in restricted of which \$57.2 million has been obligated and is under contract for work to be performed in future periods and \$29.4 million remain to be obligated.

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2024

---

The general fund's net increase in fund balance for the fiscal year was approximately \$43.7 million. Overall, revenues had a net increase of approximately \$52.8 million over the prior year, primarily due to an increase in state funding for the Center for Advanced Manufacturing's M2I2 and MMAP grant programs, the NEMC Chips & Science match program and MBI's Middle Mile program; as well as an increase in federal funding for the Northeast Electronics Commons Hub, Mass Broadband Institute and the Innovation Institute's Robotics Program. Expenditures in the general fund increased by approximately \$30.5 million. There was an approximate increase in expenditures in the Innovation Institute of \$8.8 million, the MassCyberCenter of \$2.5 million, the Center for Advanced Manufacturing of \$6.5 million, the Northeast Microelectronics Commons Hub of \$3.3 million, and the Mass Broadband Institute of \$10.4 million. This was offset by a decrease in expenditures in the Mass eHealth Institute of \$0.9 million, and in Economic Development/Other of \$0.1 million. Other financing uses, primarily related to transfers between Governmental and Business-Type funds decreased by \$0.5 million.

#### Requests for Information

This report is intended to provide an overview of MassTech's financial condition. Questions concerning any of the information in this report or request for additional information should be addressed to the Massachusetts Technology Park Corporation, 75 North Drive, Westborough, MA 01581 and to the attention of the Chief Financial Officer.

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Statement of Net Position

### June 30, 2024

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 15,507,025	\$ 15,507,025
Restricted cash and cash equivalents	89,993,670	3,346,990	93,340,660
Accounts receivable:			
Other receivables	17,881,496	-	17,881,496
Internal balances	4,454,946	(4,454,946)	-
Lease receivable	-	2,160,456	2,160,456
Prepaid expense and other assets	3,707,165	-	3,707,165
Total noncapital assets	116,037,277	16,559,525	132,596,802
Capital assets (net of accumulated amortization and depreciation):			
Depreciable and amortizable capital assets:			
Right-to-use lease assets	4,623,460	-	4,623,460
Subscription assets	48,961	-	48,961
Buildings	36,215	2,158,640	2,194,855
Improvements	13,847	399,513	413,360
Equipment	63,381	104,229	167,610
Furniture and fixtures	5,265	459	5,724
Fiber network - outside plant	30,362,193	-	30,362,193
Non-depreciable capital assets:			
Work in process	555,965	256,232	812,197
Total capital assets	35,709,287	2,919,073	38,628,360
Total assets	151,746,564	19,478,598	171,225,162
<b>LIABILITIES</b>			
Accounts payable	2,295,000	-	2,295,000
Accrued expenses	13,175,602	50,923	13,226,525
Funding received in advance	7,945,989	682	7,946,671
Lease liabilities	2,266,686	-	2,266,686
Other liabilities	19,098	125,000	144,098
Total liabilities	25,702,375	176,605	25,878,980
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease related items	-	2,094,556	2,094,556
<b>NET POSITION</b>			
Net investment in capital assets	33,442,601	2,919,073	36,361,674
Restricted for:			
Massachusetts e-Health Institute	6,391,806	-	6,391,806
Innovation Institute	23,685,676	-	23,685,676
MassCyberCenter	4,194,479	-	4,194,479
Center for Advanced Manufacturing	21,182,748	-	21,182,748
Northeast Microelectronics Commons Hub	26,503,686	-	26,503,686
Massachusetts Broadband Institute	10,259,245	-	10,259,245
Campus development	-	3,346,990	3,346,990
Unrestricted	383,948	10,941,374	11,325,322
Total net position	\$ 126,044,189	\$ 17,207,437	\$ 143,251,626

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
Innovation Institute	\$ 21,371,868	\$ -	\$ 24,347,020	\$ 2,975,152	\$ -	\$ 2,975,152
MassCyberCenter	4,693,296	-	5,985,571	1,292,275	-	1,292,275
Center for Advanced Manufacturing	13,693,476	79,500	22,338,037	8,724,061	-	8,724,061
Northeast Microelectronics Commons Hub	3,469,788	-	29,655,060	26,185,272	-	26,185,272
Massachusetts e-Health Institute	1,642,873	1,133,449	-	(509,424)	-	(509,424)
Massachusetts Broadband Institute	22,589,916	656,088	23,795,184	1,861,356	-	1,861,356
Economic Development/Other	17,118	20,833	-	3,715	-	3,715
Total governmental activities	67,478,335	1,889,870	106,120,872	40,532,407	-	40,532,407
Business-type activities:						
Campus operations	719,514	802,464	-	-	82,950	82,950
Total business-type activities	719,514	802,464	-	-	82,950	82,950
Total	\$ 68,197,849	\$ 2,692,334	\$ 106,120,872	40,532,407	82,950	40,615,357
General revenues:						
Investment earnings				2,295,186	874,763	3,169,949
Transfers				(656,088)	656,088	-
Change in net position				42,171,505	1,613,801	43,785,306
Net position - beginning of year				83,872,684	15,593,636	99,466,320
Net position - end of year	\$	\$	\$	126,044,189	17,207,437	143,251,626

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Balance Sheet - Governmental Fund

