



**Information Technology Support Services  
and Supplemental Staffing  
Technical Proposal**  
*Jefferson Parish, LA*

RFP #: 0464

Due August 25, 2023\_3:30 PM

Submitted by:

TECHNOLOGY SOLUTIONS GROUP  
4320 West Kennedy Boulevard | Suite 200  
Tampa, Florida 33609  
813.327.4717  
ITProposals@MGTCConsulting.com

# A. Cover Letter

August 25, 2023

Attn: Shanna Folse, Buyer II  
Jefferson Parish Purchasing Department  
200 Derbigny Street  
General Government Building, Suite 4400  
Gretna, LA 70053

## RE: Information Technology Support Services and Supplemental Staffing

MGT of America Consulting, LLC (MGT) is pleased to respond to the Jefferson Parish Government request for proposal for Information Technology (IT) Support Services and Supplemental Staffing for the Departments of Electronic Information Systems (EIS) and Telecommunications.

We are a recognized leader as a managed security service provider (MSSP) providing qualified, certified, and trained IT candidates to public and private government clients throughout the United States. We value the unique goals of Jefferson Parish and strive to solve your workforce challenges. We provide large-scale public and private enterprises holistic, cost-effective staffing solutions to help our clients by augmenting their existing staff with trained, qualified, certified candidates who assist your organization to achieve high-value, transformational change.

MGT has specialized in helping government sector clients, agencies, and large-scale enterprises nationwide to augment their current IT staff with top, expert professionals. We tailor our recruiting efforts to meet each client's unique demands, ensuring that we deliver both maximum client value and the differentiated MGT experience. Our strong, long-standing relationships with our candidates and clients are proof that we go above and beyond for our professionals and the businesses they serve.

### Meeting the Minimum Requirements:

Our Professional IT staffing services solve our client's workforce solutions. Our capabilities, personnel, recruiting network of candidates, and our relationships with our clients meet and exceed the minimum requirements.

- ♦ MGT has over 18 years of verifiable paid experience supporting the various systems listed in Section 2.1 of the RFP. We have detailed our qualifications in Section D of our proposal.
- ♦ With over 230 technical resources on staff and a full-time IT Talent Acquisition division, we have the ability to provide consistent on-site team members to provide supplemental staffing support.
- ♦ MGT provides all clients with a support escalation path contact list with phone numbers and email addresses of supervisors, directors, and CEOs as needed.



- ◆ Providers will assist, upon request, with acquiring all products and services as needed to meet the requirements of the Parish. We are an authorized reseller with Palo Alto and Cisco as well as having long-standing partnerships with over 40 original equipment manufacturers.
- ◆ MGT will create support tickets for all requested work using Parish's IT ticketing system. We understand invoices will not be paid without a referenced ticket number.

We are prepared to partner with Jefferson Parish and are willing to negotiate a contract to provide to the Department of Electronic Information Systems (EIS) and Telecommunications all scope of work on Information Technology Support Services and Supplemental Staffing.

For any questions regarding our qualifications, pricing, or our solution, please contact our authorized representative Tonya Vera, Director of Sales, Technology Solutions Group, at [ITProposals@MGTConsulting.com](mailto:ITProposals@MGTConsulting.com) or 813.327.4717.

We look forward to the possibility of partnering with Jefferson Parish to support and serve its evolving IT needs and goals.

Sincerely,



Robert Holloway  
Senior Vice President  
Authorized to bind the firm

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## C. Technical Proposal Elements

### Scope of Work Response

#### Partnering with IT Staffing Expertise

MGT's global database of applicants and state-of-the-art processes identify the best staffing solutions for the Parish's specific needs. Our pipeline of seasoned professionals will enable the Parish to enhance its team quickly, eliminating the need for lengthy candidate searches and enhancing the competitive advantage of your business.



MGT's Staffing Solutions division has successfully served many public-sector organizations across the United States, including Florida Department of Management Services under the State Term Contract Number 80101507-21-STC-ITSA. IT Staff Augmentation Services, Miami-Dade County Public Schools, and Jeffco Public Schools (BOCES).

We realize organizations expect and demand staffing recruiting vendors to operate with the highest level of fidelity toward providing quality, certified candidates. We hold our candidates and full-time staff to the highest standards internally due to the nature of their critical work. MGT, and its 49+ years of experience, are synonymous with excellence in quality and delivery, and have the technical expertise to deliver staffing solutions and services to clients in the education industry.

- ◆ International Organization for Standardization (ISO) 27001 Certified (We hold ourselves to the highest security standards)
- ◆ Over 230 cyber security engineers on staff
- ◆ Temporary Staffing – MGT's engineers and IT professionals will quickly integrate themselves with your internal team's processes, boosting the expertise and efficiency of your team. Our pipeline of seasoned specialists allows us to immediately find the right fit for hard-to-fill or temporary positions, helping clients meet tight deadlines or fill gaps.
- ◆ Temporary-To-Hire – If you are looking for a possible long-term solution, MGT assists its clients sourcing, recruiting, and retaining talented software engineers and other technology experts, helping both sides to seamlessly transition from temporary to full-time.
- ◆ Direct Hire – If you're looking for full-time IT, our advanced technology and expertise in finding superior quality candidates will become an essential aspect of your search. Our talent sourcing techniques help clients secure the best talent that the industry has to offer.



## MGT Staff Solutions Advantage

Our IT staffing services are available to assist businesses with every type of project need or staffing deficiency. We will quickly integrate top software engineers and other professionals that increase your team's capacity and add value to your project. From prototyping to full-scale development of desktop, mobile, or web applications, testing, and systems management, our team of professionals will partner with you to find the best solution for your technology needs.

## THE MGT CONSULTING BENEFIT



MGT offers an impartial perspective of the outcomes and findings. As an independent entity, our only vested interest is that of our clients. We apply our extensive experience to generating objective, practical solutions to advance our clients' strategic priorities.



MGT understands that staffing changes require innovative and bold thinking. We do not shy away from questioning everything from organizational structures and work processes to the very statutes and ordinances that create and guide the work of an agency or institution. MGT is committed to offering useful recommendations that achieve real results and is ever mindful of the practical and political realities the City may face.

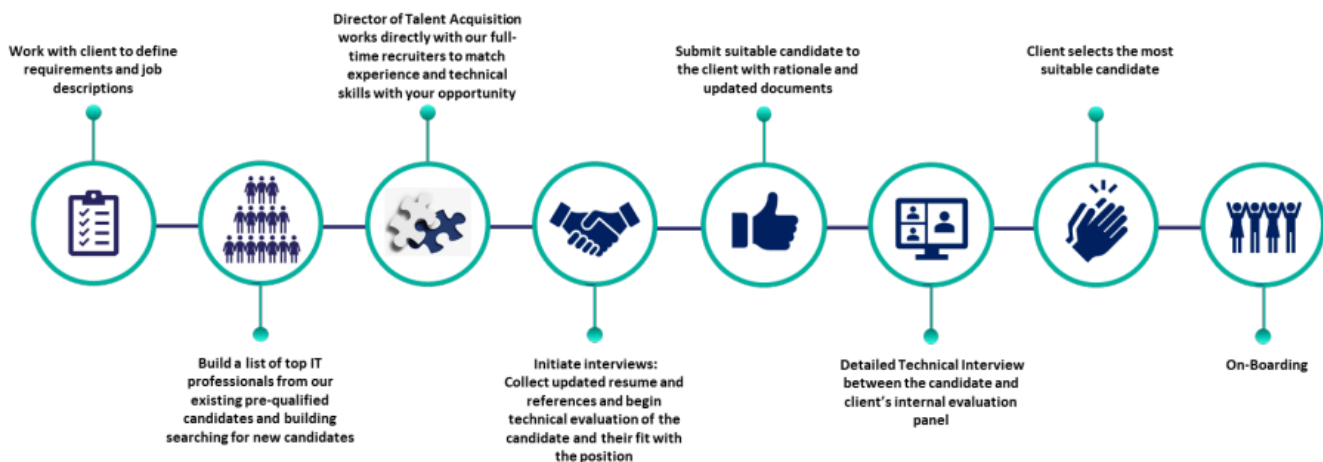
A significant portion of MGT's work is repeat business, reflecting a high level of customer satisfaction and our team's ability to do the job and do it right.



MGT provides solutions which are specifically tailored to meet the needs of our clients. Our team has an impressive history of providing customized solutions, objective research, creative recommendations, and quality products that respond to each client's unique needs and time requirements.

## How MGT Can Provide Scope of Services 2.1 to the Parish

At MGT, we adhere to a very stringent candidate pre-screening process, developing a highly qualified pipeline of IT professionals to meet various business needs.



## C. TECHNICAL PROPOSAL ELEMENTS

Our IT staffing services offer the expertise and flexibility that our clients need to augment their teams in a way that is productive, convenient, and cost-effective through a global database of applicants.

For any project-based professional service request, MGT does not require a full-recruitment process as outlined above for the IT Staffing Process. Once the Statement of Work is provided and agreed upon by both the Parish and MGT, we will pull from a list of pre-qualified candidates or internal W-2 personnel who are qualified, and whose rates fall within the pre-established rates with the city.

### Wide Pool of Candidates to Choose From

Part of MGT's success is based upon our flexibility and responsiveness. We are acutely aware of the political, economic, social, and technological factors that impact all agencies and organizations. MGT has successfully delivered more than 20,000 projects through a careful balance of addressing the immediate needs of our clients, while maintaining the vision and direction towards their long-term goals and monitoring industry best practices.

MGT Technology has expanded our availability of staffing offerings with the addition of Cira Infotech and Layer 3 Communications to provide more than 400 professionals with expertise to support the Parish's success. Our personnel are located throughout the nation, providing our IT Talent Acquisition specialists availability to support local and regional markets, as well as providing a wide-pool of candidates to choose from.

### NATIONAL FIRM LOCAL FOCUS

**ALABAMA**  
Montgomery

**CALIFORNIA**  
Sacramento | Pasadena  
| Carlsbad

**COLORADO**  
Denver

**FLORIDA**  
Tallahassee | Tampa

**GEORGIA**  
Atlanta

**KANSAS**  
Wichita

**ILLINOIS**  
Chicago

**MASSACHUSETTS**  
Boston

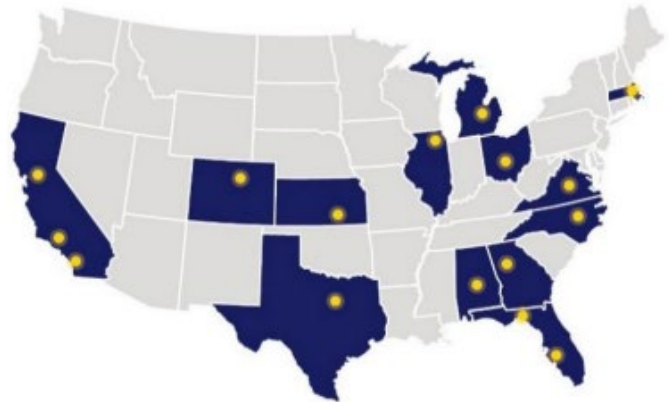
**MICHIGAN**  
Bay City

**NORTH CAROLINA**  
Raleigh

**OHIO**  
Columbus

**TEXAS**  
Dallas

**VIRGINIA**  
Richmond



Similar to a standard request for proposal response, we will submit the candidates to the Parish with the understanding the Parish reserves the right to accept or reject the requested candidates.

It is important to note that we would provide candidates from a pre-qualified list of specialized IT technical candidates who have special training and/or certification specific to the SOW, and that background checks will be executed again after the SOW is accepted by the Parish. If the SOW is accepted, the Parish will submit a Purchase Order to MGT and the ready to work candidates would be provided immediately.

### Proposed Personnel for Supplemental Staffing Services

Proposed Staff Name	Service Area
Durga Modugula	Oracle Datab Base Administrator & Programmer / Analyst
KJ Morrison	Server Technician
Siva Kallam	Server Technician

## C. TECHNICAL PROPOSAL ELEMENTS

<b>Bobby McLaurin</b>	Microsoft Support Technician and PC/Help Desk Technician
<b>Prashant Rajbhandari</b>	Network Administrator/Technician
<b>Harshavardhan Madduri</b>	Network Administrator/ Technician

## Training

The MGT IT and Cybersecurity Practice is distinguished in its commitment to complete knowledge transfer. Our goal in every engagement is to leave the client team better informed and better armed to address threats than they were when we arrived. All data and other collateral materials gathered and developed during the project will be provided to the client's team. Reports will be verbose and detailed, and will provide the client team with the knowledge and information needed to continue hardening the security profile. At the conclusion of any strategic planning, cybersecurity service, and policy and procedure development activities, we will, at the client's discretion, meet with leadership to review the results step-by-step and provide staff training and orientation so that team members are prepared to implement any recommended improvements in infrastructure or operations.

Our goal is to help our clients build and maintain a knowledgeable, talented, and diverse workforce by implementing policies and procedures that foster safe and fair organization. Our training approach is a collaborative effort between MGT and the HCDE/CP or CP Member staff to make all staff feel comfortable performing each test, understanding, and reasoning, and how to provides fixes, mitigations, and remediation solutions.

Our design, develop, and deliver training approach can be augmented and customized based on HCDE/CP or CP Member required inputs and needs. Whether training is conducted in-person or through telecommunication means, MGT's goal is to cross-train HCDE/CP or CP Member IT security teams to familiarize each staff member with the intuitive nature of the project engagement requirements. MGT provides knowledge transfer to HCDE/CP or CP Member IT security teams through continuous communication during the entirety of the project.

As a baseline, our training will outline the objectives, needs, strategy, and curriculum to be addressed:

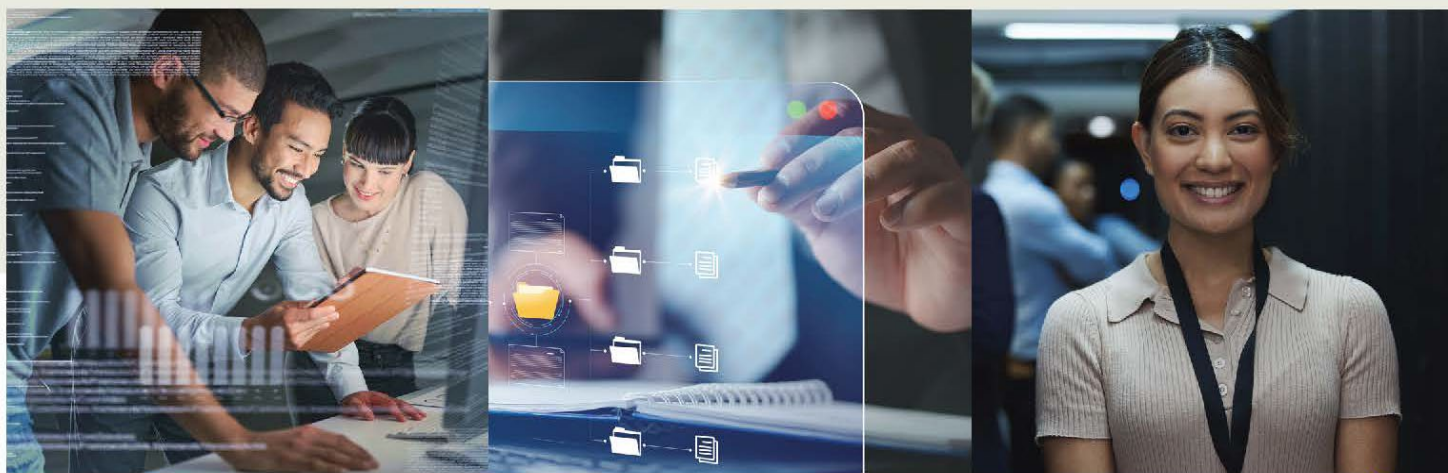
1. Establish Delivery Method
2. Duration/Class size, specific roles of employee, schedule
3. Gather the Parish's input and establish objectives based on requirements
4. Develop course material, curriculum, and other required documentation
5. Present Training
6. Knowledge transfer

## D. MGT Qualifications and Experience

### MGT's History and Expertise

#### EMPOWER YOUR ORGANIZATION WITH COMPREHENSIVE TECHNOLOGY SOLUTIONS

In the ever-changing technology landscape, threat actors never rest. Having fortified, up-to-date IT systems is no longer just an option; they're the foundation for a strong, right-sized organization. Now, more than ever, businesses need a rock-solid IT infrastructure, laser-focused cybersecurity monitoring, and expert IT staff to monitor and manage complex systems.



### Our solutions are centered around three key areas:

#### Infrastructure Solutions

We offer standard and customized network management and support, infrastructure as a service (IaaS), and business continuity services through our cloud hosting facilities.

We guide your business to full IT resiliency using cutting-edge solutions that will help stop attacks, secure your data, and continuously monitor your systems.

#### Managed Solutions

No matter if you need hands-on cyber security engineering and remediation, 24x7 network monitoring or firewall and penetration tests, we have you covered.

We provide flexible, holistic information technology solutions to bolster your internal capabilities to protect your critical data and systems.

#### Professional IT Staffing

Our IT staffing services are designed to accommodate diverse organizational requirements, offering flexibility and professional expertise.

From Fortune 500 companies to small municipalities, we provide either temporary or direct placement of the talent you need— all with competitive pricing.



all under one roof with MGT's suite of technology businesses



Cira InfoTech

LAYER3  
communications



JEFFERSON PARISH | AUGUST 25, 2023

RFP # 0464 | INFORMATION TECHNOLOGY SUPPORT SERVICES AND  
SUPPLEMENTAL STAFFING FOR THE DEPARTMENTS

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# TSG Values

To be mission and engineering-driven while providing custom managed IT, security, and network services which increase resiliency and cybersecurity for business.

To provide unparalleled technology and security outcomes to lift up public sector organizations and enterprises against cyber threats.

To be an extension of your security team, helping to maximize effectiveness, efficiency, and staff resources so the internal team can focus on what is most important.

## TSG Solutions Offerings

### Managed Services

- Managed Network Services (NOC)
- Managed Security Services (SOC)
- Managed Detection and Response
- Next-Gen Firewall Management
- Vulnerability Management
- Emergency Incident Response

### Professional IT Staffing Services

- Recruitment and placement of IT professionals
- Contract management and administration
- Performance management and evaluation
- Compliance with legal and regulatory requirements

### Advisory and Professional Services

- Risk Assessments and Testing
- Compliance Programs
- Technology and Implementation Services

### Value Added Reseller

- Technology sourcing

### Assessments

- Gap Assessment
- Vulnerability Assessment
- Business Email Compromise
- Cybersecurity Maturity
- Penetration Testing

### Cloud and Hosting

- Computer/Network/Storage/Security
- Business Continuity
- Infrastructure as a Service

### Custom Development and Automation

- Custom Management Applications
- Ansible deployments
- Network and Systems Automation

## Past Performance (Qualifications)

MGT's ability to excel has been driven by our expertise, quality, and our commitment to exceeding client expectations. Part of MGT's success is based upon our promise to be flexible and serve clients to the highest degree. We have provided managed cybersecurity professional services to enable our clients to align with their mission and vision to serve their communities effectively and safely.

*“What I liked most about working with MGT staff is their creative approach in providing solutions to each project. The County has implemented MGT's recommendations...”*

**Lisa Davidson**  
Director of Human Resources  
York County, South Carolina

**A 50-year focus on driving innovation in public organizations for staff, administration, and community**

*“We partner with clients to advance and lift up the communities they serve.”*



## Florida Department of Education

### PROJECT MANAGEMENT FOR THE STATEWIDE LONGITUDINAL DATA SYSTEM



Since 2014, MGT has provided project management and staff augmentation support for the Florida Department of Education (FLDOE) Statewide Longitudinal Data System (SLDS) which is designed to improve data management, data integrity, and data quality to enable FLDOE to be more responsive while reducing administrative processing costs. Project management and staff augmentation provided by MGT has included planning, organizing, and managing SAS resources to facilitate upgrading data systems to improve data management, decision-making, more efficient data collection, broader accessibility, and tighter security. Within this context MGT has been responsible for coordinating and facilitating meetings with SLDS team members, aligning technological operations with

new technologies, and recommending methods to streamline operations and implement approved recommendations.

## US Foods

### STAFF AUGMENTATION



US Foods is one of America's leading food distributors, servicing restaurants, the healthcare industry, and more. The company employs about 25,200 people in more than 60 locations nationwide and provides food and related products to more than 250,000 customers, including independent and multi-unit restaurants, healthcare and hospitality entities, government, and educational institutions. The scope of services provided by MGT supplied resources includes

the entire network firewall design, the configuration of advanced security features such as Intrusion Detection System/Intrusion Prevention System (IDS/IPS) for threat detection and prevention, secure remote access for all US Foods employees, and much more.

## Aegon N.V

### STAFF AUGMENTATION



Aegon N.V. is a Dutch multinational life insurance, pensions, and asset management company headquartered in The Hague, Netherlands. MGT has provided skilled individuals to support the client's infrastructure. These resources have been helping Aegon by architecting and securing the environment. MGT's resources have

supported Aegon in migrating firewalls, deploying a new remote access solution, and performing extensive work in achieving the micro segmentation of the network.

## Deutsche Bank (Jacksonville, Florida)

### FIREWALL ADMINISTRATION AND SECURITY SUPPORT SERVICES



**Deutsche Bank**

Deutsche Bank is a global multinational investment bank headquartered in Frankfurt, Germany, with operations in 58 countries. Since 2005, MGT has supported the bank's Network and Security Department, providing highly skilled resources. The scope of services provided by our professionals includes network and security lifecycle services, 24x7 Security Operations Center (SOC) services, firewall administration and support, threat detection and alerting, incident and problem management, and much more.

## United States Department of Agriculture (USDA)

### FIREWALL ADMINISTRATION AND SECURITY SUPPORT SERVICES



The USDA is made up of 29 agencies and offices with nearly 100,000 employees who serve the American people at more than 4,500 locations across the country and abroad. The USDA provides leadership on food, agriculture, natural resources, rural development, nutrition, and related issues based on public policy, the best available science, and effective management. MGT has provided highly skilled resources to support USDA Network and Cyber Security project implementations and datacenter operations for data encapsulation, perimeter filtering, and internal controls utilizing

firewalls, Virtual Private Networks (VPNs), Proxies, and Remote Access system technologies. Our resources extensively work on highly sensitive Personally Identifiable Information (PII) data with Federal government security clearances.

## References

### Florida Department of Education

#### IT ORGANIZATIONAL CHANGE IMPLEMENTATION AND MANAGEMENT (Contract #: ITS 80101705-SA-15-01)



Andre Smith, Deputy Commissioner of Innovation

325 W. Gaines Street, Suite 1454

Tallahassee, FL, 32399

(410) 313-6600 | (850) 245-0428 |

artesa.Anderson@dos.myflorida.com

PoP: January 2020 – October 2020

**Relevant Scope of Services:** Since 2014 MGT has provided project management and staff augmentation support for the FLDOE SLDS which is designed to improve data management, data integrity, and data quality to enable FLDOE to be more responsive while reducing administrative processing costs. Project management and staff augmentation provided by MGT has included planning, organizing, and managing SAS resources to facilitate upgrading data systems to improve data management, decision-making, more efficient data collection, broader accessibility, and tighter security. Within this context MGT has been responsible for coordinating and facilitating meetings with SLDS team members, aligning technological operations with new technologies and recommending methods to streamline operations and implement approved recommendations.

### Deutsche Bank

#### STAFF AUGMENTATION STAFFING SERVICES (CONTRACT #: 386272)



Crystal Soles, IT Manager

One Penn Plaza, Suite 1820

New York, NY 10001

(212) 613 1220 | crystal.soles@global.ntt

PoP: August 2022 – Present (December 2023)

**Relevant Scope of Services:** IT Staffing Services: provided multiple positions to augment existing IT staff. Our staff were tailored to their business and helped their company grow to due increased staffing. In addition, we provided Deutsche Bank, a part of NTT America's organization, staff augmentation as part of this contract. Deutsche Bank is a global multinational investment Bank

headquartered in Frankfurt, Germany with operations in 58 Countries. Since 2005, MGT has supported the bank's Network and Security Department providing highly skilled resources. The scope of services provided by our professionals includes network and security lifecycle services, 24x7 SOC services, firewall administration and support, threat detection and alerting, incident and problem management, and much more.

## United States Department of Agriculture (USDA)

STAFF AUGMENTATION STAFFING SERVICES (CONTRACT #: AVAILABLE ON REQUEST)



Cindy Long, Administrator

3101 Park Center Dr.

Alexandria, VA 22302

[703.305.2062](tel:703.305.2062) | [cindy.long@usda.gov](mailto:cindy.long@usda.gov)

PoP: June 2018 – January 2020

**Relevant Scope of Services:** The USDA is made up of 29 agencies and offices with nearly 100,000 employees who serve the American people at more than 4,500 locations across the country and abroad. The USDA provides leadership on food, agriculture, natural resources, rural development, nutrition, and related issues based on public policy, the best available science, and effective management. MGT has provided highly skilled resources to support USDA Network and Cyber Security project implementations and datacenter operations for data encapsulation, perimeter filtering, and internal controls utilizing firewalls, VPNs, Proxies, and Remote Access system technologies. Our resources extensively work on highly sensitive PII data with Federal government security clearances.

