

CONNECTICUT CENTER FOR ADVANCED  
TECHNOLOGY, INC.  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REPORTS ON FEDERAL AND STATE AWARDS  
DECEMBER 31, 2020 AND 2019

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Connecticut Center for Advanced Technology, Inc.  
East Hartford, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Connecticut Center for Advanced Technology, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Center for Advanced Technology, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Act, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2021, on our consideration of Connecticut Center for Advanced Technology, Inc.'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 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 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 Connecticut Center for Advanced Technology, Inc.'s internal control over financial reporting and compliance.

Sincerely yours,

*O'Connell, Pace, + Company PC*

O'CONNELL, PACE, & COMPANY, P.C.  
Certified Public Accountants

Hartford, Connecticut  
August 6, 2021

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

	DECEMBER 31,	
	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,734,964	\$ 2,188,308
Grants and other receivables	527,324	1,035,782
Lease receivable	292,100	215,834
Prepaid expenses and deferred charges	13,915	149,048
Total current assets	10,568,303	3,588,972
Furniture and equipment	8,713,804	8,937,774
Leasehold improvements	3,356,336	2,691,840
	12,070,140	11,629,614
Less accumulated depreciation	(8,888,045)	(8,409,416)
Net property and equipment	3,182,095	3,220,198
OTHER LONG-TERM ASSETS:		
Lease receivable - noncurrent	1,700,081	1,923,455
TOTAL ASSETS	\$ 15,450,479	\$ 8,732,625
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 566,323	\$ 707,372
Refundable advances	8,196,762	1,706,821
Notes payable - current	98,714	92,980
Funds held on behalf of others	9,439	16,253
Total current liabilities	8,871,238	2,523,426
OTHER LIABILITIES:		
Deposits	14,731	13,670
Notes payable - noncurrent	897,962	432,913
Total liabilities	9,783,931	2,970,009
NET ASSETS:		
Without donor restrictions	5,666,548	5,762,616
With donor restrictions	-	-
Total net assets	5,666,548	5,762,616
TOTAL LIABILITIES AND NET ASSETS	\$ 15,450,479	\$ 8,732,625

See Independent Auditors' Report and Accompanying Notes

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	FOR THE YEAR ENDED DECEMBER 31,	
	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and revenues:		
Grants and contracts	\$ 8,238,519	\$ 14,033,739
Expenses:		
Program services	6,858,629	12,050,418
General and administrative	1,630,693	1,779,046
Total expenses	8,489,322	13,829,464
Change in unrestricted net assets	(250,803)	204,275
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
	-	-
Changes in net assets	(250,803)	204,275
Net assets at beginning of year	5,762,616	5,558,341
Sale of Novus	154,735	-
Net assets at end of year	\$ 5,666,548	\$ 5,762,616

See Independent Auditors' Report and Accompanying Notes

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Program Services/ Contract Cost of Sales</u>	<u>General and Administrative</u>	<u>2020 Total</u>
Communication and data services	\$ 28,375	\$ 3,592	\$ 31,967
Compensation and benefits	2,473,379	938,960	3,412,339
Computer and software services	113,407	40,871	154,278
Depreciation and amortization	632,166	15,793	647,959
Insurance	-	42,877	42,877
Occupancy	366,895	84,785	451,680
Office supplies and other expenses	255,318	141,811	397,129
Professional and subcontract fees	496,961	360,214	857,175
Program materials and other	2,457,106	-	2,457,106
Travel, conferences, and meetings	35,022	1,790	36,812
	<u>\$ 6,858,629</u>	<u>\$ 1,630,693</u>	<u>\$ 8,489,322</u>

	<u>Program Services/ Contract Cost of Sales</u>	<u>General and Administrative</u>	<u>2019 Total</u>
Communication and data services	\$ 424,022	\$ 2,721	\$ 426,743
Compensation and benefits	5,834,259	1,236,377	7,070,636
Computer and software services	293,539	32,546	326,085
Depreciation and amortization	825,472	24,326	849,798
Insurance	8,774	27,810	36,584
Occupancy	313,659	92,823	406,482
Office supplies and other expenses	303,726	215,386	519,112
Professional and subcontract fees	1,030,460	133,742	1,164,202
Program materials and other	2,831,836	3,909	2,835,745
Travel, conferences, and meetings	184,671	9,406	194,077
	<u>\$ 12,050,418</u>	<u>\$ 1,779,046</u>	<u>\$ 13,829,464</u>