June 30, 2024

	General Fund
<b>ASSETS</b>	
Restricted cash and cash equivalents	\$ 89,993,670
Due from other funds	4,454,946
Other receivables	17,881,496
Prepaid expenses and other assets	3,596,442
Total assets	<u>\$ 115,926,554</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$ 2,295,000
Accrued expenses	12,897,079
Funding received in advance	7,945,989
Other current liabilities	19,098
Total liabilities	<u>23,157,166</u>
Deferred inflows of resources:	
Unavailable revenue	2,585,411
Total deferred inflows of resources	<u>2,585,411</u>
Fund balance:	
Non-spendable	3,596,442
Restricted	86,587,535
Total fund balance	<u>90,183,977</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 115,926,554</u>
Total fund balance of governmental fund	\$ 90,183,977
Amounts reported for governmental funds above and those reported for governmental activities in the statement of net position are different because:	
Some assets are not available in the current period and therefore are not reported in the fund statements	110,723
Some liabilities are not due and payable in the current period and therefore are not reported in the fund statements:	
Lease liabilities	(2,266,686)
Accrued compensated absences	(278,523)
Unavailable revenues meet the criteria for revenue recognition in the statement of activities	2,585,411
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, not reported in funds	<u>35,709,287</u>
Net position of governmental activities	<u>\$ 126,044,189</u>



# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund Year Ended June 30, 2024

	General Fund
Revenue:	
State funding	\$ 68,742,653
Federal funding	37,317,294
Investment earnings	2,295,186
Outsourced corporate services	20,833
Other revenue	735,588
Total revenues	<u>109,111,554</u>
Expenditures:	
Current:	
Innovation Institute	21,380,323
MassCyberCenter	4,685,954
Center for Advanced Manufacturing	13,657,964
Northeast Microelectronics Commons Hub	3,276,553
Massachusetts e-Health Institute	1,634,635
Massachusetts Broadband Institute	19,437,176
Economic Development/Other	17,118
Debt service:	
Lease principal	682,676
Lease interest	43,852
Total expenditures	<u>64,816,251</u>
Other financing sources (uses):	
Transfers out	(656,088)
Total other financing uses	<u>(656,088)</u>
Net change in fund balance	43,639,215
Fund balance - beginning of year	<u>46,544,762</u>
Fund balance - end of year	<u>\$ 90,183,977</u>
Net change in fund balance - general fund	\$ 43,639,215
Amounts reported for governmental funds above and those reported for governmental activities in the statement of activities are different because:	
Unavailable revenues meet the criteria for revenue recognition in the statement of activities	2,585,411
Some revenues in the fund statements were recognized in the statement of activities in a prior year	(1,391,038)
Some programmatic expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(730,644)
Related to capital assets:	
Governmental funds report capital outlays and lease right-of-use leases as expenditures in the statement of activities, the cost of capital and right-of-use lease assets is allocated over their estimated useful lives as depreciation and amortization	2,662,606
	<u>(4,594,045)</u>
Change in net position of governmental activities	<u>\$ 42,171,505</u>

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Statement of Net Position - Proprietary Fund

### June 30, 2024

	Campus Operations
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 15,507,025
Restricted cash and cash equivalents	3,346,990
Lease receivable, current portion	551,970
Total current assets	<u>19,405,985</u>
Non-current assets:	
Lease receivable	1,608,486
Total non-current assets	<u>1,608,486</u>
Capital assets:	
Buildings	20,383,318
Improvements	1,825,939
Equipment	226,469
Furniture and fixtures	174,670
Work in process	256,232
Total capital assets	<u>22,866,628</u>
Less - accumulated depreciation	(19,947,555)
Total capital assets - net	<u>2,919,073</u>
Total assets	<u>\$ 23,933,544</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ -
Accrued expenses	50,923
Due to other funds	4,454,946
Funds received in advance	682
Total current liabilities	<u>4,506,551</u>
Noncurrent liabilities:	
Other liabilities	125,000
Total noncurrent liabilities	<u>125,000</u>
Total liabilities	<u>4,631,551</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Lease related items	<u>2,094,556</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,919,073
Restricted for campus development/other purposes	3,346,990
Unrestricted	10,941,374
Total net position	<u>17,207,437</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 23,933,544</u>

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Statement of Revenue, Expenses and Changes in Net Position - Proprietary Fund Year Ended June 30, 2024

	Campus Operations
Operating revenue:	
Lease revenue	\$ 685,452
Reimbursement from other funds	117,012
Total operating revenue	<u>802,464</u>
Operating expenses:	
Personnel and support services	112,777
Depreciation	606,737
Total expenses	<u>719,514</u>
Operating income	82,950
Nonoperating revenue - interest income	874,763
Other financing sources:	
Transfers in	<u>656,088</u>
Change in net position	1,613,801
Total net position - beginning of year	<u>15,593,636</u>
Total net position - end of year	<u>\$ 17,207,437</u>