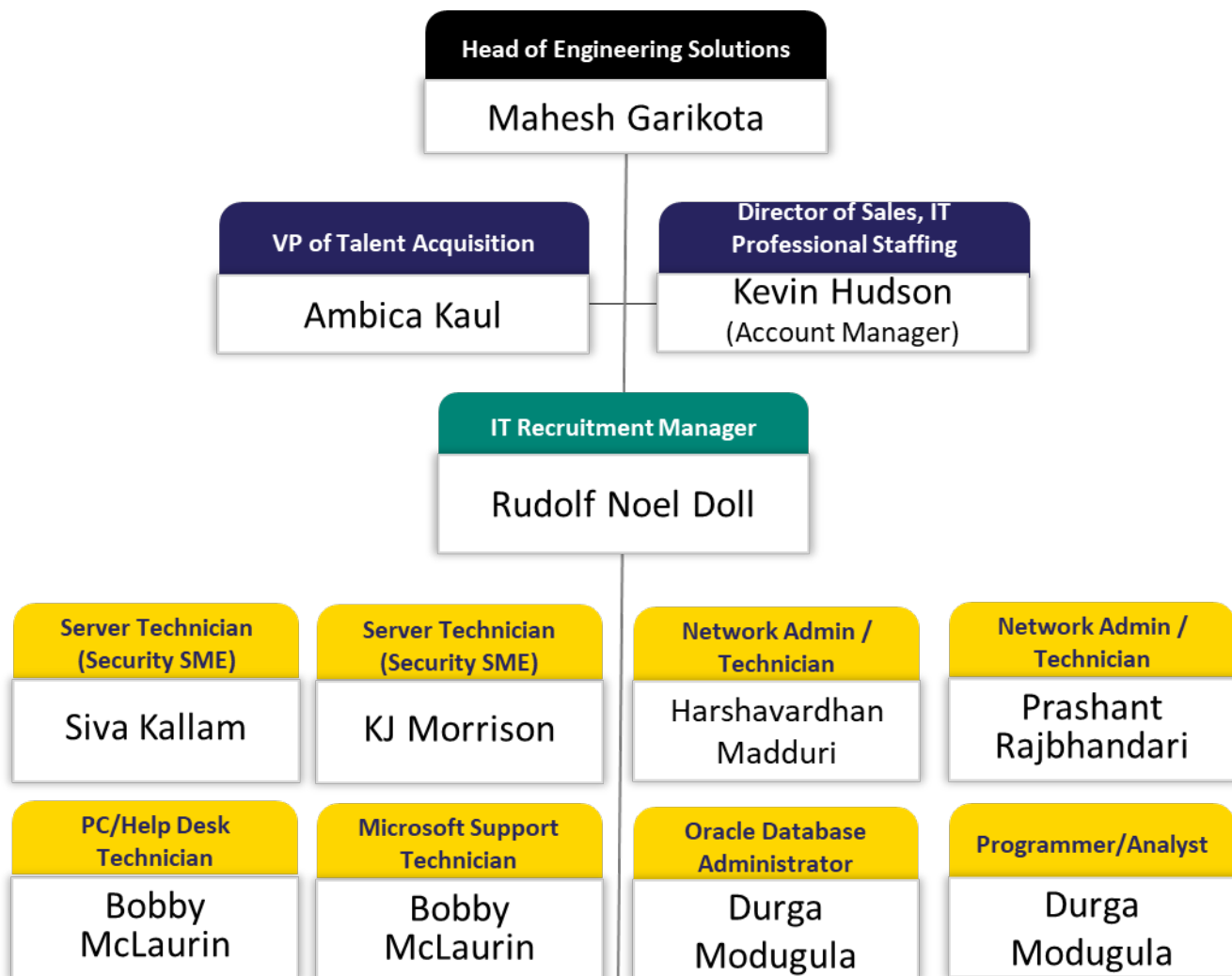
## Our Qualified Team

### Proposed Personnel for IT Support Services

Our proposed personnel have an average of 20 years of industry experience in implementing security solutions and experience with the Parish existing systems. All the proposed personnel are full-time employees with MGT; subcontractors will not be used for this engagement.

Many of MGT's certified subject area specialists have worked in leadership positions at educational institutions, universities, community parishes, counties, and other public sector and government organizations. They have firsthand experience in the challenges encountered when delivering innovative solutions to the technology and organizational needs of early education organizations, achieving results efficiently and effectively.

*As an extension of your security team, MGT helps maximize effectiveness, efficiency, and staff resources so the internal team can focus on what is most important.*



**Resumes:** Please refer to the following pages for resumes of all personnel listed in the above organizational chart



## Education

Master of Computer Applications

Bachelor of Science



## Mahesh Garikota

Head of Cyber Security Solutions

MGT Consulting

### Summary

MGT's Head of Engineering and Senior Vice President of Cyber & Network Solutions is Mr. Mahesh Garikota. He is a widely experienced senior security professional with expert proficiency in developing and implementing innovative managed security solutions for public sector clients and a range of private industries that includes banking, insurance, manufacturing, and energy. Mr. Garikota brings over 20 years of experience in network and security engineering at the enterprise level with the design, implementation, and support of network infrastructure.

### Relevant Skills

- ◆ Built and implemented SIEM Solutions for customers at the enterprise level with thousands of assets.
- ◆ Managed a team of security analysts delivering Detection and Response Services to SLED customers 24x7.
- ◆ Delivered in large enterprise networks and security design, integration, and implementation services covering perimeter, DMZ, NG Firewall, Load Balancing, Proxy, Network Detection and response, End Point Security, IOR (Indicators of compromise), VAPT, Advanced Threat Detection, Cloud Security including AWS, AZURE, and google.
- ◆ Subject Matter Expert for enterprise security and GRC (Governance, Risk, and Compliance).
- ◆ Performed Compliance audits such as PCI DSS, ISO 27001, HIPAA, SOC2/Type2, etc.
- ◆ Designed and implemented PCI security zone as well as installed and configure firewalls at the Perimeter & DMZ
- ◆ Developing and implementing innovative technology solutions for a variety of industries, including banking, insurance, manufacturing, health care, and oil refineries.

### Project Experience

- ◆ MSP Division (Multiple End Clients) | Lead Architect and SOC Delivery Head | Oct 2018 – Present
- ◆ Major Banking Clients including. Key Bank and Capital One | Subject Matter Expert Network Security/SOC | Nov 09 – Sep 18
- ◆ Enterprise Data Center Network Support (TRW, GE, Hitachi, etc.) | Sr. Network Security Engineer | Mar 05 – Nov 09
- ◆ Savvis Data Center Support (American Airlines) | Firewall Engineer | Jun 04 – Feb 05



## **Technical Experience**

### **NGFW Technologies**

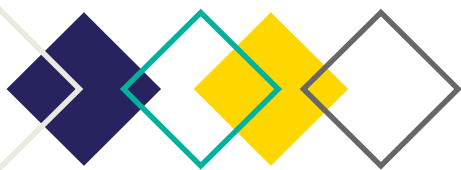
- ◆ Planning, Designing, Implementation, and Troubleshooting Checkpoint, Palo Alto Networks, Cisco ASA, Juniper, and Fortinet Firewalls in large Enterprise scale networks.
- ◆ Working with Enterprise firewall management platforms including PANORAMA to manage Palo Alto Firewalls, Checkpoint Provider-1/MDS environment with multiple CMA's for Policy Provisioning, Forti Manager for Fortinet's, and FMC (Firepower Management Console) for Cisco devices

### **Cyber Security**

- ◆ Lead Managed Detection and Response (MDR) team to effectively detect, and respond to incidents.
- ◆ Perform cyber defense incident triage, including determining scope, urgency, and potential impact, identifying the specific vulnerability, and making recommendations that enable expeditious remediation.
- ◆ Perform real-time cyber defense incident handling (e.g., forensic collections, intrusion correlation and tracking, threat analysis, and direct system remediation) tasks to support deployable Incident Response Teams (IRTs.)
- ◆ Experience working with NDR tools as well as SIEM tools such as LogRhythm, Rapid7 InsightIDR, Splunk, etc.
- ◆ Familiarity with industry standards such as PCI DSS, HIPAA, CIS Critical Controls, NIST, and OWASP (TOP20).
- ◆ Detect and respond to alerts from end-point detection response tools.
- ◆ Establish a vulnerability management program using systematic scanning, risk evaluation, and coordination to remediate or mitigate identified vulnerabilities.
- ◆ Provide escalation support and document resolutions for improvement
- ◆ Work with the Account Management team as a Security SME to advise clients on applicable security solution technology, practices, managed services, and available solution programs.
- ◆ Provide weekly and monthly reports on Security Incident Response team activities
- ◆ Coordinate and provide expert technical support to resolve cyber defense incidents. Coordinate with intelligence analysts to correlate threat assessment data
- ◆ Experience deploying and configuring Blue Coat Proxy SG series appliances and managing using Bluecoat Director.
- ◆ Build and troubleshoot Site to Site (B2B) IPsec VPN and work with various business partners.
- ◆ Implementation and support of Remote Access VPN solutions with Multi-Factor Authentication.
- ◆ Understanding of DMZ and building the segregation across application layers (Web / App and Data Base)
- ◆ Zoning of Firewalls based on Production, QV, Preproduction, DR, and Development
- ◆ Building Disaster Recovery and Business Continuity Planning and Data Center Migration to Cloud.

### **Routing and Switching**

- ◆ Planning, designing, Installing, and Configuring Cisco Routers (ASA 1000, 7600, 7200, 3900, 2900, 2800) & Cisco L2 & L3 Switches (Nexus 9K, 7K, 5K, 2K, and IOS 6500, 4500, 3750 series,).
- ◆ Configuring and implementing Routed and Routing protocols including OSPF, EIGRP, and BGP.
- ◆ Designing & implementing Cisco 3-tier LAN Network Architecture (Core, Distribution, and Access).
- ◆ Configuring Spanning Tree, Rapid Spanning Tree, MST, VLAN, VTP.
- ◆ Redistribution of routing protocols, Route-maps (Policy Based Routing), access list, and NAT.
- ◆ Implementation of HSRP, VRRP protocol on routers. VRF on Routers and build GRE Tunnels between Cisco routers.
- ◆ ITIL, Agile Scrum, Waterfall Methodology, Infrastructure Services Served on the Title III; Orientation and Peer Support Advisory committees and the Honors Council





## Education

IBM Sales Training,  
Poughkeepsie, NY & Dallas, TX

B.S. Kelley School of Business,  
Indiana University,  
Bloomington, IN.

Certified Personnel Consultant  
– NAPS

Certified Temporary Staffing  
Specialist – NAPS

## Organizations and Associations

Tampa Bay Technology Forum  
Board Member

Leadership Tampa Alumni

Tampa Chamber of Commerce

National Association of  
Computer Consultant  
Businesses

National Association of  
Personnel Services

## Kevin Hudson

Director of Sales- Professional IT Staffing  
MGT Technology Solutions

### Summary

Mr. Kevin Hudson has extensive sales and operations experience in the staffing industry with a focus on Technology, Finance & Accounting, HR & Talent Acquisition and Engineering roles. Have been a consistent top national performer in both sales and management in all former

### Relevant Skills

- ◆ Total Account Relationship Management
- ◆ Strategic Planning and Implementation
- ◆ New Business Development and Expansion
- ◆ Growth Mgmt. & Territory Leadership
- ◆ Sales Representative Hiring and Development
- ◆ Customer Acquisition and Penetration
- ◆ Team Building, Training and Supervision
- ◆ Proactive Negotiation and Closing Skills
- ◆ Proven expertise in navigating complex client organizations, building teams of dedicated and productive managers, sales executives and delivery teams while providing an atmosphere of collaboration and motivation that breeds top performers.
- ◆ Demonstrated track record of generating sales, increasing market share, and developing a strategic partnership with clients by understanding their objectives and delivering results.
- ◆ Driven to achieve success in every undertaking - using leadership and business knowledge to produce results that exceed objectives. Has included Branch of the Year multiple years and Strategic Account Exec of the year for 6 of the 9 years in the role at Kforce. Qualified for incentive trip both years eligible at Veredus.



## Work Experience

### Director or Sales – Professional IT Staffing, MGT Technology/Cira

April 2023 - Present

- ◆ MGT embraces the most complex challenges with deep commitment, agility, and local expertise to make measurable and profound social impact. We are nationally respected leaders in management consulting and technology services who help professionals enhance, transform, and sustain a higher quality of life for citizens in our community. Simply stated, our promise is:
- ◆ We improve lives by advancing and lifting up your community.
- ◆ This purpose reflects the company's strong social conscience and service ethic that forms the core of the MGT "Why." MGT models this philosophy by systematically seeking out the highest-impact projects and relationships, encouraging community involvement and investing in a collaborative and rewarding world-class work environment for employees.
- ◆ Our team helps clients find solutions in areas like finances and forecasting, human capital, cyber and network security, diversity and inclusion, and education improvement. With an award-winning track record and history of repeat engagements, our creative solutions are tailored to meet each client's specific needs. We approach each project from our client's perspective, because we understand every engagement demands a commitment to professional, accurate, and skilled advice. We are trusted advisors offering innovative solutions in an ever-changing world.

### Sr. Director National Accounts, Johnson Service Group

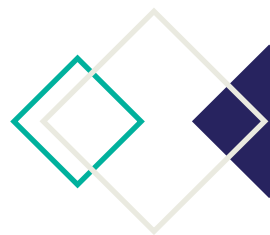
March 2020 to January 2023

#### Notable Accomplishments:

- ◆ Targeted MSP's to add Blue Origin, Black & Veatch and Power Supply to JSG's list of clients on a national level.
- ◆ In the two years I supported Blue Origin, we placed 35 consultants into Aerospace, IT, Talent Acquisition and Accounting roles.
- ◆ Black & Veatch and Power Supply were new accounts that we had just started working
- ◆ Picked up Glaxo Smith Kline (GSK) in Oct. 2022 from another account manager and made our first contract placement the last month I was there.
- ◆ Supported Mount Vernon Mills and The Energy Authority for permanent roles and made 7 placements in 2 Years.

#### Responsibilities

- ◆ Targeting and developing large National Accounts by making focused weekly calls and e-mail contacts on perspective MSP's and clients utilizing a documented call progression and maintaining regular contact as needed.
- ◆ To be the single point of contact for firm for all client related issues, meeting with client executives, establishing relationships across geographies and lines of business. Interfacing to client or external VMO, establishing internal Rules of Engagement,
- ◆ Daily calls with delivery teams to make sure team was meeting plan and to address any issues preventing us from filling open roles and growing our footprint at the client
- ◆ Developing and implementing Quarterly strategic Plan of Attack (PoA) for each client to ensure local and senior management buy in to plan and projected revenue and profitability.



## **National Account Executive, Veredus a Hays Company**

October 2016 to March 2020

- ◆ Focus on finding, breaking into and developing national accounts.
- ◆ Developing contact lists from outside sources such as RainKing, ZoomInfo and LinkedIn as well as our own internal CRM.
- ◆ Setting up client visits to introduce local account manager to new managers as well as working to develop the relationship thru breakfasts, lunches, dinners and after hour team events with client.
- ◆ Coordinating with local office, National Delivery team and Virtual Recruiting Center for job coverage.
- ◆ Was responsible for technical staff augmentation needs at HPE/DXC and Verizon across our offices and whitespace

## **Business Unit Leader, Veredus a Hays Company**

November 2013 - September 2016

### **Notable Accomplishments:**

- ◆ Top office in revenue and profitability all years managed
- ◆ Qualified 2 of 3 years eligible for annual recognition trip
- ◆ Coordinated rebuild of sales and recruiting sides after promotions and additional needs due to growth

### **Responsibilities**

- ◆ Managing team of 21 (6 Sales, 12 Delivery and 3 Ops) and a consultant base over 200 with annual revenues over \$30M for our Technology line of business. Includes permanent business as well.
- ◆ Develop and grow Sales and Recruiting staff
- ◆ Leverage resources within Veredus to exceed my business goals
- ◆ Be my client's advocate within Veredus to provide them with the best customer service in this market.

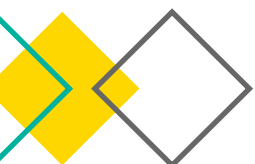
## **VP Strategic Accounts , Kforce Corporation**


March 2005 – October 2013

### **Notable Accomplishments:**

Supported JPMorgan Chase for over 8 years and developed it into Kforce's largest client with revenue over \$32M and 400 heads in both Technology and F&A lines of business

- ◆ Took over Bank of America at a point where we had less than 10 Non-IT heads and built it into the 4th largest client at Kforce with revenues over \$25M and 450 heads in both Technology and F&A roles
- ◆ Responded to jetBlue RFP when it was a single location client and was awarded sole source business to service NY, Salt Lake City and Orlando. When left account we had 82 heads billing on Tech side driving over \$12M a year
- ◆ Was first to use National Recruiting Center (NRC) delivery resources to support a national account
- ◆ Exceeded sales quota each year and was managing a portfolio close to \$60M with JPMC and BoA



- 
- ♦ Awarded Annual Performance Incentive Trip in 6 of 9 years for being top performer in Strategic Accounts and awarded Employee of the year in 2006 and the President's Circle Award as one of top contributors in the company in 2010

#### **Responsibilities**

- ♦ Targeting and developing our largest National Accounts by creating sales and delivery teams to support the client in all key locations.
- ♦ To be the single point of contact for firm for all client related issues, meeting with client executives, establishing relationships across geographies and lines of business. Interfacing to client or external VMO, establishing internal Rules of Engagement, developing national team to support accounts and conducting Monthly National Account calls with the sales and delivery teams to make sure team was meeting plan and to address any issues preventing us from growing our footprint at the client
- ♦ Developing and implementing annual strategic Plan of Attack (PoA) for each client to ensure local and senior management buy in to plan and projected revenue and profitability.

#### **Various Roles , Kforce Coropration**

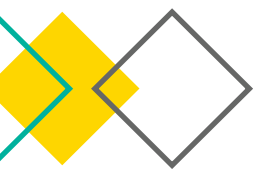
April 1994 – February 2005

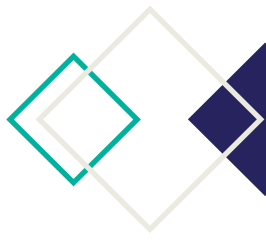
#### **Notable Accomplishments:**

Began career at Kforce as Director of Marketing and began from scratch. Created target client list and started dialing. Qualified for the annual incentive trip as a producer my second year and each of the next two as well earning "IT Producer of the Year" my final two years on a desk.

- ♦ Promoted to Business Unit VP for Technology to run Tampa IT Office – Branch consistently ranked in the top 3 in the country both years. Managed revenues of over \$20 Million and 26 core employees and over 165 consultants. Y/Y growth averaged over 55% per year both years.
- ♦ Promoted to IT Regional VP - Region was in the top two in revenue and profitability all three years. Managed revenue over \$50 Million, 50 core employees and over 250 consultants.
- ♦ Promoted to Market President – Oversaw the successful integration of our Technology and F&A operations into single office P&L. Managed total revenue over \$9.5M while managing 21 core staff and over 150 consultants on assignment.

#### **Responsibilities**

- ♦ As Director of Marketing responsible for personal book of business in addition to managing the sales side of the business
  - ♦ As BUVP responsible for exceeding business objectives and P&L for entire office which included Technology staff augmentation and Search lines of business
  - ♦ As IT Regional VP, I had all Sales, Delivery and Operational responsibilities for Florida Market which included Tampa, Orlando, Ft. Lauderdale, and Miami operations.
  - ♦ As Market President responsible for exceeding business objectives and P&L for IT and F&A operation in the new "City Model"
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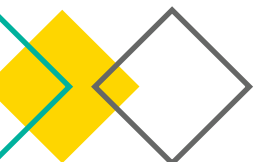
## **VP Strategic Accounts , IBM Corporation**

March 2005 – October 2013

### **Notable Accomplishments:**

Began career at IBM out of college. I progressed from Account Manager to a Regional staff role and on to Marketing Manager. After that, I began a regional staff management role that lead to me being the AA to the Regional manager. I was then promoted to Branch Manager in Tampa, Fl.

I qualified for IBM's annual awards trip each year after the initial year and for the IBM Golden Circle my last year as an account manager for bringing in a very large new client.





## Education

Bachelor of Engineering in  
Electronics and Communication

Master of Science in Electrical  
Engineering

## Certifications

Checkpoint Certified Security  
Expert (CCSE)

Cisco Certified Network Associate  
Security (CCNA Security)

## Prashant Rajbhandari

Network Security Engineer  
MGT Technology Solutions

### Summary

Network and Security Engineer with 10+ years of experience including design, installation, configuration, and support of network & security Products. Significant experience on industry-leading Network and Security appliances including Fortinet, Cisco ASA, Checkpoint, Palo Alto, Fortinet and Juniper Firewalls, and Cisco-based Routing and Switching. Hands-on experience with VPN implementation including Site to Site, IPsec-based Remote access, Intrusion Detection, and prevention appliances including Cisco AIP-SSM, IDS/IPS, and Source Fire. Experience with F5 load balancers. Knowledge in Network monitoring and vulnerability assessment tools like Solarwinds, Qualys, and Nessus. Unsurpassed customer service, dedicated, positive, team-oriented attitude with proven leadership and success in highly visible roles for various-sized project implementations.

### Project Experience

- ◆ Cira Infotech, GA | Network Security Engineer | Jan-2019 – Till date
- ◆ Nestle, MO | Network security Engineer | 2018 – Dec 2018
- ◆ WorldLink | Network Engineer | May-2015 – July-2017



## Technical Expertise

### Hardware Platforms:

- ◆ Checkpoint Appliances 21800, 13800, and 12000 series, Provider-1 with multiple CMA
- ◆ Cisco Datacenter 7K, 9K, 5K, and 2K Series Nexus Switches and ASR, ISR Series routers
- ◆ BIG IP LTM 6400, 3600 series

### LAN/WAN:

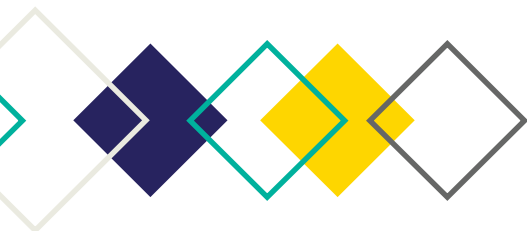
- ◆ In-depth experience in OSI Layer, TCP/IP, TCP/UDP, Dynamic Routing Protocols EIGRP, OSPF, and BGP. WAN technologies such as MPLS, Frame Relay, ATM, IPsec VPN technologies including Site to Site, Remote Access, SSL VPN
- ◆ High Availability configurations including ClusterXL, HSRP, VRRP
- ◆ Spanning Tree Protocols STP, RSTP, MST. Dot1q Trunk
- ◆ Server Technologies like Windows 2003, 2008, Linux and Active Directory/LDAP, DNS, DHCP, DFS
- ◆ Network Management Protocols including SNMP, SYSLOG
- ◆ In-depth experience with application layer protocols including HTTP, HTTPS, FTP, SSH, SMTP, SNMP

### Security:

- ◆ Wire Shark, Sniffer capture, TCPDUMP, and FW monitor for packet-level analysis
- ◆ Security Implementations including multiple Zones (DMZ, Third-party)
- ◆ Two-factor authentication using DUO

### Operating Systems

- ◆ Checkpoint R75.47, R76, R77.10, R77.20, R77.30, R80.10
- ◆ Big IP 10.2.4, 11.2.0, 11.6.1, 12.1.2, 15.0.1 series
- ◆ Cisco Nexus OS, Catalyst OS, IOS 15.X





## Education

Bachelor of Science, Software and Information Systems

## Certifications

Microsoft Certified IT Professional, 01/2013 to Present

Microsoft Certificate ID: 10559250



## Bobby McLaurin

Senior Microsoft Engineer,  
MGT Technology Solutions

### Summary

McLaurin is a well-qualified professional with expertise as a Microsoft Messaging Consultant, and experience across multiple leadership roles within the Information Technology sector. Skilled in managing projects, balancing team members' skillsets against tasks to be accomplished, and completing deliverables on or ahead of schedule. Able to make significant contributions to enterprise-level environments.

### Professional Experience

- ◆ United States Department of Agriculture (USDA) | Security Solutions Architect/Program Manager | 2018 - Present
- ◆ National Information Technology Center (NITC) | Sr. Network Security Engineer/Cloud Architect | 2012 - 2018
- ◆ McGraw Hill Global Data Center | Network Security Engineer | 2009 - 2010
- ◆ Wipro Technologies | Network Security Engineer | 2008 - 2009
- ◆ Hewlett Packard | Network Analyst | 2007 - 2008

### Technical Skills

#### Software:

- ◆ Microsoft Messaging Technologies 2003-2016, Office365, Windows Server 2003-2016, Messaging Archiving, Evault, Symantec, Microsoft Forefront Encryption, RMS, SolarWinds, SpiceWorks Microsoft Visio, Microsoft Project, PowerBI, Hyena, Websense, Postini, Citrix NetScaler, Wireshark, Lync Snooper, VMware ESX / Workstation, CommVault, LiveVault, Symantec Enterprise Vault, Forefront Identity Protection, and ProofPoint.

#### Hardware:

- ◆ Windows Desktop Maintenance / Parts Replacement, Network Switch Racking, Cabling, F5 and Kemp Load Balancers, Nimble, EMC

#### Computer Languages:

- ◆ Microsoft and Exchange PowerShell

#### Technologies:

- ◆ Active Directory, DNS, ISA, TMG, UAG, Virtualization, Storage Arrays, Endpoint Protection

## Education

Bachelor of Electronics and  
Communication Engineering

Master of Computers and  
Information Sciences

## Certifications

CompTIA Security + SY0-501

EC-Council - CSA

EC-Council - CTIA



## Durga Modugula

SOC Analyst

MGT Technology Solutions

## Summary

Mr. Modugula has extensive experience in IT analysis, design, development, and implementation of Java enterprise-based applications. Strong software development methodology and hands-on experience with a wide variety of different languages ensure his capability in designing and implementing customized security solutions. Unsurpassed customer service, dedication, and positive attitude with proven success in highly visible, various-sized project implementations.

