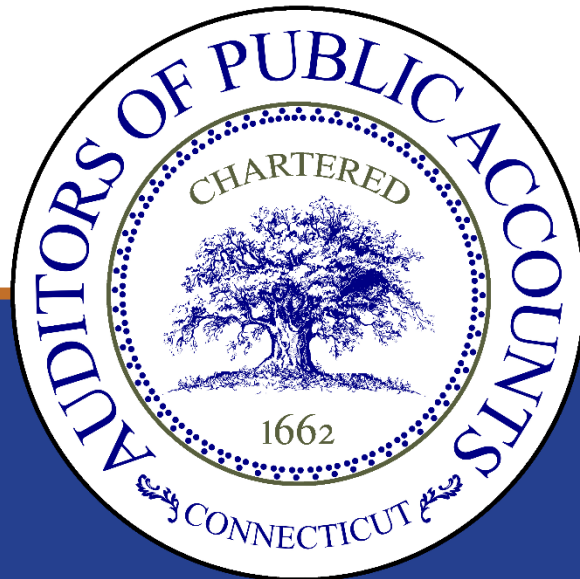


AUDITORS' REPORT

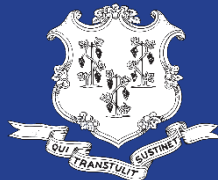
Connecticut Innovations, Incorporated

FISCAL YEARS ENDED JUNE 30, 2023 AND 2024



STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor



CRAIG A. MINER
State Auditor

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CRAIG A. MINER

October 7, 2025

INTRODUCTION

We are pleased to submit this audit of Connecticut Innovations, Incorporated (CI) for the fiscal years ended June 30, 2023 and 2024 in accordance with the provisions of Sections 1-122, 2-90, and 32-42 of the Connecticut General Statutes. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, or policies; and a need for improvement in practices and procedures that warrant management's attention.

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of Connecticut Innovations, Incorporated during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

Hygens Joka
Norberto Ramirez

A handwritten signature in black ink, appearing to read "Norberto Ramirez".

Norberto Ramirez
Associate Auditor

Approved:

A handwritten signature in black ink, appearing to read "John C. Geragosian".

John C. Geragosian
State Auditor

A handwritten signature in black ink, appearing to read "Craig A. Miner".

Craig A. Miner
State Auditor

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of Connecticut Innovations, Incorporated (CI) disclosed the following three recommendations, of which one was repeated from the previous audit.

Finding 1

Lack of Monitoring Controls over the Validation of Jobs

Background

Connecticut Innovations' job creation or retention requirements mandate that recipients of financial assistance maintain a presence in Connecticut. The Connecticut Presence agreement between CI and the recipients defines these requirements. Some agreements specify the number of full-time employees in the state and others require the company to locate most of its U.S. based employees and subsidiaries in the state.

Criteria

CI's job verification policy requires it to obtain independent reports, such as Department of Labor filings, for companies reporting more than five full-time employees. For companies reporting five or less full-time employees, CI relies on their self-reported data in their assistance application or annual job survey.

Condition

CI did not sufficiently monitor whether companies participating in business assistance and incentive programs complied with requirements in their Connecticut presence agreements. CI did not use an independent source to validate the companies' total employment outside of Connecticut, when their agreement required the companies to locate most of their U.S. based employees and subsidiaries in Connecticut. Further, CI's annual job survey did not provide sufficient information to determine compliance.

Context

CI implemented its job verification policy in 2024 to validate jobs as of June 30, 2024. During the audited period, CI made 219 distributions of financial assistance totaling \$93,398,427. Actual jobs retained and created as of June 30, 2024, totaled 18,880 and 9,993, respectively.

