



October 28, 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:

Enclosed please find the first Quarterly Report for FY2017 for the Center for Innovative Technology. The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.C.1-3 (includes reporting requirements of Item 428.D.2 of the 2016 Appropriations Act).

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

Sincerely

Susan Aitcheson
CFO
Center for Innovative Technology

cc: Ms. Betsey Daley, Staff Director, Senate Finance Committee



October 28, 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 first Quarterly Report for FY2017 for the Center for Innovative Technology. The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.C.1-3 (includes reporting requirements of Item 428.D.2 of the 2016 Appropriations Act).

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

Sincerely

Susan Aitcheson
CFO
Center for Innovative Technology

cc: Ms. Betsey Daley, Staff Director, Senate Finance Committee



October 28, 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 first Quarterly Report for FY2017 for the Center for Innovative Technology. The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.C.1-3 (includes reporting requirements of Item 428.D.2 of the 2016 Appropriations Act).

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

Sincerely

A handwritten signature in blue ink that reads "Susan Aitcheson".

Susan Aitcheson
CFO
Center for Innovative Technology

cc: Mr. Robert P. Vaughn, Staff Director, House Appropriations Committee



October 28, 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 first Quarterly Report for FY2017 for the Center for Innovative Technology. The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.C.1-3 (includes reporting requirements of Item 428.D.2 of the 2016 Appropriations Act).

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

Sincerely

Susan Aitcheson
CFO
Center for Innovative Technology

cc: Mr. Brian Logwood, Associate Director, Department of Planning and Budget
Mr. John Crooks, Budget and Policy Analyst, Department of Planning and Budget



October 28, 2016

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

Dear Secretary Jackson:

Enclosed please find the first Quarterly Report for FY2017 for the Center for Innovative Technology. The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.C.1-3 (includes reporting requirements of Item 428.D.2 of the 2016 Appropriations Act).

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

Sincerely

Susan Aitcheson
CFO
Center for Innovative Technology

cc: Mr. Michael Steed, CIT Chairman of the Board
Mr. Bernard Mustafa, CIT BOB Finance Committee Chair

Item 428.D.2.a

Fiscal Year 2017 Quarter 1
September 30, 2016

Financial Performance

Center for Innovative Technology FY2017 Forecast - September 2016

	COV	DESIGNATED FUNDS												Total	
		Operating Fund Grants & Contracts	Other M37 Sponsor	COV											Federal
				BB Fund	IEMS	Cyber Sec Fund	Comm Fund	MACH37 Fund	CRCF Fund	ISAO Fund	Unmanned Fund	GAP Fund	DMME Fund		
(In Thousands)															
Beginning Balance at 7/1/2016	\$ -	\$ -	\$ -	\$ 140	\$ 14	\$ 55	\$ 593	\$ -	\$ -	\$ -	\$ -	\$ 179	\$ 5,615	\$ 378	\$ 6,974
REVENUE															
Appropriation	\$ 2,986			\$ 500	\$ 50	\$ -	\$ 500	\$ 500	\$ 3,390	\$ 250	\$ 850	\$ 2,876	\$ -	\$ -	\$ 11,902
Interest, Donation, Return on Investment			\$ 865									\$ 115			\$ 980
Contracts & Grants		\$ 1,717												\$ 44	\$ 1,761
Total Revenue	\$ 2,986	\$ 1,717	\$ 865	\$ 500	\$ 50	\$ -	\$ 500	\$ 500	\$ 3,390	\$ 250	\$ 850	\$ 2,991	\$ 44	\$ 14,643	
EXPENSES															
Operating Programs Net of Overapplied Indirects	\$ 594		\$ 865												\$ 1,459
Designated Programs	\$ 2,392			\$ 559	\$ 50	\$ 55	\$ 425	\$ 500	\$ 3,390	\$ 250	\$ 264	\$ 3,954			\$ 11,839
Contracts & Grants		\$ 1,717												\$ 242	\$ 1,959
Total Expenses	\$ 2,986	\$ 1,717	\$ 865	\$ 559	\$ 50	\$ 55	\$ 425	\$ 500	\$ 3,390	\$ 250	\$ 264	\$ 3,954	\$ 242	\$ 15,257	
Fund Net Income	\$ -	\$ -	\$ -	\$ (59)	\$ -	\$ (55)	\$ 75	\$ -	\$ -	\$ -	\$ 586	\$ (963)	\$ (198)	\$ (614)	
Forecasted Ending Balance at 6/30/2017	\$ -	\$ -	\$ -	\$ 81	\$ 14	\$ -	\$ 668	\$ -	\$ -	\$ -	\$ 765	\$ 4,652	\$ 180	\$ 6,360	