## Technical Expertise

<b>Languages</b>	C, Java, J2EE, SQL, PL/SQL
<b>Web Development</b>	HTML, JSP, XML
<b>Database technologies</b>	Oracle, My SQL, SQL Server
<b>Unit Testing</b>	Junit, Log 4j
<b>Server-Side Programming</b>	JSP, Servlets, EJB, Web Sphere
<b>SIEM</b>	Rapid7 IDR, MDR, Splunk
<b>Vulnerability Management</b>	Rapid7 IVM, Nessus
<b>Frameworks</b>	Spring 2.5/3.0(MVC, Boot, Security, AOP, Core), Hibernate, Micro Services, AngularJS, Struts.
<b>Web Services</b>	Restful (JAX-RS)
<b>Design Patterns</b>	Model View Controller (MVC), Singleton Pattern
<b>IDE</b>	Eclipse, IntelliJ, NetBeans
<b>Operating systems</b>	Windows, Mac
<b>Build Tools</b>	Mavern and Jenkins



## Technical Experience

### SOC Analyst

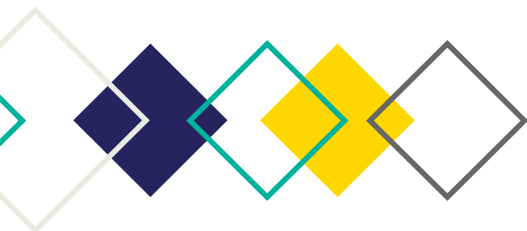
MGT OF AMERICA CONSULTING, LLC / CIRA INFOTECH, INC.

Initiate immediate actions to contain identified cyber security issues detected from a variety of platforms and operating systems. Perform forensic collections, intrusion correlation/tracking, threat analysis, and direct system remediation to contain threats. With a sense of urgency, work with IT colleagues on containment and a plan to eradicate vulnerability. Write technical reports on incident findings. Monitors a variety of platforms 24x7 covering operating systems and security technology software for security alerts. Logs, document, review, and assess alerts. Identify intrusion artifacts at the host and network levels. IT Security technology software may include Email SPAM filtering solutions, vulnerability scanning solutions, Intrusion Detection Systems, anti-virus software, and Internet web filtering solutions. Respond to Cyber Security calls when on rotational 24x7 support, taking appropriate urgent action. Correlate multiple data sources to identify vulnerabilities, make recommendations, and work With system owners to expedite remediation. Manage and enhance vulnerability scanning tools and capabilities. Manage and influence system owners to adopt enhancements or remediation. Investigates false positives and assess possible enhancements to eliminate them. Enhance cyber vulnerability tools, software platforms, processes, and procedures to continually optimize cyber security programs. Additional responsibilities as assigned or requested. Provide recommendations for improvements to Company's Security Policy, Procedures, and Architecture based on operational insights. Define and assist in the creation of operational and executive reports. Define tool requirements to improve SOC capabilities.

### Java Developer

CLOUD DATA SYSTEMS, INC.

Worked in an Agile environment for all stages of the Software Development Life Cycle (SDLC) of the project. Daily scrum is included in the work routine with scrum and other teams. Worked on triggering notices based on the business requirements as discussed with the client. Creating new Batch Jobs for processing notices using Spring Batch. Integrated the front-end jQuery UI with the backend REST API using AngularJS 1.4. AngularJS Ajax module is used to handle RESTful calls to enable communication between view components and the server. Used Java 1.8 Lambda expressions along with Streams for creating internal iteration and performing chain operations such as Filter, Map, and Collect on a collection of Objects. Generated XML files through batch jobs to integrate with the OpenText tool to generate PDFs. Created new database Tables based on the design. Worked on creating Story Boards based on the business functionality. Worked on creating a new screen in the application using JSP. Worked on creating PL/SQL script for applying Data fixes based on the requirement. Implemented SPLUNK for debugging and error-logging purposes. Used JIRA tool for Issue tracking, monitoring of work assignments in the system, and time tracking. Involved in performing Unit and Integration testing (JUnit). Supporting QAT and UAT with testing in new environments. Supporting QAT and UAT in creating and providing cases by performing case copy from higher environments. Involved in performing Unit and Integration testing (JUnit).



## Education

Bachelor of Science, Computer Science

## Certifications

Certified Information Systems Security Professional (CISSP)

Certified Ethical Hacker (CEH)

GIAC Penetration Tester (GPEN)

Certified Information Security Manager (CISM)



## KJ Morrison

Network Security Engineer  
MGT Technology Solutions

### Summary

Mr. Morrison has 18+ years of IT experience and Modern Software Security subject matter expert. He is also an experienced cloud engineer with Python and Node Javascript (js). His technical recognition and skills are OWASP Top Ten, Network Exploitation Techniques and Toolsets, Vulnerability Management & Risk Mitigation. He has completed hundreds of assessment and penetration testing engagements with MGT.

### Professional Experience

#### Principal Security Engineer

OPTUM INC.

Conducted activities and provided support for academics, access, articulation, and academic success in the 28 Application & Network Penetration Tester. Application Security Champion & Subject Matter Expert. Utilized Metasploit Pro w/ various modules and Kali Linux toolsets to discover, infiltrate and exploit vulnerabilities and misconfigurations in client applications and networks. Exploited security flaws involving all the OWASP Top 10 using BurpSuite Pro. Exploited SANS Top 25 vulnerabilities using numerous toolsets.

#### Senior Security Engineer

OPTUM INC.

Conducted Red-Team/Tiger team "BlackBox" and authenticated application, Infrastructure, network security, and PCI DSS compliance testing. Reverse-engineered software using JD-GUI, dnSpy & IDA-Pro. Administered Rapid7, InsightVM, WhiteHat, WebInspect, and Fortify as part of the CI/CD Pipeline. Reviewed source code for vulnerabilities written in JAVA, .NET, and PHP using Fortify, Checkmarx, and Veracode manually.

#### Senior Security Consultant

BB&T BANK

Performed manual and automated security testing against financial applications, exposing OWASP Top 10 and SANS Top 25 vulnerabilities. Reverse-engineered software using OllyDBG and IDA-Pro and conducted source code reviews. Conducted wireless security Penetration test using Wi-Fi Pineapple and Kali Linux. Authored CIS Network penetration testing process and procedure documentation. Authored application penetration testing process and procedure. Authored wireless Security assessment policy and process and procedure

### Senior Security Consultant

#### BT INS

Conducted manual penetration testing, ethical hacking & vulnerability assessments of Web Applications, internal & external networks, thin & thick clients, mobile web applications on IOS and Android, and Wireless Infrastructure for clients in Education, Financial & other diverse industries. Utilized tools such as Burp Suite, OWASP Zap, Paros, Nessus, Appscan, Metasploit, Nmap, and Nexpose. Conducted Penetration tests against Point-of-Sale (POS) devices.

### Professional Services Consultant

#### SECURE WORKS PROFESSIONAL SERVICES

Conducted IT Controls Audit for PCI-DSS (Payment Card Industries) required networks. Penetration Testing PCI networks for compliance. Led IT Controls Audits, Risk Assessments, and hybrid projects for primarily Banking and Credit Unions in addition to HIPAA IT controls for Health Industries.

### Senior Security Consultant

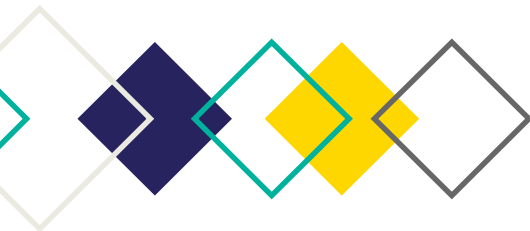
#### SYMANTEC SECURITY CONSULTING SERVICES

Conducted "capture the flag" penetration testing against applications and networks. Conducted Vulnerability assessments against Web Applications, thin clients, and kiosk machines, using tools such as WebInspect, AppScan, Nikto, Paros, Qualys, etc. Used STRIDE Threat modeling to scope projects. Reviewed application architecture for potential security flaws. Conducted secure code reviews.

### Network Security Engineer

#### AT&T INTERNET INVESTIGATIONS AND SECURITY SERVICES

Designed and co-authored an "expert" abuse agent system that utilized logical profile creation based on abuse incidents.



## Education

Bachelor of Science in  
Electronics and Communication  
Engineering

Master of Science in Computer  
Engineering

## Certifications

LogRhythm Platform  
Administrator (LRPA)

LogRhythm Security Analyst  
(LRSA)

EXTRAHOP User Certification

Checkpoint Certified Security  
Expert (CCSE)

Cisco Certified Network  
Associate (CCNA)

Palo Alto Networks Certified  
Network Security Administrator  
(PCNSA)

Palo Accredited Configuration  
Engineer (ACE)

## Siva Kallam

Senior Cyber Security Engineer  
MGT Technology Solutions

## Summary

A certified security engineer with 10+ years of experience in mission-critical Enterprise Data Center environments with extensive exposure to clustered firewalls, Cisco-based Routing and Switching, IPS devices, SIEM, PCI ASV Scans, and proxies. Mr. Kallam is proficient in the design, implementation, management, and troubleshooting of SIEM Solutions, Incident Detection and Response (IDR), Network Detection and Response (NDR), End Point Detection and Response (EDR) as well as Next Generation Palo Alto Firewalls, Check Point Security Gateways, RAPID 7 PCI ASV Scans, Dell SecureWorks IPS, Cisco ASA firewalls and Fortinet. He has been actively responsible for the Managed Detection and Response (MDR) team to effectively prepare, detect, and respond to incidents.

## Technical Expertise

- ◆ Perform analysis of log files from a variety of sources (e.g., network traffic, firewall, and intrusion detection system [IDS] logs).
- ◆ Perform cyber defense incident triage, including determining scope, urgency, and potential impact, identifying the specific vulnerability, and making recommendations that enable expeditious remediation.
- ◆ Perform real-time cyber defense incident handling (e.g., forensic collections, intrusion correlation and tracking, threat analysis, and direct system remediation).
- ◆ Work on Enterprise scale Management platforms such as Panorama on Palo Alto, Checkpoint, FortiManager, and Cisco Security Manager CSM for Cisco ASA, FMC.
- ◆ Build VPN for B2B Communications and remote access VPN including SSL VPN.
- ◆ Configure F5 load balancers to enable load sharing and load balancing among web servers.
- ◆ Experience with forward and reverse proxy using Blue Coat appliances in explicit mode.
- ◆ Identify and troubleshoot network connectivity issues through the firewall using Command line utilities such as TCPDUMP, and FW Monitor and review with Wireshark.
- ◆ Configuring and implementing Routed and Routing protocols including OSPF, EIGRP, and BGP.
- ◆ Implementing/maintaining compliance with security and IT standards such as ISO 27001, and SOC2 Type2 as well as PCI with remediation.
- ◆ Strong troubleshooting and communication skills with proficiency in grasping new technical concepts quickly and utilizing the same in a productive manner.
- ◆ Create HTTP/URL/DNS Regular Expressions to stop low-level attack traffics.

## Project Experience

- ◆ Multiple SLED Accounts | Senior Information Security Analyst | May 2018- Present
- ◆ Spelman College, Atlanta | Network Security Consultant | May 2016 – Dec 2017
- ◆ Verizon, North Carolina | Network Security Engineer | Jan 2015 – Apr 2016
- ◆ TATA Communications | Network Security Engineer | Jan 2013 – July 2014

## Technical Skills

<b>Firewalls/IDS</b>	Palo Alto firewalls including PA 5k, 3K, and 2k appliances and Managed through PANORAMA M100 series. Check Point 15k, 13k, 12k, 5k, 4k appliances running Gaia, FortiGate's 200E, 3700D, 3600C, 1000C, 300C, 500D, 90D, and Cisco ASA 5585X, 5555X, 5540, 5525 Firewalls with FIREPOWER services.
<b>Scanning Vendors</b>	RAPID 7 COALFIRE for ASV Scanning, RAPID 7 INSIGHT VM for internal.
<b>SIEM</b>	Rapid7 InsightIDR, LogRhythm, and Splunk.
<b>Threat Intelligence</b>	Recorded Future, Proofpoint, Dell SecureWorks, Palo Alto, and Cisco Umbrella.
<b>Load Balancers</b>	F5 LTM and GTM products.
<b>Protocols</b>	TAXII, IPSEC, BGP, EIGRP, and OSPF.
<b>Operating Systems</b>	Palo Alto PAN OS 9.x, 8.x, 7.x, 6.x, Panorama 8.x, 7.x. LogRhythm Version 7.2.5, 7.2.7, 7.4.4 and 7.4.9. Checkpoint GAIA versions including R80.10, R77.30, R77.20, and R77.10.
<b>Authentication</b>	2FA (2-factor Authentication using RSA), Radius, TACAS, LDAP.
<b>Routers</b>	Cisco ASR/ISR Series 7204/7206VXR/3825/3745
<b>Switches</b>	Cisco Nexus 9k, 7k, 5k, 2k as well as Catalyst 6500, 4500, 3750



# Harshavardhan Madduri

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## CAREER SUMMARY

- Experience in planning, implementing and support of corporate firewalls architecture in distributed environment consisting of Fortinet, Juniper, Palo Alto, F5, and Cisco ASA Firewalls
- Experience working with large enterprise scale deployments with more than 200 firewalls
- SD-WAN implementation and support from Firewall and Security standpoint
- Migration of Firewalls from one platform to another especially to Juniper, Fortinet, Check Point and Palo Alto.
- Build and support B2B VPN tunnels with Business partners and troubleshooting ISAKMP and IPsec
- Skilled in building redundant networks such as Management High availability, ClusterXL, VRRP for checkpoint appliances and failover configurations such as active/standby and active/active on cisco ASA firewalls and HA configuration such as active/passive on Fortinet
- Experience with advanced troubleshooting and packet captures on network and firewall appliances
- Proficient in Planning, Designing & Implementing VPN solutions using Palo Alto, Fortinet & Checkpoint
- Experience working next generation features using Palo Alto devices and features such as App-ID, User-based, URL Filtering, Wildfire and Threat Prevention
- Hands on experience with Check Point devices and using features such as Identity Awareness, URL Filtering, Application Control, IPS and Data Loss Prevention
- Sounds knowledge in managing F5 BIG-IP Application Delivery Controller appliance, including Local Traffic Manager module
- Experience working with Cisco Routing and Switching platform including Nexus and IOS-XE
- Flexible to learn new technologies and comfortable with off-hour and weekend work schedule

## CERTIFICATIONS

- Fortinet's Network Security Analyst (FortiManager & FortiAnalyzer) - NSE 5
  - Fortinet Certification#: 96VwDJDx8T
- Fortinet's Network Security Expert Certified - NSE 4
  - Fortinet Certification#: UFJ3XmVCDZ
- Check Point Certified Security Administrator R80 - CCSA
  - Check Point ID#: CP0000105057
- Cisco Certified Network Associate Routing and Switching - CCNA
  - Cisco ID#. CSCO13418462
- Currently pursuing Palo Alto Networks Certified Network Security Engineer (PCNSE) and will follow up with AWS Certified Solutions Architect Associate and AWS Certified Cloud Practitioner

## EDUCATION

- Bachelor of Science in Computer Science

- Truman State University (Kirksville, Mo)

## **TECHNICAL SKILLS & PROFICIENCY**

### **Hardware Platforms**

- Fortinet FortiGate NGFW 3980E, 3800D, 2500E, 1000C, 300E, 500D, 600E, 1000D, 3600C, 3700D
- Fortinet FortiManager 4000E, 3000F, 1000F
- Fortinet FortiAnalyzer 3500E, 3000G, 1000F
- Juniper SRX Series Services Gateways SRX3400, SRX3600
- Palo Alto Firewalls PA-7000, PA-5200, PA-3200 Series
- Panorama Virtual Appliance, M-100 Hardware Series
- A10 Networks Thunder SSLi Hardware Appliance 4430S, 4440S, 5430S-11
- F5 BIG-IP 4000 & 2000 Series
- Tufin T-series Appliances T510, T1100
- Check Point security gateways including Appliances 23000, 15000 and 13000 series Gaia R77.30, R80.10, in an MDS environment with multiple domains
- Cisco ASA Firewalls including ASA 5585X, 5550, 5540, 5520 with AIP SSM Modules and Source fire IPS
- Cisco Networking Hardware Nexus 7K, 5K, Cisco 7600, 7200, 3600, 2600, 2500 routers and Cisco 6500, 4900, 4500, 3750, 3560, 2900 series switches

### **Operating Systems**

- FortiOS 7.0, 6.0, 5.6, 5.4, 5.2
- Junos OS 17.2, 17.1, 16.1
- PAN OS 8.x, 7.x, 6.x, 5.x
- Check Point R80.10, R77.30, R77.20, R77.10, R76, R75.47, R75.40, R75, R7, R70, R65 on Splat, IP as well as Check Point Appliances
- Cisco Firewall IOS 9.x, 8.x, 7.x including 8.0, 8.2, 8.4 and 9.0, 9.1 on ASA Platform, 8.6 on ASA 5585x series hardware

### **LAN & WAN**

- Good understanding of OSI Layer, TCP/IP, Dynamic Routing Protocols EIGRP, OSPF, BGP
- WAN technologies such as MPLS, SD-WAN, Frame Relay, IPsec VPN technologies including Site to Site, Remote Access, SSL VPN etc.
- High Availability configurations including ClusterXL, HSRP, VRRP and Spanning Tree Protocols STP, RSTP, MST. Dot1q Trunk
- Collect, refine & analyze log data through SolarWinds Log Analyzer
- Network Management Protocols including SNMP, SYSLOG
- Discover, analyze & monitor network traffic using NetFlow Traffic Analyzer
- Understanding of application layer protocols including HTTP/HTTPS/FTP/SSH/SMTP/SNMP etc.

### **Security**

- Centralized policy management as well as signature updates through Cisco CSM
- Wire Shark / Sniffer capture for packet level analysis. (TCPDUMP on security gateways)
- OPSEC Client based access for Firewall Optimization tools such as Tufin, AlgoSec etc.
- Design Security Implementations including multiple Zones (DMZ, Third-party, ASZ etc.)
- Two factor authentication using RSA
- Advanced NAT including Identity, Static, Policy static etc.

## PROFESSIONAL EXPERIENCE

Client: AT&T Services

December 2020 – Till Date

*Sr. Security Engineer*

Colorado Springs, CO

- Troubleshoot firewall problems in a large enterprise between multiple hosts spanning multiple firewalls/security zones and different geographic locations
- Initiate and analyze FortiGates in production environment and provide upgrade path for end of life devices
- Route packets using policy-based and static routes for multipath and load -balanced deployments
- Implement, test and commission of Fortinet security devices like FortiGate, FortiManager and FortiAnalyzer in lab and production environments
- Build Symantec Management Center from ground up
- Troubleshoot and integrate standalone Bluecoat Proxy in Management Center
- Migrate legacy configurations to the latest FortiOS Fortinet security devices
- Configured virtual domains (VDOMs) to divide FortiGate into two or more virtual devices, each operating as an independent FortiGate
- Control network access to configured networks using firewall policies
- Provide complete analysis of firewall policies to optimize FortiGates
- Setup Linux distro to automate FortiGate and other network security devices' configuration back up
- Install new Fortinet FortiGates in HA active-passive cluster to mitigate security risks
- Configure IPS, web filtering and application control to increase security
- Design, configure and troubleshoot FortiAnalyzer, FortiManager, FortiGates, ProxySG, Symantec Management Center
- Configure and assign Proxy PAC files and static routes to Proxy devices
- Ability to analyze network traffic flows to reverse-engineer the required firewall ports and rules to allow secure access of applications
- Assisted in installing and configuring FireMon to analysis firewall policies and network security devices

Client: Comcast Corporation

August 2019 – November 2020

*Network Engineer IV*

Mt Laurel Township, NJ

- Design and implementation of Fortinet FortiGate NGFW as well as migration from SRX Series Services Gateways & Check Point security gateways
- Build Fortinet FortiGate NGFW from Ground up and setup HA active-passive cluster GUI and CLI as well for fault tolerance and high performance
- Migrate legacy configurations to the latest FortiOS using Fortinet tool FortiConverter
- Configure security profiles on various Juniper SRX, Checkpoint and FortiGate to neutralize threats and misuse, including viruses, torrents, and inappropriate websites
- Apply application control techniques to monitor and control network applications that might use standard or non-standard protocols and ports
- Configured virtual domains (VDOMs) to divide FortiGate into two or more virtual devices, each operating as an independent FortiGate
- Control network access to configured networks using firewall policies
- Establish an IPsec VPN tunnel between two FortiGate devices and diagnose failed IKE exchanges
- Used FortiManager to push out the firewall rules on to Next Generation Firewalls. Utilize FortiManager & FortiAnalyzer to install, maintain & optimize FortiGate Next Generation Firewalls.

- Upgrade Next Generation Firewalls from FortiOS 5.4 to 6.0
- Manage and maintain Juniper SRX Series Services Gateways SRX3400
- Analyze Firewall policy and schedule reports using the Junos Space Security Director to remove shadowed or redundant firewall rules
- Utilize Junos Space Security Director to create and centrally manage security policies for different Next Generation Firewalls
- Experience in analyze network traffic and troubleshoot network connectivity issues using Junos Space Network Director through Looking Glass
- Hand on experience with Checkpoint SmartConsole for managing and supporting multiple Next Generation Firewalls
- Managing firewall rules and work with application users to identify firewall ports required
- For documentation and network diagrams worked on tools such as MS Visio

Client: AT&T

January 2018 – July 2019

*Network Security Engineer*

Overland Park, KS

- Design and implementation of Palo Alto Firewalls as well as migration from Cisco ASA & Check Point
- Build DMZ and Firewalls from Ground up as well as configure HA
- Using PAN Migration tool such as expedition for migrating configuration to Palo Alto
- Firewall Migrations and Cutover on weekend and off hour scheduled windows and troubleshoot
- Centralized Firewall Policy Management in Palo Alto using Panorama
- Configuring Palo Alto Firewalls with multiple zones based on traffic segregation requirements
- Experience configuring PAN Device High availability in Active/Standby with HA1, HA2 links
- Implementation of User-ID, App-ID, Threat prevention and Wildfire on Palo Alto
- Implement and support Palo Alto Global Protect for remote access users
- Day to Day work involves implementing firewalls and supporting data center network security
- Working with VPN platforms from Palo Alto, Cisco ASA, and Check Point firewalls
- Using CLI commands such as packet sniffer for in depth packet analysis
- Optimizing firewall policies using third party products such as Tufin
- Provides support, evaluation, and research into the deployed Palo Alto Networks equipment's processes and problems like border security systems: intrusion detection systems and firewalls
- Using Palo Alto's features like File Blocking, Application Command Center, Vulnerability Profiles etc.
- Experience with working and configuring Cisco Nexus and Catalyst Switches
- Dynamic routing with protocols such as OSPF and BGP with attributes
- Worked extensively on firewalls and VPN gateways Juniper, FortiGate GUI and Shell.
- Configuring/Managing Intrusion Prevention System IPS: Cisco IPS/FortiGate Checkpoint UTM
- Utilize the tools FortiManager, FortiClient & FortiAnalyzer to install, maintain & optimize FortiGate Next Generation Firewalls. Specifically, used FortiManager to push out the firewall rules
- Upgrade and patch management of Fortinet firewalls appliances
- Configure FortiGate firewall to authenticate users based on user identity, user group, session, and PC-User Authentication.
- Experience with FortiPortal for analyzing and managing security policies
- Check Point Security Gateway upgrades and hotfixes including Gaia R80.10 Upgrades
- Firewall policy provisioning and troubleshooting connectivity through firewall
- Configure Check Point High Availability using Cluster XL, VRRP as well as Smart Center HA
- Perform Advanced NAT including identity NAT, Static, Policy and Global implementation on Checkpoint Security Gateways as per the requirement between various zones

- Upgrade Check Point Security Gateways as well as Backup and Recovery of security gateway configurations and firewall policy
- Performed troubleshooting using Smartview tracker and Check Point Command line interface (CLI) commands such as TCP Dump, fw monitor, fw ctl zdebug with proper filters for packet inspection
- Building and supporting Site to Site IPsec based VPN Tunnels for all Extranets
- Upgrading Palo Alto PA 5k and 3k Appliances PAN OS from 7.x to 8.x
- Troubleshooting and resolving hardware and software issue of F5 BIG-IP Application Delivery Controller appliance, including Local Traffic Manager module
- Implementation of HA on Check Point security gateways using ClusterXL, Active-Standby HA and Palo Alto firewalls HA in active/passive mode with Configuration/session synchronization
- Working with users to identify firewall ports required and provision them the request as per the client's organizational standard through the change management system

Client: USDA

August 2014 - December 2017

*Sr. Network Engineer*

Kansas City, Mo

- Responsible for implementation of Palo Alto and ASA appliances at the data center
- Design and implement firewalls in the data center along with hardware refresh and migrations
- Build new firewalls and ship them to remote locations during firewall refresh.
- Firewall Policy Provisioning on Palo Alto and Cisco ASA Firewalls
- Migrate Firewall Policy from Cisco ASA and Check Point to Palo Alto Firewalls
- Configuration of High Availability and Global Protect on PAN devices
- Configuring and support different types of NAT on PAN devices
- Use existing logs from Check Point firewalls to perform APG analysis to analyze traffic
- Policy provisioning on ASA Firewalls and Check Point security gateways
- Tweaking Application inspection on Firewall for any conflict of ports with default application ports
- MDS/Provider-1 environment for managing multiple CMAs and provisioning Check Point firewalls with global policies & objects
- Implementing site-to-site VPN Tunnels using ASA Firewalls and Work on day to day changes
- Build Firewall Policies with object groups and proper NAT configurations
- Troubleshooting using Cisco CLI commands such as packet capture with proper filters
- Build and provision Check Point appliances at various site locations for the client
- Upgrading the Check Point firewalls OS from R75.40 to R77
- Optimizing Performance using checkpoint software acceleration such as CoreXL and SecureXL
- Performed Backup and recovery of MDS during major upgrades
- Configure Check Point smart center High Availability in Active standby mode
- Configured Anti-Virus and URL Filtering Software blades on perimeter Check Point appliances
- Used tools FortiMangager & FortiAnalyzer for installing and maintaining FortiGate Next Gen Firewalls.
- Work on day to day changes on VPN WRT change of crypto access list / encryption domain
- Perform Advanced NAT including Policy based Static, Dynamic and Identity NAT as per the requirement between various zones on the firewall
- Worked on tools such as MS Visio for Documentation and for network diagrams' purpose

Client: Polaris Industries

July 2011 – June 2014

*Network Engineer*

Hyderabad, India

- Firewall Policy provisioning and troubleshooting firewall connectivity. Adding/Modifying firewall rules and work with application users to identify firewall ports required
- Build B2B VPN Tunnels and troubleshoot phase 1 & 2 connectivity
- Work with Intrusion Prevention System with updating signatures and identifying false positives
- Configuring Cisco based Routers and Switches including VLAN, VTP, Spanning tree, VRF etc.
- Policy Analysis, Object Lookup for Analyzing Firewall (Check Point, ASA) Rule Base
- Troubleshoot complex problems, providing root cause analysis and remediation to mitigate future risk with appropriate technical staff to resolve connectivity issues
- Configuring of switch ports with VLANs, routing, access provisioning, Active Directory ADS, DNS, DHCP
- Delegated ticket to assigned resources and tracked progress using ticketing tools such as HPSM maintaining ITIL process
- Responsible for monitoring networks, client servers & Internal Servers, responding to outages and working closely with Network Operational Center to debug & diagnose problems
- Work with user requests to identify connectivity issues through logs and packet capture on firewall
- Determine specific network hardware or software requirements, such as platforms, interfaces, bandwidths, or routine schemas
- Participate in network technology upgrade or expansion projects, including installation of hardware and software and integration testing
- Configuration and support of Cisco ASA Firewalls in the network for access list, NAT and routing
- Troubleshoot desktop level client issues using remote access and on-call support, also responsible for documentation and generating reports

Client: Anuradha Properties & Township Pvt Ltd

July 2007 - June 2011

*Network Communication Technician*

Hyderabad, India

- Troubleshooting and maintain data, voice, and network communications systems, using hand tools and software and hardware testing instruments and techniques
- Monitor network and other infrastructure traffic and performance while maintaining a high level of customer satisfaction and minimizing impact on customer service
- Handling backup and restore processes for critical systems
- Maintenance and upgrades of interoffice and intercompany Ethernet, and transmission equipment
- Maintenance of accurate records of network-related equipment and services
- Implement recommended equipment modifications and enhancements in accordance with user request and business objectives
- Provides advanced technical support, customer and product support and problem resolution
- Coordinate with other personnel for testing and maintenance

## E. Innovative Concepts

We can offer a catalog of innovative new technologies and services that would improve efficiencies for EIS. MGT will leverage our experience, as well as the Parish's cybersecurity team, to understand attacks and the potential for significant financial and operational harm. The proliferation of these attacks makes having a multi-layered cybersecurity program paramount, as attacks can severely damage each of the Parish's critical infrastructures. MGT will provide insight into how the Parish is targeted and identify potential risks — especially infrastructures operating on legacy systems. MGT will identify the blind spots.

