



January 29, 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 second Quarterly Report for FY2016 for the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology. The attached report fulfills requirements 1-3 of the 2015 Appropriations Act, Item 419 D.2.a-c.

Please feel free to call me at 703-689-3000 if you have any questions.

Sincerely

Linda E. Gentry
CFO
The Center for Innovative Technology

cc: Mr. John C. Crooks, Budget and Policy Analyst, Department of Planning and Budget
The Honorable S. Chris Jones, Chairman, House Appropriations Committee
Mr. Robert P. Vaughn, Staff Director, House Appropriations Committee
The Honorable Walter A. Stosch, Co-Chairman, Senate Finance Committee
The Honorable Charles J. Colgan, Co-Chairman, Senate Finance Committee
Ms. Betsey Daley, Staff Director, Senate Finance Committee
Mr. David Lucien, CIT Chairman of the Board
Mr. Hooks Johnston, CIT Vice Chairman of the Board
The Honorable Karen Jackson, Secretary of Technology

Enclosure

2214 Rock Hill Road
Suite 600
Herndon, VA 20170-4228
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W | www.cit.org



January 29, 2016

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

Dear Ms. Grimes:

Enclosed please find the second Quarterly Report for FY2016 for the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology. The attached report fulfills requirements 1-3 of the 2015 Appropriations Act, Item 419 D.2.a-c.

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January 29, 2016

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

Dear Chairman Jones:

Enclosed please find the second Quarterly Report for FY2016 for the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology. The attached report fulfills requirements 1-3 of the 2015 Appropriations Act, Item 419 D.2.a-c.

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January 29, 2016

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

Dear Mr. Vaughn:

Enclosed please find the second Quarterly Report for FY2016 for the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology. The attached report fulfills requirements 1-3 of the 2015 Appropriations Act, Item 419 D.2.a-c.

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January 29, 2016

The Honorable Walter A. Stosch
Co-Chairman, Senate Finance Committee
Senate of Virginia
P.O. Box 396
Richmond, Virginia 23218

Dear Chairman Stosch:

Enclosed please find the second Quarterly Report for FY2016 for the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology. The attached report fulfills requirements 1-3 of the 2015 Appropriations Act, Item 419 D.2.a-c.

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January 29, 2016

The Honorable Charles J. Colgan
Co-Chairman, Senate Finance Committee
Senate of Virginia
P.O. Box 396
Richmond, Virginia 23218

Dear Chairman Colgan:

Enclosed please find the second Quarterly Report for FY2016 for the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology. The attached report fulfills requirements 1-3 of the 2015 Appropriations Act, Item 419 D.2.a-c.

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January 29, 2016

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

Dear Ms. Daley:

Enclosed please find the second Quarterly Report for FY2016 for the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology. The attached report fulfills requirements 1-3 of the 2015 Appropriations Act, Item 419 D.2.a-c.

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Enclosure



January 29, 2016

Mr. David Lucien
CIT Chairman of the Board
DCL Associates
18261 Mullfield Village Terrace
Leesburg, Virginia 20176

Dear Mr. Lucien:

Enclosed please find the second Quarterly Report for FY2016 for the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology. The attached report fulfills requirements 1-3 of the 2015 Appropriations Act, Item 419 D.2.a-c.

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The Honorable Karen Jackson, Secretary of Technology

Enclosure



January 29, 2016

Mr. Hooks Johnston
CIT Vice Chairman of the Board
Valhalla Partners
8000 Towers Crescent Drive, Suite 1050
Vienna, Virginia 22182

Dear Mr. Johnston:

Enclosed please find the second Quarterly Report for FY2016 for the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology. The attached report fulfills requirements 1-3 of the 2015 Appropriations Act, Item 419 D.2.a-c.

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January 29, 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 second Quarterly Report for FY2016 for the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology. The attached report fulfills requirements 1-3 of the 2015 Appropriations Act, Item 419 D.2.a-c.