CENTER FOR INNOVATIVE TECHNOLOGY
BUDGET ANALYSIS
 For Three Months Ended September 30, 2016

In thousands			Operations Funded by VA Appropriation & Other Revenue		In thousands		
ACTUAL - July to September 2016					FORECASTED - Fiscal Year 2017		
Actual	Budget	Variance	Revenue		Forecast	Budget	Variance
\$ 3,780	\$ 2,885	\$ 895	Transfer from IEIA - Virginia Appropriation		\$ 11,889	\$ 11,538	\$ 351
\$ 724	\$ 126	\$ 598	Interest & Miscellaneous Revenue		\$ 993	\$ 505	\$ 488
\$ 4,504	\$ 3,011	\$ 1,493		Total Revenue	\$ 12,882	\$ 12,043	\$ 839
			Program Expenses				
\$ 14	\$ 12	\$ 2	R&D - Commonwealth R&T Strategic Roadmap	\$ 49	\$ 54	\$ (5)	
\$ 2,169	\$ 94	\$ 2,075	R&D - CRCF	\$ 4,155	\$ 3,371	\$ 784	
\$ 7	\$ 8	\$ (1)	R&D - Innovative Metrics	\$ 67	\$ 50	\$ 17	
\$ 45	\$ 65	\$ (20)	Entrepreneur - Federal Proposal Assistance	\$ 236	\$ 304	\$ (68)	
\$ 965	\$ 855	\$ 110	Entrepreneur - GAP	\$ 4,989	\$ 4,846	\$ 143	
\$ 37	\$ -	\$ 37	Connect - Commonwealth Consulting & Education	\$ 37	\$ -	\$ 37	
\$ 1	\$ 5	\$ (4)	Broadband - Office of Telework Promotion & BB Deployment	\$ 25	\$ 18	\$ 7	
\$ 173	\$ 90	\$ 83	Broadband Planning and Assistance	\$ 711	\$ 591	\$ 120	
\$ -	\$ -	\$ -	Cyber Security	\$ 66	\$ -	\$ 66	
\$ 49	\$ 47	\$ 2	Regional Growth	\$ 180	\$ 187	\$ (7)	
\$ 159	\$ 11	\$ 148	Cyber Security Commission	\$ 514	\$ 67	\$ 447	
\$ 20	\$ 18	\$ 2	Unmanned Systems	\$ 320	\$ 45	\$ 275	
\$ 498	\$ 532	\$ (34)	MACH37	\$ 1,492	\$ 1,200	\$ 292	
\$ -	\$ -	\$ -	Information Sharing and Analysis Organization	\$ 303	\$ 312	\$ (9)	
\$ 17	\$ -	\$ 17	Building Management	\$ 65	\$ -	\$ 65	
\$ 4,154	\$ 1,737	\$ 2,417		Total Program Expenses	\$ 13,209	\$ 11,045	\$ 2,164
			Other Expenses				
\$ 87	\$ 114	\$ (27)	Commonwealth Support, Marketing, Advocacy, Fundraising, Miscellaneous	\$ 369	\$ 532	\$ (163)	
\$ (255)	\$ 140	\$ (395)	Indirects Unapplied (Over-applied) to Projects and Transfer out	\$ (280)	\$ (412)	\$ 132	
\$ (168)	\$ 254	\$ (422)		Total Other Expenses	\$ 89	\$ 120	\$ (31)
\$ 518	\$ 1,020	\$ (502)	Net Operations Funded by VA Appropriation & Other Revenue	\$ (416)	\$ 878	\$ (1,294)	