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 2024

	Campus Operations
Cash flows from operating activities:	
Receipts from leases and rentals	\$ 663,520
Reimbursement from other funds	117,013
Payroll and vendor payments	(91,328)
Net cash provided by operating activities	<u>689,205</u>
Cash flows provided by noncapital financing activities - interfund activities	7,021,504
Cash flows used in capital and related financing activities - capital purchases	(392,063)
Cash flows from investing activities - interest received	874,763
Net increase in cash and cash equivalents	<u>8,193,409</u>
Cash and cash equivalents - beginning of year	<u>10,660,606</u>
Cash and cash equivalents - end of year	<u><u>\$ 18,854,015</u></u>
Displayed as:	
Cash and cash equivalents	\$ 15,507,025
Restricted cash and cash equivalents	<u>3,346,990</u>
	<u><u>\$ 18,854,015</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 82,950
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	606,737
Changes in assets and liabilities:	
Lease receivable and deferred inflows	(20,368)
Accounts payable	(4,534)
Accrued expenses	25,984
Funds received in advance	<u>(1,564)</u>
Net cash provided by operating activities	<u><u>\$ 689,205</u></u>

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Massachusetts Technology Park Corporation (“MassTech” or the “Organization”), which does business as the Massachusetts Technology Collaborative, have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Organization’s significant accounting policies are described below.

#### Reporting Entity

The Organization is a public instrumentality of the Commonwealth of Massachusetts (the “Commonwealth”) created pursuant to Chapter 40J of the Massachusetts General Laws (“MGL”). The public purpose of MassTech is to advance the growth and development of the technology sector of the Commonwealth’s innovation economy.

MassTech is responsible for the oversight of:

- (i) The Innovation Institute at MassTech (the “Innovation Institute”), a technology and innovation economic development effort, to create conditions for growth in the Massachusetts innovation economy;
- (ii) The Massachusetts e-Health Institute (“MeHI”), established to promote Health IT innovation, technology and competitiveness to improve the safety, quality and efficiency of health care across the Commonwealth of Massachusetts;
- (iii) The Massachusetts Broadband Institute (“MBI”), established to make affordable high-speed Internet available to all homes, businesses, schools, libraries, medical facilities, government offices, and other public places across the Commonwealth;
- (iv) The MassCyberCenter launched to enhance opportunities for the Massachusetts cybersecurity ecosystem to compete as the national cybersecurity leader while strengthening the resiliency of the Commonwealth’s public and private communities;
- (v) The Center for Advanced Manufacturing (“CAM”), created to foster the most complete, most connected, and fastest manufacturing ecosystem from innovation through production;
- (vi) The Northeast Microelectronics Coalition (“NEMC”) Hub, created to foster a vibrant, connected ecosystem to provide sustainable lab-to-lab enablement, boost education and workforce development, and spur new jobs.
- (vii) A 36-acre campus and its related operations.

MassTech is governed by a board of directors (the “Board”) comprised of 23 members, including 20 individuals appointed by the Governor and three state officials that serve in an ex officio capacity, including the Secretary of Administration and Finance, the Secretary of Housing and Economic Development, and the Commissioner of Higher Education.

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

---

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Reporting Entity...continued

In accordance with the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an Amendment of GASB Statement 14*, and GASB Statement No. 61, *the Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the financial statements must present the Organization and its component units. The Organization has no component units. The Organization, however, is considered a component unit of the Commonwealth and, accordingly, its financial statements are incorporated into the financial statements of the Commonwealth.

### Government-Wide and Fund-Level Financial Statements

The financial statements include both government-wide and fund-level reporting. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the Organization. In the government-wide reporting model, governmental activities (those supported by state funding, federal grants, and other program generated sources) are reported separately from business-type activities which rely on fees and charges for support. The statement of activities demonstrates the degree to which the expenses of a given function are offset by program revenue. Expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) state appropriations, bond funding, federal grants, and other funding that support specific programmatic functions of the Organization; (2) network operator fees; (3) lease and rental revenue; and (4) event sponsorship and other revenues.

The fund-level statements are separate financial statements provided for governmental funds and proprietary funds. In the fund-level reporting model, MassTech reports its financial position and results of operations in funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balance or net position, revenue, and expenditures/expenses. Transactions between funds, if any, have not been eliminated.

The Organization reports the following major governmental fund:

- The General Fund is the Organization's primary operating fund. It accounts for all financial resources of the Organization used in its governmental activities. Specifically, the General Fund is used to account for MBI, MeHI, the Innovation Institute, the MassCyberCenter, and the Center for Advanced Manufacturing.

The Organization reports the following major proprietary fund:

- The Campus Operations Fund accounts for the activities of the Organization's operations related to the Massachusetts Technology Park campus.

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

#### Measurement Focus, Basis of Accounting, and Financial Reporting Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund in the fund-perspective financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. State appropriations and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual: generally when they are both measurable and available. Revenue is considered available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period, generally within 60 days of the fiscal year end. Significant revenues susceptible to accrual include state appropriation, bond revenue, and federal funding. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due, or when the Organization has made a decision to fund those obligations with current available resources.

The proprietary fund distinguishes between operating revenue and expenses and non-operating items. Operating revenue and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the campus operations is rental income. Operating expenses include the cost of operating and maintaining the campus and depreciation. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

#### Budgets and Appropriations

Annual budgets are adopted on a basis consistent with GAAP. MassTech's annual budgets are initially developed through an internal process that includes the submission of operational and programmatic projections from senior managers. Internal budget projections are then reviewed and modified as appropriate by MassTech's executive management. The annual budget is presented to the Board-level Finance and Audit Committee (the "Committee") and other appropriate programmatic committees for further review, comment, and modifications. The annual operating budget is then presented to the MassTech's Executive Committee of the Board for final approval and adoption. During the year, MassTech's executive management meets with the Committee to review actual-to-budget variances and identify any adjustments that may be required. The budget approved by the Board is used for the purposes of management accountability. The budget passed by the Board is not, however, considered a legally adopted budget and, therefore, is not presented as required supplemental information to the financial statements.