Effect	CI has reduced assurance that companies participating in the business assistance and incentive programs comply with the job requirements in the Connecticut Presence agreement.
Cause	This appears to be the result of an oversight by management in the monitoring of the Connecticut Presence agreement.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	Connecticut Innovations should strengthen its monitoring controls over the job data reported by companies participating in its business assistance and incentive programs. CI should use an independent source to validate the companies' total employment, when the Connecticut Presence agreement requires them to locate the majority of their U.S. based employees and subsidiaries in Connecticut. CI should also revise the annual job survey to include the necessary information.
Agency Response	"Connecticut Innovations (CI) agrees with the finding. Connecticut innovations uses an independent source to validate each company's total employment within the State of Connecticut. CI will now broaden this process and use an independent source to validate each portfolio company's employees outside of Connecticut for those companies with such an agreement."

Finding 2

Untimely Filing of Statutorily Required Reports

Criteria	<p>Section 1-123(a) of the General Statutes requires the board of directors of each quasi-public agency to annually submit a report to the Governor and the Auditors of Public Accounts.</p> <p>Section 1-123(b) of the General Statutes requires the board of directors of each quasi-public agency to submit a quarterly report to the legislative Office of Fiscal Analysis.</p> <p>Section 12-704d(g) of the General Statutes requires CI to annually submit a review of the cumulative effectiveness of the Angel Tax Credit by July 1st to the Office of Policy and Management and the General Assembly.</p> <p>Section 32-4h of General Statutes requires the board of directors of CI to annually submit a report detailing the amount of bond funds expended during the previous fiscal year not later than August 1st to the General Assembly.</p>
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Section 32-41y(d)(3) of the General Statutes requires that CI's chief executive officer prepare and submit for each fiscal year an operating and capital budget for the Connecticut Bioscience Collaboration program not later than 90 days before the start of the fiscal year to the board of directors. The board shall submit a copy of such annual budget to the Governor, the Secretary of the Office of Policy and Management, and the General Assembly.

Section 32-41cc(i) of the General Statutes requires that the administrator of the Connecticut Bioscience Innovation Fund submit a plan of operations and operating and capital budgets not later than 90 days before the start of the fiscal year.

Section 32-47a of the General Statutes requires CI to submit a business plan containing a summary of its projected operations not later than January 1st annually to the General Assembly. In addition, the statute requires CI to annually submit a report regarding new and outstanding financial assistance not later than November 1st to the commissioner of the Department of Economic and Community Development, Auditors of Public Accounts, and General Assembly.

Condition

In our review of 15 statutorily required reports we noted the following:

- CI submitted the 2023 annual report six months and four days after the end of the year.
- CI submitted the June 30, 2023, quarterly financial report, 144 days after the end of the quarter. In addition, the report did not include the correct data. The report contained totals for the fiscal year, instead of data for the quarter.
- CI submitted the 2024 Angel Tax Credit report 151 days late.
- CI submitted the 2023 economic cluster bond funds report nine days late.
- CI submitted the 2023 Connecticut Bioscience Collaboration program operating and capital budget 13 days late.
- CI submitted the 2024 Connecticut Bioscience Innovation Fund annual plan of operations and budget 74 days late.
- CI submitted the 2023 business plan report 25 days late.
- CI submitted the 2024 financial assistance report 32 days late.

Context	During the audited period, CI had ten statutory reporting requirements, which mandated it to submit 40 individual reports. We judgmentally selected 15 reports for review, putting more emphasis on reporting periods near the end of the audited period.
Effect	Inaccurate and untimely reporting limits the state’s monitoring of quasi-public agencies.
Cause	The inaccurate and untimely reporting appears to be the result of a lack of managerial oversight due to the number of required reports.
Prior Audit Finding	This finding has previously been reported in the last six audit reports covering the fiscal years 2011 through 2022.
Recommendation	Connecticut Innovations should promptly and accurately submit all reports required by the General Statutes.
Agency Response	“Connecticut Innovations agrees with the finding. CI did submit 100% of the required annual reports (50 in total). CI will strive to continually improve the timeliness of our reporting requirements.”