			Operations Funded by Contracts & Grants				
			R&D				
\$ 22	\$ 25	\$ (3)	Program Revenue - Rutgers - Mid-Atlantic Reg Coastal Observing System	\$ 83	\$ 66	\$ 17	
\$ 22	\$ 25	\$ (3)	Program Expense	\$ 83	\$ 66	\$ 17	
\$ -	\$ -	\$ -		Profit/(Loss)	\$ -	\$ -	
			Entrepreneur				
\$ 109	\$ -	\$ 109	Program Revenue - State Small Business Credit Initiative Fund	\$ 241	\$ -	\$ 241	
\$ 109	\$ -	\$ 109	Program Expense	\$ 241	\$ -	\$ 241	
\$ -	\$ -	\$ -		Profit/(Loss)	\$ -	\$ -	
\$ 1	\$ -	\$ 1	Program Revenue - SBA FAST VI	\$ 125	\$ -	\$ 125	
\$ 1	\$ -	\$ 1	Program Expense	\$ 125	\$ -	\$ 125	
\$ -	\$ -	\$ -		Profit/(Loss)	\$ -	\$ -	
\$ 44	\$ 17	\$ 27	Program Revenue - DMME Commonwealth Energy Fund	\$ 44	\$ 287	\$ (243)	
\$ 121	\$ 17	\$ 104	Program Expense	\$ 242	\$ 287	\$ (45)	
\$ (77)	\$ -	\$ (77)	Profit/(Loss) - covered by return on investment proceeds received in FY2016	\$ (198)	\$ -	\$ (198)	
			Connect				
\$ 200	\$ 119	\$ 81	Program Revenue - DHS PNNL Accelerator Emerge 2016	\$ 500	\$ 810	\$ (310)	
\$ 209	\$ 119	\$ 90	Program Expense	\$ 507	\$ 799	\$ (292)	
\$ (9)	\$ -	\$ (9)	Profit/(Loss) - Offset by profit recognized in FY2016	\$ (7)	\$ 11	\$ (18)	
\$ 199	\$ 159	\$ 40	Program Revenue - Nevada Operations & Maintenance	\$ 717	\$ 719	\$ (2)	
\$ 218	\$ 159	\$ 59	Program Expense	\$ 710	\$ 646	\$ 64	
\$ (19)	\$ -	\$ (19)	Profit/(Loss)	\$ 7	\$ 73	\$ (66)	
			Broadband				
\$ 1	\$ 95	\$ (94)	Program Revenue - VDEM 2013 State & Local Implementation Grant Program	\$ 1	\$ 359	\$ (358)	
\$ 1	\$ 95	\$ (94)	Program Expense	\$ 1	\$ 359	\$ (358)	
\$ -	\$ -	\$ -		Profit/(Loss)	\$ -	\$ -	
			Other Activities				
\$ -	\$ 182	\$ (182)	Program Revenue - New Business	\$ 50	\$ 805	\$ (755)	
\$ -	\$ 182	\$ (182)	Program Expense	\$ 50	\$ 750	\$ (700)	
\$ -	\$ -	\$ -		Profit/(Loss)	\$ -	\$ 55	
\$ 576	\$ 597	\$ (21)	Program Revenue	\$ 1,761	\$ 3,046	\$ (1,285)	
\$ 681	\$ 597	\$ 84	Program Expenses	\$ 1,959	\$ 2,907	\$ (948)	
\$ (105)	\$ -	\$ (105)	Net Operations Funded by Contracts & Grants	\$ (198)	\$ 139	\$ (337)	

