



July 14, 2016

The Honorable S. Chris Jones
Chairman, House Appropriations Committee
General Assembly Building
P.O. Box 406, Room 948
Richmond, Virginia 23218

Dear Chairman Jones:

Enclosed please find the Operating Plan for FY2017 for the Center for Innovative Technology (CIT). CIT is the operating arm for the Innovation and Entrepreneurship Investment Authority (IEIA). The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.B.1-5 (includes reporting requirements of Item 428.D.1 of the 2016 Appropriations Act).

Please feel free to call me at 703-689-3021 if you have any questions.

Sincerely

Susan Aitcheson
CFO
The Center for Innovative Technology

cc: Mr. Daniel Timberlake, Director, Department of Planning and Budget
Mr. Brian Logwood, Associate Director, Department of Planning and Budget
Mr. John Crooks, Budget and Policy Analyst, Department of Planning and Budget
Mr. Robert P. Vaughn, Staff Director, House Appropriations Committee
The Honorable Thomas K. Norment, Jr., Co-Chairman, Senate Finance Committee
The Honorable Emmett W. Hanger, Jr., Co-Chairman, Senate Finance Committee
Ms. Betsey Daley, Staff Director, Senate Finance Committee
Mr. Michael Steed, CIT Chairman of the Board
Mr. Bernard Mustafa, CIT BOB Finance Committee Chair
The Honorable Karen Jackson, Secretary of Technology

Enclosure

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July 14, 2016

Mr. Robert P. Vaughn
Staff Director, House Appropriations Committee
General Assembly Building
P.O. Box 406
Richmond, Virginia 23218

Dear Mr. Vaughn:

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July 14, 2016

The Honorable Thomas K. Norment, Jr.
Co-Chairman, Senate Finance Committee
Senate of Virginia
P.O. Box 396, Room 626
Richmond, Virginia 23218

Dear Chairman Norment:

Enclosed please find the Operating Plan for FY2017 for the Center for Innovative Technology (CIT). CIT is the operating arm for the Innovation and Entrepreneurship Investment Authority (IEIA). The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.B.1-5 (includes reporting requirements of Item 428.D.1 of the 2016 Appropriations Act).

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July 14, 2016

The Honorable Emmett W. Hanger, Jr.
Co-Chairman, Senate Finance Committee
Senate of Virginia
P.O. Box 396, Room 326
Richmond, Virginia 23218

Dear Chairman Hanger:

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July 14, 2016

Ms. Betsey Daley
Staff Director, Senate Finance Committee
Senate of Virginia
P.O. Box 396
Richmond, Virginia 23218

Dear Ms. Daley:

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July 14, 2016

Mr. Daniel Timberlake
Director
Department of Planning and Budget
1111 East Broad Street, Room 5040
Richmond, Virginia 23219-3418

Dear Mr. Timberlake:

Enclosed please find the Operating Plan for FY2017 for the Center for Innovative Technology (CIT). CIT is the operating arm for the Innovation and Entrepreneurship Investment Authority (IEIA). The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.B.1-5 (includes reporting requirements of Item 428.D.1 of the 2016 Appropriations Act).

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July 14, 2016

Mr. Brian Logwood
Associate Director
Department of Planning and Budget
1111 East Broad Street, Room 5040
Richmond, Virginia 23219-3418

Dear Mr. Logwood:

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July 14, 2016

Mr. John Crooks
Budget and Policy Analyst
Department of Planning and Budget
1111 East Broad Street, Room 5040
Richmond, Virginia 23219-3418

Dear Mr. Crooks:

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July 14, 2016

The Honorable Karen R. Jackson
Secretary of Technology
Patrick Henry Building
1111 East Broad Street, 4th Floor
Richmond, Virginia 23219

Dear Secretary Jackson:

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July 14, 2016

Mr. Michael Steed
CIT Chairman of the Board
Paladin Capital Group
2020 K Street, NW
Suite 400
Washington, DC 20006

Dear Mr. Steed:

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July 14, 2016

Mr. Bernard Mustafa
CIT BOD Finance Committee Chair
Pleasant Valley Business Solutions
11720 Sunrise Valley Drive #200
Reston, Virginia 20191

Dear Mr. Mustafa:

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**Innovation & Entrepreneurship
Investment Authority
&
Center for Innovative Technology**

Reporting Requirements

Due:

July 15, 2016

Item 428.D.1

Operating Plan



Where Innovation Accelerates!

Center for Innovative Technology
Fiscal Year 2017
Operating Plan

Approved by CIT Board of Directors
May 25, 2016

Center for Innovative Technology
Fiscal Year 2017
Operating Plan

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Center for Innovative Technology (CIT)

Where Innovation Accelerates!

CIT OPERATING PLAN

Fiscal Year 2017

I. Executive Summary

Since 1985, the Center for Innovative Technology (CIT), a not-for-profit corporation, has been the Commonwealth's primary agent for accelerating innovation, technology, technology company formation, and entrepreneurship. FY'17 represents the start of a transformation period for CIT that enhances our role as that agent for innovation based economic growth for the benefit of Virginia. In this fiscal year, CIT will:

- Accelerate our pace of joint venture partnership formation in new technology and entrepreneurship areas critical to Virginia and enhance its reputation as an innovation leader
- Expand the outreach of our core programs such as GAP Funds to more regions of the Commonwealth to accelerate new company formation and job growth
- Privatize our internationally recognized MACH37 accelerator, increasing its ability to launch companies and support the Commonwealth's goal as the Capital of Cyber Security
- Increase CIT's outreach to business, universities and organizations of all sizes to bring them into our innovation ecosystem and expand our benefits to more stakeholders
- Rebuild our financial assets to increase CIT's ability to invest in more programs of value to our stakeholders and the Commonwealth in the future

The FY'17 Operating Plan describes the six corporate objectives that advance the innovation and economic development agenda of the Commonwealth and CIT. The objectives also provide the framework for the activities and success measurements of CIT's service lines and strategic initiatives. The five primary service lines – Entrepreneur, R&D, MACH37 Cyber Accelerator, Connect and Broadband – as well as other strategic initiatives, leverage public and private expertise and financial resources to create innovation-based economic opportunities.

With this operating model CIT has provided substantial return on investment for the Commonwealth. For example, CIT's targeted research commercialization, investments, acceleration and innovation assimilation consulting have:

- Produced 150 new or pending patents and licenses over 3 years (CRCF)
- Scaled 140 startups in all regions of the Commonwealth since 2004 (GAP Funds)
- Created 35 new cyber companies over the last 3 years (MACH37)

- Helped secure \$83 million in federal research (SBIR/STTR) in a single year for researchers, innovators and entrepreneurs in the Commonwealth
- Supported 70 localities and 13 regions in underserved areas with developing broadband strategies and preparing action plans for implementation of broadband service in the past year
- Designed and managed a ground-breaking federal partnership that used accelerators to find innovative wearable technologies for first responders in the past year
- Designed and built a comprehensive data analytics system to strengthen student and school performance affecting over 1 million Virginia primary and secondary students over the last 2 years

Finally, CIT's strong performance and that of the companies and innovators it propelled is producing excellent economic results and new innovations today, and **projects the creation of up to 9,000 new high technology jobs over the next five years.**

CIT remains focused in FY'17 on accelerating new economic opportunities, adding to the projection of new high technology job creation, enhancing its reputation as a thought leader and partner in innovation and entrepreneurship, strengthening our financial asset base, and attracting and retaining passionate people to the CIT mission. Achieving these objectives will create benefits all across the Commonwealth and plant even more seeds to grow the New Virginia Economy and strengthen the CIT brand.