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Enclosure

TAB 1

Fiscal Year 2016 Quarter 2
December 31, 2015

Financial Performance

CENTER FOR INNOVATIVE TECHNOLOGY
 BUDGET ANALYSIS
 For Six Months Ended December 31, 2015

In thousands			Operations Funded by VA Appropriation & Other Revenue			In thousands			
ACTUAL - July to December 2015			Revenue			FORECASTED - Fiscal Year 2016			
Actual	Budget	Variance				Forecast	Budget	Variance	
\$ 3,848	\$ 3,828	\$ 20	Transfer from IEIA - Virginia Appropriation			\$ 7,656	\$ 7,656	\$ -	
\$ 3,140	\$ 1,192	\$ 1,948	Interest & Miscellaneous Revenue			\$ 4,459	\$ 2,271	\$ 2,188	
\$ 6,988	\$ 5,020	\$ 1,968				Total Revenue	\$ 12,115	\$ 9,927	\$ 2,188
Program Expenses									
\$ 28	\$ 32	\$ (4)	R&D - Commonwealth R&T Strategic Roadmap	\$ 55	\$ 58	\$ (3)			
\$ 157	\$ 135	\$ 22	R&D - CRCF	\$ 359	\$ 266	\$ 93			
\$ 14	\$ 11	\$ 3	R&D - Innovative Metrics	\$ 60	\$ 61	\$ (1)			
\$ 63	\$ 109	\$ (46)	Entrepreneur - Federal Proposal Assistance	\$ 242	\$ 275	\$ (33)			
\$ 1,833	\$ 2,588	\$ (755)	Entrepreneur - GAP	\$ 8,701	\$ 7,299	\$ 1,402			
\$ 1	\$ 8	\$ (7)	Broadband - Office of Telework Promotion & BB Deployment	\$ 10	\$ 16	\$ (6)			
\$ 361	\$ 409	\$ (48)	Broadband Planning and Assistance	\$ 850	\$ 777	\$ 73			
\$ 344	\$ 138	\$ 206	Commonwealth Support - Cyber Security	\$ 345	\$ 298	\$ 47			
\$ 96	\$ 65	\$ 31	Commonwealth Support - Regional Growth	\$ 209	\$ 124	\$ 85			
\$ 81	\$ -	\$ 81	Commonwealth Support - Modeling and Simulation	\$ 560	\$ -	\$ 560			
\$ 142	\$ 146	\$ (4)	Commonwealth Support - Cyber Security Commission	\$ 198	\$ 287	\$ (89)			
\$ 74	\$ 44	\$ 30	Commonwealth Support - Unmanned Systems	\$ 120	\$ 89	\$ 31			
\$ 915	\$ 1,055	\$ (140)	Commonwealth Support - MACH37	\$ 2,403	\$ 2,000	\$ 403			
\$ 30	\$ -	\$ 30	Other Activities - Innovation Center	\$ -	\$ -	\$ -			
\$ 4,139	\$ 4,740	\$ (601)		Total Program Expenses	\$ 14,112	\$ 11,550	\$ 2,562		
Other Expenses									
\$ 597	\$ 574	\$ 23	Business Development, Marketing, Advocacy, Fundraising, Miscellaneous	\$ 1,038	\$ 1,201	\$ (163)			
\$ 465	\$ 63	\$ 402	Indirects Unapplied (Over-applied) to Projects and Transfer out	\$ (850)	\$ (883)	\$ 33			
\$ 1,062	\$ 637	\$ 425		Total Other Expenses	\$ 188	\$ 318	\$ (130)		
\$ 1,787	\$ (357)	\$ 2,144	Net Operations Funded by VA Appropriation & Other Revenue	\$ (2,185)	\$ (1,941)	\$ (244)			