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

---

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Cash and Cash Equivalents

Cash and cash equivalents consist substantially of interest-bearing deposits with financial institutions and investments with maturities of three months or less when acquired. MassTech maintains funds that are restricted as to their use either by contractual agreement or State funding intent.

### Restricted Cash and Cash Equivalents

Such amounts represent the restricted cash and cash equivalents held by MassTech to be expended for certain programmatic purposes based upon specific awards. \$57.2 million of this restricted cash has been obligated and is under contract for work to be performed in future periods.

### Investments

MassTech's investments are reported at fair value using quoted market price or the best available estimate thereof. Fair value is defined by GASB Statement No. 72, *Fair Value Measurement and Application*, as 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. MassTech categorizes its fair value measurements within the fair value GAAP hierarchy.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investment income, including changes in the fair value of investments, is reported as revenue in the accompanying statements of revenues, expenditures and changes in net position. None of MassTech's investments in 2023 qualified to be reported under this hierarchy in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, but instead qualify as cash equivalents under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, as MassTech participates in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost as described in Note 2.

### Accounts Receivable

Accounts Receivable represents the amounts owed to MassTech from the Commonwealth of Massachusetts and from other sources of income and reimbursements. Balances that management has deemed uncertain with regard to collectability have been reserved. No reserves were deemed necessary at June 30, 2024.

### Lease Receivable

At the commencement of a lease, MassTech initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. Key estimates and judgements include how Mass Tech determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and lease receipts. MassTech uses its estimated incremental borrowing rate as the discount rate for lease.



# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

MassTech monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### Capital Assets

Capital assets in the proprietary fund and government-wide governmental activities with a value of greater than \$5,000 at the date acquired are recorded at cost, or in instances of donation, at fair value at the date of donation. The estimated useful life of the asset categories are as follows:

Buildings	40 years
Improvements	5-7 years
Equipment	3 years
Furniture and fixtures	7 years
Fiber network - outside plant	20 years
Conduit	20 years
Indefeasible rights of use leased assets	25 years
Point of interconnections	10 years
Other network equipment	5 years
Lease facilities and buildings	1-10 years
Subscription-based information technology arrangements (SBITAs)	1-4 years

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets.

### Valuation of Capital Assets

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impaired capital assets that will no longer be used are reported at the lower of the carrying value or fair value. Impairment losses on capital assets that will continue to be used are measured using the method that best reflects the diminished service utility of the capital asset. Impairment of capital assets with physical damage are measured using a restoration cost approach, an approach that uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written off. The Organization did not record any impairment charges as of June 30, 2024, as there were no indicators of impairment.

### Right-of-Use Assets

Right-of-use assets are initially recognized at the present value of the future payments and then are amortized, computed using the straight-line method, over the lesser of the estimated useful lives of the individual assets or the term of the related agreement, ranging from three to twenty-five years.

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

#### Lease and subscription liabilities:

Lease and subscription liabilities are initially recorded at the present value of the future lease payments using the defined interest rate in the agreement, the implicit rate within the agreement, or MassTech's incremental borrowing rate if not defined or implicitly included in the agreement, and are being amortized using the effective interest method over the term of the agreement.

#### Accounts Payable and Accrued Expenses

The Organization accrues expenses on a monthly basis based on current contracts and invoices. The Organization accrues amounts for compensated absences as earned up to certain limitations, which represent benefit amounts payable to employees upon termination of employment. Those amounts are reported as accrued expenses in the statement of net position.

#### Funding Received in Advance

Funding received in advance arise when resources are received by MassTech before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when MassTech has a legal claim to the resources, the liability for funding received in advance is removed from the balance sheet and the revenue is recognized.

#### Deferred Inflows of Resources

In addition to liabilities, the governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. MassTech reports its governmental fund unavailable revenues and business-type activity fund lease related items in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### Net Position

- Net investment in capital assets - Net investment in capital assets represent net position consisting of capital assets, net of accumulated depreciation, amortization, and deferred inflow of resources for capital leases. At June 30, 2024, the government-wide statement of net position reports approximately \$36.4 million of net investments in capital assets.
- Restricted - Restricted net position represents net position that is not available as it's legally restricted by enabling legislation or by outside parties for use for a specific purpose. Specifically, the Organization's restricted net position is restricted for use in the Innovation Institute, MeHI, MBI, MassCyberCenter, CAM, NEMC Hub, other legislatively approved mandates, and for other purposes related to the operations of the campus and for programmatic development. At June 30, 2024, the government-wide statement of net position reports approximately \$95.6 million of restricted net position.

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

- Unrestricted - Unrestricted net position represents net position that is not subject to legal restrictions imposed by enabling legislation or by outside parties for use for a specific purpose. Unrestricted net position may be designated for specific purposes by action of management or the Board or may otherwise be limited by contractual agreements with outside parties. As of June 30, 2024, the government-wide statement of net position reports approximately \$11.3 million of unrestricted net position.