Finding 3

Lack of Administrative Oversight over Board Attendance

Background	<p>Connecticut Innovations’ board of directors is responsible for developing the overall strategic framework from which the organization creates policies and initiatives. The board is responsible for adopting an annual plan of operation and budget, overseeing CI’s financial activities, investments, and overall governance.</p> <p>The 17-member board is composed of nine members appointed by the Governor, four appointed by the leadership of the General Assembly, and four ex-officio members who serve by virtue of their positions with the state: the Commissioner of the Department of Economic and Community Development, the Chancellor of the Connecticut State Colleges and Universities, the State Treasurer, and the Secretary of the Office of Policy and Management.</p>
Criteria	Public Act 22-97, effective October 1, 2022, codified in Section 32-35(b)(2) of the General Statutes, provides that any member appointed by the Governor or a member of the General Assembly

is deemed to have resigned from the board if they fail to attend three consecutive meetings or 50% of all meetings held during any calendar year.

Condition

Our review of CI's board of directors' attendance for the calendar years 2023 and 2024, disclosed that one board member appointed by the Governor missed three consecutive meetings and 80% of the meetings in 2024.

Context

During the audited period, there were nine gubernatorial appointees, four legislatives' appointees, and four ex-officio members. We reviewed attendance for all 17 members.

Effect

Failure to attend meetings may interfere with the board's ability to effectively fulfill its responsibilities.

Cause

CI did not enforce attendance requirements. The CI board of directors did not update its bylaws to include attendance requirements.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

Connecticut Innovations should ensure its board of directors comply with attendance requirements. CI should also update its bylaws to include attendance requirements as set forth in Section 32-35(b)(2) of the General Statutes.

Agency Response

"Connecticut Innovations agrees with the finding and will communicate to all Board members the attendance requirements included in Public Act 22-97. CI will also seek an amendment to our bylaws to reflect these requirements."

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our [prior audit report](#) on Connecticut Innovations, Incorporated contained three recommendations. Two have been implemented or otherwise resolved and one has been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
Connecticut Innovations, Inc., should ensure the accuracy of the number of created and retained jobs reported in the Department of Economic and Community Development annual report.	RESOLVED
Connecticut Innovations, Incorporated and CTNext, LLC should promptly and accurately submit all reports required by the General Statutes.	REPEATED Modified Form Recommendation 2
Connecticut Innovations Incorporated should seek legislation to eliminate Section 32-41v of the General Statutes regarding the establishment of the Connecticut New Opportunities Fund.	RESOLVED

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of Connecticut Innovations, Incorporated in fulfillment of our duties under Sections 1-122, 2-90, and 32-42 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2023 and 2024. The objectives of our audit were to evaluate the:

1. Corporation's significant internal controls over compliance and its compliance with policies and procedures internal to the corporation or promulgated by other state agencies, as well as certain legal provisions, including as applicable, but not limited to whether the corporation has complied with its regulations concerning affirmative action, personnel practices, the purchase of goods and services, the use of surplus funds, and the distribution of loans, grants and other financial assistance;
2. Corporation's internal controls over certain financial and management functions; and
3. Effectiveness, economy, efficiency, and equity of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the corporation and certain external parties. We also tested selected transactions. This testing was not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying financial information is presented for informational purposes. We obtained this information from various available sources including the corporation's management and the corporation's information systems. It was not subject to the audit procedures applied in our audit of the corporation. For the areas audited, we identified

1. Apparent noncompliance with laws, regulations, contracts and grant agreements, policies, or procedures;
2. Deficiencies in internal controls; and
3. A need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of Connecticut Innovations, Incorporated.

ABOUT THE AGENCY

Overview

[Connecticut Innovations, Incorporated](#) (CI) operates primarily under Chapter 581, Sections 32-32 through 32-47a of the General Statutes. In accordance with Section 32-35 of the General Statutes, CI is a public instrumentality and political subdivision of the state. CI is a quasi-public agency of the state under Chapter 12 of the General Statutes and is subject to the related requirements. As a quasi-public agency, the CI financial information is included as a component unit in the State of Connecticut's Annual Comprehensive Financial Report.