In thousands			Operations Funded by Contracts & Grants			In thousands		
Actual	Budget	Variance				Forecast	Budget	Variance
\$ 38	\$ 15	\$ 23	Program Revenue - Rutgers - Mid-Atlantic Reg Coastal Observing System	\$ 78	\$ 15	\$ 63		
\$ 38	\$ 15	\$ 23	Program Expense	\$ 78	\$ 15	\$ 63		
\$ -	\$ -	\$ -	Profit/(Loss)	\$ -	\$ -	\$ -		
Entrepreneur								
\$ 729	\$ 648	\$ 81	Program Revenue - State Small Business Credit Initiative Fund	\$ 1,028	\$ 648	\$ 380		
\$ 910	\$ 809	\$ 101	Program Expense	\$ 1,280	\$ 811	\$ 469		
\$ (181)	\$ (161)	\$ (20)	Profit/(Loss)	\$ (252)	\$ (163)	\$ (89)		
\$ 12	\$ 7	\$ 5	Program Revenue - SBA FAST V	\$ 6	\$ 7	\$ (1)		
\$ 53	\$ 39	\$ 14	Program Expense	\$ 52	\$ 39	\$ 13		
\$ (41)	\$ (32)	\$ (9)	Profit/(Loss)	\$ (46)	\$ (32)	\$ (14)		
\$ 245	\$ 294	\$ (49)	Program Revenue - DMME Commonwealth Energy Fund	\$ 245	\$ 294	\$ (49)		
\$ -	\$ 294	\$ (294)	Program Expense	\$ -	\$ 294	\$ (294)		
\$ 245	\$ -	\$ 245	Profit/(Loss)	\$ 245	\$ -	\$ 245		
Connect								
\$ 185	\$ -	\$ 185	Program Revenue - Virginia Department of Emergency Management	\$ 342	\$ -	\$ 342		
\$ 135	\$ -	\$ 135	Program Expense	\$ 342	\$ -	\$ 342		
\$ -	\$ -	\$ -	Profit/(Loss)	\$ -	\$ -	\$ -		
\$ 103	\$ 103	\$ -	Program Revenue - Virginia Department of Education	\$ 103	\$ 103	\$ -		
\$ 39	\$ 149	\$ (110)	Program Expense	\$ 39	\$ 149	\$ (110)		
\$ 64	\$ (46)	\$ 110	Profit/(Loss)	\$ 64	\$ (46)	\$ 110		
\$ 228	\$ -	\$ 228	Program Revenue - CAI, Inc.-VLDS FY16 O&M	\$ 351	\$ -	\$ 351		
\$ 163	\$ -	\$ 163	Program Expense	\$ 351	\$ -	\$ 351		
\$ 65	\$ -	\$ 65	Profit/(Loss)	\$ -	\$ -	\$ -		
\$ 148	\$ 76	\$ 72	Program Revenue - Virginia Community College System	\$ 246	\$ 76	\$ 170		
\$ 148	\$ 76	\$ 72	Program Expense	\$ 246	\$ 76	\$ 170		
\$ -	\$ -	\$ -	Profit/(Loss)	\$ -	\$ -	\$ -		
\$ 33	\$ -	\$ 33	Program Revenue - Alaska Answers Public Website	\$ 33	\$ -	\$ 33		
\$ 33	\$ -	\$ 33	Program Expense	\$ 33	\$ -	\$ 33		
\$ -	\$ -	\$ -	Profit/(Loss)	\$ -	\$ -	\$ -		
\$ 6	\$ 6	\$ -	Program Revenue - VHQC - Electronic Medical Health Records	\$ 8	\$ 7	\$ 1		
\$ 6	\$ 6	\$ -	Program Expense	\$ 8	\$ 7	\$ 1		
\$ -	\$ -	\$ -	Profit/(Loss)	\$ -	\$ -	\$ -		
\$ 367	\$ 404	\$ (37)	Program Revenue - Airforce Analytical Discovery	\$ 421	\$ 403	\$ 18		
\$ 368	\$ 404	\$ (36)	Program Expense	\$ 422	\$ 403	\$ 19		
\$ (1)	\$ -	\$ (1)	Profit/(Loss)	\$ (1)	\$ -	\$ (1)		
\$ 307	\$ 237	\$ 70	Program Revenue - Nevada SLDS Implementation	\$ 307	\$ 237	\$ 70		
\$ 204	\$ 137	\$ 67	Program Expense	\$ 206	\$ 137	\$ 69		
\$ 103	\$ 100	\$ 3	Profit/(Loss)	\$ 101	\$ 100	\$ 1		
\$ 280	\$ -	\$ 280	Program Revenue - Nevada Operations & Maintenance	\$ 674	\$ -	\$ 674		
\$ 259	\$ -	\$ 259	Program Expense	\$ 624	\$ -	\$ 624		
\$ 21	\$ -	\$ 21	Profit/(Loss)	\$ 50	\$ -	\$ 50		
Broadband								
\$ 153	\$ -	\$ 153	Program Revenue - VDEM 2013 State & Local Implementation Grant Program	\$ 350	\$ -	\$ 350		
\$ 153	\$ -	\$ 153	Program Expense	\$ 350	\$ -	\$ 350		
\$ -	\$ -	\$ -	Profit/(Loss)	\$ -	\$ -	\$ -		
Other Activities								
\$ -	\$ 899	\$ (899)	Program Revenue - New Business	\$ 780	\$ 2,100	\$ (1,320)		
\$ -	\$ 899	\$ (899)	Program Expense	\$ 453	\$ 2,090	\$ (1,637)		
\$ -	\$ -	\$ -	Profit/(Loss)	\$ 327	\$ 10	\$ 317		
\$ 2,834	\$ 2,689	\$ 145	Program Revenue	\$ 4,972	\$ 3,890	\$ 1,082		
\$ 2,559	\$ 2,828	\$ (269)	Program Expenses	\$ 4,484	\$ 4,021	\$ 463		
\$ 275	\$ (139)	\$ 414	Net Operations Funded by Contracts & Grants	\$ 488	\$ (131)	\$ 619		