#### Fund Balance

The governmental fund financial statements present fund balances based on classifications that are based primarily on the extent to which MassTech is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Non-spendable - This classification includes amounts not in a spendable form, or funds legally or contractually required to be maintained intact. MassTech has classified its prepaid expenses as non-spendable.
- Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. MassTech has classified legislatively appropriated funds for MBI, MeHI, Innovation Institute, MassCyberCenter, and CAM as restricted. In addition, MassTech classifies other funds from the Commonwealth or third parties that have specified purposes as restricted.

#### Net Position and Fund Flow Assumption

If restricted resources are available for use for a certain purpose, MassTech would use those restricted resources first, and then unrestricted resources as needed.

#### Income Taxes

MassTech has been determined to be a component unit of the Commonwealth. Accordingly, income earned by MassTech is not included within the definition of income as defined in Section 61 of the Internal Revenue Code. Therefore, MassTech is not required to file federal and state income tax returns.

#### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

---

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Recently Issued Accounting Pronouncements: Adopted

GASB issued Statement No. 99, *Omnibus 2022*. The primary objective of this statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature. There was no impact on MassTech's net position with the adoption of this statement.

GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. There was no impact on MassTech's net position with the adoption of this statement.

### Recently Issued Accounting Pronouncements: Not Yet Effective

The following GASB Statements have been issued and have an effective date that may impact future financial presentations.

GASB Statement No. 101, *Compensated Absences*, will be effective for MassTech beginning with its year ending June 30, 2025. The objective of this statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences.

GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for MassTech beginning with its year ending June 30, 2025. The objective of this statement is to provide the user of governmental financial statements with essential information about risk related to governmental vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for MassTech beginning with its year ending June 30, 2026. The objective of this statement is to expand on the requirements related to management's discussion and analysis, the presentation of unusual or infrequent items, and the presentation of proprietary fund revenues and expenses.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for MassTech beginning with its year ending June 30, 2027. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets.

### Subsequent Events

Management has evaluated subsequent events as of November 26, 2024.

# Massachusetts Technology Park Corporation

## (A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

---

### 2. CASH AND CASH EQUIVALENTS

The Board of MassTech is empowered under Chapter 40J of the MGL to invest corporate assets pending their programmatic use pursuant to the prudent investor rule under Massachusetts law, subject to the fiduciary standards contained in Chapter 32 of the MGL. During fiscal year 2024, these assets were fully allocated to short-term investments/money market accounts which qualify as cash equivalents.

Custodial Credit Risk - Deposits: Custodial credit risk for deposits exists when, in the event of a failure of a depository financial institution, MassTech's deposits may not be recovered. MassTech does not have a formal policy for custodial credit risk.

At June 30, 2024, bank deposits were \$39,261,444, which excludes the amount held in the Massachusetts Municipal Depository Trust ("MMDT" or the "Trust"). Of that amount, \$500,000 was not exposed to custodial credit risk as uninsured and uncollateralized because it was insured by the FDIC. The remaining balance of \$38,761,444 was exposed to such risk.

The Organization invests some of its funds in the MMDT, an investment pool for political subdivisions of the Commonwealth designed as a legal means to invest temporarily available cash. The state treasurer serves as the trustee of MMDT, and has sole authority pertaining to rules, regulations, and operations of the Trust.

Investment options the MMDT offers are a cash portfolio which offers participation in a diversified portfolio of high-quality money-market instruments that seek the highest possible level of current income consistent with preservation of capital and liquidity and Short-Term Bond Portfolio which offers participation in a diversified portfolio of investment-grade, short-term, fixed-income securities that seeks to generate performance exceeding the Barclays 1-5 Year Government/Credit Bond Index, presenting a fixed-income alternative with a longer time horizon than the cash portfolio. A participant's holdings in the Trust are not subject to creditors of the Commonwealth, nor will the Trust itself be affected by the financial difficulties of any participant. Amounts held at MMDT are uninsured and uncollateralized. MassTech's investment balance as of June 30, 2024, at MMDT was solely in the cash portfolio. The cash portfolio is not registered with the Securities and Exchange Commission as an investment company but maintains a policy to operate in a manner as a qualifying external investment pool as defined by GASB.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which amends Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. At June 30, 2024, MassTech's deposits with MMDT totaled \$71,626,952. A copy of the financial statements of MMDT can be obtained from the Office of the State Treasurer, 1 Ashburton Place, Boston, MA 02110.

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

---

## 2. CASH AND CASH EQUIVALENTS...continued

The following summarizes the cash and cash equivalents of MassTech and identifies certain types of investment risk as defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, at June 30, 2024:

Cash balance	\$ 37,220,733
Massachusetts Municipal Depository Trust ("MMDT") – Cash Portfolio	<u>71,626,952</u>
	<u>\$108,847,685</u>

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. MassTech is not subject to interest rate risk due to investing solely in cash portfolios within MMDT.

Credit Risk: Credit risk is the risk that the Organization's investments will be negatively impacted due to a default of their investments. MassTech is not subject to credit risk due to investing solely in cash portfolios within MMDT.

Concentration of Credit Risk: Concentration of credit risk is assumed to arise when the amount of investments that the Organization has with any one issuer exceeds five percent of the total value of the investments. MassTech is not subject to concentration of credit risk due to investing solely in cash portfolios within MMDT.

