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SOUTHERN TIER NETWORK AUDIT/FINANCE COMMITTEE MEETING MINUTES

The Audit and Finance Committee of the Board of Directors of Southern Tier Network convened at 3:00 p.m., Tuesday, April 7, 2020 as a remote web-based video conference meeting.

Members Present:

Mark Rogus, Chair
Judy McIntosh
Howard Zingler
Alan Eusden

Absent:

Tim O’Hearn (COVID19 Mtg.)

Others Present:

Steve Manning, CEO
Tony Marzolino, CFO

1. **APPROVAL OF MINUTES** – March 10, 2020 meeting minutes were approved on a motion by Alan Eusden and seconded by Howard Zingler.

2. FINANCE COMMITTEE: Start at 3:18 PM

- a. **Review 2019 Enterprise Risks Identification Document** – Mr. Manning shared and reviewed the 2019 Enterprise Risk Document with Committee members. Committee suggested modifications be made to address the change in Engineering and Sales/Customer Relations Contractors STN now engages with. Committee requested the revised Enterprise Risks document be added to April board meeting for adoption; motion Alan Eusden, seconded Howard Zingler, all approved.
- b. **Review/Recommend 2019 IRS 990 Report** – Management emailed the 990 report to the Committee in advance of the meeting. Mr. Marzolino reviewed the report and stated it was completed by EFPR with Managements support. Committee members approved submission of the IRS 990 report pending board approval at its April meeting; motion by Judy McIntosh; seconded by Alan Eusden.

- c. Review 1st Quarter Actuals – Revenue, Commissions** - Mr. Marzolino shared the 1st Quarter report and reviewed it (Balance Sheet and Income Statement) with Committee members. Committee members had questions which Mr. Marzolino provided qualified answers. Mr. Rogus requested Mr. Marzolino prepare a summary report of 1st Quarter Financials for the board meeting. Committee requested a Year 2020 Budget to Actual Forecast report for its next meeting.
- d. Review Financials for USDA ReConnect Grant Application** – Management provided and reviewed financial documents summarizing the \$25M Grant Application along with a financial model(s) based on changing variables and assumptions (i.e. take rate, monthly revenue, etc.). Committee members had several fundamental questions about the model and assumptions; an engaged discussion ensued. Mr. Rogus reminded Committee members of the March 3rd, Special Board meeting and agreed to parameters for submitting the Grant. Committee members suggested a summary of the Grant financials be provided to the board at its April meeting and that Management create various financial models based upon differing assumptions for review and prosecution at the May Finance Committee meeting.
- e. Review draft of New Sales SOP Document** – the above topics consumed most of the meeting time; it was suggested that Management send the draft SOP electronically for the Committee to review and send suggested modifications / additions to Management electronically.

3. OTHER

No other information being provided, on a motion duly made, Judy McIntosh, seconded by Howard Zingler the meeting adjourned at 4:06 pm.

Mark Rogus Secretary