See Independent Auditors' Report and Accompanying Notes



CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	FOR THE YEAR ENDED DECEMBER 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (250,803)	\$ 204,275
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	647,959	849,798
Gain on sale of business	(870,897)	-
Loss on sale or disposal of equipment	-	22,172
(Increase) decrease in operating assets:		
Grants and other receivables	181,169	(240,629)
Prepaid expenses	42,321	(92,543)
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expenses	155,302	(498,133)
Refundable advances	6,709,273	1,159,044
Funds held on behalf of others	(6,814)	(6,100)
Deposits	1,061	(482)
Net cash provided by operating activities	\$ 6,608,571	\$ 1,397,402
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(660,954)	(2,072,514)
Proceeds from sale of business	1,128,256	-
Proceeds from sale of equipment	-	53,250
Net cash provided by (used in) investing activities	467,302	(2,019,264)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings under note payable	563,763	525,893
Repayment of note payable	(92,980)	-
Net cash provided by financing activities	470,783	525,893
Net increase (decrease) in cash and cash equivalents	7,546,656	(95,969)
Beginning cash and cash equivalents	2,188,308	2,284,277
Ending cash and cash equivalents	\$ 9,734,964	\$ 2,188,308
<b>NONCASH ACTIVITIES:</b>		
Equipment under a lease receivable	\$ -	\$ 2,139,289

See Independent Auditors' Report and Accompanying Notes

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Connecticut Center for Advanced Technology, Inc. (“CCAT” or the “Organization”) is a private, nonprofit 501(c)(3) organization. CCAT develops direct and concise strategies to advance applied technologies that drive innovative processes and value-driven solutions to businesses.

In January 2018, the Organization established a wholly-owned subsidiary, Novus Insight, Inc. (“Novus”) to house CCAT’s Information Technology (“IT”) business. Novus is a for-profit Connecticut C Corporation incorporated in October 2017 with operations commencing January 1, 2018. Novus had 10,000 shares of common stock authorized, with 1,000 shares issued and outstanding. CCAT initially contributed approximately \$143,000 of net book value equipment in exchange for 1,000 shares of common stock. In addition, certain employees of CCAT became employees of Novus. CCAT had provided an intercompany revolving loan and the two parties had various services agreements between them. Approximately, \$433,000 of advances represented additional capital investments.

On February 28, 2020, CCAT, the sole shareholder of Novus Insight, Inc., sold 100% of its shares to the Chief Executive Officer of Novus Insight, Inc. The consideration included a \$1,350,000 payment to CCAT; \$350,000 of this amount represents a conditional working capital payment subject to adjustment upon February 2020 closing of the books. Upon adjustment, CCAT returned approximately \$222,000 of the working capital payment in December 2020. In addition, CCAT received a distribution from Novus of approximately \$433,000 which represented a sweep of the Novus checking account and return of capital. Further, the resulting net payable due to CCAT from Novus was forgiven.

The consolidated financial statements as of December 31, 2020 and 2019, include the activities of CCAT and Novus (collectively, the Company). All material intercompany balances and transactions have been eliminated from the consolidated financial statements. The consolidated financial statements include the activity of Novus through February 28, 2020, the date of sale.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Further, the use of estimates also affects the levels of revenues and expenses recorded throughout the reporting period. Actual results could vary from those estimates.

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Tax Status

The Organization is a not-for-profit organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(A) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization has adopted the accounting guidance for uncertainty in income taxes. The Organization does not have any unrecognized tax benefits at December 31, 2020 and 2019. Tax filings for 2017 forward are potentially subject to examination.

Cash and Cash Equivalents

The Company considers demand deposits, certificates of deposit and all highly liquid investments with a maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The Company evaluates credit risk on its accounts receivable and considers the applicability of an allowance for doubtful accounts on a periodic basis. The evaluation includes historical loss experience, adverse situations that may affect a customer's ability to repay, and prevailing economic conditions. Receivables are considered impaired if payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. This evaluation is inherently subjective and estimates may be revised as more information becomes available. Allowance for doubtful accounts amounted to \$40,711 and \$65,228 for 2020 and 2019, respectively.