### The MGT Difference

Our team has worked with thousands of public entities around the world supporting managed cybersecurity improvements in every aspect of performance and organization. MGT has successfully delivered more than 20,000 projects through a careful balance of addressing the immediate needs of our clients, while maintaining the vision and direction toward their short- and long-term goals and monitoring best practices. Our goal is to focus on:

- ◆ Being tailored to the client requirements, cost-efficient solutions, and services.
- ◆ Strategy and tactical execution tailored to the public sector.
- ◆ Flexibility and a vendor-agnostic philosophy to adapt to public sector needs and resources.
- ◆ Deep bench of security experts to address any cybersecurity needs.

Our fully credentialed security experts will implement managed detection and response (MDR) services through our SOC. We will work closely with your IT and Security teams as key advisors to develop comprehensive cyber security improvement and awareness plans that are consistent with compliant guidelines and by leveraging existing Parish security infrastructure.

***We can help fight against security breaches, data loss, and identity theft***

*Build cyber resiliency into your IT environment to protect against malicious intruders and cybercrimes that threaten the security of your operations and the people you serve. Be prepared for what comes next.*

**U.S.-based 24x7**  
Security Operations  
Center, Network  
Operations Center, and  
Cyber Fusion Center

**Over 230 U.S.-based**  
cyber security engineers providing  
first-class, large-scale cyber security  
solutions execution

**Dedicated Cyber Security**  
Project Management Office for on-going quality  
assurance, execution and accountability

**ISO 27001 and SOC  
Type 1 Certified**  
to ensure your organization  
is backed by the highest  
standards in security  
governance

**Extensive Experience**  
building tailored "Managed Security Office"  
solutions for enterprise-level customers

## MGT's Unparalleled Service Capabilities

### Flexible Managed Security Solutions. Deep Engineering Expertise. On Your Terms.

Whether you need hands-on cyber security engineering and remediation work, 24x7 network monitoring, full firewall management capabilities, or require a complete managed security program, our flexible suite of security solutions are meant to augment your internal capabilities to fight threat adversaries on an on-going basis. We'll be in the security trenches with you.



Managed  
Detection &  
Response (MDR)



Next-Gen Firewall  
Management



Assessments  
& Testing



Compliance  
Programs



Staff  
Augmentation



Professional  
Services

#### 24x7 MDR

- Real-time threat hunting to identify, detect and intercept cyber attacks
- Full visibility and live protection of your entire environment through our 24x7 Security Operations Center
- Dedicated team for on-going guided remediation of identified vulnerabilities
- Monthly strategic security reviews and security KPIs
- Monthly compromise assessment report

#### Next-Gen Firewall Management Experts

- End-to-end NGFW management (procurement through long-term management)
- 24x7 alert and monitoring from our Network Operations Center
- Certified engineers across all major OEMs to optimize firewall performance and configuration reporting and KPIs
- Monthly security and performance

#### Assessments & Testing

- Actionable NIST-based security assessments with tangible remediation guidance
- Comprehensive pen testing team with the needed expertise to apply organizational context to testing engagements (red, blue and purple team)
- Social Engineering exercises to mitigate the "human" threat

#### Compliance Programs

- HIPAA, PCI, CJIS, IRS p 1075 compliance programs.
- We help you manage your compliance requirements through a consolidated compliance advisor program that integrates with your security governance strategy
- Full audit and remediation management and support

#### Staff Augmentation

- Recruitment precision by security experts to match your technical needs
- Short-term and long-term engagements
- On-going vetted pool of cyber security experts with guaranteed performance
- Agile sourcing meant to address immediate organizational needs

#### Professional Services

- Over 100 cyber security engineers on staff providing a full suite of sec ops professional services
- Flexible engagement structures to adjust to your operational needs
- Experience across all security domains and major OEMs
- 24x7 availability



Visit us at [MGTConsulting.com/contact](https://MGTConsulting.com/contact)



## Security Assessments and Risk Management

### Our Cybersecurity Assessment and Penetration Testing Methodology

MGT's cybersecurity assessment and testing approach is designed to meet the needs of government organizations as well as public and private organizations. The approach builds on the standards and best practices promoted by National Institute of Standards and Technology (NIST) Framework, the Department of Homeland Security (DHS), and various other government and industry groups. MGT brings substantial additional insight and value to these standards based on our decades of experience working with our clients' teams to design and execute successful performance improvement plans.

The result is a methodology that identifies your organization's most critical needs, prioritizes those needs in a meaningful way, and sets out a detailed plan to meet those needs that is tailored to the unique structure and capabilities of your organization.

### MGT AND THE NIST CYBERSECURITY FRAMEWORK AND 800-53

MGT's security assessment and penetration testing methodologies are firmly rooted in the NIST Cybersecurity Framework (NIST CSF). We are NIST Cybersecurity experts with a proven track record of implementing this framework to help the Parish to assess and exploit their security gaps and put actionable and effective mitigation plans in place.

MGT's professionals will provide the knowledge, skills, abilities, staff support, and other related resources necessary to conduct assessments and penetration testing during normal business operating hours.

1. **Identify:** Develop the organizational understanding to manage cybersecurity risk to systems, assets, data, and capabilities
2. **Protect:** Develop and implement the appropriate safeguards to ensure delivery of critical infrastructure services.
3. **Detect:** Develop and implement the appropriate activities to identify the occurrence of a cybersecurity event.
4. **Respond:** Develop and implement the appropriate activities to take action regarding a detected cybersecurity event.
5. **Recovery:** Develop and implement the appropriate activities to maintain plans for resilience and to restore any capabilities or services that were impaired due to a cybersecurity event.



## THE INITIAL ASSESSMENTS (PRE-PENETRATION TESTING)

Risk, and its contributing factors, can be assessed in a variety of ways. Our approach is comprehensive. The process begins with an audit of your current IT environment. We review your system assets, processes, and operations as part of the baseline risk assessment. Our initial assessments include, but are not limited to:

- ♦ Infrastructure scan of devices connected to your network
- ♦ Existing security architecture, programs, firewall configuration, or threat detection systems
- ♦ Review of your antivirus standards, patching process, and wireless networks configuration
- ♦ If applicable, the IT security vendors who provide services and their processes, policies, and strategies for threat remediation
- ♦ Internal policies for managing identified threats, disaster recovery options, and which employees are responsible for your vulnerability management system

Our goal of this phase is to create an inventory of your IT assets, determine a standard for cataloging risk and vulnerabilities, and make it easier to prioritize which vulnerabilities should be remediated first.

## VULNERABILITY ASSESSMENTS PROCESS OVERVIEW

Risk assessment are a fundamental, iterative activity that is part of the foundation of a sound and effective security framework. Properly implemented risk assessments produce a prioritized inventory of the threats faced by an organization. They enable the organization to develop effective plans to mitigate threats and roadmaps to a more secure future.

NIST publication 800-30 provides guidance for conducting risk assessments. MGT has developed a methodology that embraces the 800-30 guidance and enhances it based on our extensive experience working with public sector institutions of all sizes and missions.

- ♦ **Identification of Threat Sources and Events**

Understand what threat sources are relevant and not, to the context of the organization, as well as what the associated threat event could be.

- ♦ **Identification of Vulnerabilities and Predisposing Conditions**

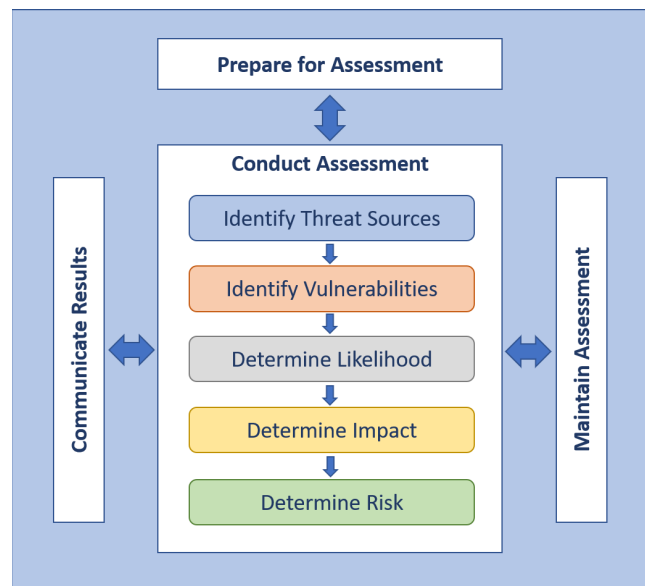
Understand administrative, managerial, procedural, and technical vulnerabilities within the organization that could be exploited through defined threat sources as well as the current predisposing conditions that could lead to a successful exploitation.

- ♦ **Determination of Likelihood of Occurrence**

Define the likelihood that the identified threat sources would execute certain threat events and the likelihood of these events being successful.

- ♦ **Determination of Magnitude of Impact**

Define the business impact to organizational assets, individuals, related organizations, and ultimately the nation, as a result of a vulnerability exploitation.



The Risk Assessment Process  
Adapted from NIST 800-30

### ◆ Final Determination of Organization Risk

Determine the overall information security risks as a combination of the likelihood of threat exploitation of vulnerabilities and the impact of such exploitation, including any uncertainties associated with risk determinations.

### 24x7x365 Monitoring (MDR)

The mission of MGT's MDR services is to leverage the best of both tools and resources to collaboratively build the Parish's cybersecurity decision-making and maturity through our personalized guidance. MGT will be a true extension of the Parish's IT team. Our goal is to partner with your team to enhance your ability to detect and respond to threats with hands-on 24x7x365 monitoring, threat hunting, incident response, and customized security guidance to stop malicious activity and strengthen your security posture.

MGT's MDR solutions will transform your organization into a cyber center of excellence through our ISO 27001-certified, U.S.-based, 24x7 SOC operated by over 100, on-staff, cybersecurity engineers with skills, training, and perspectives to support student, staff, and community. Our work and our deliverables are implemented with a futuristic lens to ensure the impact of our work fosters digital transformation for our clients and the community they serve.

With our extensive IT and cybersecurity experience, we bring unique qualifications to benefit the Parish to provide comprehensive, effective, and cost-efficient assessment and MDR services.

### Proactive Security Monitoring. Optimized Response. Elevated Remediation.

MGT's MDR solution leverages our deep security bench to deliver precise and proactive hunting and detection, strategic and tactical incident response and remediation, and intentional communications and reporting to create a transparent and efficient convergence between our SOC and your internal resources.

#### Tools

- ▶ Firewall Logs
- ▶ IPS Logs
- ▶ SIEM
- ▶ End Point Logs / AD Logs
- ▶ Cloud / SaaS Logs
- ▶ Live Monitoring
- ▶ Vulnerability Management
- ▶ Custom Scripts

#### Process

- ▶ Event Classification & Optimization
- ▶ Triage
- ▶ Analysis and Prioritization
- ▶ Remediation & Recovery Road Maps
- ▶ Assessments, Auditing & Compliance
- ▶ NIST CSF Best Practices



#### Team (SOC & NOC)

- ▶ 100 + Cyber Security Engineers
- ▶ Dedicated Security Engagement Specialist
- ▶ Experience Across all Environments
- ▶ Certified and Trained Experts
- ▶ All with Master's Degree or Higher

#### Threat Intelligence

- ▶ Behavioral Monitoring
- ▶ Broad Threat Intel Feeds
- ▶ Zero Day Threat Detection
- ▶ Cloud Intelligence
- ▶ Latest Malware and Ransomware Analysis
- ▶ Dynamic/Static Analysis
- ▶ Machine Learning

## E. INNOVATIVE CONCEPTS

Additionally, our SOC team is comprised of three levels of Security Analysts assigned to customer clusters and managed by a SOC Lead:

Analyst	Description
Associate Analyst	Responsible for alert triage and investigation of IDS/IPS events and logs and threat hunting
Analyst	Responsible for alert triage and investigation, threat hunting, alert tuning, and supporting Remote Incident Response
Senior Analyst	Responsible for alert tuning, threat hunting, leading Remote Incident Response engagements, and handles escalated investigations
Pod Lead	Manages the SOC teams. Responsible (along with the named Customer Advisor) for the MDR service delivered to their team's assigned customers

- a. MGT shall leverage its U.S.-based Intelligence SOC for 24x7 monitoring of alerts and policy exceptions (security events) generated by the security information and event management (SIEM) System. After analysis by a SIEM Analyst, security events may be classified as security Incidents. Whether a security event is considered a security Incident is determined solely by MGT. Identified security events will be classified, prioritized, and escalated as MGT deems appropriate. Security events that are not eliminated as benign triggers are classified as a security Incident.
- b. Classify security Incidents into one of the three priorities described below:
  - (1) Priority 1 – a high-priority security Incident in which MGT recommends immediate defensive action be taken.
  - (2) Priority 2 – a medium-priority security Incident in which MGT recommends action be taken within 12 - 24 hours of notification; and
  - (3) Priority 3 – a low-priority security incident in which MGT recommends action be taken within one to seven days of notification.
- c. When possible, eliminate false positives and benign triggers.
- d. Escalate security Incidents to an authorized security contact or designated services contact in accordance with processes as defined during the Integration and Transition Phase.
- e. Provide remediation/countermeasure recommendations, if applicable.
- f. Assist your security teams with performing root cause and impact analysis.
- g. Adjust alert prioritization options based on criticality.
- h. Consider ongoing policy improvements and notify you of MGT recommended policy changes.
- i. Perform analysis of potentially harmful security alerts.
- j. Perform updates to existing policy rules.
- k. Provide Incident handling support.

### ASSIGN PRIORITY

The Priority of the incident reported will be based on the following criteria. The Priority will be assigned in consultation with the Parish's team. Priority levels will be assigned to the problems based on the following criteria:

### For incidents

- Priority 1 – Mission-Critical Impact - Multiple Users Down
- Priority 2 - Major Impact - Single User Down, Other Users Affected
- Priority 3 - Moderate Impact - Single User Down with a few others capable of performing required tasks
- Priority 4 - Minor Impact - Single User down with many others capable of performing required tasks

## Tools

MGT's 24X7 SOC will leverage the below tools for threat intelligence. MGT's SOC specialists have created a unique security feed on top of the below-mentioned feeds from our tools. These feeds get updated every 24 hours. The sources are:

- ◆ Revil / Kaseya IOC detection
- ◆ Tor Exit Nodes
- ◆ Russian GRU - Brute Force Campaign IOC's
- ◆ Microsoft Malicious Driver Advisory
- ◆ Special Malware Blacklist
- ◆ Ransomware Blacklist
- ◆ Malicious Signed Rootkits
- ◆ Abuse.ch
- ◆ URL Haus.

## 24x7x365 Security Monitoring

MGT's 24X7 SOC helps clients to view their entire infrastructure through a single pane of glass and take control of the threat environment.

MGT's MDR provides a unified environment for incident detection and response, authentication monitoring, and endpoint visibility. The solution combines the full power of endpoint forensics, log search, and sophisticated dashboards.

### Key features and capabilities of MGT's MDR

- a. Threat Detection
- b. Threat Investigation
- c. Threat Containment
- d. Threat Remediation and Mitigation
- e. Real-time Data Visualization and Analysis
- f. Visibility into Vertical Movement (North/South) as well as Lateral Movement (East/West)
- g. Proactive Threat Hunting Including Honey Pot Deployments for trapping

## SCALABILITY AND ADAPTABILITY

MGT's solutions can be scaled to all other critical infrastructure or sites as needed and can be easily integrated with all cloud-based applications, technologies, and products. One of the most scalable features of the MGT SIEM is the

ability to use any raw log to parse and extract metadata to build meaningful output that can be utilized in alerts, dashboards, reports, and investigations.

The storage associated with the solution is scalable as per the needs of the port with unlimited log size.

MGT's SOC can protect users from phishing, social engineering attacks, misconfiguration in cloud assets, lateral movement by attackers, and other causes of data breaches and service interruption. MGT's SOC collects data from major management and security tools, combines that with information from across the Parish's footprint, and uses advanced analytics to detect malicious behaviors. It also provides context for rapid incident response and supports cloud reporting and compliance.

### SECURITY VISIBILITY AND THREAT RESILIENCE

MGT Managed Detection and response includes:

- ◆ 24x7 Real time monitoring for Security Incidents.
- ◆ User Behavior Analytics.
- ◆ Attacker Behavior Analytics.
- ◆ File Integrity Monitoring.
- ◆ PCI Compliance with 1 Year Log Retention.
- ◆ Network Traffic Analysis.
- ◆ Threat Intelligence Detections (Intel) with Global Database.
- ◆ Ongoing Threat Hunts (Hunts).
- ◆ Advanced Security Inspection for Malware.
- ◆ Monthly Compromise Assessment.
- ◆ Enhanced Vulnerability Management.
- ◆ Deep Security Monitoring.
- ◆ Intelligent Threat Detection.
- ◆ Faster Incident Response.
- ◆ Deep Packet Inspections.
- ◆ Predictive Analytics and Contextual Workflows.
- ◆ Threat Analytics and risk investigation solution that helps reduce the impact of cyber threats.
- ◆ Spoofing, domain name server (DNS), dynamic host configuration protocol (DHCP) Abuse.

### THREAT HUNTING PROCESS

MGT's threat hunting approach is rooted in the SOAR (Security Orchestration, Automation, and Response) playbook. In the SOAR approach, automating threat hunting processes (such as identifying suspicious malware, domains, and other indicators of compromise) free up the team to tackle the most critical threats faster. It lowers the barrier to hunting and helps identify and prioritize true threats before they impact the network.

### MGT KEEPS ALL EYES ON THE ENVIRONMENT 24X7

When it comes to cloud and hybrid environments, managing an unbounded and complex IT system is complicated. It either comes with the high cost of personnel dedicated to manual monitoring, or you risk missing important alerts due to sheer volume and lack of processes. MGT Leverages SOAR to bypass the cyclical pileup of new security events by automating workflows to handle repetitive tasks without unnecessary human involvement.

## OPERATIONALIZE DISPARATE DATA SETS

The more data sets we can analyze, the more proactive we can be at searching for compromises. When performed manually, however, this can be an overwhelming task that can quickly lead to burnout. Today, companies are producing more data than ever before, meaning security teams need the ability to keep up with and analyze it to ensure suspicious activity does not fly under the radar.

With SOAR solutions, we can add data sets to be analyzed continuously without adding time to our hunt cycle. This can reduce time-intensive processes down to seconds or minutes, while ensuring every piece of data is scanned and the client is notified the moment anomalous activity is detected. Even as the organization grows in both size and complexity, SOAR can easily adapt by ingesting new tools and data sets.

## AUTOMATE REPEATABLE TASKS

Leveraging SOAR tools, we can select the most repetitive and time-consuming processes for automation, allowing the client to shift its focus to more valuable and interesting work while speeding up time-to-response.

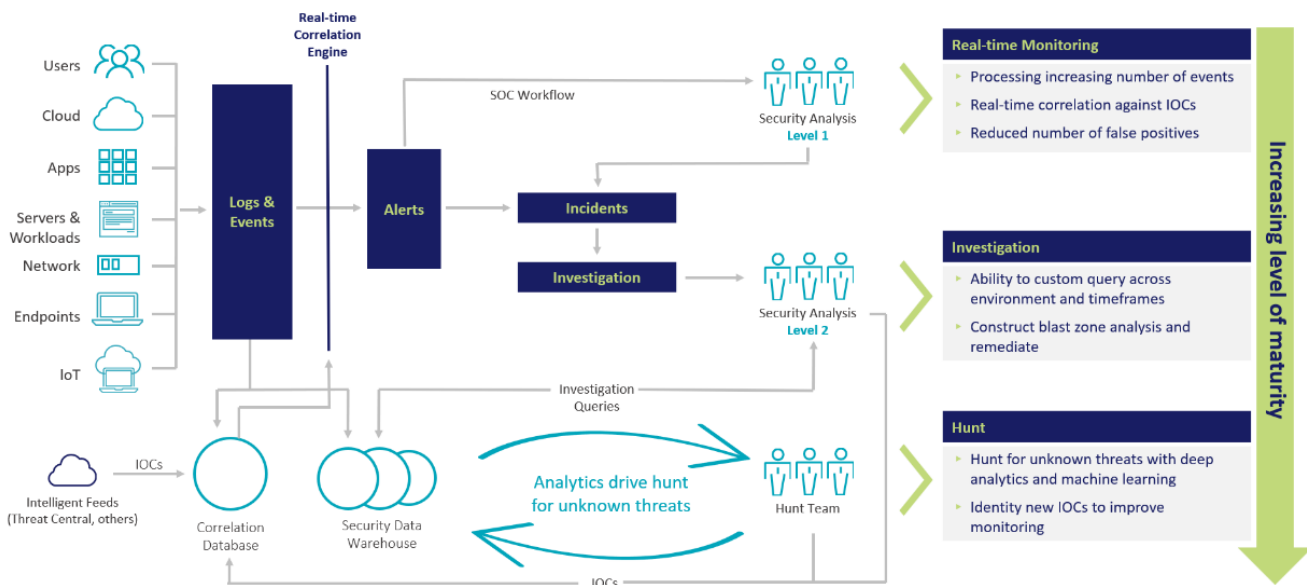
## JUMP INTO ACTION FASTER

Not only can SOAR streamline monitoring, investigating, and alerting, but it can also create and kick-off response workflows based on the type of threat discovered. Orchestration and automation ensure that the exact protocol is followed every time, and it gives stakeholders visibility throughout the entire process.

## ENDPOINT DETECTION AND RESPONSE (EDR)

Real-time EDR is critical for recognizing the first signs of attack. When an endpoint is compromised, attackers also access the sensitive information on that endpoint, as well as potential protocols or credentials to further penetrate the network or more privileged machines. Our tool's universal cloud-based Agent conducts endpoint scanning and alerts to reliably detect threats on the endpoint. These endpoints are often missed by traditional solutions but are vital in identifying specific assets that are targeted in an attack.

## MGT USE CASES FOR A MATURE SOC:



## E. INNOVATIVE CONCEPTS

### FILE INTEGRITY MONITORING

File integrity monitoring (FIM) is an important security defense layer for any organization monitoring sensitive assets. MGT implements FIM services using the SIEM solution deployed; we get the benefit of FIM along with proactive threat detection and containment capabilities. Other use cases we can solve with the EDR capabilities which include the following:



### 24X7X365 MDR Services Delivery

MGT's MDR solution leverages our deep security bench to deliver precise and proactive hunting and detection, strategic and tactical incident response and remediation, and intentional communications and reporting to create a transparent and efficient convergence between our SOC and your internal resources.