CI was established to stimulate and encourage the research and development of new technologies, businesses, and products; to encourage the creation and transfer of new technologies; assist existing businesses in adopting current and innovative technological processes; stimulate and provide services to industries that will advance the adoption and utilization of technology; achieve improvements in the quality of products and services; to stimulate and encourage the development and operation of new and existing science parks and incubator facilities; and promote science, engineering, mathematics, and other disciplines that are essential to the development and application of technology within Connecticut by the infusion of financial aid for research, invention, and innovation in situations in which such financial aid would not otherwise be reasonably available from commercial or other sources.

The mission of CI is to be a leading source of financing and ongoing support for Connecticut's innovative, growing companies. CI seeks to fulfill this mission through the provision of flexible financing, strategic guidance, and introductions to valuable partners. CI operates three core programs: venture, loans, and innovative programs. The CI venture portfolio includes equity and debt investments in early-stage technology companies; the CI loan program helps early-stage and later-stage companies with capital expenditures and working capital; and the CI innovative programs focus on supporting research commercialization activities at universities and other research institutions, the pipeline of start-up companies, and talent retention.

Additionally, Section 32-41cc of the General Statutes appointed CI as the administrator of the Connecticut Bioscience Innovation Fund (CBIF). CI provides staff and all administrative support and services, including marketing, accounting, legal, consulting, peer review, and other incidental costs associated with operating the fund.

CTNext, LLC

Section 32-39f of the General Statutes required CI to form a subsidiary, known as CTNext. Section 32-39i of the General Statutes established the CTNext Fund, a separate, non-lapsing fund administered by CI. Pursuant to Section 32-11e(c), CTNext is a subsidiary of CI and has the same privileges, immunities, tax exemptions, and other exemptions. CTNext retains its legal identity as a separate entity and has no recourse to the CI general funds, revenues, resources, or other assets. As administrator of the fund, CI is responsible for holding, administering, investing, and disbursing funds, subject to the approval of the CTNext Board of Directors. CI also provides staff, office space, systems, and administrative support.

The purpose of CTNext is to support Connecticut innovators and entrepreneurs and initiate practice changes to improve the statewide entrepreneurial ecosystem. CTNext is also responsible for regularly reassessing the health of such ecosystem, identifying its changing needs, adopting initiatives, or adapting existing initiatives to meet such needs. The CTNext board of directors regularly informs the General Assembly of these needs by recommending legislative changes to improve the statewide entrepreneurial ecosystem.

Public Act 24-149, effective July 1, 2024, terminated the operation and activities of CTNext and transferred its responsibilities and roles to the Department of Economic and Community Development.

Organizational Structure

CI employs approximately 30 employees, including six executive officers. In addition, a 17-member [board of directors](#) governs CI. The Governor appoints nine members, six of whom shall be knowledgeable in the development of innovative start-up businesses and three of whom shall be knowledgeable in the field of financial lending or the development of commerce, trade, and business. Four of the members, who serve ex officio, are the Commissioner of Economic and Community Development, the president of the Connecticut State Colleges and Universities, the State Treasurer, and the Secretary of the Office of Policy and Management. Ex officio members may designate any member of their staff to represent them at board meetings with full power to act and vote on their behalf. Additionally, the president pro tempore of the Senate, the minority leader of the Senate, the Speaker of the House of Representatives, and the minority leader of the House of Representatives each appoint one member. The Governor appoints a chairperson from among the board members.

In addition, the board established several committees and subcommittees to expedite certain CI business activities and maintain controls over its transactions. During the audited period, CI had five standing committees: Audit, Compliance, and Governance, Eli Whitney Investment, Finance and Operations, Compensation, and Loan. CI also had two advisory committees, the Connecticut Bioscience Innovation Fund and Eli Whitney.

Matthew McCooe served as chief executive officer and executive director during the audited period and continues to serve in that capacity.

Significant Legislative Changes

Notable legislative changes that took effect during the audited period are presented below:

- **Public Act 22-97 (Sections 1 and 2)**, effective October 1, 2022, increased from \$150,000 to \$500,000 the amount of financial aid the board of directors may delegate to CI's staff to approve. The act also established an attendance policy for CI's board of directors.
- **Public Act 23-204 (Sections 240 - 242)**, effective July 1, 2023, repealed the Regenerative Medicine Research Advisory Committee and transferred its power and duties to CI.
- **Public Act 24-149 (Sections 4 - 18)**, effective July 1, 2024, transferred CTNext's responsibilities and duties to the Department of Economic and Community Development (DECD) and required DECD to honor and manage the CTNext Fund and its obligations.