II. Mission Statement

Under its parent authority, the Innovation and Entrepreneurship Investment Authority (IEIA), CIT's mission is to accelerate innovation, imagination and the next generation of technology and technology companies on behalf of the Commonwealth for the purpose of economic growth and development.

CIT plugs gaps at the earliest stages of the Innovation Continuum – commercialization, seed funding, business acceleration – as it helps entrepreneurs launch and grow high-growth technology companies and create high-paying jobs for the future. CIT also has programs to support larger organizations and business in assimilating innovation, making them better able to carry out their mission and create value for their stakeholders. CIT also works with governments and businesses to build the broadband infrastructure in underserved regions of Virginia necessary for new innovation economies to take hold in those regions. Through programs, partnerships, and funding, CIT strives to make Virginia a national leader in innovation and technology, thereby building and attracting companies, jobs and capital into the Commonwealth from within the state and around the nation.

While CIT has achieved much in its mission, we strive to do more. CIT will embark on a multi-year transformation and growth strategy that supports the development of the New Virginia Economy. CIT must continually hone its focus to invest limited resources in initiatives that provide the best programmatic and financial outcomes for the Commonwealth, CIT, and our stakeholders. The objectives and goals laid out in the following section sharpen the areas of focus for the organization and our people.

III. Corporate Objectives

After listening to key stakeholders around the Commonwealth and reviewing past performance, CIT defined objectives to drive our strategies, actions and use of critical resources in pursuit of our mission.

Below are CIT's corporate objectives for the coming year:

- 1) Accelerate the next generation of technology and technology companies to grow economic opportunities throughout the Commonwealth
 - CIT will continue to identify commercially viable innovations and innovative startups and accelerate their growth through investment, education and connections to our network of experts and capital. Achieving this objective is fundamental to fulfilling the CIT mission envisioned by our stakeholders, including increasing new company formation; attracting private investments in key industries; commercializing intellectual property; and developing Virginia's innovation ecosystem that will create new high-growth startups and high-tech, high-paying jobs throughout Virginia.
- 2) Rebuild our financial base and reputation
 - CIT will increase the funds available in our net assets, migrate to a competitive cost structure, strengthen our financial management processes and demonstrate our ability to prudently manage financial resources. CIT can best meet its mission and thrive by having the financial ability to invest in multiple innovation-based economic growth initiatives, including those from Commonwealth appropriation and those that are nascent in the business environment but may not yet be a priority for the Commonwealth. Finally, improving our financial management reputation will raise confidence in Commonwealth and other organizations and their willingness to invest more in CIT.
- 3) Enhance CIT's reputation as a "sought after" partner for innovation, entrepreneurship and economic growth development opportunities within the Commonwealth and nationwide for the benefit of the Commonwealth
 - Our goal is to be a "best in class" company for developing and driving innovation and entrepreneurship programs for economic growth. Public and private organizations should want to engage us to identify, develop and manage such programs. Examples include our current work on EMERGE and GAP sidecar funds, and should include leading partnerships in various new innovation programs, such as cyber or smart cities initiatives across the Commonwealth. Achieving this objective requires us to hone our ability to work with multiple stakeholders and lead large, complex and meaningful programs. It also provides opportunities to increase the variety of program offerings and funding sources for CIT, and highlights the Commonwealth as a leader in growing innovation-based economic opportunities.

- 4) Embark on a multi-year transformation and growth strategy that supports the development of the New Virginia Economy
 - CIT will define multi-year strategies, objectives and performance measures to meet our mission in a rapidly changing internal and external business environment. The multiyear strategy will provide the basis for investing our limited resources in initiatives that provide the best programmatic and financial outcomes for CIT, the Commonwealth and our stakeholders. Such outcomes will help CIT solidify our leadership and relevancy in regional, Commonwealth and national initiatives to boost innovation, entrepreneurship and economic opportunity.
- 5) Increase CIT's and the Commonwealth's visibility as innovation and entrepreneurship leaders
 - CIT will increase its engagement – primarily at the leadership level – with key stakeholders through multiple channels, including personal interaction, community events, thought leadership publications, and social and print media. Achieving this objective provides important outcomes: 1) it raises awareness of CIT and the Commonwealth's programs and benefits; 2) it increases feedback on CIT's performance and the needs of the innovation ecosystem in Virginia; 3) it gives CIT more knowledge of potential opportunities for joint programs and/or additional funding; and 4) it raises Virginia's profile as a national leader in innovation and entrepreneurship.
- 6) Attract and retain high performing talent with the passion and skills necessary for CIT to succeed with our mission
 - Success in our mission requires high performance from our leaders and staff. CIT will be purposeful and proactive in defining the competencies, compensation and work environment to attract and retain high performing talent. We will enhance our employee performance management processes. We will ensure that all employees understand the behaviors we value, reward desired behaviors and create an environment that motivates and acknowledges individual, team and corporate success. It also means that we will put in place a succession planning process for key roles in the company.

Achieving these objectives will 1) highlight and benefit the Commonwealth; 2) revitalize and re-energize our brand; 3) make CIT a great place to work for people with passion for creating New Virginia Economy opportunities for others.

IV. Service Lines and Executive Initiatives Overview

Our objectives will be met through the work of CIT's Service Lines and Executive Initiatives. Each of CIT's organizational units drive programs unique to that organization. However, the FY'17 plan recognizes the synergistic benefit to our mission in cross collaboration among the units. The following is a description of each of CIT's Service Lines and our key Executive Initiatives.

1. CIT Entrepreneur: Access to Capital

Because the availability of early-stage capital is critical for many emerging technology companies, CIT offers the CIT GAP Funds and Federal Funding Assistance Program. The CIT GAP Funds makes seed-stage equity investments in Virginia-based technology, green technology and life science companies with a high growth potential. The GAP Funds are overseen by CIT and private sector experts – the Investment Advisory Board – who conduct thorough due diligence on the companies before making investments. CIT's Federal Funding Assistance Program identifies and accelerates opportunities for Virginia's small technology businesses to obtain SBIR, STTR and other government contracts.

Major objectives for this line in the coming fiscal year include continuation of our GAP investments in Virginia startups, support for MACH37 investments and the development of private, regional investment funds to invest along with GAP.