The Parish's cybersecurity environment will be assigned to our U.S.-based Intelligence SOC that is staffed 24X7 by our experienced analysts to ensure *continuous 24x7x365 monitoring coverage for real-time alert investigation, threat hunting, and incident response*. Our SOC benefits the Parish with tools outlined in the image below:

Additionally, our SOC team is comprised of three levels of Security Analysts assigned to customer clusters and managed by a SOC Lead:

Analyst	Description
Associate Analyst	Responsible for alert triage and investigation of IDS/IPS events and logs and threat hunting
Analyst	Responsible for alert triage and investigation, threat hunting, alert tuning, and supporting Remote Incident Response
Senior Analyst	Responsible for alert tuning, threat hunting, leading Remote Incident Response engagements, and handles escalated investigations.
Pod Lead	Manages the SOC teams. Responsible (along with the named Customer Advisor) for the MDR service delivered to their team's assigned customers.

### SERVICE LEVEL AGREEMENTS

The following response times are included as a part of the MGT Managed Detection and Response service:

The below service level agreements (SLA) have been set up by MGT Cybersecurity experts based on industry knowledge. We can happily work with the Parish to create a set of SLAs if they must specify and work hand in hand with the Security Operations (SecOps) division to create a better SLA and start working on it after it is agreed upon by both MGT and the Parish.

### INVESTIGATION VALIDATION RESPONSE TIME

Based on the level of severity of an incident, MGT team will alert the Parish per the response times outlined in the table below. It should be noted that the criticality of an event is determined by the MGT MDR SOC during the course of an investigation into an identified event. It is not possible to assign criticality before the scope of the event is determined and the incident is validated.

Severity	Example behaviors	Target time to notification	Time to Findings Report
Critical	An incident created via non-commodity malware deployed via spear phishing, social engineering, zero-day exploitation, or strategic web compromise, specifically targeted towards a target or organization.	Within one (1) hour of validation; Ongoing communications as they become available, but at a minimum, every 4 hours. Significant findings will be communicated as they are identified.	Findings Report will be posted in the Services Portal within 24 hours upon completion of investigation
High	An incident created using targeted off-the-shelf software backdoor deployed via spear phishing, social engineering, or strategic web compromises. Planned and targeted but using common malware.	Within one (1) hour of validation; Ongoing communications as they become available, but at a minimum, every 4 hours. Significant findings will be communicated as they are identified.	Findings Report will be posted in the Services Portal within 24 hours upon completion of investigation
Medium	An incident created using common threat malware, typically nonspecifically targeted, but rather opportunistic and automatic.	Within eight (8) hours of validation; Ongoing communications as they become available. Significant findings will be communicated as they are identified.	Findings Report will be posted in the Services Portal within 24 hours upon completion of investigation
Low	A low-risk threat, not capable of remote code execution, credential harvesting, or data theft. (ex: Spam email delivering adware).	Within eight (8) hours of validation; Ongoing communications as they become available. Significant findings will occur as they are identified.	Findings Report will be posted in the Services Portal within 24 hours upon completion of investigation

### CUSTOMER ADVISOR RESPONSE TIMES

The Customer Advisor team is held to the following response times for notifications of validated threats:

Trigger	Time to Action	Method	Action
Critical Severity Threat	Up to 1 hour after posting.	Phone	Proactively reach out to the customer for validated critical severity threats by phone to provide relevant details while the SOC generates a Findings report.
High Severity Threat	Up to 1 hour after posting the RFI	Phone	Proactively reach out to the customer for validated high severity threats by phone to provide relevant details while the SOC generates a Findings report.
Medium Severity Threat	Up to 1 hour after posting the RFI	Email	Proactively reach out to the customer for validated medium severity threats by email to provide relevant details while the SOC generates a Findings report.

## E. INNOVATIVE CONCEPTS

Trigger	Time to Action	Method	Action
Low Severity Threat	Up to 1 hour after posting the RFI	Email	Proactively reach out to the customer for validated low severity threats by email to provide relevant details while the SOC generates a Findings report.

The following are response times to inquiries from the customer's team:

Response Trigger	Time to Action	Action
Urgent Request	2 business hours	Reactively respond to an urgent request from the customer's team. Urgency is based on the discretion of the Customer Advisor team.
Non-urgent Request	24 business hours	Reactively respond to a non-urgent request from the customer's team. Urgency is based on the discretion of the Customer Advisor team.

## Search and Reporting

MGT's MDR service reports are delivered via the secure file transfer system located in the customer's Services Portal. MGT shall provide UNLIMITED ad-hoc reports requested by the Parish. Some of the Reports provided by default from MGT shall include:

Deliverable	Frequency	Description
Findings Reports	Ad-hoc, after an investigation identifies malicious activity	MGT shall Provide written analysis ("attack storyboard"), criticality, raw details, remediation and mitigation recommendations, and suggested containment actions at the conclusion of each validated incident investigation. MGT will notify the customer of any malicious activity ("incident") discovered via the customer's preferred method within the timeframes outlined in the "Response Times"
Hunt Reports	Monthly	Provides metrics and findings related to endpoint forensic analysis activities performed by the MDR analysts. Our analysts leverage LogRhythm to collect metadata from multiple locations on the customer's endpoints to identify persistent malware, historical application execution, unusual processes and network communications, and per-system anomalies.
Monthly Service Reports	Monthly	Provides the customer with metrics and context surrounding analysis activities, technology health, and findings summaries for an at-a-glance overview of MDR activities.
Quarterly Service Reports	Quarterly	Provides the customer with metrics and context surrounding analysis activities, technology health, and findings summaries for an at-a-glance overview of MDR activities for the customer.

## E. INNOVATIVE CONCEPTS

Deliverable	Frequency	Description
Threat Intelligence Reports	Ad-hoc, MDR finds new attack patterns	Provides a highly targeted analysis of new and emerging threats to inform the customer of the findings based on LogRhythm's Threat Intelligence infrastructure or third-party threat intelligence partners.

# F. Project Schedule

## Project Management and Communication Practices

In every engagement large and small, MGT adheres to a rigorous project management process that ensures the quality and timeliness of the Parish's deliverables and the complete satisfaction of with every aspect of the project. Our unique methodologies are based on industry standard best practices enhanced by our vast implementation experience for government agencies, schools, universities, public-sector organizations, and private industry enterprises.



This project will be managed using the MGT Project Management Methodology, which is based on the Project Management Institute's (PMI) Framework, as follows:

- ◆ Develop and track detailed and integrated project work schedules and allocate resources against the schedule.
- ◆ Responsible for steering the project to success working closely with the Parish's IT personnel.
- ◆ Periodically apprise project stake holders of project progress and issues that require their attention.
- ◆ Assign tasks to the team and review the progress of those tasks.
- ◆ Periodically track and assess the project risks and develop plans to mitigate such risks.
- ◆ Set project quality goals and review deliverables against those goals.
- ◆ Set and monitor project budget and costs to ensure delivering the project within budget.
- ◆ Continuously communicate with project stakeholders to align them toward set project goals.

**Communication:** Open communication and transparency are vital to the success of any project. Accordingly, MGT maintains a high and consistent level of communication throughout the course of the engagement. The communication plan is unique for every project and very much dependent on such factors as the duration of the project and the needs of the client. Early in the project, as part of the initiation phase, the MGT project director will work with the client team to establish the communications rhythm which typically includes routine status meetings, progress reporting and an open-door policy for ad-hoc communication to address project needs as they arise.

## G. Financial Profile

Financial Statements are included on the following pages.

**MGT of America, LLC**  
and Subsidiaries

**September 30, 2022 and 2021**

**Consolidated Financial Statements and  
Independent Auditor's Report**



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**INDEPENDENT AUDITOR'S REPORT**

To the Members  
MGT of America, LLC and Subsidiaries  
Tampa, Florida

**Opinion**

We have audited the accompanying consolidated financial statements of MGT of America, LLC and Subsidiaries ("Company"), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of operations, consolidated statements of changes in members' equity, and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MGT of America, LLC and Subsidiaries as of September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of MGT of America, LLC and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

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### INDEPENDENT AUDITOR'S REPORT (Continued)

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Is and company

Is and company

St. Petersburg, FL  
February 15, 2023

**MGT of America, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**As of September 30, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,498,850	\$ 2,144,126
Accounts receivable, net	26,981,173	7,346,038
Unbilled receivables	17,157,671	8,319,970
Other accounts receivable	1,061,084	88,537
Inventory	2,674,789	-
Prepaid expenses	1,913,553	585,576
Prepaid maintenance	3,342,111	-
Deferred contract costs	249,243	145,816
Total current assets	<u>61,878,474</u>	<u>18,630,063</u>
Property and equipment, net	3,328,291	711,667
Other assets:		
Goodwill	98,628,512	16,008,998
Intangibles, net	34,626,073	3,455,850
Prepaid expenses, noncurrent	338,382	-
Prepaid maintenance contracts, noncurrent	1,735,511	-
Investment in unconsolidated affiliate	811,899	-
Note receivable	750,000	-
Deposits	124,211	28,730
Total other assets	<u>137,014,588</u>	<u>19,493,578</u>
Total assets	<u>\$ 202,221,353</u>	<u>\$ 38,835,308</u>
<b>Liabilities and members' equity</b>		
Current liabilities:		
Accounts payable	\$ 17,542,388	\$ 938,206
Accrued liabilities	22,810,599	8,729,777
Deferred revenue	1,195,890	404,965
Current portion of long term debt	430,166	528,750
Contract liabilities, maintenance contracts	8,929,285	-
Total current liabilities	<u>50,908,328</u>	<u>10,601,698</u>
Long-term liabilities:		
Long-term debt, net of current portion	100,447,277	5,736,854
Accrued Liabilities, long-term	21,582,436	5,376,962
Contract liabilities, maintenance contracts, long-term	3,924,885	-
Total long-term liabilities	<u>125,954,598</u>	<u>11,113,816</u>
Total liabilities	<u>176,862,926</u>	<u>21,715,514</u>
Members' equity:	25,358,427	17,119,794
Total liabilities and members' equity	<u>\$ 202,221,353</u>	<u>\$ 38,835,308</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statements of Operations**  
**For the Fiscal Years September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Revenue	\$ 101,653,208	\$ 52,445,802
Cost of goods and services		
Salaries and benefits	46,600,107	33,890,046
Cost of goods sold	26,835,371	2,110,566
Contract labor	9,491,509	5,604,007
Travel	2,121,423	911,472
Total cost of goods and services	<u>85,048,410</u>	<u>42,516,091</u>
Gross profit	<u>16,604,798</u>	<u>9,929,711</u>
General and administrative expenses		
Operating expenses	11,406,195	5,144,175
Occupancy	867,900	563,091
Depreciation and amortization	2,335,705	704,475
Total general and administrative expenses	<u>14,609,800</u>	<u>6,411,741</u>
Net operating income	<u>1,994,998</u>	<u>3,517,970</u>
Other income (expense)		
Other income	2,059	2,292,510
Other expense	(290,550)	(20,671)
Interest expense	(3,896,902)	(337,564)
Total other income (expense)	<u>(4,185,393)</u>	<u>1,934,275</u>
Net income (loss)	<u><u>\$ (2,190,395)</u></u>	<u><u>\$ 5,452,245</u></u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statements of Changes in Members' Equity**  
**For the Fiscal Years September 30, 2022 and 2021**

	<u>Common Units</u>
September 30, 2020	\$ 11,766,752
Net income	5,452,245
Units vested	319,401
Units redeemed	(205,040)
Distributions	(213,564)
September 30, 2021	<u>\$ 17,119,794</u>
Net loss	(2,190,395)
Units vested	728,190
Units issued	15,856,013
Units redeemed	(3,102,064)
Distributions	(3,053,111)
September 30, 2022	<u><u>\$ 25,358,427</u></u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Fiscal Years September 30, 2022 and 2021**

	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ (2,190,395)	5,452,245
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,508,723	704,475
Allowance for doubtful accounts	10,567	(28,667)
Amortization of debt issuance costs	370,345	36,654
Gain on extinguishment of debt - PPP loan forgiveness	-	(2,266,072)
Common units vested	728,190	319,401
Change in operating assets and liabilities:		
Accounts receivable	(8,033,800)	(3,670,303)
Other accounts receivables	(953,655)	(88,537)
Unbilled receivables	(5,078,822)	(3,276,811)
Deferred contract costs	(103,427)	(68,135)
Prepaid expenses	(1,634,340)	(338,493)
Prepaid maintenance	(131,630)	-
Inventory	441,910	-
Deposits	(12,841)	(198,520)
Accounts payable	9,800,714	28,462
Accrued liabilities	2,041,951	2,099,681
Deferred revenue	299,388	137,097
Maintenance contracts	2,231,549	-
Net cash provided by (used in) operating activities	<u>294,427</u>	<u>(1,157,523)</u>
Cash flows from investing activities:		
Purchase of businesses, net of cash acquired	(96,861,108)	(6,254,051)
Purchase of property and equipment	(1,670,925)	(480,490)
Net cash used in investing activities	<u>(98,532,033)</u>	<u>(6,734,541)</u>
Cash flows from financing activities:		
Principal payments on line of credit	(4,872,604)	(4,500,000)
Borrowings on line of credit	4,872,604	4,500,000
Borrowings on long-term debt	111,130,656	7,106,147
Proceeds from issuance of common units	15,856,013	-
Redemption of common units	(3,102,064)	(205,040)
Distributions to members	(1,053,111)	(213,564)
Debt issuance costs	(2,641,935)	(237,822)
Principal payments on long-term debt	(15,597,229)	(639,375)
Net cash provided by financing activities	<u>104,592,330</u>	<u>5,810,346</u>
Increase (decrease) in cash and cash equivalents	6,354,724	(2,081,718)
Cash and cash equivalents, beginning of period	2,144,126	4,225,844
Cash and cash equivalents, end of period	<u>\$ 8,498,850</u>	<u>2,144,126</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2022 and 2021**

**1. Description of Business**

MGT of America, LLC (MGT) along with its principal subsidiaries (MGT Intermediate, LLC, MGT of America Consulting, LLC, Strategos Public Affairs, LLC (divested in November 2021), Cira Infotech, Inc., Eric Hall & Associates, LLC, Davis Demographics & Planning, Inc., Layer 3 Communications, LLC, Kitamba Management, Inc. and Education Direction, LLC) (collectively called the Company) is a leading social impact and performance solutions firm that serves state, local, education, technology, and commercial customers across the United States and abroad. By elevating education systems, managing and securing critical networks, solving complex human capital and fiscal problems, and advancing equity as a performance imperative, the Company can impact communities for good through customer partnership by delivering these solutions through a “three-point stance” of technology, education, and performance offerings (see Note 9).

**2. Basis of Presentation and Consolidation**

The accompanying audited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and reflect the financial statement presentation and disclosure requirements thereunder. The consolidated financial statements include the accounts of MGT along with its subsidiaries as noted above. All significant intercompany transactions have been eliminated in consolidation.

**3. Summary of Significant Accounting Policies Under US GAAP**

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash or deposits with financial institutions and deposits in highly liquid money market securities. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. Amounts over the FDIC insurance limit as of September 30, 2022 were \$6,846,694.

**Accounts Receivable, Net**

The Company carries its accounts receivable at face value less an allowance for doubtful accounts. The allowance for doubtful accounts is established to cover probable and reasonably estimable losses. The Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on historical experience, aging analyses, specifically identified troubled receivable balances that are past due and other currently available information, including macroeconomic factors. Uncollectible receivables are charged to bad debt expense when that determination is made. Bad debt expense for the years ended September 30, 2022 and 2021 was approximately \$49,000 and \$139,000, respectively. The allowance for doubtful accounts was approximately \$57,000 and \$46,000 for the years ended September 30, 2022 and 2021, respectively.

**Inventory**

Inventory is valued at the lower of cost (first-in, first-out method) or net realizable value with estimates of quantities and prices used in some cases. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2022 and 2021**

**3. Summary of Significant Accounting Policies Under US GAAP (continued)**

**Property and Equipment, Net**

Property and equipment are carried at cost, net of accumulated depreciation and amortization. Maintenance repairs and minor improvements are expensed as incurred. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets as follows:

Technology equipment and software	3 to 5 years
Furniture and fixtures	3 to 10 years
Leasehold improvements	Term of lease

The Company reviews for impairment of long-lived assets in accordance with accounting standards. These standards require companies to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at September 30, 2022 and 2021.

**Goodwill and Intangible Assets, Net**

Goodwill consists of the excess of purchase price over the fair value of identifiable net assets of companies acquired. In accordance with the Accounting Standards Codification ("ASC") 350 "Intangibles-Goodwill and Other", the carrying amount of goodwill and intangible assets is to be reviewed at least annually for impairment, and losses in value, if any, will be charged to operations in the period of impairment. Accounting Standards Update 2011-8 permits an entity to evaluate qualitative factors to assess whether impairment is more likely than not to have occurred. The test for impairment was completed for the fiscal years ended September 30, 2022 and 2021, and goodwill was determined not to be impaired.

Intangible assets are recorded at their estimated fair value at the date of acquisition. Intangible assets are amortized over their estimated useful lives, which range from three to ten years, using the straight-line method unless the asset is determined to have an indefinite life. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Assets that are deemed to be potentially impaired are evaluated for recoverability based upon management's estimates of future discounted cash flows. If the carrying value exceeds the recoverable amount of the asset, the deficiency is recorded as an impairment loss. No intangible asset impairment charges were recorded for the fiscal years ended September 30, 2022 and 2021.

**Investment in Unconsolidated Affiliate**

Investment in unconsolidated affiliate is initially measured at cost and is adjusted annually to reflect the Company's share of the affiliate's profit or loss for the period.

**Debt Issuance Costs**

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Such costs are amortized over the term of the respective debt using the straight-line method (see Note 7). The unamortized debt issuance costs are reflected on the balance sheet as a direct deduction from the outstanding balance owed on the long-term debt.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2022 and 2021**

**3. Summary of Significant Accounting Policies Under US GAAP (continued)**

**Financial Instruments**

The Company's financial instruments primarily consist of cash, accounts receivable, accounts payable, and debt. The fair value of cash, accounts receivable, and accounts payable approximate carrying value since they are relatively short-term in nature. The carrying value of debt approximates fair value due to either the length of maturity or existence of interest rates that approximate the prevailing market rates.

**Income Taxes**

The Company primarily operates as a partnership for U.S. federal and state income tax purposes with a calendar year end. Two of the Company's subsidiaries (Cira Infotech, Inc. and Davis Demographics & Planning, Inc.) operate as C Corporations for federal and state income tax purposes with a calendar year end having minimal tax implications. Generally for partnerships, the tax liability related to income earned represents obligations of the individual members and has not been reflected in the consolidated financial statements. The Company accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification 740. In accordance with these professional standards, the Company recognizes tax positions only to the extent management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements for the years ended September 30, 2022 and 2021. The Company believes that its income tax filings positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's consolidated balance sheet, consolidated statement of operations or consolidated cash flows. Accordingly, the Company has not recorded any accruals for interest and penalties for uncertain income tax positions at September 30, 2022.

The Company's income tax returns are subject to examination by taxing authorities since its formation. At September 30, 2022 the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>
Federal	December 31, 2019, 2020 and 2021
Various States	December 31, 2019, 2020 and 2021

**Credit Risks**

The Company provides professional services to many geographically diverse customers primarily across the public sector. The Company performs ongoing credit evaluations of its clients and generally does not require collateral. Accounts receivable are reviewed on a periodic basis and an allowance for doubtful accounts is recorded where such amounts are determined to be uncollectible. Due to the large number of customer accounts and the type of customer base, management does not believe that a significant exposure from a concentration of credit risk exists.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2022 and 2021**

**3. Summary of Significant Accounting Policies Under US GAAP (continued)**

**Revenue Recognition**

The Company derives its revenues primarily from the following services: consulting services, staffing, managed service provider services, and from being a network system solutions provider with additional maintenance service agreements, software-as-a-service, and software licensing services. Substantially all of the Company's revenues are considered to be revenues from contracts with customers. These contracts have different terms based on the scope, performance obligations, and complexity of the engagement, which frequently require the Company to make judgments and estimates in recognizing revenues. There are many types of contracts, including time-and-materials contracts, cost-plus contracts, cost-plus-incentives contracts and contracts with multiple fee types. It is probable that the Company will collect substantially all of the consideration to which it is entitled in exchange for those goods and services that will be transferred to the customer. Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company evaluates each deliverable to identify performance obligations and to determine whether the deliverables represent promises to transfer distinct goods or services. The evaluation requires significant judgment and the impact of combining or separating performance obligations may change the time over which revenue from the contract is recognized. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For contracts with multiple performance obligations, the contract's transaction price is allocated to each performance obligation based on the relative standalone selling price. The primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which the expected costs of satisfying a performance obligation are forecast and then an appropriate margin for that distinct good or service is added based on margins for similar services sold on a standalone basis. While determining relative standalone selling price and identifying separate performance obligations require judgment, generally relative standalone selling prices and the separate performance obligations are readily identifiable as those performance obligations are sold unaccompanied by other performance obligations. Contract modifications are routine in the performance of the Company's contracts. Contracts are often modified to account for changes in the contract specifications, requirements, or duration. If a contract modification results in the addition of performance obligations priced at a standalone selling price or if the post-modification services are distinct from the services provided prior to the modification, the modification is accounted for separately. If the modified services are not distinct, they are accounted for as part of the existing contract.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2022 and 2021**

**3. Summary of Significant Accounting Policies Under US GAAP (continued)**

**Revenue Recognition (continued)**

Consulting service contracts are typically renewable annually or less than one year in duration. Staffing and managed service provider contracts typically span one to three years. Consulting, staffing, and managed service provider income is recognized in the month the service is provided to the customer. These services are considered to be a single performance obligation that is satisfied over time as services are rendered. The revenue is recognized using an input method of costs incurred to measure progress toward completion. This method is used because management considers this to be the best available measure of progress on services provided. When contractual billings represent an amount that corresponds directly with the value provided to the client (e.g., time-and-materials contracts), revenues are recognized as amounts become billable in accordance with contract terms. Revenues from fixed-price contracts are generally recognized using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying performance obligations. Incurred costs represent work performed, which corresponds with, and thereby best depicts, the transfer of control to the client. Series-based contracts require a series of distinct services to be provided each period over the contract term. Revenues from unit-priced contracts are recognized as transactions are processed.

Contracts for maintenance service agreements and software-as-a-service are primarily under fixed price contracts that generally provide a set of integrated or highly interdependent services. Maintenance service agreements and software-as-a-service income is recognized in the month the service is provided to the customer. These services are considered to be a single performance obligation that is satisfied over time as services are rendered. The revenue is recognized using an input method based on time elapsed to measure progress toward completion. This method is used because management considers this to be the best available measure of progress on services provided.

For contracts that include consultation, design, installation, hardware sales, and software sales which do not qualify to recognize revenue over time, revenue is recognized at a point in time when the performance obligation is satisfied and the customer obtains control of the promised good or service. Software licensing services include perpetual and renewable software license sales that are recognized when the customer can receive the benefit. This is considered to be a single performance obligation that is satisfied at a point in time upon delivery to the customer.

A contract asset is recorded when revenue is recognized in advance of the right to receive consideration. Amounts are recorded as accounts receivable when the right to consideration is unconditional. When consideration is received, or when there is an unconditional right to consideration in advance of delivery of goods or services, a contract liability is recorded. The Company utilizes fixed fee arrangements for maintenance contracts, which are typically billed to the customer at the beginning of the service period. Differences in the timing of revenue recognition and customer billings result in deferred revenue being recognized at the end of each reporting period. Amounts received in advance of the performance of services or delivery of products are classified as contract liabilities. Contract assets and liabilities are reported in the accompanying consolidated balance sheets on a contract-by-contract basis at the end of each reporting period.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2022 and 2021**

**3. Summary of Significant Accounting Policies Under US GAAP (continued)**

**Revenue Recognition (continued)**

The nature of the Company's contracts gives rise to several types of variable consideration, including incentive fees. Several contracts include incentives or penalties related to costs incurred, benefits produced, or adherence to schedules that may increase the variability in revenues and margins earned on such contracts. These variable amounts generally are awarded or refunded upon achievement of, or failure to achieve, certain performance metrics, milestones, or cost targets and can be based upon client discretion. Variable fees are included in the estimated transaction price when there is a basis to reasonably estimate the amount of the fee and it is not probable a significant reversal of revenue will occur. These estimates reflect the expected value of the variable fee and are based on an assessment of anticipated performance, historical experience, and other information available at the time.

The Company does not have any significant financing components. For some managed service provider contracts, payments are received for transition or set-up and implementation activities, which are deferred and recognized as revenue as the services are provided. These advance payments are typically not a significant financing component because they are used to meet working capital demands in the early stages of a contract and to protect the Company from the other party failing to complete its obligations under the contract. Any costs to obtain a contract with a customer are expensed as incurred. Sales and other taxes that the Company collects concurrent with the revenue-producing activities are excluded from revenue. The practical expedient was elected to report revenues net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

Disaggregation of revenue from contracts with customers is as follows:

	2022	2021
Consulting Services	\$ 48,658,813	\$ 37,643,599
Hardware/Software	26,155,809	1,933,789
Strategic Staffing	12,185,741	10,596,613
Maintenance Services	8,145,339	-
Managed Services	6,507,506	2,271,801
	<u>\$ 101,653,208</u>	<u>\$ 52,445,802</u>

**Shipping and Handling Costs**

The Company considers all shipping and handling to be fulfillment activities and not a separate performance obligation. Shipping and handling costs are recorded as cost of goods sold except for those charged to customers that are reported within revenue.

**Advertising**

Advertising costs are expensed as incurred and included in operating expenses. The expense amounted to approximately \$49,000 and \$31,000 for the years ended September 30, 2022 and 2021, respectively.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
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**3. Summary of Significant Accounting Policies Under US GAAP (continued)**

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Actual results could differ from those estimates.

**Reclassifications**

Certain reclassifications have been made to the prior fiscal year's balances to conform to the current fiscal year's consolidated financial statement presentation. These reclassifications had no effect on net income (loss).

**Recent Accounting Pronouncement**

In February 2016, FASB issued ASU 2016-02, *Leases*. This ASU supersedes existing guidance on accounting for leases in ASC Topic 840, *Leases*. The standard requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. This ASU will be effective for the Company's year ended September 30, 2023. The amendments should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently in the process of assessing the impact of the adoption of this standard on its consolidated financial statements.