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Notes to Financial Statements

### Year Ended June 30, 2024

### 3. CAPITAL ASSETS

	Governmental Activities	Business-Type Activities	Total
Buildings	\$ 91,803	\$ 20,383,318	\$ 20,475,121
Improvements	537,114	1,825,939	2,363,053
Equipment	968,192	226,469	1,194,661
Furniture and fixtures	503,634	174,670	678,304
Fiber network - outside plant	54,879,808	-	54,879,808
Conduit	6,150,120	-	6,150,120
Poles	177,568	-	177,568
Points of interconnection	15,053,616	-	15,053,616
Community anchor institutions	6,373,433	-	6,373,433
Other equipment	765,879	-	765,879
Spares MB123	1,073,725	-	1,073,725
Work in process, nondepreciable	555,965	256,232	812,197
	<u>87,130,857</u>	<u>22,866,628</u>	<u>109,997,485</u>
Right-to-use lease assets:			
Subscription based information technology agreements	172,654	-	172,654
Indefeasible right-of-use leases	4,338,317	-	4,338,317
Right-to-use leased space and buildings	3,755,812	-	3,755,812
	<u>8,266,783</u>	<u>-</u>	<u>8,266,783</u>
Less - accumulated depreciation:			
Buildings	(55,588)	(18,224,678)	(18,280,266)
Improvements	(523,267)	(1,426,426)	(1,949,693)
Equipment	(904,811)	(122,240)	(1,027,051)
Furniture and fixtures	(498,369)	(174,211)	(672,580)
Fiber network - outside plant	(29,130,347)	-	(29,130,347)
Conduit	(3,226,574)	-	(3,226,574)
Poles	(92,688)	-	(92,688)
Points of interconnection	(13,452,308)	-	(13,452,308)
Community anchor institutions	(6,370,437)	-	(6,370,437)
Other equipment	(765,879)	-	(765,879)
Spares MB123	(1,073,723)	-	(1,073,723)
	<u>(56,093,991)</u>	<u>(19,947,555)</u>	<u>(76,041,546)</u>
Less - accumulated amortization:			
Subscription based information technology agreements	(123,693)	-	(123,693)
Indefeasible right-of-use lease	(2,283,095)	-	(2,283,095)
Right-to-use leased space and buildings	(1,187,574)	-	(1,187,574)
	<u>(3,594,362)</u>	<u>-</u>	<u>(3,594,362)</u>
Total accumulated depreciation	<u>(59,688,353)</u>	<u>(19,947,555)</u>	<u>(79,635,908)</u>
Capital assets – net of depreciation and amortization	<u>\$ 35,709,287</u>	<u>\$ 2,919,073</u>	<u>\$ 38,628,360</u>

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Notes to Financial Statements

### Year Ended June 30, 2024

### 3. CAPITAL ASSETS...continued

Governmental Activities	Balance 7/1/2023	Additions	Transfers/ Disposals/ Adjustments	Balance 6/30/2024
Buildings	\$ 91,803	\$ -	\$ -	\$ 91,803
Improvements	537,114	-	-	537,114
Equipment	968,192	-	-	968,192
Furniture and fixtures	503,634	-	-	503,634
Fiber network - outside plant	54,879,808	-	-	54,879,808
Conduit	6,150,120	-	-	6,150,120
Poles	177,568	-	-	177,568
Points of interconnection	14,119,859	933,757	-	15,053,616
Community anchor institution	6,370,251	3,182	-	6,373,433
Other equipment	765,879	-	-	765,879
Spares MB123	1,073,725	-	-	1,073,725
Work in process, nondepreciable	294,568	261,397	-	555,965
	<u>85,932,521</u>	<u>1,198,336</u>	<u>-</u>	<u>87,130,857</u>
Right-to-use lease assets:				
Subscription based information technology agreements	172,654	-	-	172,654
Indefeasible right-of-use leases	4,338,317	-	-	4,338,317
Right-to-use leased space and buildings	2,291,542	1,464,270	-	3,755,812
	<u>6,802,513</u>	<u>1,464,270</u>	<u>-</u>	<u>8,266,783</u>
Less - accumulated depreciation:				
Building	(52,934)	(2,654)	-	(55,588)
Improvement	(517,974)	(5,293)	-	(523,267)
Equipment	(846,305)	(58,506)	-	(904,811)
Furniture and fixtures	(493,102)	(5,267)	-	(498,369)
Fiber network - outside plant	(26,385,904)	(2,744,443)	-	(29,130,347)
Conduit	(2,919,068)	(307,506)	-	(3,226,574)
Poles	(83,810)	(8,878)	-	(92,688)
Points of interconnection	(12,773,021)	(679,287)	-	(13,452,308)
Community anchor institution	(6,370,250)	(187)	-	(6,370,437)
Other equipment	(765,879)	-	-	(765,879)
Spares MB123	(1,073,723)	-	-	(1,073,723)
	<u>(52,281,970)</u>	<u>(3,812,021)</u>	<u>-</u>	<u>(56,093,991)</u>
Less - accumulated amortization:				
Subscription based information technology agreements	(49,331)	(74,362)	-	(123,693)
Indefeasible right-of-use lease	(1,748,965)	(534,130)	-	(2,283,095)
Right-to-use leased space and buildings	(1,014,042)	(173,532)	-	(1,187,574)
	<u>(2,812,338)</u>	<u>(782,024)</u>	<u>-</u>	<u>(3,594,362)</u>
Total accumulated depreciation	<u>(55,094,308)</u>	<u>(4,594,045)</u>	<u>-</u>	<u>(59,688,353)</u>
Capital assets – net of depreciation and amortization	<u>\$ 37,640,726</u>	<u>\$ (1,931,439)</u>	<u>\$ -</u>	<u>\$ 35,709,287</u>



# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Notes to Financial Statements

### Year Ended June 30, 2024

### 3. CAPITAL ASSETS...continued

Business-Type Activities	Balance 7/1/2023	Additions	Transfers/ Disposals/ Adjustments	Balance 6/30/2024
Buildings	\$ 20,383,318	\$ -	\$ -	\$ 20,383,318
Improvements	1,790,079	35,860	-	1,825,939
Equipment	126,498	99,971	-	226,469
Furniture and fixtures	174,670	-	-	174,670
Work-in-process	-	256,232	-	256,232
	<u>22,474,565</u>	<u>392,063</u>	<u>-</u>	<u>22,866,628</u>
Less - accumulated depreciation:				
Building	(17,717,285)	(507,393)	-	(18,224,678)
Improvement	(1,345,892)	(80,534)	-	(1,426,426)
Equipment	(103,888)	(18,352)	-	(122,240)
Furniture and fixtures	(173,753)	(458)	-	(174,211)
	<u>(19,340,818)</u>	<u>(606,737)</u>	<u>-</u>	<u>(19,947,555)</u>
Capital assets – net of depreciation	<u>\$ 3,133,747</u>	<u>\$ (214,674)</u>	<u>\$ -</u>	<u>\$ 2,919,073</u>

Total depreciation and amortization expense for the year ended June 30, 2024, was \$5,200,782. Of that amount, \$4,594,045 (comprising approximately \$144,546, \$59,122, \$96,106, \$51,196, \$102,497 and \$4,140,578 in the Innovation Institute, MassCyberCenter, Center for Advanced Manufacturing, NEMC, MeHI, and MBI, respectively) is reported in the governmental activities and \$606,737 is reported in the business-type activities.

### 4. DEFINED CONTRIBUTION PLANS

MassTech has adopted a simplified employee pension plan, 457(b) and a matching employer contribution 401(a) plan, which are administered by Vanguard and TIAA-CREF, respectively.

Employees of MassTech do not participate in social security. Under the simplified pension plan, MassTech makes a monthly contribution equal to 15% of each employee's eligible wages (as defined by the plan) to their retirement account. For the year ended June 30, 2024, pension expense was \$1,207,643.

Under the 401(a) plan, MassTech matches 50% of employees' contributions into their defined contribution plan with a maximum MassTech contribution of 3% of the employee's salary. In accordance with the plan, these contributions will "vest" at a rate of 25% for every full year an employee has been employed at MassTech. For the year ended June 30, 2024, MassTech's total contributions were \$190,382, of which \$139,480 was vested. These contributions were based on employee contributions of \$658,057.

### 5. LEASES

#### Lessee-Lease Liabilities

MassTech leases office space at Two Center Plaza in Boston from an unrelated third party under a lease which was amended on June 3, 2024 and will expire in February 2028. In accordance with the Boston Lease, MassTech deposited \$94,301 with Lessor, which is included in prepaid and other assets in the accompanying statement of net position at June 30, 2024.

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Notes to Financial Statements

### Year Ended June 30, 2024

#### 5. LEASES...continued

MassTech also has two agreements with unrelated third parties for facility space in which certain MassTech-owned network equipment and fiber cable is located. One facility is located in Springfield, and has a term through September 30, 2024, with options for two additional five-year term extensions. The other facility is located in Boston with a term through June 2032. In accordance with the Boston lease, MassTech deposited \$16,422 with Lessor which is included in prepaid and other assets in the accompanying statement of net position at June 30, 2024.

These leases require monthly payments and the total estimated net present value of rent to be paid by MassTech for the remaining terms of the leases as of June 30, 2024, are as follows:

Fiscal Year Ending June 30	Principal Payments	Interest Payments	Total Payments
2025	\$ 405,437	\$ 67,656	\$ 473,093
2026	409,173	56,632	465,805
2027	646,099	37,667	683,766
2028	471,832	17,016	488,848
2029	73,326	9,774	83,100
2030-2034	257,835	15,465	273,300
2035	<u>2,984</u>	<u>16</u>	<u>3,000</u>
Total	<u>\$2,266,686</u>	<u>\$204,226</u>	<u>\$2,470,912</u>

The principal portion of the payments in the above table are recorded in the financial statements as a lease liability.

In addition to the leases above, as part of the construction of the *MassBroadband 123* network, MassTech holds Indefeasible Rights of Use ("IRU") of certain network fiber and conduit assets. Under the terms of these IRU agreements which were entered into with unrelated third parties, up-front payments were required for each 25-year right to use the applicable leased network asset. The value and amortization of these IRU agreements are included as capital assets in the financial statement of MassTech. There are no annual lease payments due for these IRUs, therefore there is no associated lease liability.