2. CIT R&D: Strategic Investments in Research Commercialization

The CIT R&D team facilitates commercialization of research and brings together public and private sector teams to develop and deploy marketable solutions. They manage the Commonwealth Research Commercialization Fund (CRCF), which invests in research and commercialization at Virginia colleges and universities, companies, federal labs and other research institutions in their efforts to advance technology and drive economic growth in the Commonwealth. Closely aligned with the CRCF is the Commonwealth Research and Technology Strategic Roadmap, a strategic planning tool that identifies key industry sectors with commercial promise that are worthy of economic development for Virginia.

Major objectives for this line in the coming fiscal year include continuation of our CRCF investments in Virginia innovators, updates to the Technology Strategic Roadmap and evolution of the Innovation and Entrepreneurship Measurement System (IEMS) to a tool of high value to Commonwealth institutions.

3. MACH37 Cyber Accelerator: Launching New Cyber Startups

MACH37 is America's premier market-centric cybersecurity accelerator. The Accelerator is designed to facilitate the creation of the next generation of cybersecurity product companies. MACH37's unique program design places heavy emphasis on the validation of product ideas, building entrepreneurs' ability to grow viable companies and the development of relationships that produce an initial customer base and investment capital.

Major objectives for this line in the coming fiscal year include the privatization of MACH37 such that its operating funds and investments come from private entities. During this

privatization process, MACH37 needs to maintain a suitable level of continued operations and support for emerging cyber security companies.

4. CIT Broadband: New Infrastructure for the New Innovation Economy

CIT Broadband is the only resource in Virginia that works comprehensively to establish broadband infrastructure, accelerating the socio-economic growth of Virginia's rural and underserved areas. CIT Broadband is an honest broker between providers and customers, a trusted resource for localities, a market analyst and an advocate for broadband adoption and use.

Major objectives for this line include support for underserved regions and localities in Virginia. The support will aid regions and localities with establishing partnerships with broadband providers for implementation of services for their areas. Another key objective includes assisting the Secretary of Technology with strategic and action plans for broadband deployment within the Commonwealth.

5. CIT Connect: Identifying and Assimilating Innovation

CIT Connect helps "connect" innovative solutions with federal, state and corporate consumers of technology. Connect experts deliver unique and innovative value-add solutions to enable technology consumption, adoption and integration. CIT Connect's customers cover local, state, federal and corporate consumers across a variety of industries with emphasis in education, health IT, security and mobile learning technologies.

Major objectives for this line in the coming fiscal year include reaching out to Commonwealth businesses and state and federal agencies to aid their goal for innovation, continuing support for customers of the Longitudinal Data System, support for underserved regions and localities in Virginia. Another major objective is to provide financial contribution (profit) back to CIT.

6. Executive Initiatives: Strategic Opportunities for the New Virginia Economy

In addition to programs developed and managed in our five service lines, CIT will actively support the McAuliffe Administration, General Assembly, and other statewide innovation entrepreneurship, and technology priorities. CIT's leadership team identified a set of strategic initiatives involving joint ventures and partnerships, including working closely with the Secretary of Technology, to drive economic growth and opportunity throughout the Commonwealth. While the current budget provides little financial ability for the CIT executive team to investigate or create new opportunities that would facilitate the further development of the New Economy, the CIT management team is committed to providing leadership and resources where practical.

- A. Strategic Initiatives – CIT will partner with private companies, state agencies and other organizations in several significant programs that grow Virginia's technology and innovation economy and leadership. CIT will leverage our deep expertise in innovation acceleration, joint venture development and program management to launch and integrate efforts by different regions to further economic development goals. The current list of strategic initiatives includes:

- Accelerators – Explore partnerships with Roanoke Blacksburg Technology Council on the development of a business accelerator in Roanoke Community
- Accelerators – Expand partnership with federal agencies including DHS and DOD to expand the EMERGE program to other critical national innovation needs
- Autonomous Systems – Work with the Secretary of Technology, NASA-Langley, Virginia Tech and other Southside Virginia stakeholders to pursue Unmanned Autonomous Systems as a technology area for economic growth and Commonwealth national leadership
- Autonomous Systems – Explore opportunities with the Virginia Department of Transportation on autonomous vehicle task force and the Commonwealth Transportation Board subcommittee on innovation and technology
- Broadband – Work with Secretary of Technology, localities and broadband service providers on acceleration of the Wireless Internet Service Provider (WISP) industry
- Cyber Security – Partner with the Secretary of Technology and MITRE Corporation on the development of a cyber-threat information sharing consortium in the Commonwealth
- DOE Energy Efficiency and Renewable Energy – Partner with George Washington University-Ashburn to pursue a DOE grant for an Industrial Assessment Center on topics such as industrial resource savings, cyber security and waste reduction
- EDA i6 Grants – Pursue U.S. Department of Commerce/EDA i6 grant in partnership with various organizations in the following areas:
 - MACH37 Funding
 - Smart Cities Development
- Regional Investment Fund with Southside’s The Launch Place
- Early Stage Side Car Funds – Engage investors in the Charlottesville and Roanoke/Blacksburg regions on the development of Side Car funds for early stage investments
- Entrepreneurism – Develop an entrepreneurial “listening tour” with universities in Virginia and organizations such as iCorps teams to understand the needs of emerging entrepreneurs and innovators and construct joint programs to fulfill these needs
- GO Virginia – Develop and grow regional innovation initiatives with initial focus in regions such as Roanoke-Blacksburg, Hampton Roads, Southside and Southwest Virginia
- Maritime Innovations – Explore opportunity with Virginia Port Authority on use of CIT radar infrastructure for maritime security and innovation projects
- Regional Resiliency – Partner with Virginia state agencies on the development of a regional resiliency dashboard for understanding and addressing resiliency needs
- Smart Cities – Construct public-private partnerships with investors, companies such as Microsoft and public officials to pursue Smart City development projects as well as grants and other revenue opportunities with in this emerging innovation sector

Our process will be to work with partners on specific plans and investment needs and evaluate a Go/No Go decision at checkpoints in the development of the initiatives.

- B. Chief Technology Officer – The Chief Technology Officer (CTO) provides leadership of the group responsible for technology vision, as well as information technology services. The goal of the CTO is to take a lead role in defining, promoting, and implementing forward-looking technology policies and processes that advance entrepreneurial activity and the assimilation of technology. In addition to these core functions, the CTO is engaged in other strategic initiatives, such as the development of Smart Cities, expansion of accelerators and a follow-on partnership with the Department of Homeland Security to expand EMERGE, a program using accelerators to find innovative wearable technologies for first responders.
- C. Chief Financial Officer – The primary role of CIT’s Chief Financial Officer is to promote the financial well-being of CIT and rebuilding its financial stability. The daily responsibility of the CFO is to oversee the Finance & Administration group, and is responsible for all financial, legal, and administrative functions of the corporation including the design and operation of a federal and state compliant financial management system. A key role for Finance & Administration is to independently evaluate the quantitative and qualitative return on investment of the programs in CIT and ensure that programs operate within the financial envelope agreed upon at the start of a program. Another key objective of this group is to improve our relationship with the financial oversight organizations of the Commonwealth.
- D. Marketing – CIT Marketing provides the corporate communications and government relations functions for CIT. This organization will be primarily responsible for increasing CIT’s visibility and image in all media and coordinate with our stakeholders to bring visibility to their efforts in building Virginia’s new economy.