**4. Property and Equipment, net**

Property and equipment, net consists of the following as of September 30:

	2022	2021
Technology equipment and software	\$ 3,565,377	\$ 668,509
Assets under construction	634,034	372,245
Leasehold improvements	129,361	73,186
Furniture and equipment	88,700	376,534
	\$ 4,417,472	\$ 1,490,474
less accumulated depreciation	(1,089,181)	(778,807)
	<u>\$ 3,328,291</u>	<u>\$ 711,667</u>

Depreciation expense for the years ended September 30, 2022 and 2021 was approximately \$557,000 and \$303,000, respectively, of which approximately \$173,000 is included in cost of goods sold during 2022.

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**MGT of America, LLC and Subsidiaries**  
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**5. Goodwill and Intangible Assets, net**

Goodwill consists of the following as of September 30:

	<u>2022</u>	<u>2021</u>
Balance as of beginning of fiscal year	\$ 16,008,998	\$ 4,830,434
Current fiscal year acquisitions	82,671,657	11,178,564
Other adjustments	<u>(52,143)</u>	<u>-</u>
Balance as of end of fiscal year	<u>\$ 98,628,512</u>	<u>\$ 16,008,998</u>

Intangible assets, net consists of the following as of September 30:

	<u>2022</u>	<u>2021</u>
Non-compete agreements and customer relationships	\$ 24,409,277	\$ 4,509,277
Contract-related intangibles	7,900,000	-
Trade name	5,900,000	800,000
Other	<u>351,155</u>	<u>189,685</u>
	\$ 38,560,432	\$ 5,498,962
less accumulated amortization	<u>(3,934,359)</u>	<u>(2,043,112)</u>
	<u>\$ 34,626,073</u>	<u>\$ 3,455,850</u>

Amortization expense was approximately \$1,952,000 and \$402,000 for the years ended September 30, 2022 and 2021, respectively. Intangible assets with an indefinite life consist of a trade name in the amount of \$800,000.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
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**5. Goodwill and Intangible Assets, net (continued)**

The following is a schedule of estimated future amortization for the years subsequent to September 30, 2022:

Years Ending September 30,	
2023	\$ 5,670,894
2024	5,670,894
2025	5,102,046
2026	2,860,695
2027	2,779,267
Thereafter	11,742,277
	<u>\$ 33,826,073</u>

**6. Investment in Unconsolidated Affiliate**

Layer 3 Communications, LLC (Layer 3) has a note receivable for \$750,000 with an entity that provides WiFi solutions and engineering services. Under a unit purchase agreement, Layer 3 purchased 5% of the entity's outstanding common units for \$750,000. The unit purchase agreement included pre-emptive rights in the event of the future sale of the entity along with anti-dilution rights which terminated on January 7, 2023. As a result of the purchase, Layer 3 obtained rights to the use of proprietary licenses and customized versions of end-user software for its customers.

**7. Debt Issuance Costs**

During fiscal year 2022, the Company incurred debt issuance costs of approximately \$2,642,000 relating to the WhiteHorse Capital Management, LLC term loans. These costs are amortized using the straight-line method over the life of the loans. Accumulated amortization was approximately \$169,000 as of September 30, 2022. Amortization expense charged to interest expense was approximately \$169,000 for the year ended September 30, 2022. These costs are presented (net of accumulated amortization) as a reduction in the carrying value of the related debt liabilities on the accompanying consolidated balance sheets (see Note 8).

During fiscal year 2021, the Company incurred debt issuance costs of approximately \$238,000 relating to the CIBC Bank USA term loans that were closed in fiscal year 2022. These costs are amortized using the straight-line method over the life of the loans. Accumulated amortization was approximately \$238,000 and \$37,000 as of September 30, 2022 and 2021, respectively. Amortization charged to interest expense was approximately \$201,000 and \$37,000 for the years ended September 30, 2022 and 2021, respectively. These costs are presented (net of accumulated amortization) as a reduction in the carrying value of the related debt liabilities on the accompanying consolidated balance sheets (see Note 8).

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
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**8. Debt**

On May 12, 2022, the Company entered into a credit agreement with WhiteHorse Capital Management, LLC (WhiteHorse). The agreement provides for Initial Term Loans of \$70 million and a \$7.5 million Revolving Credit Facility, which was used to replace the existing CIBC credit agreement. Proceeds from the Initial Term Loans were used to fully repay the CIBC Credit Facilities and to fund the acquisitions of Layer 3 Communications, LLC and Davis Demographics & Planning, Inc. (see Note 9). Unused commitments under the Revolving Credit Facility are subject to a quarterly fee of 0.50%. Interest is subject to a variable interest rate (9.14% at September 30, 2022). The maturity date of the WhiteHorse Credit Facilities is May 12, 2027. The entire \$7.5 million Revolving Credit Facility was available at September 30, 2022.

The acquisition of Davis Demographics & Planning, Inc. (see Note 9) was also funded by a subordinated note payable. On May 12, 2022, in connection with the purchase agreement, the Company issued a promissory note to the seller in the amount of \$1.35 million. The note provides for monthly interest payments at an interest rate of 5% and is compounded annually on the unpaid balance. The note has a maturity date of May 12, 2025.

On July 29, 2022, the Company amended its credit agreement with WhiteHorse to provide for First Amendment Incremental Term Loans of \$32 million. Proceeds from the First Amendment Incremental Term Loans were used to fund the acquisition of Education Direction, LLC (see Note 9). Interest is subject to a variable interest rate (9.47% at September 30, 2022). The maturity date of the WhiteHorse Credit Facilities is May 12, 2027.

On November 2, 2020, the Company entered into a credit agreement with CIBC Bank USA (CIBC). The agreement provided for a Closing Date Term Loan of \$6 million, a Delayed Draw Term Loan of \$1.2 million, and a \$5 million Revolving Credit Facility. Proceeds from the Closing Date Term Loan were used to fund the acquisition of Cira Infotech, Inc. (see Note 9). Proceeds from the Delayed Draw Term Loan were used to fund the acquisition of Eric Hall & Associates, LLC (see Note 9). As noted above, the Delayed Draw Term Loan was fully repaid, and the agreement terminated on May 12, 2022.

On December 31, 2021, the Company amended its credit agreement with CIBC to provide for a \$6.9 million Amendment No. 2 Term Loan and increase the availability on the \$5 million Revolving Credit Facility by drawing down \$2,472,604 on the Delayed Draw Term Loan while increasing its commitment to \$5 million. Proceeds from the Amendment No. 2 Term Loan were used to fully repay the Delayed Draw Term Loan and to fund the acquisition of Kitamba Management, Inc. (see Note 9). As noted above, the Amendment No. 2 Term Loan was fully repaid, and the agreement terminated on May 12, 2022.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
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**8. Debt (continued)**

In response to economic uncertainty caused by the COVID-19 pandemic, the Company took the additional step in applying for a loan from Valley National Bank in the amount of \$2,266,072 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note dated April 16, 2020, which offered forgiveness to the extent proceeds of the loan were used for eligible expenditures such as payroll and other expenses described in the CARES Act. As of September 30, 2021, the entire balance of the PPP loan had been forgiven and recognized as other income.

At September 30, 2022 and 2021, the Company is compliant with all covenants.

Outstanding debt balances as of September 30, 2022 and 2021 consisted of the following:

	2022	2021
WhiteHorse Initial Term Loans with quarterly payments of \$175,000 commencing in June 2023 with a balloon payment in May 2027. Interest is subject to a variable interest rate. Secured by the accounts of the Company and guaranteed by MGT of America, LLC and Subsidiaries.	\$ 70,000,000	\$ -
WhiteHorse First Amendment Incremental Term Loans with quarterly payments of \$80,000 commencing in June 2023 with a balloon payment in May 2027. Interest is subject to a variable interest rate. Secured by the accounts of the Company and guaranteed by MGT of America, LLC and Subsidiaries.	32,000,000	-
Gregory Davis promissory note with annual payments of \$450,000 at 5% interest through May 2025. The note is unsecured.	1,350,000	-
CIBC Closing Date Term Loan with monthly payments at 4% interest through November 2025. Guaranteed by all assets of MGT of America, LLC, Stratco, and a member of the Company.	-	5,700,000
CIBC Delayed Draw Term Loan with monthly payments at 4% interest through November 2025. Guaranteed by all assets of MGT of America, LLC, Stratco, and a member of the Company.	-	710,625
Less debt issuance costs	(2,472,557)	(145,021)
	100,877,443	6,265,604
Less current portion of debt	(430,166)	(528,750)
Total long term debt	<u>\$ 100,447,277</u>	<u>\$ 5,736,854</u>

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
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**8. Debt (continued)**

The aggregate annual amounts of principal payments required on the debt for the years subsequent to September 30, 2022 are as follows:

Years Ending September 30,	Principal Payments	Unamortized Debt Issuance Costs	Net Amount
2023	\$ 960,000	\$ (529,834)	\$ 430,166
2024	1,470,000	(529,834)	940,166
2025	1,470,000	(529,834)	940,166
2026	1,020,000	(529,834)	490,166
2027	98,430,000	(353,221)	98,076,779
	<u>\$ 103,350,000</u>	<u>\$ (2,472,557)</u>	<u>\$ 100,877,443</u>

**9. Business Combinations and Divestitures**

The Company completed four and two acquisitions during fiscal years ended September 30, 2022 and 2021, respectively. The Company accounted for each acquisition using the acquisition method of accounting. Accordingly, the purchase price is allocated related to these transactions to tangible and intangible assets acquired and liabilities assumed, including goodwill and contingent consideration, based on their estimated fair values. The Company recognizes acquisition-related costs in general and administrative expenses on the accompanying consolidated statements of operations.

**Fiscal Year 2022**

***Kitamba***

On December 31, 2021, the Company acquired the net assets and operations of Kitamba Management, Inc.'s (Kitamba) education and social impact consulting services and related products business for total consideration of \$8,000,000. Kitamba provides data strategy and analysis, instructional and budget support and facility services to K-12 schools, school districts and county offices of education. In connection with this acquisition, goodwill of \$13,033,033 was recorded. The acquisition was funded primarily through borrowings available under the CIBC Amendment No. 2 Term Loan (see Note 8). Additionally, the terms of the acquisition allow for contingent consideration of up to \$6,000,000 with an estimated fair value of \$5,550,182 as of the acquisition date. Any contingent consideration payments are based upon achieving certain revenue and operational metrics of Kitamba for the fiscal years of 2022, 2023 and 2024.

***Davis Demographics and Planning***

On May 12, 2022, the Company acquired Davis Demographics and Planning, Inc. (Davis), a provider of demographics and planning for public school districts, including demographic reports, attendance and boundary planning and GIS services, as well as the licensing of software for total consideration of \$2,119,390, including cash at close of \$900,000 and a \$1,350,000 promissory note (see Note 8). The acquisition was funded primarily through borrowings available under the WhiteHorse Initial Term Loans (see Note 8). In connection with this acquisition, goodwill of \$1,917,421 was recorded.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
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**9. Business Combinations and Divestitures (continued)**

***Layer 3 Communications***

On May 12, 2022, the Company acquired Layer 3 Communications, LLC (Layer 3), a leading provider of complex network, security, and data center IT deployments, as well as custom Managed Service Provider (MSP) solutions for total consideration of \$43,927,433, net of cash acquired. The acquisition was funded primarily through borrowings under the WhiteHorse Initial Term Loans (see Note 8). Additionally, the terms of the acquisition allow for contingent consideration of up to \$17,000,000 with an estimated fair value of \$16,000,581 as of the acquisition date. Any contingent consideration payments are based upon achieving certain revenue and operational metrics of Layer 3 for the fiscal years of 2023, 2024 and 2025. In connection with this acquisition, goodwill of \$34,093,143 and intangible assets of \$24,228,000 were recorded. The intangible assets consist primarily of customer and contract-related intangibles, trademarks and non-competition clauses, which are being amortized over 3 to 10 years.

***Ed Direction***

On July 29, 2022, the Company acquired Education Direction, LLC (Ed Direction), a leading provider of school transformation services for districts, states, foundations, and nonprofit organizations throughout the U.S for total consideration of \$41,166,681, net of cash acquired. The acquisition was funded primarily through borrowings under the WhiteHorse First Amendment Incremental Term Loans (see Note 8) and \$9,825,000 of additional capital raised from a major shareholder (Trivest MGT Investor, LLC). Additionally, the terms of the acquisition allow for contingent consideration of up to \$6,000,000 with an estimated fair value of \$4,034,280 as of the acquisition date. Any contingent consideration payments are based upon achieving certain revenue and operational metrics of Ed Direction for the fiscal years of 2023, 2024 and 2025. In connection with this acquisition, goodwill of \$33,628,060 and intangible assets of \$8,756,000 were recorded. The intangible assets consist primarily of contract-related intangibles, trademarks and non-competition clauses, which are being amortized over 3 to 10 years.

**Fiscal Year 2021**

***Cira Infotech***

On October 1, 2020, the Company acquired Cira Infotech, Inc. (Cira), a provider of IT infrastructure managed services and support for total consideration of \$6,005,823. The acquisition was funded primarily through \$6,000,000 of borrowings under the CIBC Closing Date Term Loan (see Note 8). Additionally, the terms of the acquisition allow for contingent consideration of up to \$8,439,298 with an estimated fair value of \$7,325,493 as of the acquisition date. Any contingent consideration payments are based upon achieving certain revenue and operational metrics of Cira for the fiscal years of 2021, 2022 and 2023. In connection with this acquisition, goodwill of \$9,174,098 and intangible assets of \$3,450,000 were recorded. The intangible assets consist of customer-related intangibles and non-competition clauses, which are being amortized over 5 to 10 years. Trademarks with an indefinite life were also acquired.

**MGT of America, LLC and Subsidiaries**  
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**9. Business Combinations and Divestitures (continued)**

***Eric Hall & Associates***

On December 10, 2020, the Company acquired the net assets and operations of Eric Hall & Associates, LLC's (EH&A) education consulting practice for total consideration of \$1,050,000, including \$925,000 cash consideration paid at close. EH&A engages in the business of providing services with respect to human resources, fiscal and budget support and facility services to K-12 public and charter schools, school districts and county offices of education in California. The acquisition was funded primarily through borrowings available under the CIBC Delayed Draw Term Loan (see Note 8). Additionally, the terms of the acquisition allow for contingent consideration of up to \$1,050,000 with an estimated fair value of \$994,826 as of the acquisition date. Any contingent consideration payments are based upon achieving certain revenue and operational metrics of EH&A for the calendar years of 2021 and 2022. In connection with this acquisition, goodwill of \$2,004,466 was recorded.

**Fiscal 2022 Divestitures**

***Strategos***

On November 1, 2021, the Company completed the divestiture of Strategos Public Affairs, LLC (Strategos), a wholly owned subsidiary that specializes in governmental advocacy, public opinion architecture and strategic business advisory. The Company redeemed 97,815.97 of the vested membership units of the Company from the acquirers for 100% of the membership units of Strategos for total consideration of \$1,400,000. No gain or loss was recorded in the accompanying consolidated statements of operations. Concurrent with the sale, the Company issued to Strategos a Secured Promissory Note (Working Capital Loan) with a principal amount of \$397,000 and bearing interest at LIBOR plus 3% maturing on September 30, 2022. The obligations under this Note were secured by Strategos' account receivables and personal guarantees of the acquirers and were paid in full prior to the end of our fiscal year. Additionally, a Transition Services Agreement was entered into to provide corporate back-office services to Strategos for a period of 90 days following the sale.

**10. Retirement Plan**

The Company adopted a 401(k) profit-sharing plan whereby eligible employees may contribute elective deferrals subject to Internal Revenue Service limitations. The Company matches contributions up to 3% of an employee's compensation. Employer contributions vest over a six-year period. Total employer contributions for the years ended September 30, 2022 and 2021 were approximately \$626,000 and \$338,000, respectively.

Layer 3, which was acquired during fiscal year 2022, currently maintains its own retirement plan under a 401(k) safe harbor defined contribution plan whereby eligible employees may contribute elective deferrals subject to Internal Revenue Service limitations. Under the safe harbor plan, Layer 3 matches contributions up to 5% of an employee's compensation. Employer contributions are vested immediately. Total employer contributions from the date of acquisition of May 12, 2022 through the year ended September 30, 2022 were approximately \$205,000.

Read accompanying Independent Auditor's Report.

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**11. Related Party Transactions**

For the years ended September 30, 2022 and 2021, the Company incurred rent expense of approximately \$225,000 and \$179,000; and travel costs of approximately \$413,000 and \$220,000, respectively, to employees or entities that are owned by members.

**12. Lease Obligations**

The Company leases various operating facilities throughout the United States with non-cancelable lease terms through 2028. The leases require payments of taxes and certain other expenses. Total rent expense under these leases was approximately \$790,000 and \$563,000 in 2022 and 2021, respectively. The following is a schedule of future minimum rental commitments required under non-cancelable operating leases that have a minimum initial or remaining lease term in excess of one year as of September 30, 2022:

<u>Years Ending</u> <u>September 30,</u>	
2023	\$ 815,866
2024	653,284
2025	467,465
2026	411,883
2027	233,476
Thereafter	51,760
	<u>\$ 2,633,734</u>

No capital leases exist as of September 30, 2022.

**13. Voting Rights**

The Company has one class of common units - Class A common units which have total voting rights. There were 1,135,171 and 1,013,373 vested Class A units outstanding as of September 30, 2022 and 2021, respectively.

**14. Equity Appreciation Rights**

An Equity Appreciation Rights (EAR) plan was established in fiscal year 2021. The EAR units are used to attract and retain employees and promote the success of the Company's business. Management grants units after receiving authorization from the Board. The EAR units do not have ownership or voting rights in the Company. Units will be redeemed upon a change in control of the Company. The redemption value will represent one Common Class A unit minus the base price of one Common Class A unit. Units are forfeited upon unit holders leaving the Company.

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**14. Equity Appreciation Rights (continued)**

As of September 30, 2022 and 2021, 118,225 and 32,125 units have been issued, respectively. 36,750 and 3,500 have been forfeited, respectively, leaving 81,475 and 28,625 current units outstanding, respectively. The plan supports up to 100,000 units being allotted, increasing to 180,000 subsequent to fiscal year 2022.

**15. Commitments and Contingencies**

From time to time, the Company is involved in litigation arising in the ordinary course of business. Some of the actions and proceedings have been brought on behalf of various claimants and certain of these claimants seek damages of unspecified amounts. The Company records a liability when it believes that it is both probable that a loss has been incurred, and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum estimated liability. While the ultimate outcome of litigation matters cannot be predicted with certainty, it is the current opinion of management that the resolution of such litigation is not likely to have a material adverse effect on the consolidated financial statements.

**16. Major Suppliers**

For the year ended September 30, 2022, the Company purchased approximately \$23,516,000 or 88% of its material and supplies from three suppliers. There were no major suppliers for the year ended September 30, 2021.

**17. Supplemental Disclosures for Statements of Cash Flows**

Cash paid for interest for the years ended September 30, 2022 and 2021 was approximately \$1,742,000 and \$290,000, respectively.

**Noncash Investing and Financing Transactions**

On September 30, 2022, the Company declared a distribution to its members in the amount of \$2,000,000 which was subsequently paid in October and November of 2022. The Company has included the liability as of September 30, 2022 in accrued liabilities on the accompanying consolidated balance sheets.

**18. Subsequent Events**

Management has evaluated subsequent events through February 15, 2023, the date on which the consolidated financial statements were available to be issued, and has no material subsequent events to report.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC**  
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**Consolidated Financial Statements and  
Independent Auditor's Report**



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**INDEPENDENT AUDITOR'S REPORT**

To the Members  
MGT of America, LLC and Subsidiaries  
Tampa, Florida

We have audited the accompanying consolidated financial statements of MGT of America, LLC and Subsidiaries ("Company"), which comprise the consolidated balance sheets as of September 30, 2021 and 2020, and the related consolidated statements of operations, consolidated statements of changes in members' equity, and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 overall presentation of the consolidated financial statements.

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

Experienced, resourceful and passionate about your needs

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MGT of America, LLC and Subsidiaries as of September 30, 2021 and 2020, and the results of their consolidated operations and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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St. Petersburg, FL  
January 26, 2022

**MGT of America, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**As of September 30, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,144,126	\$ 4,225,845
Accounts receivable, net	7,346,038	3,647,068
Other accounts receivable	88,537	-
Unbilled receivables	8,319,970	5,043,160
Deferred contract costs	145,816	77,681
Prepaid expenses	585,576	247,084
Total current assets	<u>18,630,064</u>	<u>13,240,837</u>
Property and equipment, net	711,667	533,914
Goodwill	16,008,999	4,830,435
Intangibles, net	3,455,850	217,903
Deposits	28,730	19,895
Total other assets	<u>20,205,245</u>	<u>5,602,148</u>
Total assets	<u><u>\$ 38,835,309</u></u>	<u><u>\$ 18,842,984</u></u>
<b>Liabilities and members' equity</b>		
Current liabilities:		
Accounts payable	\$ 938,206	\$ 909,744
Accrued liabilities	8,729,778	3,632,548
Deferred revenue	404,965	267,868
Term Loan, current portion	528,750	-
PPP Loan, current portion	-	252,565
Total current liabilities	<u>10,601,698</u>	<u>5,062,726</u>
Long-term liabilities:		
Term loan, less current portion	5,736,854	-
PPP loan, less current portion	-	2,013,507
Accrued Liabilities, long term	5,376,962	-
Total long term liabilities	<u>11,113,816</u>	<u>2,013,507</u>
Total liabilities	<u>21,715,515</u>	<u>7,076,233</u>
Members' equity:	<u>17,119,794</u>	<u>11,766,751</u>
Total liabilities and members' equity	<u><u>\$ 38,835,309</u></u>	<u><u>\$ 18,842,984</u></u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statements of Operations**  
**For the Fiscal Years September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Revenue	\$ 52,445,802	\$ 29,168,923
Costs of goods and services		
Cost of goods sold	2,110,566	-
Salaries and benefits	33,890,046	19,005,063
Contract labor	5,604,007	5,059,350
Travel	911,472	944,128
Total cost of goods and services	<u>42,516,090</u>	<u>25,008,541</u>
Gross profit	<u>9,929,712</u>	<u>4,160,382</u>
General and administrative expenses		
Operating expenses	5,164,846	4,013,990
Occupancy	563,091	520,934
Interest	337,564	425,276
Depreciation and amortization	704,475	261,794
Total general and administrative expenses	<u>6,769,975</u>	<u>5,221,994</u>
Net operating income (loss)	<u>3,159,737</u>	<u>(1,061,612)</u>
Other income	2,292,510	19,192
Net income	<u><u>\$ 5,452,247</u></u>	<u><u>\$ (1,042,420)</u></u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statement of Members' Equity**  
**For the Fiscal Years Ended September 30, 2021 and 2020**

	Total	Common Units	Preferred Units
September 30, 2019	\$ 6,379,718	\$ 5,771,100	\$ 608,618
Net loss before taxes	(1,042,420)	(1,042,420)	-
Priority changes	-	(67,955)	67,955
Common units vested	316,427	316,427	-
Common units issued	10,327,789	10,327,789	
Units redeemed	(4,214,763)	(3,538,190)	(676,573)
Distributions	-	-	-
September 30, 2020	\$ 11,766,751	\$ 11,766,751	\$ -
Net income before taxes	5,452,246	5,452,247	-
Priority changes	-	-	-
Common units vested	319,401	319,401	-
Common units issued	-	-	
Units redeemed	(205,040)	(205,040)	-
Distributions	(213,564)	(213,564)	-
September 30, 2021	\$ 17,119,794	\$ 17,119,795	\$ -

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the Fiscal Years Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flow from operating activities:		
Net income (loss)	\$ 5,452,247	\$ (1,042,420)
Adjustments to reconcile net income to net cash flow provided by (used in) operating activities:		
Depreciation and amortization	704,475	261,794
Change in allowance for bad debts	(28,667)	92,875
Amortization of capitalized loan costs	36,654	-
Employee units vested	319,401	316,427
Change in operating assets and liabilities		
Accounts receivable, net	(3,764,339)	(22,127)
Due from related parties	5,499	120,721
Unbilled receivables	(3,276,811)	(851,995)
Deferred contract costs	(68,135)	588,279
Prepaid expenses	(338,493)	(132,130)
Deposits	(198,520)	10,777
Accounts payable	28,462	360,798
Accrued liabilities	2,099,681	1,622,192
Deferred revenue	137,097	(320,634)
Net cash from operating activities	<u>1,108,550</u>	<u>1,004,557</u>
Cash flow from investing activities:		
Acquisitions, net of cash acquired	(6,254,052)	-
Purchase of property and equipment	(480,490)	(142,177)
Issuance of units	-	10,327,789
Distributions to members	(213,564)	-
Net cash from (used) by investing activities	<u>(6,948,106)</u>	<u>10,185,612</u>
Cash flow from financing activities:		
Proceeds from PPP loan		2,266,072
Gain on extinguishment of debt - PPP loan forgiveness	(2,266,072)	
Proceeds from term loan debt, net of unamortized debt issuance costs	6,868,325	-
Redemption of common units	(205,040)	(4,214,763)
Principal payments on term loan	(639,375)	(3,931,484)
Principal payment on related party notes payable	-	(1,621,730)
Net cash from (used) by financing activities	<u>3,757,838</u>	<u>(7,501,905)</u>
Decrease in cash and cash equivalents	(2,081,718)	3,688,264
Cash and cash equivalents, beginning of period	4,225,845	537,580
Cash and cash equivalents, end of period	<u>\$ 2,144,126</u>	<u>\$ 4,225,845</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

**1. Description of Business**

MGT of America, LLC (MGT) along with its principal subsidiaries (MGT of America Consulting, LLC, Strategos Public Affairs, LLC, Cira Infotech, Inc., and Eric Hall & Associates, LLC) (collectively called “the Company”) is a nationwide professional services firm that delivers a diverse range of consulting services to public and public related agencies in the following lines of service: financial services, educational transformation, PK-12, higher education, facilities, disparity, human resources, and cyber security.