Financial Information

Connecticut Innovations, Incorporated

Statement of Net Position

The financial position of CI as of June 30, 2022, 2023, and 2024, per the audited financial statements, are as follows:

	As of June 30,		
	2022	2023	2024
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 59,084,219	\$ 61,957,750	\$ 47,990,126
Committed Cash and Cash Equivalents	30,297,686	31,461,863	44,211,053
Total Cash and Cash Equivalents	89,381,905	93,419,613	92,201,179
Current Portion of Loans	2,374,402	4,637,892	1,460,936
Current Portion of Portfolio Investments	2,063,244	6,645,178	8,422,893
Due from CTNext	9,058	0	0
Interest and Other Receivables	455,849	447,191	972,827
Prepaid Expenses	139,697	95,531	271,473
Due from State of Connecticut	590,944	360,697	5,110
Total Current Assets	95,015,099	105,606,102	103,334,418
Noncurrent assets			
Restricted Cash and Cash Equivalents	12,320,486	45,431,371	30,616,159
Portfolio Investments, Net of Current Portion	135,313,005	127,075,660	155,033,963
Loans - Noncurrent, Net of Allowance for Loan Losses	12,275,159	9,412,722	7,949,355
Capital Assets, Net of Depreciation	1,781,285	1,304,328	875,274
Operating Lease Right-of-Use, Net of Amortization	0	722,904	448,167
Other	66,000	66,000	0
Total Noncurrent Assets	161,755,935	184,012,985	194,922,918
Total Assets	256,771,034	289,619,087	298,257,336
Deferred Outflows of Resources			
Pension Related	7,558,124	8,402,231	6,147,191
Deferred Outflows - Other Post-Employment Benefits	6,143,217	7,445,603	6,221,775
Total Deferred Outflows of Resources	13,701,341	15,847,834	12,368,966
Liabilities			
Current Liabilities			
Unearned U.S. Treasury SSBCI Program Revenue	0	29,761,098	13,221,800
Accrued Expenses and Other Liabilities	5,073,477	5,579,727	4,341,097
Due to Connecticut Bioscience Innovation Fund	465,206	4,526,501	6,008,516
Operating Lease Liabilities, Current	0	279,522	224,974
Reserve for Loss Guarantees	1,655,552	1,655,552	890,489
Unearned Revenue	2,767	845,664	769,001
Custodial Liability	441,187	826,274	828,876
Due to CTNext	0	3,649,953	20,875

Total Current Liabilities	7,638,189	47,124,291	26,305,628
Noncurrent Liabilities			
Net Pension Liability	25,849,343	22,121,163	17,522,486
Net Other Post Retirement Benefits Liability	24,929,682	22,634,089	23,859,159
Operating Lease Liabilities, Net	0	468,732	243,757
Escrow Deposits	312,455	0	0
Total Noncurrent Liabilities	51,091,480	45,223,984	41,625,402
Total Liabilities	58,729,669	92,348,275	67,931,030
Net Position			
Net Investment in Capital Assets	1,781,285	1,304,328	875,274
Restricted	11,222,824	10,122,586	8,592,927
Unrestricted	184,149,775	183,151,855	216,359,493
Total Net Position	197,153,884	194,578,769	225,827,694
Total Liabilities and Net Position	255,883,553	286,927,044	293,758,724
Deferred Inflows of Resources			
Pension Related	3,414,245	4,606,989	5,745,495
Deferred Amount for other Post Retirement Benefits	11,174,577	13,932,888	11,122,083
Total Deferred Inflows of Resources	\$ 14,588,822	\$ 18,539,877	\$ 16,867,578

The net position of CI decreased \$2.6 million in fiscal year 2023. The decrease was primarily due to a \$3.7 million reduction to CI's investment portfolio. CI funded \$33.3 million of new investments while net investments decreased by \$37 million. The investment decreases consisted of \$20.1 million from sales, recovery of principal, and debt equity conversions and \$16.9 million from write-offs and unrealized valuation adjustments. CI approved \$46 million and funded \$33.3 million for investments in new opportunities and continued support of existing portfolio companies.