Fair Value Measurements

The Company has adopted FASB ASC 820, *Fair Value Measurements*. ASC 820 defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair values:

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements – Continued

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar asset or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect the Company’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that may appropriately reflect market and credit risks. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time, they are susceptible to material near-term changes.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the fair value at the date of receipt. Depreciation of these assets is provided over their estimated useful lives (ranging from three to ten years), on a straight-line basis. Upon retirement or disposal, gain or loss, if any, is reflected in the statement of activities for the period. Management reviews fixed assets for impairment on a periodic basis based on estimated future cash flows.

Financial Statement Presentation

The Organization follows FASB Accounting Standards Update (“ASU”) 2016-14 (Topic 958), Presentation of Financial Statements of Not-For-Profit Entities. Under ASU 2016-14, the three classes of net assets are replaced with two categories: assets without donor restriction and assets with donor restriction. Additionally, there are requirements for functional expenses reporting and added liquidity disclosures.

Contributions

The Organization also follows FASB ASU 2019-08 (Topic 958), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2019-18, contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recognition of Donor Restricted Contributions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction.

Functional Expense Allocation

Expenses consist of costs related to servicing the various programs and projects as well as administrative functions. These costs have been summarized on a functional basis in the consolidated statement of activities without donor restrictions. Costs are directly charged to the functions they benefit. Facility related expenses are allocated to each function based on square footage utilized by the function.

Subsequent Events Measurement Date

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through August 6, 2021, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY

The Organization has \$10.2 million of financial assets available within one year of the balance sheet date consisting of cash and cash equivalents of \$9.7 million and grants and other receivables of \$0.5 million, to meet cash needs for contractual-related and general expenditures. However, most of these assets are associated with State of Connecticut grants and are to be used to fund salaries and other expenses to meet contractual obligations and allocated general expenditures as they are incurred. The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet a minimum of six months of normal operating expenses.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, CCAT also has a revolving loan facility, currently extended through August 31, 2021 in an aggregate amount of up to \$500,000, which it could draw upon in the event of an unanticipated liquidity need.

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 3 GRANTS AND OTHER RECEIVABLES

At December 31, grants and other receivables were deemed to be fully collectible by management. Two receivables comprised 53% of total receivables at December 31, 2020 and one receivable comprised 31% of total receivables at December 31, 2019.

NOTE 4 REFUNDABLE ADVANCES

The Organization records grant awards accounted for as exchange transactions as refundable advances until the related services are performed, at which time they are recognized as revenue. At December 31, refundable advances consisted of the following:

	<u>2020</u>	<u>2019</u>
State of Connecticut Department of Economic and Community Development	\$7,778,072	\$1,056,972
Other advances	<u>418,690</u>	<u>649,849</u>
	<u>\$8,196,762</u>	<u>\$1,706,821</u>

NOTE 5 NOTES PAYABLE

Goodwin University Promissory Note Payable

CCAT obtained a term note from Goodwin University, Inc., a Connecticut non-profit corporation, in the amount of \$525,893 in consideration for fitting out The Goodwin School Facility as defined in a Memorandum of Understanding between CCAT and Goodwin dated October 5, 2018. The note is payable in monthly installments of \$10,167 including principal and interest at 6% per annum. The promissory note is secured by a security interest in certain personal property and matures on December 1, 2024. The balances due on December 31, 2020 and 2019, respectively, were \$432,913 and \$525,893.

The current maturities of the Goodwin University, Promissory Note as of December 31, 2020 were as follows:

Year Ending	<u>December 31,</u>	
2021		\$ 98,714
2022		104,802
2023		111,267
2024		<u>118,130</u>
		<u>\$ 432,913</u>

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 5 NOTES PAYABLE – Continued

TD Bank PPP Loan Payable

On April 16, 2020, CCAT received loan proceeds in the amount of \$563,763 from TD Bank, N.A. through the Small Business Association’s Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, which include payroll, employee benefits, rent, and utilities.