V. Corporate Scorecard

The following Corporate Scorecard aligns the major activities of CIT with the six Corporate Objectives. The principle purposes of the scorecard are to:

- Ensure that our actions and expenditure of resources support the achievement of the corporate objectives.
- Define concrete measures of performance that demonstrate success and serve as the basis for corporate performance evaluation
- Provide a high level of transparency to stakeholders regarding the programs, operations and value of the company

The scorecard is organized according to the weighting, i.e., the priority, of the corporate objectives.



Corporate Objective 1:
Accelerate the next generation of technology and technology companies to grow economic opportunities within the Commonwealth

Objective Weight:



Entrepreneur	R&D	Connect	Broadband	MACH37	Leadership Team	Finance & Administration	CTO	Marketing
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Implementation Objectives	Success Metrics	FY17 Measures	FY 18	FY 19	Executive									
					Entrepreneur	R&D	Connect	Broadband	MACH37	Leadership Team	Finance & Administration	CTO	Marketing	
GAP Fund Operations - Identify, process and close a robust pipeline of seed stage investments and maintain portfolio performance to recover all invested capital over the life of the investment program	# of companies assessed	350 per year												
	# of investments placed	15												
	Amount of initial and follow on investment from private funds, i.e., leverage over GAP Investments	\$20M per year												
	# of initial investments placed in MACH37 cohort companies	6 per cohort												
	Run rate of return on investment capital	1X												
MACH37 Operations - Identify, process and launch a robust pipeline of seed stage cybersecurity companies	# of companies assessed	100												
	# of companies launched	12												
	% companies obtaining initial and follow on investment from non-Commonwealth sources	At least 65% of portfolio												
MACH37 Privatization - operations (and investments) privately funded and operated	Company operational under private funded business model	9/1/2016												
CRCF Operations - Solicit, process, award and administer a robust pipeline of high-potential CRCF projects .	# and \$ of applications received	90 apps for \$5.5 – 6.5M												
	\$ of awards announced	\$2.4M in awards												
	Amount of match	Minimum 1:1 match												



Corporate Objective 1 (Continued):
 Accelerate the next generation of technology and technology companies to grow economic opportunities within the Commonwealth

Objective Weight:



Executive									
Entrepreneur	R&D	Connect	Broadband	MACH37	Leadership Team	Finance & Administration	CTO	Marketing	

Implementation Objectives	Success Metrics	FY17 Measures	FY 18	FY 19	Entrepreneur	R&D	Connect	Broadband	MACH37	Leadership Team	Finance & Administration	CTO	Marketing
Strategic Technology Roadmap - Update Research & Technology Strategic Roadmap	Current Roadmap update	prior to FY17 CRCF solicitation(s)				X							
	Agreement on concept of FY'18 Roadmap content for submission to GA & Admin.	No later than 12/30/2016				X							
Effectively track project outcomes and ROI to the Commonwealth	CRCF FY16 Annual Report to Commonwealth	Oct. 1, 2016 submission				X							
	Continue GAP funded companies cumulative projected employment report vs actual	Annually, Dec. 1, 2016				X							
Federal Funding Assistance Program – Run SBIR/STTR education programs to support companies seeking to raise funds through federal grants and contracts	# companies receiving mentoring and training support	200 companies per year					X						
Strategic Technology Assimilation: Connect project(s) will either design / architect / develop / deploy a leading edge / innovative technology or business capability for the Commonwealth of Virginia or other clients, including corporations.	# innovative technology initiatives	1-3						X					



Corporate Objective 3:
 Enhance CIT's reputation as a "sought after" partner for innovation, entrepreneurship and economic growth development opportunities within the Commonwealth and nationwide for the benefit of the Commonwealth

Objective Weight:



Executive								
Entrepreneur	R&D	Connect	Broadband	MACH37	Leadership Team	Finance & Administration	CTO	Marketing

Implementation Objectives	Success Metrics	FY17 Measures	FY 18	FY 19	Entrepreneur	R&D	Connect	Broadband	MACH37	Leadership Team	Finance & Administration	CTO	Marketing
COV broadband initiatives—provide FirstNet program support to COV Sec of Public Safety and Homeland Security (SoPSHS) and Dept. of Emergency Management (VDEM)	Program plan execution performance	Meet plan scope, schedule, budget as determined by SoPSHS and VDEM						X					
COV broadband initiatives—support Sec of Technology by providing technical assistance to localities, facilitating the creation of an action plan to expand access in underserved areas and managing Wired Virginia.Gov	# of localities/regions assisted	15-25 localities or regions						X					
	# of plans or partnerships created	2-3						X					
	# of Unique Visitors per quarter at Wired.Virginia.Gov	800– 1,000						X					
Connect maintenance - Meet contract obligations with clients: VDOE, VCCS, Nevada, SCHEV, DHS	Satisfactorily meet or exceed all contractual commitments	On Plan assessment from clients					X						
Connect expansion - expand relationship with current clients and establish new client relationships with federal, state and private sector organizations	# of new opportunities identified	6 - 12					X						X
	# of new projects initiated with positive financial contribution to CIT	2 - 3					X						X
Strategic initiatives growth— expand relationships with universities, federal agencies, private industries and state agencies to identify and manage new innovation and entrepreneurship programs, including Smart Cities, UAS, Cyber, GO Virginia	# of new opportunities identified	5 - 7								X			X
	# of new projects initiated	2 - 3								X			X
GAP program private supplemental funding— work with investors to establish private funds or angel capital networks. e.g. VTIN	# of funds or networks	1				X							



Corporate Objective 4:
Embark on a multi-year transformation and growth strategy that supports the development of the New Virginia Economy

Objective Weight:



Implementation Objectives	Success Metrics	FY17 Measures	FY 18	FY 19	Entrepreneur	R&D	Connect	Broadband	MACH37	Executive				
										Leadership Team	Finance & Administration	CTO	Marketing	
Stakeholder engagement – Engage stakeholders from industry, academia, the legislature and the administration to identify CIT growth opportunities and priorities	# of “listening tour meetings”	3 - 5										X		X
	Opportunity map creation	May 2017										X		
Board engagement - Create Policy Committee for CIT to identify strategic themes, initiatives and policy direction to advocate at state and federal levels	Creation of Policy Committee, membership and charter	By Sept. 2016 Board Meeting										X		
Multi-year strategy creation – define multi-year strategies and operating model to guide investments, funding needs and expected outcomes to benefit Commonwealth and CIT stakeholders	Initial strategies and program areas defined for start of FY’18 Commonwealth Legislative session	July 2016										X		
	Multiyear strategies defined and approved by Board	Dec. 2016 Board Meeting										X		



Corporate Objective 5:
Increase CIT's and the Commonwealth's visibility as innovation and entrepreneurship leaders

Objective Weight:



Entrepreneur	R&D	Connect	Broadband	MACH37	Leadership Team	Finance & Administration	CTO	Marketing
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Implementation Objectives	Success Metrics	FY17 Measures	FY		Executive										
			18	19	Entrepreneur	R&D	Connect	Broadband	MACH37	Leadership Team	Finance & Administration	CTO	Marketing		
IEMS program exposure - Refresh IEMS and validate significance in policy decisions; determine if "maturity model" for innovation & entrepreneurship ecosystem is appropriate evolution/transition	Metrics refreshed	6/30/2017					X					X			X
	Future direction determined	Legislative changes for FY'18 session					X					X			
Commonwealth exposure - increase face to face interactions of CIT management and CIT program beneficiaries with public officials across the Commonwealth	# of regions (based on Tech Council regions) for hosted or participating events	3-4				X	X	X	X	X	X			X	X
	Total number of hosted or participating regional events	4-5													X
National exposure - Author and publish Thought Leadership papers on innovation, entrepreneurship, management of complex, multi-stakeholder new and emerging technology initiatives, Commonwealth leadership in above areas	# of thought leadership whitepapers/published articles	4				X	X					X		X	X
Commonwealth and national exposure - engage government officials, economic developers, academic institutions, private sector execs on value of CIT programs and expertise. Commonwealth leadership	# of CIT leadership led presentations and briefings to audiences	3				X	X	X	X	X	X			X	X
Cybersecurity leadership exposure - Raise Virginia's profile as the center of mass of the cybersecurity innovation ecosystem.	# of events with cybersecurity stakeholders and companies	12									X				X
	# of followers on Twitter	2,500									X				X
	# of followers on LinkedIn	800									X				X
Social media exposure - Raise CIT's exposure and interaction across social media platforms	# of followers on Facebook	120													X
	# of followers on Twitter	2,200													X
	# of followers on LinkedIn	850													X

VI. Financial Performance

- Overview

The FY'17 Financial Plan of our Operating Plan presents significant changes in direction from the last several years of CIT operations. These changes include:

- An increase in the company's Operating Fund Net Asset position, reversing a trend from the past 3 years
- A low financial risk profile with financial buffer and staffing options to mitigate the risk of a year-end financial deficit
- A lower overall cost structure profile for FY'17, with additional reductions in coming years

Our financial plan reflects a risk adverse approach to company operations. This goal of this approach is to restore confidence in management's ability to steward CIT's financial resources and build resources to invest in future opportunities.

- Financial Statements

- FY'17 budget (Page 17)

Summary of Fiscal Year 2017 Operating Budget

	DESIGNATED FUNDS										Total
	Operating Fund	BB Fund	Comm Fund	MACH37 Fund	COV			Federal	DMME Fund		
					CRCF Fund	ISAO Fund	Unmanned Fund	GAP Fund			
Budgeted Beginning Balance at 7/1/2016	\$ -	\$ 114	\$ 504	\$ -	\$ -	\$ -	\$ 170	\$ 5,228	\$ 245	\$ 6,261	
REVENUE											
Appropriation	\$ 3,038	\$ 500	\$ 500	\$ 500	\$ 2,800	\$ 250	\$ 850	\$ 3,100	\$ -	\$ 11,538	
Interest, Donation, Return on Investment	\$ 505									\$ 505	
Contracts & Grants	\$ 2,759								\$ 287	\$ 3,046	
Total Revenue	\$ 6,302	\$ 500	\$ 500	\$ 500	\$ 2,800	\$ 250	\$ 850	\$ 3,100	\$ 287	\$ 15,089	
EXPENSES											
Operating Programs Net of Overapplied Indire	\$ 1,291									\$ 1,291	
Designated Programs	\$ 2,241	\$ 463	\$ 54	\$ 500	\$ 2,661	\$ 250	\$ 36	\$ 3,669		\$ 9,874	
Contracts & Grants	\$ 2,620								\$ 287	\$ 2,907	
Total Expenses	\$ 6,152	\$ 463	\$ 54	\$ 500	\$ 2,661	\$ 250	\$ 36	\$ 3,669	\$ 287	\$ 14,072	
Operating Fund Net Income	\$ 150										
Budgeted Ending Balance at 6/30/2017	\$ 150	\$ 151	\$ 950	\$ -	\$ 139	\$ -	\$ 984	\$ 4,659	\$ 245	\$ 7,278	
	2.06%	2.07%	13.05%	0.00%	1.91%	0.00%	13.52%	64.01%	3.37%	100.00%	

Legend:

- BB Fund = Broadband Program Fund
- Comm Fund = Cyber Security Commission Fund
- MACH37 Fund = MACH37 Cyber Accelerator Fund
- CRCF = Commonwealth Research Commercialization Fund
- ISAO Fund = Information Sharing and Analysis Organization
- Unmanned Fund = Unmanned Systems Fund
- GAP Fund = Growth Accelerator Program Fund
- DMME Fund = Department of Mines Minerals & Energy Program Fund

Designated Funds are amounts which are to be spent on a specific purpose stated in the Appropriation Act, or, in the case of the DMME Fund, advances and investment return proceeds received on a federal grant.

Fiscal Year 2017 Operating Budget by Funding Source

Operations Funded by Commonwealth Appropriation & Other Revenue

Revenue

Virginia Appropriation	\$	11,538,090
Interest & Miscellaneous Income	\$	505,000
Total Revenue	\$	12,043,090

Program Expenses

R&D - Commonwealth Research and Technology Strategic Roadmap	\$	53,945
R&D - Innovation & Entrepreneurship Management System	\$	49,999
R&D - Commonwealth Research Commercialization Fund (CRCF)	\$	3,371,370
Entrepreneur - Federal Proposal Assistance	\$	305,041
Entrepreneur - Growth Acceleration Program	\$	4,845,923
Broadband - Office of Telework Promotion	\$	17,867
Broadband - Broadband Planning & Assistance	\$	591,006
Commonwealth projects - Cyber Accelerator - MACH37	\$	1,199,463
Commonwealth projects - Regional Growth	\$	186,716
Commonwealth projects - Cyber Commission	\$	67,354
Commonwealth projects - Unmanned Systems	\$	44,903
Commonwealth projects - Information Sharing Analysis Organization	\$	311,825
Program Expenses	\$	11,045,412

Other Expenses

Commonwealth Support, Marketing, Advocacy	\$	531,645
Under-applied (over-applied) indirects	\$	(412,485)
Other Expenses	\$	119,160
Total Expenses	\$	11,164,572

Net Operations Funded by VA Appropriation & Other Revenue

\$ 878,518

Operations Funded by Contracts & Grants (Program Revenue - Non-appropriated funds)

R&D

Program Revenue - Rutgers MARACOOS - New Business \$50k	\$	66,295
Program Expense	\$	66,295
Profit/(Loss)	\$	-

Entrepreneur

Program Revenue - DMME Commonwealth Energy Fund	\$	286,570
Program Expense	\$	286,570
Profit/(Loss)	\$	-