#### Lessor-Lease Receivable

MassTech leases its Integrated Circuit Fabrication Facility ("ICFF") to an unrelated party in accordance with a lease (the "Lease") which has a current expiration date in April 2028. In accordance with the Lease, the lessee deposited \$125,000 with MassTech. These funds are included in other noncurrent liabilities in the accompanying statement of net position for the proprietary fund at June 30, 2024. The provisions of the lease allow for a five-year extension option and the lessor provided notice of its intent in October of 2021. The extension options have been exercised and therefore is included in the schedule below. The Lease requires monthly base rent payments, as defined, payable in advance.

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

## 5. LEASES...continued

Estimated net present value of future lease payments to be received by MassTech as of June 30 are as follows:

Fiscal Year Ending June 30	Principal Payment	Interest Payment	Total Payment
2025	\$ 541,992	\$ 62,008	\$ 604,000
2026	559,872	44,128	604,000
2027	578,341	25,659	604,000
2028	<u>474,687</u>	<u>6,835</u>	<u>481,522</u>
Total	<u>\$ 2,154,892</u>	<u>\$ 138,630</u>	<u>\$ 2,293,522</u>

Future payments to be made to MassTech under this lease plus interest receivable of \$5,564 as of June 30, 2024, are included as a Lease Receivable in the financial statements.

MassTech continues to incur certain operating costs related to the ICFF. Under the terms of the Lease, the lessee has agreed to reimburse MassTech for these costs. For the year ended June 30, 2024, these reimbursements are included in lease revenue and amounted to \$61,084.

MassTech's management monitors the financial stability of its lessee and believes that future minimum Lease payments will be received in accordance with the terms of the Lease.

## 6. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

MassTech has entered into non-cancellable subscription-based information technology arrangements that require either up-front or annual payments. MassTech made upfront payments and the value and amortization of these arrangements are included as capital assets in the financial statement of MassTech. There are no payments due for these arrangements, therefore there is no associated subscription liability.

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

## Notes to Financial Statements

### Year Ended June 30, 2024

#### 7. RISK MANAGEMENT

MassTech is exposed to various risks of loss related to general property and casualty losses. Accordingly, MassTech's property and equipment are covered by commercial package and overhead lines insurance policies.

MassTech also carries umbrella coverage for general, employee benefits, automobile, and employer liability up to \$10,000,000 in excess of its base coverage, as defined.

Officers' and directors' insurance provides coverage of \$15,000,000 per claim in the aggregate.

MassTech carries a crime policy that provides coverage of \$3,000,000 for employee theft and forgery and \$3,000,000 for computer fraud and funds transfer coverage.

There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

#### 8. INTERFUND ACTIVITY

MassTech reports interfund activity between the governmental and business-type activities which primarily consist of accounts receivable and accounts payable transactions between the funds. The balance of the activity presented in the table agrees with the sum of internal balances presented in the governmental and proprietary fund financial statements.

Internal balances for cash held in the General Fund's investments on behalf of the Campus Fund at June 30, 2024, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Campus Operations	<u>\$4,454,946</u>

Interfund transfers activity totaled \$656,088 through June 30, 2024, primarily related to General Fund revenues designated for Campus Fund Operations.

Interfund transfers activity for allocated office related costs totaled \$117,012 for the period.

#### 9. NONCURRENT LIABILITIES

Changes in noncurrent liabilities and deferred inflows of resources for the year ended June 30, 2024, are as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accrued compensated absences	\$ 329,472	\$ 12,816	\$ (63,765)	\$ 278,523
Funding received in advance	16,114,768	4,945,153	(13,113,932)	7,945,989
Lease liabilities	1,485,093	1,463,735	(682,142)	2,266,686
	<u>\$17,929,333</u>	<u>\$ 6,421,704</u>	<u>\$ (13,859,839)</u>	<u>\$ 10,491,198</u>

# Massachusetts Technology Park Corporation

(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements  
Year Ended June 30, 2024

## 9. NONCURRENT LIABILITIES...continued

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Deposits	\$ 125,000	\$ -	\$ -	\$ 125,000
	\$ 125,000	\$ -	\$ -	\$ 125,000

## 10. SERVICE CONCESSION ARRANGEMENTS

The Organization contracts with a third-party network service provider to operate its middle mile network including offering lit and dark fiber services to wholesale service providers in communities in western and north central Massachusetts. The Organization's fiber network assets have a carrying value of approximately \$30.4 million, net of \$54.1 million of accumulated depreciation and amortization. Under terms specified in the agreement, the Organization receives the lesser of either a fixed platform fee plus a revenue share, or the network service provider's network operating income. During fiscal year 2024, the amount received totaled \$656,088. During the fiscal year, the term of this agreement was extended to December 31, 2024. At the conclusion of the agreement the Organization retains all ownership rights to its fiber network assets.

## 11. CONTINGENCIES

From time to time, the Organization may become involved in various legal matters arising from the ordinary course of business. Management is unaware of any other matters requiring accrual or disclosure for related losses in the financial statements, other than those already described in these notes to the financial statements.

**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  
Massachusetts Technology Park Corporation

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities and each major fund of the Massachusetts Technology Park Corporation (the Organization), a component unit of the Commonwealth of Massachusetts, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated November 26, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 Organization'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.

*RSM US LLP*

Boston, Massachusetts  
November 26, 2024