The unforgiven portion of the PPP loan is payable over in monthly installments, including interest accrued at the rate of 1%, with a maturity date of April 16, 2022. Repayment has been deferred by the Paycheck Protection Program Flexibility Act of 2020 to 10 months after the end of the borrower’s twenty-four-week period beginning with the date the loan proceeds were received. The CCAT is accounting for the PPP loan as a financial liability in accordance with FASB ASC 470. As of December 31, 2020, CCAT has utilized 100% of the proceeds. Management currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, assurance cannot be given that CCAT will be eligible for forgiveness, in whole or in part. The balances due on December 31, 2020 and 2019, respectively, were \$563,763 and \$0.

Total aggregate notes payable balances at December 31, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Goodwin University Promissory Note	\$ 432,913	\$ 525,893
TD Bank PPP Loan Payable	<u>563,763</u>	<u>-0-</u>
Totals	<u>\$ 966,676</u>	<u>\$ 525,893</u>

NOTE 6 REVOLVING LOAN FACILITY

In August 2013, the Organization entered into a two-year revolving loan facility with TD Bank in an aggregate amount of up to \$500,000. Advances under the revolving loans are limited to 80% of eligible receivables. Outstanding principal balances bear interest at a per annum rate equal to the Wall Street Journal Prime Rate (as defined). The revolving loan facility continues to be extended, and, in 2020, was extended to August 31, 2021. At December 31, 2020 and 2019, no amounts were outstanding.

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 7 LEASE COMMITMENTS

The Organization entered into a lease during 2007 for its facility space at 222 Pitkin Street, East Hartford, Connecticut, under a non-cancellable operating lease agreement. The lease had an initial ten-year term. The Organization also leases space on Silver Lane, East Hartford, Connecticut, as well as the composite center located on Pent Road, East Hartford, Connecticut as described in Note 10. At the end of 2016, the lease was extended for a ten year-term. Rental expense for the years ended December 31, 2020 and 2019, respectively, amounted to \$892,859 and \$928,324. A portion of the leased space is sub-leased to various entities whose leases expire at various times up to the year 2022. The sublease income offsets the rental expense and amounted to \$458,341 and \$521,842 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease rental obligations under these agreements as of December 31, 2020 are summarized as follows:

<u>Year Ending</u> <u>December 31,</u>	
2021	\$ 846,765
2022	858,812
2023	872,454
2024	884,513
2025	843,689
Thereafter	<u>1,451,437</u>
	<u>\$5,757,670</u>

The Organization also leases office equipment under various operating leases.

NOTE 8 EMPLOYEE BENEFIT PLANS

The Organization maintains a tax-deferred retirement plan qualified under Internal Revenue Code Section 401(k). The plan covers all eligible employees and employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization made contributions of \$113,969 and \$210,400 for the years ended December 31, 2020 and 2019, respectively.

NOTE 9 DONATED MATERIALS, FACILITIES AND SERVICES

Donated materials and facilities are recorded at fair market value at the date of donation and are included in revenue and expenses or capital assets in the period received. Donated services which involve special skills are recorded based on amounts the Organization is paying for similar work.



CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 10      SIGNIFICANT AGREEMENTS

CCAT has entered into various agreements, promissory notes and MOUs regarding the establishment of a composite center of excellence at Goodwin University in East Hartford, CT. This project involves CCAT, the Department of Economic and Community Development (DECD), Pratt & Whitney and Goodwin University. DECD funded a \$2.1M grant to CCAT in January 2019 for equipment for the center which will be procured and owned by CCAT and delivered in 2019 and 2020. Through December 31, 2020, \$1,783,913 had been expended for equipment. CCAT signed an MOU, Work Letter, and promissory notes with Goodwin University to cover the construction and 5-year rent of 7,204 square feet of space for the composite center. CCAT signed an agreement with Pratt & Whitney which in effect will provide funds to cover the expenses for the construction and 5-year rent from Goodwin University for the composite center and provides some operating funds for CCAT to run the center. CCAT received the certificate of occupancy in Q3 2019, and the center is operational as of the end of Q1 2020.

On October 1, 2019, CCAT entered into a Contract for Equipment Use Agreement (the "Agreement") with ACMT, Inc ("ACMT"), a related party (see NOTE 11). The term of the Agreement is 8 years. Under the terms of the agreement, ACMT leases certain CCAT equipment known as the Zimmerman CNC Portal Milling Machine to use for machining composite parts. Payment terms include an initial payment to CCAT of \$120,000 followed by an average payment of \$30,000 per month over the term of the Agreement. The arrangement qualifies for lease accounting treatment. At December 31, 2020, CCAT has a \$2.0 million lease receivable resulting from its lease agreement with ACMT.