**2. Basis of Presentation and Consolidation**

The accompanying audited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and reflect the financial statement presentation and disclosure requirements thereunder. The consolidated financial statements include the accounts of MGT along with its subsidiaries as noted above. All significant intercompany transactions have been eliminated in consolidation.

**3. Summary of Significant Accounting Policies Under US GAAP**

**Use of Estimates**

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash or deposits with financial institutions and deposits in highly liquid money market securities. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. Amounts over the FDIC insurance limit as of September 30, 2021 and 2020 were approximately \$1,445,000 and \$3,870,000, respectively.

**Accounts Receivable, Net**

The Company carries its accounts receivable at face value less an allowance for doubtful accounts. The allowance for doubtful accounts is established to cover probable and reasonably estimable losses. The Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on historical experience, aging analyses, specifically identified troubled receivable balances that are past due and other currently available information, including macroeconomic factors. Uncollectible receivables are charged to bad debt expense when that determination is made. Bad debt expense for the year ended September 30, 2021 and 2020 was approximately \$139,000 and \$79,000, respectively. Allowance for doubtful accounts was approximately \$46,000 and \$75,000 for the fiscal years ended September 30, 2021 and 2020.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

**Property and Equipment, Net**

Property and equipment are carried at cost, net of accumulated depreciation and amortization. Maintenance repairs and minor improvements are expensed as incurred. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets, as follows:

Technology equipment and software	3 to 5 years
Furniture and fixtures	15 years
Leasehold improvements	Term of lease

**Goodwill and Intangible Assets**

Goodwill consists of the excess of purchase price over the fair value of identifiable net assets of companies acquired. In accordance with the Accounting Standards Codification ("ASC") 350 "Intangibles-Goodwill and Other", the carrying amount of goodwill and intangible assets is to be reviewed at least annually for impairment, and losses in value, if any, will be charged to operations in the period of impairment. Accounting Standards Update 2011-8 permits an entity to evaluate qualitative factors to assess whether impairment is more likely than not to have occurred. The test for impairment was completed for the years ended September 30, 2021 and 2020. Goodwill was determined to not be impaired for the fiscal years ended September 30, 2021 and 2020.

Intangible assets are recorded at their estimated fair value at the date of acquisition. Intangible assets are amortized over their estimated useful lives, which range from three to 15 years, using the straight-line method unless the asset is determined to have an indefinite life. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Assets that are deemed to be potentially impaired are evaluated for recoverability based upon management's estimates of future discounted cash flows. If the carrying value exceeds the recoverable amount of the asset, the deficiency is recorded as an impairment loss. No fixed or intangible assets impairment charges were recorded for the fiscal years ended September 30, 2021 and 2020.

**Fair Value Measurements**

The Company's financial instruments primarily consist of cash, accounts receivable, accounts payable, and debt. The fair value of cash, accounts receivable, and accounts payable approximate carrying value since they are relatively short-term in nature. The carrying value of debt approximates fair value due either to length of maturity or existence of interest rates that approximate the prevailing market rates.

**Income Taxes and Priority Charges**

The Company operates as a partnership for U.S. federal and state income tax purposes with a calendar year end. Generally, the tax liability related to income earned represents obligations of the individual members and has not been reflected in the consolidated financial statements. In February 2020, the Company amended and restated its Operating Agreement (see Note 10). Under the Company's previous operating agreement, preferred members earn a 4% dividend on capital invested payable at the discretion of management with board approval. This obligation is not charged against earnings but shown as priority charge in the Statement of Changes in Members' equity.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

The Company accounts for uncertain tax positions, if any in accordance with FASB Accounting Standards Codification 740. In accordance with these professional standards, the Company recognizes tax positions only to the extent management believes it is “more likely than not” that its tax positions will be sustained upon IRS examination. Management believes it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements for the years ended September 30, 2021 and 2020. The Company believes that its income tax filings positions will be sustained upon examination and does not anticipate any adjustments that would result in material adverse effect on the Company’s consolidated balance sheet, consolidated statement of operations or consolidated cash flows. Accordingly, the Company has not recorded any accruals for interest and penalties for uncertain income tax positions at September 30, 2021.

The Company’s income tax returns are subject to examination by taxing authorities since its formation. At September 30, 2021 the following tax years are subject to examination

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>
Federal	December 31, 2018, 2019 and 2020
Various State	December 31, 2018, 2019 and 2020

**Revenue Recognition**

The Company accounts for revenue in accordance with FASB ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which we adopted on October 1, 2020 using the modified retrospective method. Revenues are recognized when we satisfy a performance obligation by transferring services promised in a contract to a customer and in an amount that reflects the consideration that we expect to receive in exchange for those services. Revenues include all amounts billable to clients.

***Performance Obligations***

Performance obligations in our contracts represent distinct or separate services that we provide to our customers. If, at the outset of an arrangement, we determine that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For contracts with multiple performance obligations, we allocate the contract’s transaction price to each performance obligation based on the relative standalone selling price. The primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which we forecast our expected costs of satisfying a performance obligation and then add an appropriate margin for that distinct good or service based on margins for similar services sold on a standalone basis. While determining relative standalone selling price and identifying separate performance obligations require judgment, generally relative standalone selling prices and the separate performance obligations are readily identifiable as we sell those performance obligations unaccompanied by other performance obligations. Contract modifications are routine in the performance of our contracts. Contracts are often modified to account for changes in the contract specifications, requirements or duration. If a contract modification results in the addition of performance obligations priced at a standalone selling price or if the post-modification services are distinct from the

Read accompanying Independent Auditor’s Report.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

services provided prior to the modification, the modification is accounted for separately. If the modified services are not distinct, they are accounted for as part of the existing contract.

The company generates the majority of its revenues by providing consulting services, staffing, and managed service provider services to our clients. These contracts have different terms based on the scope, performance obligations and complexity of the engagement, which frequently require the Company to make judgments and estimates in recognizing revenues. There are many types of contracts, including time-and-materials contracts, cost-plus contracts, cost-plus-incentives contracts and contracts with multiple fee types.

The nature of the Company's contracts gives rise to several types of variable consideration, including incentive fees. Several contracts include incentives or penalties related to costs incurred, benefits produced or adherence to schedules that may increase the variability in revenues and margins earned on such contracts. These variable amounts generally are awarded or refunded upon achievement of or failure to achieve certain performance metrics, milestones or cost targets and can be based upon client discretion. Variable fees are included in the estimated transaction price when there is a basis to reasonably estimate the amount of the fee and it is not probable a significant reversal of revenue will occur. These estimates reflect the expected value of the variable fee and are based on an assessment of our anticipated performance, historical experience and other information available at the time.

Performance obligations are satisfied over time as work progresses, or at a point in time. The majority of our revenues are recognized over time, based on the extent of progress towards satisfying our performance obligations. The selection of the method to measure progress towards completion requires judgment and is based on the contract and the nature of the services to be provided.

***Consulting Services Contracts***

Our contracts for consulting services are typically renewable annually or less than one year in duration. Revenues are generally recognized over time as our clients benefit from the services as they are performed, or the contract includes termination provisions enabling payment for performance completed to date. When contractual billings represent an amount that corresponds directly with the value provided to the client (e.g., time-and-materials contracts), revenues are recognized as amounts become billable in accordance with contract terms. Revenues from fixed-price contracts are generally recognized using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying our performance obligations. Incurred costs represent work performed, which corresponds with, and thereby best depicts, the transfer of control to the client. For contracts that include hardware and software sales which do not qualify to recognize revenue over time, we recognize revenues at a point in time when we satisfy our performance obligations and the client obtains control of the promised good or service.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

***Managed Service Provider, External Operator and Staffing Contracts***

Our managed service provider, external operator, and staffing contracts typically span one to three years. Revenues are generally recognized over time because our clients benefit from the services as they are performed. These series-based contracts require us to provide a series of distinct services each period over the contract term. Revenues from unit-priced contracts are recognized as transactions are processed. When contractual billings represent an amount that corresponds directly with the value provided to the client (e.g., time-and-materials contracts), revenues are recognized as amounts become billable in accordance with contract terms.

***Contract Balances***

The timing of revenue recognition, billings and cash collections results in Receivables, Contract assets, and Deferred revenues (Contract liabilities) on our Consolidated Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones. Our receivables are rights to consideration that are conditional only upon the passage of time as compared to our contract assets, which are rights to consideration conditional upon additional factors. When we bill or receive payments from our clients before revenue is recognized, we record Contract liabilities. Contract assets and liabilities are reported on our Consolidated Balance Sheet on a contract-by-contract basis at the end of each reporting period.

For some managed service provider contracts, we receive payments for transition or set-up and implementation activities, which are deferred and recognized as revenue as the services are provided. These advance payments are typically not a significant financing component because they are used to meet working capital demands in the early stages of a contract and to protect us from the other party failing to complete its obligations under the contract. We elected the practical expedient to report revenues net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

***Recently Adopted Accounting Pronouncements***

***Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09 (“Topic 606”)***

On October 1, 2020, we adopted Topic 606, which replaced most existing revenue recognition guidance. The core principle of Topic 606 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. Topic 606 has been applied to contracts that were not completed as of September 30, 2020. Results for reporting periods beginning after October 1, 2020 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting.

The impact of adopting the new standard was not material to our Consolidated Financial Statements. The primary impacts included additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from client contracts, including judgments and changes in estimates. Upon adoption, there were no changes to retained earnings or income tax impact as of October 1, 2021.

Read accompanying Independent Auditor’s Report.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

**Credit Risks**

The Company provides professional services to many geographically diverse customers primarily across the public sector. The Company performs ongoing credit evaluations of its clients and generally does not require collateral. Accounts receivable are reviewed on a periodic basis and an allowance for doubtful accounts is recorded where such amounts are determined to be uncollectible. Due to the large number of client accounts and the type of client base, management does not believe that a significant exposure from a concentration of credit risk exists.

**4. Property and Equipment, net**

Property and equipment, net consists of the following as of September 30:

	<u>2021</u>	<u>2020</u>
Technology Equipment and Software	\$ 668,509	\$ 542,827
Furniture and equipment	376,534	353,081
Leasehold improvements	73,186	36,171
Assets under constuction	<u>372,245</u>	<u>168,444</u>
	1,490,474	1,100,523
less accumulated depreciation	(778,808)	(566,609)
	<u><u>\$ 711,667</u></u>	<u><u>\$ 533,914</u></u>

Depreciation expense for the fiscal years ended September 30, 2021 and 2020 was approximately \$303,000 and \$221,000, respectively.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

**5. Intangible Assets, net**

Intangible assets consist of the following:

	<u>2021</u>	<u>2020</u>	Estimated life (years)
Non-complete agreements and customer relationships	\$ 4,509,277	\$ 1,859,277	15
Trade name	800,000	-	15
Other	189,685	-	2-4
	<u>5,498,962</u>	<u>1,859,277</u>	
less accumulated amortization	<u>(2,043,112)</u>	<u>(1,641,374)</u>	
	<u><u>\$ 3,455,850</u></u>	<u><u>\$ 217,903</u></u>	

Amortization expense was approximately \$402,000 and \$41,000 for the years ended September 30, 2021 and 2020, respectively. Estimated future amortization is estimated to be approximately \$400,000 for each of the next five years.

**6. Debt**

On November 2, 2020, the company entered into a new credit agreement ("the Agreement") with CIBC Bank USA. The agreement provides for a Closing Date Term Loan of \$6 million, a Delayed Draw Term Loan of \$1.2 million, and a \$5 million Revolving Credit Facility, which was used to replace the existing credit agreement. Proceeds from the term loan were used to fully repay the line of credit with Valley National Bank, which was subsequently closed, and to fund the acquisition of Cira Infotech, Inc.

Borrowings under the Term Loan agreements bear interest at floating rates, based upon either LIBOR plus an applicable margin of 3.00% to 3.75% or a base rate plus a spread of 2.00% to 2.75%. The applicable spread is determined quarterly based upon the Company's consolidated total debt cash flow leverage ratio. The Term Loans are subject to amortization of principal of 1.25% per year for the first year of the term, 1.875% for the following three years, and 2.5% per year thereafter, payable in equal quarterly installments. The maturity date of the Credit Facilities is November 2, 2025. Unused commitments under the Revolving Credit Facility are subject to a quarterly fee of 0.50%. During fiscal year 2021, the Company accessed no amounts of its \$5 million Revolving Credit Facility.

At September 30, 2021 and 2020, the Company is compliant with all covenants.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

**6. Debt – Continued**

In response to economic uncertainty caused by the COVID-19 pandemic, the Company took the additional step in applying for a loan from Valley National Bank in the amount of \$2,266,072 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note dated April 16, 2020 which offered forgiveness to the extent proceeds of the loan was used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months, with payments commencing in August 2021, after the deferral period. The loan could be repaid at any time with no prepayment penalty. As of September 30, 2021, the entire balance of the PPP Loan had been forgiven.

Outstanding debt balances as of September 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Closing Date Term loan due in monthly installments ranging from 1.25% to 1.875% of principal at 4 % interest through November 2025. Guaranteed by all assets of MGT of America, LLC., Stratco, and a member of the company.	\$ 5,700,000	\$ -
Delayed Draw Term loan due in monthly installments ranging from 1.25% to 1.875% of principal at 4 % interest through November 2025. Guaranteed by all assets of MGT of America, LLC., Stratco, and a member of the company.	710,625	-
Capitalized loan costs	(145,021)	-
PPP loan due in monthly installments of \$127,215 including interest of 1% through 2022	-	2,266,072
	<u>6,265,604</u>	<u>2,266,072</u>
Less current installments of long-term debt	<u>(528,750)</u>	<u>(252,565)</u>
Long-term debt, excluding current installments	<u>5,736,854</u>	<u>2,013,507</u>
Long-term debt	<u>\$ 5,736,854</u>	<u>\$ 2,013,507</u>

Long term debt next five years

<u>September 30,</u>	
2022	\$ 528,750
2023	528,750
2024	528,750
2025	705,000
2026	<u>3,974,354</u>
	<u>\$ 6,265,604</u>

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

**6. Debt – Continued**

**Debt Issuance Costs**

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Such costs are amortized over the term of the respective debt using the effective interest method. The unamortized debt issuance costs are reflected on the balance sheet as a direct deduction from the outstanding balance owed on the long-term debt.

**7. Acquisitions**

As set forth below, the Company completed two acquisitions from October 1, 2020 through September 30, 2021. The Company accounted for each acquisition using the acquisition method of accounting. Accordingly, it recorded the tangible and intangible assets acquired and liabilities assumed at their estimated fair values as of the applicable date of acquisition. The Company recognizes acquisition-related costs in selling, general and administrative expenses in the consolidated statements of comprehensive income.

**Cira Acquisition**

On October 1, 2020, the Company acquired Cira Infotech, Inc. (Cira), a provider of IT infrastructure managed services and support. The aggregate purchase price of \$6,005,823 which was funded primarily through borrowings under the Closing Date Term Loan Credit Facility. The Company drew \$6,000,000 from the available lines of credit to fund the transaction. The terms of the acquisition allow for potential earn-outs of up to an additional \$8,439,298 with an estimated fair value of \$7,325,493 as of the acquisition date. The contingent earn-out payment is based on the operating results of Cira for the fiscal years of 2021, 2022, and 2023.

**Eric Hall & Associates Acquisition**

On December 10, 2020, the Company purchased the assets of Eric Hall & Associates, LLC (EH&A). The seller engages in the business of providing services with respect to human resources, fiscal and budget support and facility services to K-12 schools, school districts and county offices of education in California. The aggregate purchase price of \$1,050,000 included \$925,000 cash consideration paid upon acquisition, funded primarily through borrowings under the Delayed Draw Term Loan Credit Facility. The terms of the acquisition allow for a potential earn-out of up to an additional \$1,050,000 with an estimated fair value of \$994,826 as of the acquisition date. The contingent earn-out payment is based on the operating results of EH&A for the calendar years of 2021 (January 1, 2021 through December 31, 2021) and 2022 (January 1, 2022 through December 31, 2022).

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

**8. Lease Obligations**

The Company leases various operating facilities in Florida, Michigan and California with non-cancelable lease terms through 2025. The leases require payments of taxes and certain other expenses. Office rent expense was approximately \$563,000 and \$511,000 in 2021 and 2020 respectively. The following is a schedule of future minimum rental commitments required under non-cancelable leases that have a minimum initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2021:

<u>September 30,</u>		
2022	\$	239,210
2023	\$	69,000
2024	\$	37,500
2024	\$	4,500
2025		-
	\$	<u>345,710</u>

No capital leases exist as of September 30, 2021.

**9. Retirement Plan**

The Company has adopted a 401(k)-profit sharing plan. Eligible employees may contribute elective pre-tax deferrals subject to Internal Revenue Service limitations. The Company matches contributions up to 3% of an employee's compensation. Employer contributions vest over a six-year period. Total employer contributions for the year ended September 30, 2021 and 2020 were approximately \$338,000 and \$207,000, respectively.

**10. Related Party Transactions**

In June 2018, the former founders exchanged their preferred interests for long term notes with an original principal balance of \$1,206,000, payable in 96 monthly principal payments of \$12,706 plus interest of 4.25%. In 2014, CPI, a company majority owned by former stockholders of MGT of America, Inc., entered into a loan agreement with an original principal balance of \$1,000,000 with the Company to fund ongoing operations payable monthly through July 15, 2025 plus interest of 6.25%. In February 2020, all related party long term notes were repaid in full.

For the fiscal years ending September 30, 2021 and 2020, the Company incurred rent expense of approximately \$179,000 and \$217,000; and travel costs of \$220,000 and \$80,000, respectively, to entities that are owned by members.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

**11. Investment by Trivest MGT Investor LLC**

In February 2020, the Company issued and sold 478,667.27 Class A Common units, equivalent to 41.9% of the Company's total equity at the transaction date, to Trivest MGT Investor LLC ("Trivest Member") for cash of \$10,600,000. Trivest Member's ownership percentage was subsequently reduced to 37.1% based upon the Company's achievement of agreed upon financial milestones. Concurrent with the transaction, the Company amended and restated its Operating Agreement (the "A&R Operating Agreement"). The Company incurred approximately \$327,000 in transaction expenses in connection with the transaction.

Among other provisions, the A&R Operating Agreement grants the Trivest Member certain preemptive and redemptive rights. The preemptive rights require notice to the Trivest Member no less than 30 days prior to a transaction where securities or instruments are issued, sold or granted by the Company or any of its subsidiaries.

The redemptive rights require, with written notice, the Company to redeem the Trivest Member's Class A common units in the event that certain events do not occur within five years of the A&R Operating Agreement's effective date.

**12. Voting Rights**

In February 2020, the Company amended and restated its Operating Agreement as discussed above. The Company had two classes of common units - Class A common units which have total voting rights while Class C common units have limited voting rights and could be redeemed subject to cash availability and board approval. There were 1,013,373 and 997,387 vested Class A units and 0 and 1,142,137 Class C units outstanding as of September 30, 2021 and 2020, respectively.

Preferred units included three types – Preferred A, Preferred B and Preferred C. Preferred A units have no voting rights. They were issued at \$1,000 per unit and were redeemable at any time at the discretion of the Board. They accrued dividends at Prime plus 3% per annum, cumulative and payable with preference over common units. All 687 units were fully redeemed as of May 2020. Preferred B units have no voting rights. They were issued at \$12 per unit and could be redeemed at any time at the discretion of the Board. They accrue dividends at 5% of Agreed Value, cumulative, payable monthly, with preference over common units. All 65,384 units were redeemed during June 2019. Preferred Class C units have limited voting rights and accrue dividends at 4% to be paid at the discretion of the Board with preference over common units. In February 2020, the outstanding 515,205 Preferred C units were fully redeemed.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2021 and 2020**

**13. Equity Appreciation Rights**

An Equity Appreciation Rights (EAR) plan was established in fiscal year 2021. The EAR units are used to attract and retain employees and promote the success of the Company's business. The EAR units do not have ownership or voting rights in the Company. Units will be redeemed upon a change in control of the Company. The redemption value will represent one Common Class A unit minus the base price of one Common Class A unit. Units are forfeited upon unit holders leaving the Company.

As of September 30, 2021, 32,125 units have been issued. 3,500 have been forfeited, leaving 29,625 current units outstanding. The plan supports up to 100,000 units being issued. Management has been authorized by the Board to grant 50,000 units.

**14. Commitments and Contingencies**

From time to time, the Company is involved in litigation arising in the ordinary course of business. Some of the actions and proceedings have been brought on behalf of various claimants and certain of these claimants seek damages of unspecified amounts. The Company records a liability when it believes that it is both probable that a loss has been incurred, and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. Where a range of loss can be reasonably estimated with no best estimate in the range, we record the minimum estimated liability. While the ultimate outcome of litigation matters cannot be predicted with certainty, it is the current opinion of management that the resolution of such litigation is not likely to have a material adverse effect on the consolidated financial statements.

**15. Subsequent Events**

On November 1, 2021, the Company completed the divestiture of Strategos Public Affairs, LLC ("Strategos"). In connection with this agreement, the Company entered into a transition services agreement to provide corporate back-office services to Strategos for 90 days following the divestiture. The Company issued a note receivable with a principal of \$397,000 bearing interest at LIBOR plus 3% collateralized by Strategos' account receivables.

On December 31, 2021, the Company purchased the assets of Kitamba Management, Inc. at a purchase price of \$8,000,000. The seller engages in the business of providing services with respect to data strategy and analysis, instructional support and budget support and facility services to K-12 schools, school districts and county offices of education. The terms of the acquisition allow for a potential earn-out of up to an additional \$6 million. The contingent earn-out payment is based on the operating results of Kitamba for the fiscal years of 2022, 2023, and 2024.

Management has evaluated subsequent events through January 26, 2022, the date on which the consolidated financial statements were available to be issued. No further subsequent events were identified that would require adjustment to, or disclosure in, the consolidated financial statements.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC  
and Subsidiaries**

**September 30, 2020 and 2019**

**Consolidated Financial Statements and  
Independent Auditor's Report**



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**INDEPENDENT AUDITOR'S REPORT**

To the Members  
MGT of America, LLC and Subsidiaries  
Tampa, Florida

We have audited the accompanying consolidated financial statements of MGT of America, LLC and Subsidiaries ("Company"), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of operations, consolidated statements of changes in members' equity, and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 overall presentation of the consolidated financial statements.

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

Experienced, resourceful and passionate about your needs

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MGT of America, LLC and Subsidiaries as of September 30, 2020 and 2019, and the results of their consolidated operations and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

LS + Company

Is and company

St. Petersburg, FL  
January 28, 2021

**MGT of America, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**As of September 30, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,225,845	\$ 537,580
Accounts receivable, net	3,647,068	3,731,593
Due from related parties	-	107,148
Unbilled receivables	5,043,159	4,191,165
Deferred contract costs	77,681	665,960
Prepaid expenses	247,084	114,954
Total current assets	<u>13,240,837</u>	<u>9,348,399</u>
Property and equipment, net	533,914	617,681
Goodwill	4,830,435	4,830,435
Intangibles, net	217,903	253,753
Deposits	19,895	30,672
Total other assets	<u>5,602,147</u>	<u>5,732,542</u>
Total assets	<u>\$ 18,842,984</u>	<u>\$ 15,080,941</u>
<b>Liabilities and members' equity</b>		
Current liabilities:		
Accounts payable	\$ 909,744	\$ 548,946
Accrued liabilities	3,632,548	2,010,562
Lines of credit	-	3,041,968
Deferred revenue	267,869	588,501
Term Loan, current portion	-	322,111
PPP Loan, current portion	252,565	-
Related party notes payable, current portion	-	140,662
Total current liabilities	<u>5,062,726</u>	<u>6,652,751</u>
Long-term liabilities:		
Term loan, less current portion	-	567,404
PPP loan, less current portion	2,013,507	-
Related party notes payable, less current portion	-	1,481,068
Total long term liabilities	<u>2,013,507</u>	<u>2,048,472</u>
Total liabilities	<u>7,076,233</u>	<u>8,701,223</u>
Members' equity:	<u>11,766,751</u>	<u>6,379,718</u>
Total liabilities and members' equity	<u>\$ 18,842,984</u>	<u>\$ 15,080,941</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statements of Operations**  
**For the Fiscal Years September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Revenue	\$ 29,168,923	\$ 25,789,731
Salaries and benefits	19,005,063	16,219,455
Contract labor	5,059,350	2,793,294
Travel	944,128	1,773,996
	<u>25,008,541</u>	<u>20,786,745</u>
Gross profit	<u>4,160,382</u>	<u>5,002,986</u>
General and administrative expenses		
Operating expenses	4,013,990	2,316,607
Occupancy	520,934	445,285
Interest	425,276	320,297
Depreciation and amortization	261,794	244,703
Total general and administrative expenses	<u>5,221,994</u>	<u>3,326,892</u>
Other income	19,192	174,237
Net income (loss)	<u>\$ (1,042,420)</u>	<u>\$ 1,850,331</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statement of Members' Equity**  
**For the Fiscal Years Ended September 30, 2020 and 2019**

	Total	Common Units	Preferred Units
September 30, 2018	\$ 4,342,727	\$ 3,851,172	\$ 491,555
Net income before taxes	1,850,331	1,850,331	-
Priority charges	-	(117,063)	117,063
Common units vested	218,280	218,280	-
Distributions	(31,620)	(31,620)	-
September 30, 2019	\$ 6,379,718	\$ 5,771,100	\$ 608,618
Net loss before taxes	(1,042,420)	(1,042,420)	-
Priority charges	-	(67,955)	67,955
Common units vested	316,427	316,427	-
Common units issued	10,327,789	10,327,789	
Units redeemed	(4,214,763)	(3,538,190)	(676,573)
	<u>\$ 11,766,751</u>	<u>\$ 11,766,751</u>	<u>\$ -</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the Fiscal Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flow from operating activities		
Net loss	\$ (1,042,420)	\$ 1,850,331
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	261,794	244,703
Change in allowance for bad debts	92,875	140,692
Employee units vested	316,427	218,280
Change in operating assets and liabilities		
Accounts receivable, net	(22,127)	21,516
Due from related parties	120,721	(75,090)
Unbilled receivables	(851,995)	(2,219,936)
Deferred contract costs	588,279	(665,960)
Prepaid expenses	(132,130)	80,089
Deposits	10,777	234,849
Accounts payable	360,798	113,545
Accrued liabilities	1,622,192	159,222
Deferred revenue	(320,634)	588,501
Net cash from operating activities	<u>1,004,557</u>	<u>690,742</u>
Cash flow from investing activities		
Purchase of property and equipment	(142,177)	(323,394)
Issuance of units	10,327,789	-
Distributions to members	-	(31,620)
Net cash from (used) by investing activities	<u>10,185,612</u>	<u>(355,014)</u>
Cash flow from financing activities		
Proceeds from PPP Loan	2,266,072	-
Borrowings under VNB line of credit, net	-	(1,122,830)
Redemption of common units	(4,214,763)	-
Principal payments on term loan	(3,931,484)	670,581
Principal payment on related party notes payable	(1,621,730)	(200,714)
Net cash from (used) by financing activities	<u>(7,501,905)</u>	<u>(652,963)</u>
Decrease in cash and cash equivalents	3,688,264	(317,235)
Cash and cash equivalents, beginning of period	537,580	854,815
Cash and cash equivalents, end of period	<u>\$ 4,225,845</u>	<u>\$ 537,580</u>

Read accompanying Independent Auditor's Report and Notes to Consolidated Financial Statements.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2020 and 2019**

**1. Description of Business**

MGT of America, LLC (MGT) along with its principal subsidiaries (MGT of America Consulting, LLC and Strategos Public Affairs, LLC) (collectively called “the Company”) is a nationwide professional services firm that delivers a diverse range of consulting services to public and public related agencies in the following lines of service: financial services, educational transformation, PK-12, higher education, facilities, disparity, human resources, and cyber security.