Connect			
Program Revenue - Nevada O&M	\$		718,743
Program Expense	\$		646,791
Profit/(Loss)	\$		71,952
Program Revenue - PNNL Emerge - New Business	\$		810,000
Program Expense	\$		798,613
Profit/(Loss)	\$		11,387
Program Revenue - VDEM Resilience Dashboard - New Business	\$		350,000
Program Expense	\$		300,601
Profit/(Loss)	\$		49,399
Program Revenue - VLDS O&M - New Business	\$		300,000
Program Expense	\$		293,821
Profit/(Loss)	\$		6,179
Program Revenue - VDOE Reports - New Business	\$		155,000
Program Expense	\$		155,000
Profit/(Loss)	\$		-
Broadband			
Program Revenue - VDEM 2013 State & Local Implementation Grant	\$		359,369
Program Expense	\$		359,369
Profit/(Loss)	\$		-
	Program Revenue	\$	3,045,977
	Program Expenses	\$	2,907,060
Net Operations Funded by Contracts & Grants		\$	138,917

Consolidated Revenue & Expenses & Changes in Net Position

Total Revenue	\$		15,089,067
Total Expenses	\$		14,071,632
Change in Net Position	\$		1,017,435
	Beginning Net Position for FY2017	\$	6,261,000
	Ending Net Position for FY2017	\$	7,278,435

VII. Major Operating Plan Risks and Mitigations

All corporate transformations come with significant areas of risk during the transformation period. Below are the major areas of risk in this operating plan and mitigations to those risks.

- MACH37 Privatization – FY'17 represents the year of fulfilling the original plan for MACH37 to migrate its operation to private funding sources. A transition to full private funding in a short period of time, i.e., less than 1 year, may disrupt the operation of the program.
 - Mitigation – CIT will present a privatization plan to the Executive Committee by the start of the fiscal year for review and modification. The plan will lay out the detailed steps to turn operations and funding over to private organizations as well as maintain an appropriate level of accelerator operations. Should private operators and funding sources not take on this role, management will present a plan to the Board for wind down of operations by the end of FY'17.
- Connect Business Development and Profit Contribution – Connect revenue and profit projections include projects still in the business development stage. While the projects have a high probability of coming to closure, its possible that some do not close. As such, CIT risks missing revenue, financial contribution and Operating Fund Net Asset goals putting the company at financial risk.
 - Mitigation – CIT staff completed a deep dive review of all potential projects in the Connect business development pipeline and staff to only the highest probability projects. Management also prepared a reduction in staff plan to align Connect revenues with expenses should projects not be awarded. Finally, management has built a financial buffer into our projections to reduce the financial impact of missed revenue.
- Key Personnel Departures – CIT experienced a reduction in staff in FY'16. In addition, the Commonwealth placed controls on changes in compensation for all employees in FY'17 and FY'18. Finally, employees are aware that the Commonwealth has placed the IEIA properties including the building in the process for sale. These events and other negative press regarding CIT have left employees with a sense of uncertainty on their professional futures. As such, CIT risks losing key employees in the coming fiscal year.
 - Mitigation – Management has undertaken a consistent program of communications to employees to address uncertainty regarding the company as best as possible. Management is also undertaking an effort to identify key personnel and succession plans for those personnel..
- Operational and Reputational Disruption from Building Sale and Relocation – The FY'17 Commonwealth budget declared the IEIA property and building as Surplus, triggering the process to place the property and building on the market for sale. This action placed a high level of uncertainty on CIT and the private tenants of the building on the final disposition and timing of disposition of the building. This uncertainty places IEIA and CIT at risk of losing tenants and absorbing the effects of lost tenant revenue. In addition, it is uncertain as to where CIT will be relocated. Adverse locations could

damage the reputation and operation of the company. Additionally, CIT has no funds set aside for relocation and build out of facilities. If such funds are needed, this could require a reallocation of monies away from non-core programs and business development. Finally, as noted above, the uncertainty on location raises the risk of loss of employees in a transformational year.

- Mitigation – Management entered discussions with the Commonwealth’s Department of General Services (DGS) on processes and communications of the sale. Management will work with DGS on detailed plans and communications regarding the sale of the property and the relocation of CIT. Management is also working closely with the Department of Planning and Budget (DPB) to address funding needs for relocation and rent.

Item 428.D.1.a

All planned and actual
revenue and expenditures
along with funding sources

Center for Innovative Technology Budget FY17



<u>Net Operations Funded by Appropriation and Other Revenue</u>		(in thousands)
Revenue		
Commonwealth Appropriation - General Fund	\$	11,538
Interest & Miscellaneous Income	\$	505
Total Revenue	\$	12,043
Program Expenses		
R&D - Commonwealth Research and Technology Strategic Roadmap	\$	54
R&D - Innovation & Entrepreneurship Management System	\$	50
R&D - Commonwealth Research Commercialization Fund (CRCF)	\$	3,371
Entrepreneur - Federal Proposal Assistance	\$	305
Entrepreneur - Growth Acceleration Program	\$	4,846
Broadband - Office of Telework Promotion	\$	18
Broadband - Broadband Planning & Assistance	\$	591
Commonwealth projects - Cyber Accelerator - MACH37	\$	1,199
Commonwealth projects - Regional Growth	\$	187
Commonwealth projects - Cyber Commission	\$	67
Commonwealth projects - Unmanned Systems	\$	45
Commonwealth projects - Information Sharing Analysis Organization	\$	312
Program Expenses	\$	11,045
Other Expenses		
Commonwealth Support, Marketing, Advocacy, Fundraising and Miscellaneous	\$	532
Under-applied (over-applied) indirects	\$	(413)
Other Expenses	\$	119
Total Expenses	\$	11,164
Net Operations funded by Commonwealth Appropriation and Other Revenue	\$	879

Center for Innovative Technology Budget FY17



Net Operations Funded by Contracts and Grants

	(in thousands)	
R&D		
Program Revenue - Rutgers MARACOOS - New Business	\$	66
Program Expense	\$	66
Net	\$	-
Entrepreneur		
Program Revenue - DMME Commonwealth Energy Fund	\$	287
Program Expense	\$	287
Net	\$	-
Connect		
Program Revenue - Nevada O&M	\$	719
Program Expense	\$	647
Net	\$	72
Program Revenue -Air force Analytical Discover/Emerge - New Business	\$	810
Program Expense	\$	799
Net	\$	11
Program Revenue - VDEM Resilience Dashboard - New Business	\$	350
Program Expense	\$	301
Net	\$	49
Program Revenue - VLDS O&M - New Business	\$	300
Program Expense	\$	294
Net	\$	6
Program Revenue - VDOE Reports - New Business	\$	155
Program Expense	\$	155
Net	\$	-
Broadband		
Program Revenue - VDEM 2013 State & Local Implementation Grant	\$	359
Program Expense	\$	359
Net	\$	-
	Program Revenue	\$ 3,046
	Program Expenses	\$ 2,908
	Net Operations funded by Contracts & Grants	\$ 138