NOTE 11      RELATED PARTY TRANSACTIONS

A current member of the board of directors is a shareholder of ACMT, Inc., a company which CCAT has entered into an agreement to lease certain manufacturing equipment for an 8-year term. See NOTE 10 for the terms of the lease agreement. A former member of the board of directors is affiliated with an entity which provides legal services to the Organization at prevailing rates. The amount paid to the entity amounted to \$0 and \$5,643 for the years ended December 31, 2020 and 2019, respectively. Certain board members engage the Organization for revenue and/or expense activities. One former board member is affiliated with an entity that sub-leases space from the Organization. Amounts paid related to sub-leasing space, were \$19,488 and \$19,328 for the years ended December 31, 2020 and 2019, respectively.

NOTE 12      COMMITMENTS AND CONTINGENCIES

The Organization participates in a number of federal and state assisted programs. The use of the grants in programs is subject to future review by the grantors. Such reviews may result in grantors disallowing costs that would result in the Organization having liabilities to the grantors.

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 12      COMMITMENTS AND CONTINGENCIES - Continued

Upon review by a state program, the Organization was required to return approximately \$7,000. The Organization is not aware of any other grantor liabilities.

NOTE 13      CONCENTRATIONS

The Company maintains its cash in bank deposit accounts at high quality financial institutions. The balances, at times, may exceed federally insured limits.

The Company receives a majority of its support from state and federal governments. In addition to federal and state support, the Company also receives other support related to its mission through various programs. A significant reduction in the level of this support, if this were to occur, may have an effect on the Company's programs and activities.

NOTE 14      SUBSEQUENT EVENTS

COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. While it is unknown how long these conditions will last and what complete financial effect will be to CCAT, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

The Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act, which was part of the Consolidated Appropriations Act, 2021 package, extended the Paycheck Protection Program (PPP) to include a second round of funding to certain businesses that received funding under the original PPP. To obtain the PPP funding the borrower must meet certain eligibility requirements related to number of employees and must have experienced a revenue reduction in 2020 as compared to 2019. This second PPP loan has the same terms as the original PPP loan and is also forgivable if the borrower utilizes the proceeds for eligible expenses within the twenty-four-week-period beginning with the date the loan proceeds were received. To that end, CCAT applied for and received a second draw loan in February 2021, in the amount of \$467,440 issued by TD Bank, N.A through the Small Business Administration.

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 14      SUBSEQUENT EVENTS - Continued

Management has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.



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INDEPENDENT AUDITORS' 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

To the Board of Directors of  
Connecticut Center for Advanced Technology, Inc.  
East Hartford, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Connecticut Center for Advanced Technology, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 6, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Connecticut Center for Advanced Technology, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Connecticut Center for Advanced Technology, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Connecticut Center for Advanced Technology, Inc.'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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Connecticut Center for Advanced Technology, Inc.'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 determination of financial statement amounts. 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely yours,



O'CONNELL, PACE, & COMPANY, P.C.  
Certified Public Accountants

Hartford, Connecticut  
August 6, 2021



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
Connecticut Center for Advanced Technology, Inc.  
East Hartford, Connecticut

**Report on Compliance for Each Major Federal Program**

We have audited Connecticut Center for Advanced Technology, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Connecticut Center for Advanced Technology, Inc.'s major federal programs for the year ended December 31, 2020. Connecticut Center for Advanced Technology, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Connecticut Center for Advanced Technology, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Connecticut Center for Advanced Technology, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Connecticut Center for Advanced Technology, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Connecticut Center for Advanced Technology, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

### **Report on Internal Control over Compliance**

Management of Connecticut Center for Advanced Technology, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Connecticut Center for Advanced Technology, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Connecticut Center for Advanced Technology, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of Connecticut Center for Advanced Technology, Inc., as of and for the year ended December 31, 2020 and have issued our report thereon dated August 6, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely yours,



