



CIT
CENTER FOR INNOVATIVE TECHNOLOGY

October 30, 2017

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 FY2018 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 2017 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. Jason Saunders, Budget and Policy Analyst, Department of Planning and Budget



October 30, 2017

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 FY2018 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 2017 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 30, 2017

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 FY2018 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 2017 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: Ms. Betsey Daley, Staff Director, Senate Finance Committee



October 30, 2017

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 FY2018 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 2017 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: Ms. Betsey Daley, Staff Director, Senate Finance Committee



CIT
CENTER FOR INNOVATIVE TECHNOLOGY

October 30, 2017

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 FY2018 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 2017 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 2018 Quarter 1
September 30, 2017

Financial Performance

**Center for Innovative Technology
Fiscal Year 2018 Forecast as of September 30, 2017**

| | Operating Funds | | Designated Funds | | | | | | | | | | | | | Total |
|--------------------------------------------------|-----------------|--------------------|------------------|-----------|-----------|-----------|-----------|------------------|------------|------------|------------|-------------------|------------|-----------------|----------------------|------------|
| | COV | Other | COV | | | | | | Federal | | Other | | | | | |
| | Discretionary | Grants & Contracts | BB Fund | IEMS Fund | Comm Fund | CRCF Fund | ISAO Fund | UAS and COE Fund | GAP Fund | SSBCI Fund | DIMME Fund | MACH37 Operations | MACH37 LLC | M37 Equity Pool | M37 Carried Interest | |
| Beginning Balance at 7/1/2017 | \$ (14) | \$ 64 | \$ 108 | \$ 27 | \$ 613 | \$ - | \$ - | \$ 667 | \$ 4,809 | \$ - | \$ 310 | \$ - | \$ 255 | \$ 1,616 | \$ 618 | \$ 9,073 |
| REVENUE | | | | | | | | | | | | | | | | |
| Appropriation | \$ 2,666 | | \$ 500 | \$ 50 | \$ 400 | \$ 3,611 | \$ 500 | \$ 1,000 | \$ 3,100 | | | | | | | \$ 11,827 |
| Interest, Sponsorship, Return on Investment | \$ 51 | | | | | | | | \$ 123 | \$ 1 | \$ 317 | | | | | \$ 492 |
| Transfer M37 Equity Pool Proceeds | | | | | | | | | \$ (29) | | \$ 29 | | | | | \$ - |
| Sale of MACH37 Portfolio Equity | | | | | | | | | | | \$ 2,110 | | \$ (1,492) | \$ (618) | | \$ - |
| Contracts & Grants | | \$ 919 | | | | | | | | \$ 17 | | | | | | \$ 936 |
| Total Revenue and Transfers | \$ 2,717 | \$ 919 | \$ 500 | \$ 50 | \$ 400 | \$ 3,611 | \$ 500 | \$ 1,000 | \$ 3,194 | \$ 17 | \$ 1 | \$ 2,456 | \$ - | \$ (1,492) | \$ (618) | \$ 13,255 |
| EXPENSES AND TRANSFERS | | | | | | | | | | | | | | | | |
| Operating Programs Net of Over-applied Indirects | \$ 331 | | | | | | | | | | | \$ 24 | \$ (24) | | | \$ 331 |
| Designated Programs | \$ 2,512 | | \$ 605 | \$ 41 | \$ 478 | \$ 3,611 | \$ 500 | \$ 228 | \$ 5,243 | | \$ 846 | | | | | \$ 14,064 |
| Transfer of equity from M37 EP to CIT | | | | | | | | | | | | | \$ 148 | | | \$ 148 |
| Contracts & Grants | | \$ 808 | | | | | | | | \$ 17 | | | | | | \$ 825 |
| Total Expenses and Transfers | \$ 2,843 | \$ 808 | \$ 605 | \$ 41 | \$ 478 | \$ 3,611 | \$ 500 | \$ 228 | \$ 5,243 | \$ 17 | \$ - | \$ 846 | \$ 24 | \$ 124 | \$ - | \$ 15,368 |
| Net Change | \$ (126) | \$ 111 | \$ (105) | \$ 9 | \$ (78) | \$ - | \$ - | \$ 772 | \$ (2,049) | \$ - | \$ 1 | \$ 1,610 | \$ (24) | \$ (1,616) | \$ (618) | \$ (2,113) |
| Ending Balance at 6/30/2018 | \$ (140) | \$ 175 | \$ 3 | \$ 36 | \$ 535 | \$ - | \$ - | \$ 1,439 | \$ 2,760 | \$ - | \$ 311 | \$ 1,610 | \$ 231 | \$ - | \$ - | \$ 6,960 |