In thousands			CONSOLIDATED REVENUE & EXPENSES			In thousands		
Actual	Budget	Variance				Forecast	Budget	Variance
\$ 9,822	\$ 7,709	\$ 2,113	Revenue	\$ 17,087	\$ 13,817	\$ 3,270		
\$ 7,760	\$ 8,205	\$ (445)	Expenses	\$ 18,784	\$ 15,889	\$ 2,895		
\$ 2,062	\$ (496)	\$ 2,558	Change in Net Position	\$ (1,697)	\$ (2,072)	\$ 375		

In thousands			CHANGE IN NET ASSETS			In thousands		
Actual	Budget	Variance				Forecast	Budget	Variance
\$ 2,062	\$ (496)	\$ 2,558	Change in Net Position	\$ (1,697)	\$ (2,072)	\$ 375		
\$ 4,494	\$ 3,553	\$ 941	Beginning Net Position at July 1, 2015	\$ 4,494	\$ 3,553	\$ 941		
\$ 6,556	\$ 3,057	\$ 3,499	Ending Net Position at December 31, 2015	\$ 2,797	\$ 1,481	\$ 1,316		

INNOVATION AND ENTREPRENEURSHIP INVESTMENT AUTHORITY
BUDGET ANALYSIS FOR BUILDING OPERATIONS ONLY
 For Six Months Ended December 31, 2015

In thousands			In thousands		
<i>ACTUAL - July to December 2015</i>			<i>FORECASTED - Fiscal Year 2016</i>		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<i>BUILDING ANALYSIS</i>		
			<u>Forecast</u>	<u>Budget</u>	<u>Variance</u>
REVENUE					
\$ 947	\$ 844	\$ 103	Rental Income - lease revenue	\$ 1,732	\$ 1,684 \$ 48
\$ 947	\$ 844	\$ 103	Total Revenue	\$ 1,732	\$ 1,684 \$ 48
BUILDING EXPENSES					
\$ 141	\$ 141	\$ -	Payroll	\$ 282	\$ 282 \$ -
\$ 191	\$ 212	\$ (21)	Utilities	\$ 432	\$ 432 \$ -
\$ 70	\$ 70	\$ -	Administrative	\$ 141	\$ 142 \$ (1)
\$ 78	\$ 76	\$ 2	Operating & Maintenance	\$ 159	\$ 152 \$ 7
\$ 203	\$ 199	\$ 4	Contracts	\$ 428	\$ 414 \$ 14
\$ 50	\$ 50	\$ -	Insurance	\$ 100	\$ 100 \$ -
\$ 22	\$ 22	\$ -	Food Service Subsidy	\$ 44	\$ 44 \$ -
\$ 19	\$ 17	\$ 2	Leasing Commission and Miscellaneous	\$ 37	\$ 34 \$ 3
\$ 774	\$ 787	\$ (13)	Total Expenses	\$ 1,623	\$ 1,600 \$ 23
Net Income					
\$ 173	\$ 57	\$ 116	Net Income	\$ 109	\$ 84 \$ 25