			CONSOLIDATED REVENUE & EXPENSES				
\$ 5,080	\$ 3,608	\$ 1,472	Revenue	\$ 14,643	\$ 15,089	\$ (446)	
\$ 4,667	\$ 2,588	\$ 2,079	Expenses	\$ 15,257	\$ 14,072	\$ 1,185	
\$ 413	\$ 1,020	\$ (607)	Change in Net Position	\$ (614)	\$ 1,017	\$ (1,631)	

			CHANGE IN NET ASSETS				
\$ 413	\$ 1,020	\$ (607)	Change in Net Position	\$ (614)	\$ 1,017	\$ (1,631)	
\$ 6,974	\$ 6,261	\$ 713	Beginning Net Position at July 1, 2016	\$ 6,974	\$ 6,261	\$ 713	
\$ 7,387	\$ 7,281	\$ 106	Ending Net Position at September 30, 2016	\$ 6,360	\$ 7,278	\$ (918)	

INNOVATION AND ENTREPRENEURSHIP INVESTMENT AUTHORITY
 BUDGET ANALYSIS FOR BUILDING OPERATIONS ONLY
 For Three Months Ended September 30, 2016

In thousands			In thousands		
<u>ACTUAL - July to September 2016</u>			<u>FORECASTED - Fiscal Year 2017</u>		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>BUILDING ANALYSIS</u>		
			<u>Forecast</u>	<u>Budget</u>	<u>Variance</u>
REVENUE					
\$ 392	\$ 408	\$ (16)	Rental Income - lease revenue	\$ 1,611	\$ 1,620 \$ (9)
\$ 392	\$ 408	\$ (16)	Total Revenue	\$ 1,611	\$ 1,620 \$ (9)
BUILDING EXPENSES					
\$ 65	\$ 65	\$ -	Payroll	\$ 286	\$ 287 \$ (1)
\$ 106	\$ 95	\$ 11	Utilities	\$ 442	\$ 432 \$ 10
\$ 34	\$ 36	\$ (2)	Administrative	\$ 142	\$ 144 \$ (2)
\$ 14	\$ 39	\$ (25)	Operating & Maintenance	\$ 123	\$ 152 \$ (29)
\$ 99	\$ 100	\$ (1)	Contracts	\$ 423	\$ 426 \$ (3)
\$ 25	\$ 25	\$ -	Insurance	\$ 100	\$ 100 \$ -
\$ 14	\$ 13	\$ 1	Food Service Subsidy	\$ 45	\$ 44 \$ 1
\$ 12	\$ 9	\$ 3	Leasing Commission and Miscellaneous	\$ 44	\$ 33 \$ 11
\$ 369	\$ 382	\$ (13)	Total Expenses	\$ 1,605	\$ 1,618 \$ (13)
\$ 23	\$ 26	\$ (3)	Net Income	\$ 6	\$ 2 \$ 4

Item 428.D.2.b

Fiscal Year 2017 Quarter 1
September 30, 2016

Investments & Grants

Center for Innovative Technology

Investments closed FY2017 - as of September 30, 2016

	Investments FY2017	Budget FY2017	Variance
418 Intelligence Corp.	\$ 100,000		
Adlumin, Inc.	25,000		
Eunomics, Inc.	100,000		
Qrvery, Inc.	100,000		
Senseware, Inc.	100,000		
Steel Mountain Systems Corporation	25,000		
Threatquotient, Inc.	90,000		
Zoomph, Inc.	100,000		
	<u>\$ 640,000</u>	<u>\$ 250,000</u>	<u>\$ 390,000</u>