Legend:

- BB Fund = Broadband Program Fund
- IEMS Fund = Innovation and Entrepreneurship Measurement System Fund
- Comm Fund = Cyber Security Commission Fund
- CRCF = Commonwealth Research Commercialization Fund
- ISAO Fund = Information Sharing and Analysis Organization
- UAS and COE Fund = Unmanned Systems and Unmanned Center of Excellence Fund
- GAP Fund = Growth Accelerator Program Fund
- SSBCI Fund = State Small Business Credit Initiative Fund
- DMME Fund = Department of Mines Minerals & Energy Program Fund
- MACH37 Operations = MACH37 Cyber Accelerator 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.

CENTER FOR INNOVATIVE TECHNOLOGY
BUDGET ANALYSIS
 For the Three Months ended September 30, 2017

Commonwealth Projects Funded by Appropriation & Other Revenue

| (In Thousands) | | | (In Thousands) | | | |
|--------------------------------|--------|----------|--------------------------------------------------------------|---------|----------|---------|
| ACTUAL - Jul - Sep 2017 | | | FORECASTED - Fiscal Year 2018 | | | |
| Actual | Budget | Variance | Forecast | Budget | Variance | |
| Revenue | | | | | | |
| \$ 3,813 | 2,764 | \$ 1,049 | \$ 11,827 | 11,055 | \$ 772 | |
| 406 | 129 | 277 | 492 | 515 | (23) | |
| 4,219 | 2,893 | 1,326 | Total Revenue | 12,319 | 11,570 | 749 |
| Program Expenses | | | | | | |
| 14 | 18 | (4) | R&D - Commonwealth Research and Technology Strategic Roadmap | 45 | 50 | (5) |
| 5 | 6 | (1) | R&D - Innovation and Entrepreneurship Management System | 53 | 55 | (2) |
| 1,878 | 1,370 | 508 | R&D - Commonwealth Research Commercialization Fund (CRCF) | 4,419 | 3,359 | 1,060 |
| 43 | 43 | - | Entrepreneur - Federal Proposal Assistance | 279 | 279 | - |
| 1,557 | 846 | 711 | Entrepreneur - Growth Acceleration Program | 6,495 | 4,745 | 1,750 |
| 2 | 2 | - | Broadband - Office of Telework Promotion | 11 | 12 | (1) |
| 185 | 199 | (14) | Broadband - Broadband Planning and Assistance | 778 | 784 | (6) |
| 258 | 201 | 57 | Commonwealth - Cyber Accelerator-MACH37 | 846 | 846 | - |
| 54 | 56 | (2) | Commonwealth - Regional Growth | 217 | 224 | (7) |
| 85 | 60 | 25 | Commonwealth - Cyber Commission | 580 | 545 | 35 |
| - | - | - | Commonwealth - Unmanned Systems | 139 | 60 | 79 |
| 27 | 23 | 4 | Commonwealth - Unmanned Systems Center of Excellence | 138 | 91 | 47 |
| - | - | - | Commonwealth - Information Sharing and Analysis Organization | 605 | - | 605 |
| 1 | 4 | (3) | Commonwealth - Building Management | 1 | 17 | (16) |
| 4,109 | 2,828 | 1,281 | Program Expenses | 14,606 | 11,067 | 3,539 |
| Other Expenses | | | | | | |
| 59 | 27 | 32 | Marketing, Advocacy, Fundraising and Miscellaneous | 288 | 300 | (12) |
| 148 | - | 148 | Transfer of equity from M37 EP to CIT | 148 | - | 148 |
| (182) | 48 | (230) | Under-applied (over-applied) indirects | (499) | 104 | (603) |
| 25 | 75 | (50) | Other Expenses | (63) | 404 | (467) |
| 4,134 | 2,903 | 1,231 | Total Expenses | 14,543 | 11,471 | 3,072 |
| 85 | (10) | 95 | Net | (2,224) | 99 | (2,323) |