TAB 2

Fiscal Year 2016 Quarter 2
December 31, 2015

Investments & Grants

Center for Innovative Technology

Investments closed FY2016 Q1 & Q2: July - December 2015

	Investments as of Dec 31, 2015	Budget as of Dec 31, 2015	Variance
Axon A1, Inc.	\$ 100,000		
GovTribe, Inc.	75,000		
ITI Health, Inc.	75,000		
Ostendio, Inc.	100,000		
PockitShip, Inc.	100,000		
TearSolutions, LLC	125,000		
Cyph, Inc.	100,000		
TearSolutions, LLC	125,000		
Atriceps, Inc.	50,000		
Huntress Labs Incorporated	50,000		
Cyber 20/20, Inc.	50,000		
Locurity, Inc.	50,000		
Tensorwrench, Inc.	50,000		
418 Intelligence Corp.	50,000		
Cyber Algorithms, Inc.	50,000		
Encore HQ, Inc.	50,000		
Threatquotient, Inc.	210,000		
	<u>\$ 1,410,000</u>	<u>\$ 1,847,470</u>	<u>\$ 437,470</u>

Return on Prior Investments FY2016 Q1 & Q2: July - December 2015

	Amount
Ostendio, Inc. - interest rolled into additional investment	\$ 5,940
Power Supply Collective, Inc. - Interest rolled into additional investment	11,162
WealthEngine, Inc. - repayment of promissory notes plus interest	37,983
Phosimmune, Inc. - repayment on promissory note	34,041
Altruista, Inc. - repayment on promissory note plus gain	271,485
ADI, Inc. - merger distribution on investment made through DMME CEF contract	244,789
	<u>\$ 605,400</u>

CRCF Grants closed FY2016 Q1 & Q2: July - December 2015

None

TAB 3

Fiscal Year 2016 Quarter 2
December 31, 2015

Financial & Programmatic
MACH37 LLC

**CIT's Analysis
of
MACH37 LLC**

FINANCIAL REPORT
Unaudited

As of December 31, 2015

MACH37 LLC

STATEMENT OF NET POSITION

As of December 31, 2015 and December 31, 2014

	Unaudited 12/31/2015	Unaudited 12/31/2014	Change
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 250,000	\$ -	\$ 250,000
Total current assets	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Capital assets:			
Furniture, fixtures, equipment, and trademark	98,704	-	98,704
Less accumulated depreciation and amortization	-	-	-
Total capital assets	<u>98,704</u>	<u>-</u>	<u>98,704</u>
Total assets	<u>348,704</u>	<u>-</u>	<u>348,704</u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Unrestricted	348,704	-	348,704
Total net position	<u>\$ 348,704</u>	<u>\$ -</u>	<u>\$ 348,704</u>

MACH37 LLC

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the period of August 18, 2015 - December 31, 2015

	Unaudited 12/31/2015	Unaudited 12/31/2014	Change
OPERATING REVENUES			
Sponsorship Revenue	\$ 250,000	\$ -	\$ 250,000
Total operating revenue	<u>250,000</u>	<u>-</u>	<u>250,000</u>
EXPENSES			
Operating expenses	-	-	-
Depreciation and amortization	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss)	<u>250,000</u>	<u>-</u>	<u>250,000</u>
CHANGE IN NET POSITION			
Net position at August 18, 2015	250,000	-	250,000
	<u>98,704</u>	<u>-</u>	<u>98,704</u>
Net position at December 31, 2015	<u>\$ 348,704</u>	<u>\$ -</u>	<u>\$ 348,704</u>