**2. Basis of Presentation and Consolidation**

The accompanying audited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and reflect the financial statement presentation and disclosure requirements thereunder. The consolidated financial statements include the accounts of MGT along with its subsidiaries as noted above. All significant intercompany transactions have been eliminated in consolidation.

Certain prior balances have been reclassified to conform with current year presentation. These reclassifications had no effect on previously reported net income or total equity.

**3. Summary of Significant Accounting Policies Under US GAAP**

**Use of Estimates**

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash or deposits with financial institutions and deposits in highly liquid money market securities. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. Amounts over the FDIC insurance limit as of September 30, 2020 and 2019 were approximately \$3,870,000 and \$317,000, respectively.

**Accounts Receivable, Net**

The Company carries its accounts receivable at face value less an allowance for doubtful accounts. The allowance for doubtful accounts is established to cover probable and reasonably estimable losses. The Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on historical experience, aging analyses, specifically identified troubled receivable balances that are past due and other currently available information, including macroeconomic factors. Uncollectible receivables are charged to bad debt expense when that determination is made. Bad debt expense for the year ended

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2020 and 2019**

**3. Summary of Significant Accounting Policies Under US GAAP - Continued**

September 30, 2020 and 2019 was \$79,000 and \$146,000, respectively. Allowance for doubtful accounts was \$75,000 and \$168,000 for the fiscal years ended September 30, 2020 and 2019.

**Property and Equipment, Net**

Property and equipment are carried at cost, net of accumulated depreciation and amortization. Maintenance repairs and minor improvements are expensed as incurred. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets, as follows:

Technology equipment and software	3 to 5 years
Furniture and fixtures	15 years
Leasehold improvements	Term of lease

**Goodwill and Intangible Assets**

Goodwill consists of the excess of purchase price over the fair value of identifiable net assets of companies acquired. In accordance with the Accounting Standards Codification ("ASC") 350 "Intangibles-Goodwill and Other", the carrying amount of goodwill and intangible assets is to be reviewed at least annually for impairment, and losses in value, if any, will be charged to operations in the period of impairment. Accounting Standards Update 2011-8 permits an entity to evaluate qualitative factors to assess whether impairment is more likely than not to have occurred. The test for impairment was completed for the years ended September 30, 2020 and 2019. Goodwill was determined to not be impaired for the fiscal years ended September 30, 2020 and 2019.

In June 2019, partners of Fiscal Choice joined the Company. They were given one-year employment agreements with earn out targets of \$100,000 if performance metrics were met. In August 2017, the Company acquired the assets of Anderson Strickler (AS), a management consultancy firm for \$50,000 at closing and \$286,000 payable over the next three years based on AS achieving certain earn out targets. Earn out targets were not met for the first payoff of \$50,000 due in August 2018 except for the guarantee of \$25,000. The remaining targets to achieve the additional payouts in 2019 were not met and goodwill was adjusted by \$211,000 to reflect that these payoffs would not occur.

Intangible assets are recorded at their estimated fair value at the date of acquisition. Intangible assets are amortized using the straight-line method over 15 years. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Assets that are deemed to be potentially impaired are evaluated for recoverability based upon management's estimates of future discounted cash flows. If the carrying value exceeds the recoverable amount of the asset, the deficiency is recorded as an impairment loss. No fixed or intangible assets impairment charges were recorded for the fiscal years ended September 30, 2020 and 2019.

**Fair Value Measurements**

The Company's financial instruments primarily consist of cash, accounts receivable, accounts payable, and debt. The fair value of cash, accounts receivable, and accounts payable approximate carrying value

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2020 and 2019**

since they are relatively short-term in nature. The carrying value of debt approximates fair value due either to length of maturity or existence of interest rates that approximate the prevailing market rates.

**Income Taxes and Priority Charges**

The Company operates as a partnership for U.S. federal and state income tax purposes with a calendar year end. Generally, the tax liability related to income earned represents obligations of the individual members and has not been reflected in the consolidated financial statements. In February 2020, the Company amended and restated its Operating Agreement (see Note 10). Under the Company's previous operating agreement, preferred members earn a 4% dividend on capital invested payable at the discretion of management with board approval. This obligation is not charged against earnings but shown as priority charge in the Statement of Changes in Members' equity.

The Company accounts for uncertain tax positions, if any in accordance with FASB Accounting Standards Codification 740. In accordance with these professional standards, the Company recognizes tax positions only to the extent management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements for the years ended September 30, 2020 and 2019. The Company believes that its income tax filings positions will be sustained upon examination and does not anticipate any adjustments that would result in material adverse effect on the Company's consolidated balance sheet, consolidated statement of operations or consolidated cash flows. Accordingly, the Company has not recorded any accruals for interest and penalties for uncertain income tax positions at September 30, 2020.

The Company's income tax returns are subject to examination by taxing authorities since its formation. At September 30, 2020 the following tax years are subject to examination

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>
Federal	December 31, 2017, 2018 and 2019
Various State	December 31, 2017, 2018 and 2019

**Revenue Recognition**

Revenues include all amounts billable to clients. Revenues are principally recognized as services are rendered by employees of the Company and subcontractors working under the authority of the Company. The impact of performance variances to engagement revenues recognized to date, from changes in expected revenues, are recorded in the period in which these changes become known. Unbilled accounts receivable represents revenues for services rendered and expenses incurred that have not yet been billed. Billings in excess of services rendered are recorded as deferred revenues until the applicable revenue recognition criteria are met. The Company also derives revenues from engagements with incentive-based contracts and other contracts that condition fees on the ability to deliver certain defined goals. Revenues from such engagements are not recognized until a defined goal or milestone is met.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2020 and 2019**

**3. Summary of Significant Accounting policies under US GAAP - Continued**

**Credit Risks**

The Company provides professional services to many geographically diverse customers primarily across the public sector. The Company performs ongoing credit evaluations of its clients and generally does not require collateral. Accounts receivable are reviewed on a periodic basis and an allowance for doubtful accounts is recorded where such amounts are determined to be uncollectible. Due to the large number of client accounts and the type of client base, management does not believe that a significant exposure from a concentration of credit risk exists.

**4. Property and Equipment, net**

Property and equipment, net consists of the following as of September 30:

	2020	2019
Computers and Software	\$ 542,827	\$ 213,066
Furniture and equipment	353,081	353,081
Leasehold improvements	36,171	36,171
Assets under constuction	168,444	361,017
	1,100,523	963,335
less accumulated depreciation	(566,609)	(345,654)
	<u>\$ 533,914</u>	<u>\$ 617,681</u>

Depreciation expense for the fiscal years ended September 30, 2020 and 2019 was approximately \$221,000 and \$203,000, respectively.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2020 and 2019**

**5. Intangible Assets, net**

Intangible assets consist of the following:

	2020	2019	Estimated life (years)
Non-complete agreements	\$ 771,277	\$ 771,277	15
Customer relationships	1,088,000	1,088,000	15
	<u>1,859,277</u>	<u>1,859,277</u>	
less accumulated amortization	<u>(1,641,374)</u>	<u>(1,605,524)</u>	
	<u>\$ 217,903</u>	<u>\$ 253,753</u>	

Amortization expense was approximately \$41,000 and \$42,000 for the years ended September 30, 2020 and 2019, respectively. Estimated future amortization is estimated to be approximately \$40,800 for each of the next five years.

**6. Debt**

The outstanding balances owed on the Line of Credit as of September 30, 2020 and 2019 were \$0 and \$3,041,968. In February 2020, the Company repaid its lines of credit totaling \$5,150,000 with interest rates of prime plus one percent. The lines of credit are collateralized by all assets of the Company. At September 30, 2020 and 2019, the Company is compliant with all covenants.

In April 2020 the Company received a loan from Valley National Bank in the amount of \$2,266,072 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 16, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. No determination has been made as to whether the Company will be eligible for forgiveness, in whole or in part. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months, with payments commencing in August 2021, after the deferral period. The loan may be repaid at any time with no prepayment penalty.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2020 and 2019**

**6. Debt - Continued**

	<u>2020</u>	<u>2019</u>
Term loan due in monthly installment of \$31,486 in 2019 including interest at 5.5% through January 2023, secured by the assets of the Company and guaranteed by a member of the Company.	\$ -	\$ 1,146,179
Term loan due in monthly installments of \$4,500 in 2019 including interest at 5% through October 2019. Secured by all assets of Strategos Public Affairs, LLC	-	4,497
PPP loan due in monthly installments of \$127,215 including interest of 1% through 2022	<u>2,266,072</u>	
	2,266,072	1,150,676
Less current installments of long-term debt	<u>(252,565)</u>	<u>(322,111)</u>
Long-term debt, excluding current installments	2,013,507	828,565
Capitalized loan costs	-	(261,161)
Long-term debt	<u>\$ 2,013,507</u>	<u>\$ 567,404</u>

**7. Lease Obligations**

The Company leases various operating facilities in Florida, Michigan and California with non-cancelable lease terms through 2025. The leases require payments of taxes and certain other expenses. Office rent expense was approximately \$511,000 and \$445,000 in 2020 and 2019 respectively. The following is a schedule of future minimum rental commitments required under non-cancelable leases that have a minimum initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2020:

<u>September 30,</u>	
2021	\$ 259,000
2022	166,000
2023	39,000
	<u>\$ 464,000</u>

In 2019, computer equipment under lease was purchased for \$243,000 by the Company and recorded as fixed assets. No capital leases exist as of September 30, 2020.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2020 and 2019**

**8. Retirement Plan**

The Company has adopted a 401(k)-profit sharing plan. Eligible employees may contribute elective pre-tax deferrals subject to Internal Revenue Service limitations. The Company matches contributions up to 3% of an employee's compensation. Employer contributions vest over a six year period. Total employer contributions for the year ended September 30, 2020 and 2019 were approximately \$207,000 and \$427,000, respectively.

**9. Related Party Transactions**

In June 2018, the former founders exchanged their preferred interests for long term notes with an original principal balance of \$1,206,000, payable in 96 monthly principal payments of \$12,706 plus interest of 4.25%. In 2014, CPI, a company majority owned by former stockholders of MGT of America, Inc., entered into a loan agreement with an original principal balance of \$1,000,000 with the Company to fund ongoing operations payable monthly through July 15, 2025 plus interest of 6.25%.

Related party notes consist of the following:

	<u>2020</u>	<u>2019</u>
Related party debt due in monthly payments of \$12,706 plus interest of 4.25%	\$ -	\$ 1,026,101
Related party debt due in monthly payments of \$9,288 plus interest of 6.25% Secured by accounts receivable of the Company	-	585,629
Due to member	<u>-</u>	<u>10,000</u>
	\$ -	\$ 1,621,730
Less current installments of long-term debt	<u>-</u>	<u>(140,662)</u>
Long-term debt, excluding current installments	<u>\$ -</u>	<u>\$ 1,481,068</u>

In February 2020, all related party long term notes were repaid in full.

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
**Footnotes to Consolidated Financial Statements**  
**For the Fiscal Years September 30, 2020 and 2019**

**9. Related Party Transactions – Continued**

For the fiscal years ending September 30, 2020 and 2019, the Company incurred rent expense of approximately \$217,000 and \$198,000; legal and other costs of \$9,000 and \$0; travel costs of \$80,000 and \$98,000, respectively, to entities that are owned by members.

**10. Investment by Trivest MGT Investor LLC**

In February 2020, the Company issued and sold 478,667.27 Class A Common units, equivalent to 41.9% of the Company's total equity at the transaction date, to Trivest MGT Investor LLC ("Trivest Member") for cash of \$10,600,000. Trivest Member's ownership percentage was subsequently reduced to 37.1% based upon the Company's achievement of agreed upon financial milestones. Concurrent with the transaction, the Company amended and restated its Operating Agreement (the "A&R Operating Agreement"). The Company incurred approximately \$327,000 in transaction expenses in connection with the transaction.

Among other provisions, the A&R Operating Agreement grants the Trivest Member certain preemptive and redemptive rights. The preemptive rights require notice to the Trivest Member no less than 30 days prior to a transaction where securities or instruments are issued, sold or granted by the Company or any of its subsidiaries.

The redemptive rights require, with written notice, the Company to redeem the Trivest Member's Class A common units in the event that certain events do not occur within five years of the A&R Operating Agreement's effective date.

**11. Commitments and Contingencies**

The Company is involved in litigation arising in the ordinary course of business. Some of the actions and proceedings have been brought on behalf of various claimants and certain of these claimants seek damages of unspecified amounts. While the ultimate outcome of litigation matters cannot be predicted with certainty, it is the current opinion of management that the resolution of such litigation is not likely to have a material adverse effect on the consolidated financial statements.

**12. Voting Rights**

In February 2020, the Company amended and restated its Operating Agreement as discussed above. The Company had two classes of common units - Class A common units which have total voting rights while Class C common units have limited voting rights and could be redeemed subject to cash availability and board approval. There were 997,387 and 551,622 vested Class A units and 1,142,137 and 713,710 Class A units issued as of September 30, 2020 and 2019, respectively. Class C common units vested and issued

Read accompanying Independent Auditor's Report.

**MGT of America, LLC and Subsidiaries**  
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**12. Voting Rights -- Continued**

were 22,934 as of September 30, 2019. On June 9, 2019, Class C units of 9,708 were redeemed as part of the related party transaction described in Note 9. On November 22, 2019, Class C units of 12,975 were redeemed and the remaining 9,959 Class C units were redeemed on December 16, 2019.

Preferred units included three types – Preferred A, Preferred B and Preferred C. Preferred A units have no voting rights. They were issued at \$1,000 per unit and were redeemable at any time at the discretion of the Board. They accrued dividends at Prime plus 3% per annum, cumulative and payable with preference over common units. All 687 units issued and outstanding except 59 were redeemed during June 2019 for notes payable – see note 9. Preferred B units have no voting rights. They were issued at \$12 per unit and could be redeemed at any time at the discretion of the Board. They accrue dividends at 5% of Agreed Value, cumulative, payable monthly, with preference over common units. All 65,384 units were redeemed during June 2019 for notes payable. See note 9. Preferred Class C units have limited voting rights and accrue dividends at 4% to be paid at the discretion of the Board with preference over common units. There were 515,205 units outstanding as of September 30, 2019. The outstanding 515,205 Preferred C units were fully redeemed in February 2020. The outstanding 59 Preferred A units were fully redeemed in May 2020.

**13. Subsequent Events**

On October 1, 2020, the Company acquired CIRA Infotech, Inc. (CIRA), a provider of IT infrastructure managed services and support, for a purchase price of \$6,005,823. The Company drew \$4,500,000 from the available line of credit to fund the transaction.

On November 2, 2020, the Company entered into a credit agreement with CIBC Bank USA. The agreement provides for a Term Loan of \$6,000,000, a delayed draw Term Loan of \$1,200,000, and a revolving line of credit up to \$5,000,000. Proceeds from the term loan were used to fully repay the line of credit referred to above, which was closed.

On December 10, 2020, the Company purchased the assets of Eric Hall & Associates, LLC at a purchase price of \$1,050,000. The seller engages in the business of providing services with respect to human resources, fiscal and budget support and facility services to K-12 schools, school districts and county offices of education in California.

Management has evaluated subsequent events through January 28, 2021, the date on which the consolidated financial statements were available to be issued. No further subsequent events were identified that would require adjustment to, or disclosure in, the consolidated financial statements.

## H. Transition Plan

Provided below is our high-level transition plan.

1. **Transition Approach:** We propose a phased approach to transition, ensuring minimal disruption to Jefferson Parish operations. Our approach includes thorough planning, seamless knowledge transfer, rigorous testing, and proactive communication. We will begin with a comprehensive assessment of the current systems and processes to tailor the transition strategy accordingly.
2. **Transition Team:** Our transition team comprises seasoned professionals with a track record of successful technology transitions. Key members include a Transition Manager, Technical Leads, Project Coordinators, and Communication Specialists. Their roles and responsibilities will be outlined in our detailed transition plan.
3. **Workforce Transition:** We will collaborate closely with the current workforce and any subcontractors to ensure a smooth transition. Clear roles and responsibilities will be communicated, and we will facilitate knowledge transfer through workshops, shadowing, and documentation.
4. **Network User Accounts and Passwords:** User accounts and passwords will be transitioned securely by implementing a phased migration strategy. We will synchronize user information and ensure a seamless experience for end-users during the transition. Rigorous security measures will be implemented to safeguard sensitive data.
5. **Knowledge & Intellectual Property Transfer:** Our transition plan includes a comprehensive knowledge transfer strategy. This involves documentation, training sessions, and interactive workshops to ensure that the Parish gains familiarity with our processes and systems. All relevant intellectual property will be documented and shared as part of the transfer process.
6. **Parish and Contractor Equipment Transition:** We will conduct a thorough inventory of all hardware and software owned by the Parish and the previous contractor. After validation and testing, equipment will be transitioned in accordance with industry best practices. This includes proper decommissioning, data migration, and quality assurance.
7. **Expectations from the Parish:** To ensure a successful transition, we request the Parish's active participation in providing timely information, access to resources, and collaboration during the knowledge transfer process. This will enable us to tailor the transition plan to the Parish's specific needs.
8. **Business Continuity and Disruption Mitigation:** Our transition plan is designed to prioritize business continuity. We will conduct rigorous testing at each phase to identify and address potential disruptions before they impact operations. A dedicated support team will be available to handle any unforeseen challenges.
9. **Communication Plan:** Effective communication is crucial. We will maintain open lines of communication with all stakeholders, including Parish leadership, employees, and end-users. Regular updates, progress reports, and interactive sessions will ensure transparency throughout the transition process.
10. **Timeline:** Our proposed transition timeline spans [specific timeframe]. Milestones will be clearly defined, and progress will be regularly tracked and reported. Our team's commitment to meeting deadlines will ensure a timely and successful transition.

## H. TRANSITION PLAN

11. **Risk Management:** We have identified potential risks and challenges and have developed contingency plans to address each scenario. Our proactive approach to risk management will minimize the impact of unforeseen circumstances.
12. **Testing and Validation:** Thorough testing will be conducted to ensure that all systems, hardware, and software are functioning seamlessly post-transition. We will perform validation exercises to confirm that the Parish's operations are not compromised.

# Required Forms and Attachments

## Request for Proposals #0464

### To Provide Information Technology Support Services and Supplemental Staffing for the Departments for Electronic Information Systems (EIS) and Telecommunications

#### SIGNATURE PAGE

The Jefferson Parish Department of Purchasing is soliciting Request for Proposals (RFP'S) from qualified proposers who are interested in providing Information Technology Support Services and Supplemental Staffing for the for the Jefferson Parish Electronic Information Systems (EIS) and Telecommunications Department.

**Request for Proposals will be received until 3:30 p.m. Local Time on: August 25, 2023.**

Acknowledge Receipt of Addenda: Number: 1  
Number: \_\_\_\_\_  
Number: \_\_\_\_\_  
Number: \_\_\_\_\_  
Number: \_\_\_\_\_  
Number: \_\_\_\_\_

Name of Proposer: **MGT of America Consulting, LLC**

Address: **4320 West Kennedy Blvd., Ste 200**

**Tampa, FL 33609**

Phone Number: **888.302.0899** Fax Number **N/A**

Type Name of Person Authorized to Sign: **Robert Holloway**

Title of Person Authorized to Sign: **Senior Vice President**

Signature of Person Authorized to Sign: 

Email Address of Person Authorized to Sign: **RHolloway@mgtconsulting.com**

Date: **08/23/2023**

This RFP signature page must be signed by an authorized Representative of the Company/Firm for proposal to be valid. Signing indicates you have read and comply with the Instructions and Conditions.

**Request for Proposal**

**AFFIDAVIT**

**STATE OF** FLORIDA

**PARISH/COUNTY OF** HILLSBOROUGH

BEFORE ME, the undersigned authority, personally came and appeared: Robert  
Holloway, (Affiant) who after being by me duly sworn, deposed and said that he/she  
is the fully authorized Senior Vice President of MGT of America  
Consulting, LLC (Entity), the party  
who submitted a proposal in response to RFP Number 0464, to the Parish of Jefferson.

Affiant further said:

Campaign Contribution Disclosures

**(Choose A or B, if option A is indicated please include the required attachment):**

**Choice A** \_\_\_\_\_ Attached hereto is a list of all campaign contributions, including the date and amount of each contribution, made to current or former elected officials of the Parish of Jefferson by Entity, Affiant, and/or officers, directors and owners, including employees, owning 25% or more of the Entity during the two-year period immediately preceding the date of this affidavit or the current term of the elected official, whichever is greater. Further, Entity, Affiant, and/or Entity Owners have not made any contributions to or in support of current or former members of the Jefferson Parish Council or the Jefferson Parish President through or in the name of another person or legal entity, either directly or indirectly.

**Choice B** X there are **NO** campaign contributions made which would require disclosure under Choice A of this section.

Affiant further said:

Debt Disclosures

**(Choose A or B, if option A is indicated please include the required attachment):**

**Choice A** \_\_\_\_\_ Attached hereto is a list of all debts owed by the affiant to any elected or appointed official of the Parish of Jefferson, and any and all debts owed by any elected or appointed official of the Parish to the Affiant.

**Choice B**   X   There are **NO** debts which would require disclosure under Choice A of this section.

Affiant further said:

Solicitation of Campaign Contribution Disclosures

**(Choose A or B, if option A is indicated please include the required attachment):**

**Choice A** \_\_\_\_\_ Attached hereto is a list of all elected officials of the Parish of Jefferson, whether still holding office at the time of the affidavit or not, where the elected official, individually, either by **telephone or by personal contact**, solicited a campaign contribution or other monetary consideration from the Entity, including the Entity's officers, directors and owners, and employees owning twenty-five percent (25%) or more of the Entity, during the two-year period immediately preceding the date the affidavit is signed. Further, to the extent known to the Affiant, the date of any such solicitation is included on the attached list.

**Choice B**   X   there are **NO** solicitations for campaign contributions which would require disclosure under Choice A of this section.

Affiant further said:

That Affiant has employed no person, corporation, firm, association, or other organization, either directly or indirectly, to secure the public contract under which he received payment, other than persons regularly employed by the Affiant whose services in connection with the construction, alteration or demolition of the public building or project or in securing the public contract were in the regular course of their duties for Affiant; and

That no part of the contract price received by Affiant was paid or will be paid to any person, corporation, firm, association, or other organization for soliciting the contract, other than the payment of their normal compensation to persons regularly employed by the Affiant whose services in connection with the construction, alteration or demolition of the public building or project were in the regular course of their duties for Affiant.


Affiant further said:

Subcontractor Disclosures

(Choose A or B, if option A is indicated please include the required attachment):

Choice A \_\_\_\_\_ Affiant further said that attached is a listing of all subcontractors, excluding full time employees, who may assist in providing professional services for the aforementioned RFP.

Choice B X There are NO subcontractors which would require disclosure under Choice A of this section.

  
\_\_\_\_\_  
Signature of Affiant

Robert Holloway, Senior Vice President  
Printed Name of Affiant

SWORN AND SUBSCRIBED TO BEFORE ME

ON THE 23 DAY OF August, 2023



Notary Public

Amanda Berden

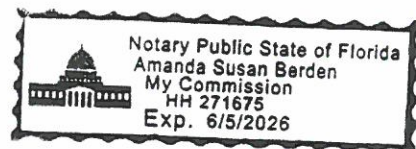
Printed Name of Notary


HH 271675

Notary/Bar Roll Number

My commission expires

6/5/26



City/County of Hillsborough  
State of Florida  
I certify this to be a true & exact copy of the original document.  
Certified this 23 day of August, 2023  
Amanda Berden Notary Public  
  
Notary Public's Signature