Amount

Return on Prior Investments FY2017

Senseware, Inc. - interest rolled into investment \$ 9,118

Other Gains FY2017

Unrealized gain on Agenus, Inc. stock \$ 115,400

CRCF Grants closed FY2017

N/A Q1 FY17

Item 428.D.2.c

Fiscal Year 2017 Quarter 1
September 30, 2016

Financial & Programmatic
MACH37 LLC
&
M37 Equity Pool, LLC

M37 Equity Pool, LLC

FINANCIAL REPORT
Unaudited

As of June 30, 2016

M37 Equity Pool, LLC

STATEMENT OF ASSETS, LIABILITIES and MEMBERS' CAPITAL

As of September 30, 2016 and September 30, 2015

	Unaudited 9/30/2016	Unaudited 9/30/2015	Change
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments in securities in portfolio companies	<u>2,086,850</u>	<u>1,436,850</u>	<u>650,000</u>
Total assets	<u>2,086,850</u>	<u>1,436,850</u>	<u>650,000</u>
LIABILITIES			
Accounts payable and accrued expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
MEMBERS' CAPITAL			
CIT	1,896,925	1,436,850	460,075
Other members	<u>189,925</u>	<u>-</u>	<u>189,925</u>
Total members' capital	<u>\$ 2,086,850</u>	<u>\$ 1,436,850</u>	<u>\$ 650,000</u>

M37 Equity Pool, LLC

STATEMENT OF OPERATIONS and CHANGE IN MEMBERS' CAPITAL

For the years ended June 30, 2016 and 2015

	Unaudited 9/30/2016	Unaudited 9/30/2015	Change
REVENUES			
Investment income	\$ -	\$ -	\$ -
Total operating revenue	-	-	-
EXPENSES			
Operating expenses	-	-	-
Total expenses	-	-	-
Net income	-	-	-
Members' capital, June 30, 2015	-	-	-
Members' capital contribution	2,086,850	1,436,850	650,000
Members' capital, June 30, 2016	<u>\$ 2,086,850</u>	<u>\$ 1,436,850</u>	<u>\$ 650,000</u>

MACH37, LLC

FINANCIAL REPORT
Unaudited

As of September 30, 2016

MACH37 LLC

STATEMENT OF NET POSITION

As of September 30, 2016 and September 30, 2015

	Unaudited 9/30/2016	Unaudited 9/30/2015	Change
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 575,000	\$ -	\$ 575,000
Sponsorships receivable	150,000	-	150,000
Total current assets	<u>725,000</u>	<u>-</u>	<u>725,000</u>
Capital assets:			
Furniture, fixtures, equipment, and trademark	83,704	83,704	-
Less accumulated depreciation and amortization	(18,333)	-	(18,333)
Total capital assets	<u>65,371</u>	<u>83,704</u>	<u>(18,333)</u>
Other assets:			
Trademark	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total assets	<u>805,371</u>	<u>98,704</u>	<u>706,667</u>
LIABILITIES			
Current liabilities:			
Due to CIT	498,224	-	498,224
Unearned revenue	343,095	-	343,095
Total current liabilities	<u>841,319</u>	<u>-</u>	<u>841,319</u>
Total liabilities	<u>841,319</u>	<u>-</u>	<u>841,319</u>
NET POSITION			
Unrestricted	(35,948)	98,704	(134,652)
Total net position	<u>\$ (35,948)</u>	<u>\$ 98,704</u>	<u>\$ (134,652)</u>

MACH37 LLC

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the quarter ended September 30, 2016 and 2015

	Unaudited 9/30/2016	Unaudited 9/30/2015	Change
OPERATING REVENUES			
Sponsorship Revenue	\$ 162,500	\$ -	\$ 162,500
Total operating revenue	<u>162,500</u>	<u>-</u>	<u>162,500</u>
EXPENSES			
Operating expenses	498,224	-	498,224
Depreciation and amortization	4,583	-	4,583
Total expenses	<u>502,807</u>	<u>-</u>	<u>502,807</u>
Income (Loss)	<u>(340,307)</u>	<u>-</u>	<u>(340,307)</u>
CHANGE IN NET POSITION	(340,307)	-	(340,307)
Net position, beginning	<u>304,359</u>	<u>98,704</u>	<u>205,655</u>
Net position, ending	<u>\$ (35,948)</u>	<u>\$ 98,704</u>	<u>\$ (134,652)</u>