O'CONNELL, PACE, & COMPANY, P.C.  
Certified Public Accountants

Hartford, Connecticut  
August 6, 2021



CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Defense</u>					
Pass through Third Wave Systems					
Machining Optimization for Low-Cost Small Engine Components	12.Unknown	FA8650-20-C-5086-CCAT	FA8650-20-C-5086	\$ -	\$ 97,077
Pass through State of Connecticut Department of Economic and Community Development					
Defense Manufacturing Communities Support Program Digital Model Initiative	12.600	21ECD0001DMI	MCS1294-20-01	-	439
Total U.S. Department of Defense				<u>-</u>	<u>97,516</u>
<u>U.S. Department of Labor</u>					
Pass through State of Connecticut Department of Labor					
WIOA Youth Activities	17.259	13055	WI-23200-12098-20-2065	-	9,887
Pass through State of Connecticut Department of Labor					
WIOA Young Adult Career Program	17.259	3038-CCAT-001	WI-23200-12098-20-2040	-	29,252
WIOA Young Adult Career Program	17.259	3138-CCAT-001		-	33,223
Total U.S. Department of Labor				<u>-</u>	<u>72,362</u>
<u>US Department of the Treasury</u>					
Pass through State of Connecticut Department of Economic and Community Development					
Coronavirus Relief Fund	21.019	20ECD0004CRF		495,133	739,858
Total U.S. Department of the Treasury				<u>495,133</u>	<u>739,858</u>
<u>NASA</u>					
Pass through University of Hartford					
NASA Space Grant Consortium	43.008	N/A	NNX15Aii2H	-	6,525
NASA Experimental DED Coupons	43.Unknown	PC1182697		-	2,230
Jacobs Space Exploration Group Bi-metallic Augmented Spark Igniter Materials Developer	43.Unknown	80MSFC18C0011		-	1,232
Total NASA				<u>-</u>	<u>9,987</u>
<u>U.S. Department of Energy</u>					
Pass through Alliance for Sustainable Energy for National Renewable Energy Lab					
Michigan Hydrogen FCEV Roadmap Support	81.Unknown	ACE-0-92394-01	DE-AC36-08GO28308	-	43,747
Pass through Skyre, Inc.					
Renewable Energy Research and Development	81.087	DE-EE0008423-CCAT	DE-EE0008423	-	7,442
Pass through University of Connecticut					
Renewable Energy Research and Development	81.087	370996	DE-EE0007613	-	100,743
Pass through Siemens Corporation					
Ensemble Manufacturing Techniques for Steam Turbine Components Across Length Scales	81.Unknown	180-2	DE-FE0031808	-	112,800
Total U.S. Department of Energy				<u>-</u>	<u>264,732</u>
Total Expenditures of Federal Awards				\$ <u>495,133</u>	\$ <u>1,184,455</u>

See Notes to Schedule of Expenditures of Federal Awards

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1     BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Connecticut Center for Advanced Technology, Inc. under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Connecticut Center for Advanced Technology, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Connecticut Center for Advanced Technology, Inc.

NOTE 2     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1)     Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2)     Pass-through entity identifying numbers are presented where available.
- (3)     Connecticut Center for Advanced Technology, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

A. SUMMARY OF AUDITORS' RESULTS

*Financial Statements*

Type of auditors' opinion issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                           yes                      X   no
- Significant deficiency(ies) identified?                   yes                      X   none reported
- Noncompliance material to financial statements  
noted?           yes                      X   no

*Federal Awards*

Internal control over major programs:

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

Type of auditors' opinion issued on compliance for major programs: unmodified

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

       yes                      X   no

The following schedule reflects the major programs included in the audit:

<u>Federal Grantor/Program Title</u>	<u>CFDA No.</u>
U.S. Department of Treasury: Coronavirus Relief Fund	21.019

- The threshold used for distinguishing between Type A and B programs was \$750,000.
- Connecticut Center for Advanced Technology, Inc. was determined to be a low-risk auditee.

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

B. FINDINGS — FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS — MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
SUMMARY OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Not applicable.



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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

To the Board of Directors of  
Connecticut Center for Advanced Technology, Inc.  
East Hartford, Connecticut

**Report on Compliance for Each Major State Program**

We have audited Connecticut Center for Advanced Technology, Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Connecticut Center for Advanced Technology, Inc.'s major state programs for the year ended December 31, 2020. Connecticut Center for Advanced Technology, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Connecticut Center for Advanced Technology, Inc.'s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and a material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Connecticut Center for Advanced Technology, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Connecticut Center for Advanced Technology, Inc.'s compliance.

