

**MINUTES OF AUDIT AND FINANCE COMMITTEE MEETING
MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION (TEDCO)**

Wednesday, November 9, 2022

Committee Members Present:

Jeff Rhoda
Eben Smith
Matthew Lee
Rondall Allen

Staff:

Geysel Gonzalez
Terry Rauh
Jigita Patel

Committee Members Not Present:

Mike Gill

I. **Meeting Called to Order/Roll Call**

The meeting was called to order at 4:10 pm.

II. **Topics for discussion in the open session**

a. **Financial Orientation for New Members**

Ms. Gonzalez reviewed TEDCO's current financial package, including TEDCO's financial statements and budget process, and provided an overview of quarterly financials.

b. **TEDCO & Maryland Venture Fund FY23 Quarter 1 Financial Package**

The Financial Package includes a financial overview, budget versus actual reports, and financial statements. Ms. Gonzales provided a summary, targeting the following points:

- Actual amounts for revenues and expenditures are tracking well against the budget.
- In comparison to prior year, there are positive variances in both TEDCO's Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position for TEDCO, which are due to increase in State funding.
- In contrast, Maryland Venture Fund has a negative variance in Revenues due to transfers of assets to the State and because the Fund no longer receives additional funding from the State.

Mr. Smith asked several clarifying questions related to indirect salaries, sponsorship, events, outreach expenses, and E3 program general budget.

- First, he asked whose salaries are included in the G&A (General and Administrative) report on page 5. Ms. Gonzalez answered that all supporting staff that are not specifically assigned to a department are included in G&A. For example, the financial team who supports the entire organization.

- He also asked why Sponsorships, Events and Outreach for G&A, on page 5, have a zero budget and yet there is an actual expense. Ms. Gonzalez's response was that the original budgeted amount for this line item was transferred to Marketing. Also, there is a vendor that needs to be reclassified to another department, which makes up most of variance (of \$40K). Accounting was awaiting confirmation from a certain vendor to reclassify the expense; therefore, the amount in this category will decrease and match the budget.
- Finally, the E3 General Budget, page 11, has a negative \$140K balance. Mr. Smith questioned this. Ms. Gonzalez explained that after the budget was approved by the board, Mr. Stephen Auvil, budget manager for that program, identified other expenses that were not originally budgeted and the Chief Operating Officer has approved Mr. Auvil to go over budget with the premise that at mid-year, TEDCO may be able to reallocate funds from G&A.

After the questions were answered, the Committee reviewed and accepted the financial package as stated.

c. Maryland Innovation Opportunity Fund I, LLC, Audited Financial Statements Review

The Committee considered the Maryland Innovation Opportunity Fund I Audit. A motion was made and seconded to accept the FY22 TEDCO Audit as submitted. TEDCO received an unqualified opinion, meaning that the financial information is deemed to be fairly stated by management.

d. State Legislative Audit Review

The Committee considered the Maryland State Legislative Audit. A motion was made to accept the FY22 TEDCO Audit as submitted. The motion passed unanimously. The findings from the previous audit were found to have been remedied by TEDCO and there were no findings during the current audit.

e. Office Lease

Mr. Rauh discussed TEDCO's office lease with the Committee. Mr. Rauh stated that the current office space is too large for the employees as most of them are working virtually. For financial reasons, TEDCO may continue to rent a smaller space in the current building or if financially viable, TEDCO may rent office space in Columbia, MD. Mr. Rauh stated that he had exercised a lease option not to continue for the second half of our lease. Mr. Rauh discussed early termination fee and other financial issues. Mr. Rauh and staff will be working with a tenant representative to evaluate our real estate needs in the future.

f. Designated Members for Open Meetings Act

Mr. Jeff Rhoda volunteered to be the designated member for the Open Meetings Act training. Mr. Rauh has also done the training and Ms. Gonzalez and Ms. Pulley intend to complete the training soon.

Mr. Rauh apologized for technical issues in getting on the meeting and will ensure that the issues are resolved before the next meeting. The meeting adjourned at 4:47 PM