The net position of CI increased \$31.2 million in fiscal year 2024. The increase was primarily due to a \$29.7 million addition to CI's investment portfolio. This increase consisted of \$44.6 million in new investments funded and \$2 million from an investment transferred from the loan portfolio and was offset by \$16.9 million in decreases. The decreases consisted of \$10.1 million from sales, recovery of principal, and debt equity conversions and \$6.8 million from write-offs and unrealized valuation adjustments. CI approved \$48.9 million and funded \$44.6 million for investments in new opportunities and continued support of existing portfolio companies.

Statement of Revenues, Expenses, and Changes in Net Position

The revenues, expenses, and changes in net position of CI for the fiscal years 2022, 2023 and 2024, per the audited financial statements, are as follows:

	Fiscal Year Ended June 30,		
	2022	2023	2024
Operating Revenues			
U.S. Treasury - SSBCI Program Revenue	\$ 0	\$ 7,574,998	\$ 17,174,998
Investment Interest Income	5,466,658	6,427,782	10,292,082
Interest on Loans	586,188	718,577	557,884
Realized Gain on Investments - Net	52,185,819	1,372,441	7,326,230
Unrealized Gain/(Loss) on Investments - Net	(58,205,454)	(3,644,712)	1,223,867
Loan Fee Income	369,544	208,296	209,330
Other Income	2,680,281	1,433,159	4,571,674
Total Operating Revenues	3,083,036	14,090,541	41,356,065
Operating Expenses			
Salaries	6,782,627	6,493,388	6,398,884
Benefits and Payroll Taxes	5,229,943	5,484,569	3,909,996
Professional Service Fees	1,067,425	2,300,922	2,917,028
Provision for Loan and Guarantee Losses	300,000	400,000	0
General Facility and Office	974,850	1,347,180	1,112,123
Marketing, Conferences, Development	584,266	700,796	613,086
Depreciation and Amortization	501,734	495,089	443,653
Other	25,000	11,127	3,460
Total Operating Expenses	15,465,845	17,233,071	15,398,230
Operating Income (Loss)	(12,382,809)	(3,142,530)	25,957,835
Non-Operating Revenues			
Grant and Program Income	1,119,369	705	0
Return of CTNext Fund Proof of Concept Funding	0	0	3,724,052
Connecticut Bioscience Collaboration Funding	5,969,428	569,347	0
Recaptured Pension and OPEB Expense to Income	2,124,108	4,219,210	1,567,038
Total Non-Operating Revenues	9,212,905	4,789,262	5,291,090
Non-Operating Expenses			
CT Bioscience Collaboration Loan Write-Down	3,038,428	584,347	0
Grants and Programs	4,400,369	0	0
CTNext Fund Proof of Concept Funding	0	3,637,500	0
Total Non-Operating Expenses	7,438,797	4,221,847	0
Non-Operating Income	1,774,108	567,415	5,291,090
Change In Net Position	\$ (10,608,701)	\$ (2,575,115)	\$ 31,248,925

CI operating revenue primarily increased in fiscal year 2023 due to CI deploying and recording \$7.6 million of State Small Business Credit Initiative (SSBCI) program revenue and net realized and unrealized losses reported in the previous year. The net unrealized losses resulted from net decreases in valuations for privately held companies in CI's investment portfolio and public holdings.

CI operating revenue increased in fiscal year 2024 primarily due to CI deploying and recording \$17.2 million as SSBCI program revenue, and net realized and unrealized gains on investments.