Center for Innovative Technology Budget FY17



Consolidated Revenue and Expenses and Change in Net Position		(in thousands)
Total Revenue		\$ 15,089
Total Expenses		<u>\$ 14,072</u>
Change in net position		\$ 1,017
	Beginning Net Position	\$ 6,261
	Ending Net Position	<u>\$ 7,278</u>

Innovation and Entrepreneurship Investment Authority Budget FY17



<u>IEIA - Building Analysis Only</u>		(in thousands)
REVENUE		
Rental Income - lease revenue	\$	1,620
Total Revenue	\$	1,620
BUILDING EXPENSES		
Payroll	\$	287
Utilities	\$	432
Administrative	\$	144
Operating & Maintenance	\$	152
Contracts	\$	426
Insurance	\$	100
Food Service Subsidy	\$	44
Leasing Commission and Miscellaneous	\$	33
Total Expenses	\$	1,618
Net Income	\$	2

Item 428.D.1.b

Listing of
Salaries, bonuses,
and benefits

Innovation and Entrepreneurship Investment Authority including Center for Innovative Technology

Item 428 D.1.b

"A listing of the salaries, bonuses, and benefits of all employees of the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology"

Fiscal Year 17 Budget

Note:

- CIT benefits include: health, life, and disability insurance, retirement, payroll taxes, and cell phone allowance

Title	Base Salary	Incentive Salaries	Benefits	Total
Administrator 1	\$35,171	\$0	\$2,907	\$38,078
Administrator 2	\$63,359	\$0	\$29,120	\$92,479
Analyst 1	\$68,218	\$0	\$30,153	\$98,371
Assistant 1	\$65,135	\$0	\$29,538	\$94,673
Assistant 2	\$69,935	\$0	\$37,397	\$107,332
Assistant 3	\$59,213	\$0	\$35,108	\$94,321
Consultant 1	\$183,378	\$0	\$56,181	\$239,559
Director 1	\$110,418	\$0	\$45,999	\$156,417
Director 2	\$101,232	\$0	\$37,209	\$138,441
Director 3	\$120,727	\$0	\$33,878	\$154,605
Director 4	\$121,400	\$40,000	\$28,308	\$189,708
Director 5	\$127,268	\$0	\$48,498	\$175,766
Director 6	\$52,801	\$0	\$20,028	\$72,829
Director 7	\$106,243	\$0	\$31,401	\$137,644
Director 8	\$155,872	\$0	\$54,898	\$210,770
Director 9	\$110,621	\$40,000	\$20,552	\$171,173
Director 10	\$110,609	\$40,000	\$23,950	\$174,559
Director 11	\$126,240	\$0	\$49,001	\$175,241
Intern 1	\$3,840	\$0	\$335	\$4,175
Manager 1	\$111,829	\$0	\$46,305	\$158,134
Manager 2	\$127,079	\$0	\$49,202	\$176,281
Manager 3	\$108,142	\$0	\$45,512	\$153,654
Manager 4	\$115,896	\$0	\$39,507	\$155,403
Manager 5	\$76,247	\$0	\$25,029	\$101,276
Manager 6	\$75,376	\$0	\$38,545	\$113,921
Manager 6	\$120,387	\$0	\$34,167	\$154,554
Manager 7	\$150,000	\$0	\$61,974	\$211,974
Manager 8	\$121,995	\$0	\$48,130	\$170,125
Officer 1	\$162,661	\$13,644	\$53,843	\$230,148
Officer 2	\$304,000	\$0	\$72,520	\$376,520
Specialist 1	\$59,919	\$0	\$21,532	\$81,451
Specialist 2	\$48,536	\$0	\$32,814	\$81,350
Specialist 3	\$82,066	\$0	\$26,216	\$108,282
Vice President 1	\$205,100	\$20,000	\$59,160	\$284,260
Vice President 2	\$191,036	\$0	\$50,387	\$241,423
Vice President 3	\$102,559	\$0	\$37,142	\$139,701
Vice President 3	\$161,215	\$0	\$46,303	\$207,518
Vice President 4	\$229,529	\$25,000	\$62,493	\$317,022
ISP pool	\$0	\$36,356	\$0	\$36,356
Total	\$4,345,252	\$215,000	\$1,465,242	\$6,025,494

Item 428.D.1.c

By program,
Total grants and
Investments,
Including CRCF

Item 428.D.1.c

As illustrated in Item 428.D.1 FY2017 Operating Plan, the following excerpt has been modified to include total budgeted grants and investments planned for each grant and investment program at a total budgeted amount of \$4.658M.



Corporate Objective 1:
Accelerate the next generation of technology and technology companies to grow economic opportunities within the Commonwealth

Implementation Objectives	Success Metrics	FY17 Measures	Budgeted Amount
GAP Fund Operations – Identify, process and close a robust pipeline of seed stage investments and maintain portfolio performance to recover all invested capital over the life of the investment program	# of investments placed	15	\$1.608M
	# of initial investments placed in MACH37 cohort companies	6 per cohort	Initial \$300k + \$350k Follow-on
CICF Operations – Solicit, process, award and administer a robust pipeline of high-potential CICF projects	\$ of awards announced	\$2.4M in awards	\$2.4M
Total			\$4.658M

Item 428.D.1.d

Program Impact

Item 428.D.1.d

As illustrated in Item 428.D.1 FY2017 Operating Plan, the following excerpt reflects projected economic impact on the Commonwealth. Recoveries of previous grants, investments and sales of equity positions are unpredictable and, therefore, are not budgeted.

In FY2017, CIT will:

- Accelerate our pace of joint venture partnership formation in new technology and entrepreneurship areas critical to Virginia and enhance its reputation as an innovation leader
- Expand the outreach of our core programs such as GAP Funds to more regions of the Commonwealth to accelerate new company formation and job growth
- Privatize our internationally recognized MACH37 accelerator, increasing its ability to launch companies and support the Commonwealth's goal as the Capital of Cyber Security
- Increase CIT's outreach to business, universities and organizations of all sizes to bring them into our innovation ecosystem and expand our benefits to more stakeholders
- Rebuild our financial assets to increase CIT's ability to invest in more programs of value to our stakeholders and the Commonwealth in the future

The FY2017 Operating Plan describes the six corporate objectives that advance the innovation and economic development agenda of the Commonwealth and CIT. The objectives also provide the framework for the activities and success measurements of CIT's service lines and strategic initiatives. The five primary service lines – Entrepreneur, R&D, MACH37 Cyber Accelerator, Connect and Broadband – as well as other strategic initiatives, leverage public and private expertise and financial resources to create innovation-based economic opportunities.