### ***Opinion on Each Major State Program***

In our opinion, Connecticut Center for Advanced Technology, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2020.

### **Report on Internal Control over Compliance**

Management of Connecticut Center for Advanced Technology, Inc., is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Connecticut Center for Advanced Technology, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Connecticut Center for Advanced Technology, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act**

We have audited the financial statements of Connecticut Center for Advanced Technology, Inc., as of and for the year ended December 31, 2020 and have issued our report thereon dated August 6, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely yours,



O'CONNELL, PACE, & COMPANY, P.C.  
Certified Public Accountants

Hartford, Connecticut  
August 6, 2021



CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>State Grantor/Pass-through Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<u>Department of Administrative Services</u>			
Connecticut Manufacturing 180 Skills Website	20DAS0028AA	\$ -	\$ 36,098
Total Department of Administrative Services		<u>-</u>	<u>36,098</u>
<u>Department of Economic and Community Development</u>			
Connecticut Manufacturing and Supply Chain Initiative	11000-ECD46200-12467	-	93,484
CT Supplier Connection Project	12034-ECD46200-40221	-	159,319
Additive Manufacturing Technology Program	12052-ECD46200-43616	-	438,825
Connecticut Center of Excellence for Composites Manufacturing	12052-ECD46200-43616	-	168,892
Dream-it Do-it Program	12052-ECD46200-43616	-	213,714
High Rate Additive Manufacturing Program	12052-ECD46200-43616	-	128,059
Industry 4.0 Research and Development Program	12052-ECD46200-43616	-	389,621
Manufacturing Voucher Program	12052-ECD46200-43616	1,895,331	1,998,818
Manufacturing Voucher Program Administration	12060-ECD46200-35569	-	20,361
Pass through University of Connecticut			
Energy Management Systems for Subtractive and Additive Precision Manufacturing	MOA190654-1	-	25,981
Total Department of Economic and Community Development		<u>1,895,331</u>	<u>3,637,074</u>
<u>Department of Labor</u>			
Pass through Capital Workforce Partners			
Apprenticeship Connecticut Initiative	ACIB-40460-40221-20-4264	-	4,833
Total Department of Labor		<u>-</u>	<u>4,833</u>
Total Expenditures of State Financial Assistance		<u>\$ 1,895,331</u>	<u>\$ 3,678,005</u>

See Notes to Schedule of Expenditures of State Financial Assistance

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2020

The accompanying schedule of expenditures of state financial assistance includes state grant activity of Connecticut Center for Advanced Technology, Inc. under programs of the State of Connecticut for the fiscal year ended December 31, 2020. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Connecticut Center for Advanced Technology, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

**Basis of Accounting**

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**2. LOAN PROGRAMS**

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended December 31, 2020:

None Found

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' opinion issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                           yes                      X   no
- Significant deficiency(ies) identified?                   yes                      X   none reported
- Noncompliance material to financial statements  
noted?           yes                      X   no

*State Financial Assistance*

Internal control over major programs:

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

Type of auditors' opinion issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?           yes                      X   no

- The following schedule reflects the major programs included in the audit:

<b><u>State Grantor and Program</u></b>	<b><u>State Core-CT Number</u></b>	<b><u>Expenditures</u></b>
Department of Economic and Community Development:		
Manufacturing Innovation Fund Voucher Program (MVP)	12052-ECD46200-43616	\$ 1,998,818
Additive Manufacturing Technology Program	12052-ECD46200-43616	\$ 438,825
Industry 4.0 Research and Development Program	12052-ECD46200-43616	\$ 389,621
Dream-it Do-it Program	12052-ECD46200-43616	\$ 213,714
• Dollar threshold used to distinguish between type A and type B programs		<u>\$ 200,000</u>

CONNECTICUT CENTER FOR ADVANCED TECHNOLOGY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**II. FINANCIAL STATEMENT FINDINGS**

No findings are reported relating to the financial statements.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No findings or questioned costs are reported relating to state financial assistance programs.