CTNext

Statement of Net Position

The financial position of CTNext as of June 30, 2022, 2023, and 2024, per the audited financial statements, are as follows:

	As of June 30,		
	2022	2023	2024
Assets			
Cash and Cash Equivalents	\$ 11,138,091	\$ 5,103,961	\$ 6,861,617
Due from State of Connecticut		123,774	0
Due from Connecticut Innovations Inc.		3,649,953	20,875
Total Assets	11,138,091	8,877,688	6,882,492
Liabilities			
Accrued Expenses and Other Liabilities	3,388,770	1,096,257	0
Deferred Revenue		250,000	0
Due to State of Connecticut	918	0	0
Due to Connecticut Innovations Inc.	9,058	0	0
Total Current Liabilities	3,398,746	1,346,257	0
Net Position			
Restricted for CTNext Fund	7,739,345	7,531,431	6,882,492
Total Net Position	7,739,345	7,531,431	6,882,492
Total Liabilities and Net Position	\$ 11,138,091	\$ 8,877,688	\$ 6,882,492

The decrease in net position of CTNext during fiscal years 2023 and 2024 was primarily due to reductions in cash and cash equivalents.

Statement of Revenues, Expenses, and Changes in Net Position

The revenues, expenses, and changes in net position of CTNext for the fiscal years 2022, 2023, and 2024, per the audited financial statements, are as follows:

	Fiscal Year Ended June 30,		
	2022	2023	2024
Operating Revenues			
State Bonding	\$ 0	\$ 0	\$ 7,000,000
Proof of Concept Funding	0	3,637,500	0
Grant Income	94,342	124,951	43,238
Interest Income	30,952	254,161	289,588
Other Income	0	535,482	501,000
Total Operating Revenues	125,294	4,552,094	7,833,826
Operating Expenses			
Salaries	495,537	823,949	1,055,170
Benefits and Payroll Taxes	402,032	718,103	806,253
Professional Service Fees	238,738	559,816	525,758
General and Administrative	500,000	366,800	500,000

Marketing	150,753	362,032	104,813
Other	39,924	72,431	35,018
Grants and Programs:			
Partners	852,414	1,144,828	754,347
Other Program Expense	395,309	325,644	338,525
Innovation Places	3,589,142	0	271,830
Technology Talent Bridge	739,528	386,405	216,999
Higher Education	430,574	0	150,000
Total Operating Expenses	7,833,951	4,760,008	4,758,713
Non-Operating Expenses			
Return of Proof-of-Concept Funding	0	0	3,724,052
Total Non-Operating Expenses	0	0	3,724,052
Change In Net Position	(7,708,657)	(207,914)	(648,939)
Net Position – Beginning of Year	15,448,002	7,739,345	7,531,431
Net Position – End of Year	\$ 7,739,345	\$ 7,531,431	\$ 6,882,492

CTNext's operating revenue grew by \$4.4 million in fiscal year 2023 and \$3.3 million in fiscal year 2024. The increases were primarily due to a \$3.6 million increase in proof-of-concept funding in fiscal year 2023 and a \$7 million increase in state bond funding in fiscal year 2024.

Operating expenses decreased by \$3 million in fiscal year 2023 and remained constant in fiscal year 2024. The majority of CTNext's operating expenses were for grants and programs. Changes were due to fluctuations in the amount of CTNext grants.

Other Audits and Engagements

Financial Statements Audits

Independent public accountants audited CI, CTNext, and CBIF for the years under review. Those audits attested that the financial statements presented fairly, in all material respects, the financial position of CI, CTNext, and the CBIF for the audited period, and the results of the operations and cash flows during the period in conformity with accounting principles generally accepted in the United States of America.

As an integral part of their financial statement audits, the independent public accountants provided reports on compliance and internal controls over financial reporting. The reports on compliance with certain laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. The reports on internal control indicated that no material weaknesses in internal control over financial reporting were identified.

Other Engagements

During the audited period, CI engaged an independent public accounting firm to evaluate the security posture of its network infrastructure and assess CI and CBIF non-public portfolio company valuations. The procedures performed did not constitute an audit made in accordance with auditing standards generally accepted in the United States of America. As a result, the independent public accounting firm did not express an opinion on CI's reports.