With this operating model CIT has provided substantial return on investment for the Commonwealth. For example, CIT's targeted research commercialization, investments, acceleration and innovation assimilation consulting have:

- Produced 150 new or pending patents and licenses over 3 years (CRCF)
- Scaled 140 startups in all regions of the Commonwealth since 2004 (GAP Funds)
- Created 35 new cyber companies over the last 3 years (MACH37)
- Helped secure \$83 million in federal research (SBIR/STTR) in a single year for researchers, innovators and entrepreneurs in the Commonwealth
- Supported 70 localities and 13 regions in underserved areas with developing broadband strategies and preparing action plans for implementation of broadband service in the past year
- Designed and managed a ground-breaking federal partnership that used accelerators to find innovative wearable technologies for first responders in the past year
- Designed and built a comprehensive data analytics system to strengthen student and school performance affecting over 1 million Virginia primary and secondary students over the last 2 years

Finally, CIT's strong performance and that of the companies and innovators it propelled is producing excellent economic results and new innovations today, and **projects the creation of up to 9,000 new high technology jobs over the next five years.**

CIT remains focused in FY'17 on accelerating new economic opportunities, adding to the projection of new high technology job creation, enhancing its reputation as a thought leader and partner in

innovation and entrepreneurship, strengthening our financial asset base, and attracting and retaining passionate people to the CIT mission. Achieving these objectives will create benefits all across the Commonwealth and plant even more seeds to grow the New Virginia Economy and strengthen the CIT brand.



Corporate Objective 1:
Accelerate the next generation of technology and technology companies to grow economic opportunities within the Commonwealth

Implementation Objectives	Success Metrics	FY17 Measures
GAP Fund Operations – Identify, process and close a robust pipeline of seed stage investments and maintain portfolio performance to recover all invested capital over the life of the investment program	# of companies assessed	350 per year
	# of investments placed	15
	Amount of initial and follow on investment from private funds, i.e., leverage over GAP Investments	\$20M per year
	# of initial investments placed in MACH37 cohort companies	6 per cohort
	Run rate of return on investment capital	1X
MACH37 Operations – Identify, process and launch a robust pipeline of seed stage cybersecurity companies	# of companies assessed	100
	# of companies launched	12
	% companies obtaining initial and follow on investment from non-Commonwealth sources	At least 65% of portfolio
CRCF Operations – Solicit, process, award and administer a robust pipeline of high-potential CRCF projects	# and \$ of applications received	90 apps for \$5.5 – 6.5M
	\$ of awards announced	\$2.4M in awards
	Amount of match	Minimum 1:1 match



Corporate Objective 3:
Enhance CIT's reputation as a "sought after" partner for innovation, entrepreneurship and economic growth development opportunities within the Commonwealth and nationwide for the benefit of the Commonwealth

Implementation Objectives	Success Metrics	FY17 Measures
COV Broadband Initiatives – Support Sec of Technology by providing technical assistance to localities, facilitating the creation of an action plan to expand access in underserved areas and managing Wired.Virginia.Gov	# of localities/regions assisted	15-25 localities or regions
	# of plans or partnerships created	2-3
	# of Unique Visitors per quarter at Wired.Virginia.Gov	800 – 1,000

Item 428.D.1.e

Cash Balances
By funding source
And
Available, Committed,
& Projected Funds

FY2017 Operating Budget

Center for Innovative Technology													Innovation and Entrepreneurship Investment Authority		
	DESIGNATED FUNDS														
	Operating Fund													Federal	Operating Fund
	VA Appropriation	Contract & Grants & Misc. Rev.	BB Fund	Comm Fund	MACH37 Fund	CRCF Fund	ISAO Fund	Unmanned Fund	GAP Fund	DMME Fund	LIT Total	(In Thousands)			
Forecasted Cash Balance at 6-30-2016	\$ (1,660)	\$ (502)	\$ 158	\$ 533	\$ -	\$ -	\$ -	\$ -	\$ 170	\$ 3,823	\$ 245	\$ 2,767	\$ 8	\$ 2,800	\$ 2,808
Adjustment*	\$ 1,670											\$ 1,670			
Adjusted Forecasted Cash Balance at 6-30-2016	\$ 10	\$ (502)	\$ 158	\$ 533	\$ -	\$ -	\$ -	\$ -	\$ 170	\$ 3,823	\$ 245	\$ 4,437	\$ 8	\$ 2,800	\$ 2,808
FY2017 Budget (Accrual-basis):															
REVENUE															
Appropriation	\$ 3,038		\$ 500	\$ 500	\$ 500	\$ 2,800	\$ 250	\$ 850	\$ 3,100	\$ -	\$ 11,538				
Interest, Donation, Return on Investment	\$ 505										\$ 505				
Contracts & Grants		\$ 2,759								\$ 287	\$ 3,046				
Building Revenue											\$ -		\$ 1,620	\$ 1,620	
Total Revenue	\$ 3,543	\$ 2,759	\$ 500	\$ 500	\$ 500	\$ 2,800	\$ 250	\$ 850	\$ 3,100	\$ 287	\$ 15,089	\$ -	\$ 1,620	\$ 1,620	
EXPENSES															
Operating Programs Net of Overapplied Indirects	\$ 1,291										\$ 1,291				
Designated Programs	\$ 2,241		\$ 463	\$ 54	\$ 500	\$ 2,661	\$ 250	\$ 36	\$ 3,669		\$ 9,874				
Contracts & Grants		\$ 2,620								\$ 287	\$ 2,907				
Building Expenses											\$ -		\$ 1,618	\$ 1,618	
Total Expenses	\$ 3,532	\$ 2,620	\$ 463	\$ 54	\$ 500	\$ 2,661	\$ 250	\$ 36	\$ 3,669	\$ 287	\$ 14,072	\$ -	\$ 1,618	\$ 1,618	
Operating Fund Net Income	\$ 11	\$ 139													
Accrual Basis Net Income FY2017**	\$ 11	\$ 139	\$ 37	\$ 446	\$ -	\$ 139	\$ -	\$ 814	\$ (569)	\$ -	\$ 1,017	\$ -	\$ 2	\$ 2	
IEIA Building Capital Expenditures													\$ 450	\$ 450	
Budgeted Cash Balance as of 6-30-2017	\$ 21	\$ (363)	\$ 195	\$ 979	\$ -	\$ 139	\$ -	\$ 984	\$ 3,254	\$ 245	\$ 5,454	\$ 8	\$ 2,352	\$ 2,360	

* Adjustment - At time of original forecast, it was not anticipated that all funds for MACH37 and CRCF administrative expense reimbursement would be received during FY2016

** Assumption is that FY2017 Accrual Basis Net Income is comparable to FY2017 Cash Basis Net Income because beginning and ending accruals are estimated to be similar amounts

Legend:

- BB Fund = Broadband Program Fund
- Comm Fund = Cyber Security Commission Fund
- MACH37 Fund = MACH37 Cyber Accelerator Fund
- CRCF = Commonwealth Research Commercialization Fund
- ISAO Fund = Information Sharing and Analysis Organization
- Unmanned Fund = Unmanned Systems Fund
- GAP Fund = Growth Accelerator Program Fund
- DMME Fund = Department of Mines Minerals & Energy Program Fund

Designated Funds are amounts which are to be spent on a specific purpose stated in the Appropriation Act, or, in the case of the DMME Fund, advances and Investment return proceeds received on a federal grant.