Strategic Initiatives Funded by Contracts & Grants

| | | | | | | |
|------------------------------|----|------|---------------------------------------------------------------|-----|----|------|
| Entrepreneur | | | | | | |
| 17 | - | 17 | Program Revenue - State Small Business Credit Initiative Fund | 17 | - | 17 |
| 17 | - | 17 | Program Expense | 17 | - | 17 |
| - | - | - | Profit/(Loss) | - | - | - |
| 14 | 28 | (14) | Program Revenue - SBA FAST VI | 28 | 28 | - |
| 14 | 28 | (14) | Program Expense | 28 | 28 | - |
| - | - | - | Profit/(Loss) | - | - | - |
| Strategic Initiatives | | | | | | |
| 62 | 63 | (1) | Program Revenue - Smart City Actuator | 62 | 63 | (1) |
| 11 | 47 | (36) | Program Expense | 11 | 47 | (36) |
| 51 | 16 | 35 | Profit/(Loss) | 51 | 16 | 35 |
| 2 | - | 2 | Program Revenue - DHS SCIIP | 812 | - | 812 |
| 2 | - | 2 | Program Expense | 752 | - | 752 |
| - | - | - | Profit/(Loss) | 60 | - | 60 |
| 5 | - | 5 | Program Revenue - Governor's Datathon 2017 | 6 | - | 6 |
| 6 | - | 6 | Program Expense | 6 | - | 6 |
| (1) | - | (1) | Profit/(Loss) | - | - | - |
| 11 | - | 11 | Program Revenue - UVA Wise Verizon Grant | 11 | - | 11 |
| - | - | - | Program Expense | 11 | - | 11 |
| 11 | - | 11 | Profit/(Loss) | - | - | - |
| 111 | 91 | 20 | Program Revenue | 936 | 91 | 845 |
| 50 | 75 | (25) | Program Expenses | 825 | 75 | 750 |
| 61 | 16 | 45 | Net | 111 | 16 | 95 |

Consolidated Revenue, Expenses and Changes in Net Position

| | | | | | | |
|----------|----------|----------|------------------------|----------|----------|---------|
| 4,330 | 2,984 | 1,346 | Revenue | 13,255 | 11,661 | 1,594 |
| 4,184 | 2,978 | 1,206 | Expenses | 15,368 | 11,546 | 3,822 |
| 146 | 6 | 140 | Change in Net Position | (2,113) | 115 | (2,228) |
| 9,073 | 6,604 | 2,469 | Beginning Net Position | 9,073 | 6,604 | 2,469 |
| \$ 9,219 | \$ 6,610 | \$ 2,609 | Ending Net Position | \$ 6,960 | \$ 6,719 | \$ 241 |

INNOVATION AND ENTREPRENEURSHIP INVESTMENT AUTHORITY
BUDGET ANALYSIS FOR BUILDING OPERATIONS ONLY
For the Three Months Ended September 30, 2017

| In thousands | | | In thousands | | | | | | |
|----------------------------------------|---------------|-----------------|--------------------------------------|-----------------|---------------|--------------------------------------|-------------|--|--|
| ACTUAL - July to September 2017 | | | BUILDING ANALYSIS | | | FORECASTED - Fiscal year 2018 | | | |
| Actual | Budget | Variance | | Forecast | Budget | Variance | | | |
| | | | REVENUE | | | | | | |
| \$ 442 | \$ 443 | \$ (1) | Rental Income - lease revenue | \$ 1,587 | \$ 1,656 | \$ (69) | | | |
| (55) | (53) | (2) | Midrise revenue | - | (100) | 100 | | | |
| <u>387</u> | <u>390</u> | <u>(3)</u> | | Total Revenue | <u>1,587</u> | <u>1,556</u> | <u>31</u> | | |
| | | | BUILDING EXPENSES | | | | | | |
| 65 | 64 | 1 | Payroll | 285 | 285 | - | | | |
| 97 | 95 | 2 | Utilities | 426 | 408 | 18 | | | |
| 34 | 35 | (1) | Administrative | 143 | 145 | (2) | | | |
| 24 | 34 | (10) | Operating & Maintenance | 130 | 138 | (8) | | | |
| 100 | 103 | (3) | Contracts | 423 | 420 | 3 | | | |
| 25 | 25 | - | Insurance | 100 | 100 | - | | | |
| 16 | 11 | 5 | Food Service Subsidy | 48 | 42 | 6 | | | |
| 9 | 6 | 3 | Leasing Commission and Miscellaneous | 32 | 18 | 14 | | | |
| <u>370</u> | <u>373</u> | <u>(3)</u> | | Total Expenses | <u>1,587</u> | <u>1,556</u> | <u>31</u> | | |
| <u>\$ 17</u> | <u>\$ 17</u> | <u>\$ -</u> | | Net Income | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | |

Item 428.D.2.b

Fiscal Year 2018 Quarter 1
September 30, 2017

Investments & Grants

Center for Innovative Technology
Investments Made and Return on Prior Investments
For the three months ended September 30, 2017

Investments made:

| | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Advanced Aircraft Company, LLC | \$ 50,000.00 | | |
| Farmraiser, LLC | 100,000.00 | | |
| MarginEdge Co. | 100,000.00 | | |
| UpsideDoor, Inc. | 100,000.00 | | |
| ChurnZero, Inc. | 99,999.93 | | |
| LOCI, Inc. | 15,000.34 | | |
| Pype, Inc. | 100,000.00 | | |
| EdConnective, Inc. | 50,000.00 | | |
| Tearsolutions, LLC | 55,604.00 | | |
| Hideez Group, Inc. | 25,000.00 | | |
| Status Identity, Inc. | 25,000.00 | | |
| Cynjatech, LLC | 25,000.00 | | |
| Network Security, Inc. | 25,000.00 | | |
| Runsafe Security, Inc. | 50,000.00 | | |
| Runsafe Security, Inc. - In-kind | 25,000.00 | | |
| ThreatLocker, Inc. | 25,000.00 | | |
| | <u>\$ 870,604.27</u> | <u>\$ 260,000.00</u> | <u>\$ 610,604.27</u> |

Return on Prior Investments:

| | |
|------------------------------------------|----------------------|
| Invincea/Sophos - equity proceeds | \$ 14,891.22 |
| Lewis & Clark - note repayment | 50,000.00 |
| DivvyCloud - interest reinvested | 28,602.74 |
| DivvyCloud - SSBCI - interest reinvested | 16,789.00 |
| ChurnZero - interest reinvested | 4,953.42 |
| | <u>\$ 115,236.38</u> |

Other Gains (Losses):

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Loss on transfer of equity from M37 Equity Pool, LLC to CIT M37 EP, a subsidiary of CIT, holds the MACH37 Cyber Accelerator portfolio company equity for cohorts through June 30, 2016 | \$ (147,916.00) |
| Realized loss on investment in M37 Equity Pool, LLC | (45) |
| Realized loss on investment in M37 Carried Interest, LLC M37 CI, a subsidiary of CIT, holds the MACH37 Cyber Accelerator portfolio company equity for cohorts from July 1, 2016 through June 30, 2017 | (1,456) |
| | <u>\$ (149,417.00)</u> |

CRCF Grants Awarded

N/A

Item 428.D.2.c

Fiscal Year 2018 Quarter 1
September 30, 2017

Financial & Programmatic:

MACH37 LLC;
M37 Equity Pool, LLC;
M37 Carried Interest, LLC

MACH37 LLC

FINANCIAL REPORT
Unaudited

As of September 30, 2017

MACH37 LLC

STATEMENT OF NET POSITION

As of September 30, 2017 and 2016

| | Unaudited 9/30/2017 | Unaudited 9/30/2016 | Change |
|------------------------------------------------|-------------------------|---------------------------|-------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 78,000 | \$ 575,000 | \$ (497,000) |
| Sponsorships receivable | - | 150,000 | (150,000) |
| Total current assets | <u>78,000</u> | <u>725,000</u> | <u>(647,000)</u> |
| Capital assets: | | | |
| Furniture, fixtures, equipment, and trademark | 83,704 | 83,704 | - |
| Less accumulated depreciation and amortization | <u>(36,667)</u> | <u>(18,333)</u> | <u>(18,334)</u> |
| Total capital assets | 47,037 | 65,371 | (18,334) |
| Other assets: | | | |
| Interest in M37 Equity Pool, LLC | 107,813 | - | 107,813 |
| Trademark | <u>15,000</u> | <u>15,000</u> | <u>-</u> |
| Total other assets | <u>122,813</u> | <u>15,000</u> | <u>107,813</u> |
| Total assets | <u><u>247,850</u></u> | <u><u>805,371</u></u> | <u><u>(557,521)</u></u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Unearned revenue | 83,334 | 343,095 | (259,761) |
| Due to CIT | <u>127,630</u> | <u>498,224</u> | <u>(370,594)</u> |
| Total current liabilities | <u>210,964</u> | <u>841,319</u> | <u>(630,355)</u> |
| Total liabilities | <u><u>210,964</u></u> | <u><u>841,319</u></u> | <u><u>(630,355)</u></u> |
| NET POSITION | | | |
| Unrestricted | 36,886 | (35,948) | 72,834 |
| Total net position | <u><u>\$ 36,886</u></u> | <u><u>\$ (35,948)</u></u> | <u><u>\$ 72,834</u></u> |

MACH37 LLC

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the three months ended September 30, 2017 and 2016

| | Unaudited 9/30/2017 | Unaudited 9/30/2016 | Change |
|-------------------------------------------|------------------------|------------------------|------------------|
| OPERATING REVENUE | | | |
| Sponsorship Revenue | \$ 93,748 | \$ 162,500 | \$ (68,752) |
| EXPENSES | | | |
| Operating expenses | 258,487 | 498,224 | (239,737) |
| Depreciation and amortization | 4,583 | 4,583 | - |
| Total expenses | <u>263,070</u> | <u>502,807</u> | <u>(239,737)</u> |
| CHANGE IN NET POSITION | (169,322) | (340,307) | 170,985 |
| Distribution of cohort equity to CIT | (23,958) | - | (23,958) |
| Net position, June 30, 2017 and 2016 | <u>230,166</u> | <u>304,359</u> | <u>(74,193)</u> |
| Net position, September 30, 2017 and 2016 | <u>\$ 36,886</u> | <u>\$ (35,948)</u> | <u>\$ 72,834</u> |

M37 Equity Pool, LLC

FINANCIAL REPORT
Unaudited

As of September 30, 2017

M37 Equity Pool, LLC

STATEMENT OF ASSETS, LIABILITIES and MEMBERS' CAPITAL

As of September 30, 2017 and 2016

| | Unaudited 9/30/2017 | Unaudited 9/30/2016 | Change |
|--------------------------------------------------|----------------------------|----------------------------|-------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,995 | \$ - | \$ 2,995 |
| Investments in securities in portfolio companies | <u>2,154,583</u> | <u>2,086,850</u> | <u>67,733</u> |
| Total current assets | <u>2,157,578</u> | <u>2,086,850</u> | <u>70,728</u> |
| Total assets | <u><u>2,157,578</u></u> | <u><u>2,086,850</u></u> | <u><u>70,728</u></u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Due to CIT | <u>3,100</u> | <u>-</u> | <u>3,100</u> |
| Total current liabilities | <u>3,100</u> | <u>-</u> | <u>3,100</u> |
| Total liabilities | <u><u>3,100</u></u> | <u><u>-</u></u> | <u><u>3,100</u></u> |
| MEMBERS' CAPITAL | | | |
| CIT and MACH37 | 1,599,874 | 1,896,925 | (297,051) |
| Minority interest | <u>554,604</u> | <u>189,925</u> | <u>364,679</u> |
| Total members' capital | <u><u>\$ 2,154,478</u></u> | <u><u>\$ 2,086,850</u></u> | <u><u>\$ 67,628</u></u> |

M37 Equity Pool, LLC

STATEMENT OF OPERATIONS and CHANGES IN MEMBERS' CAPITAL

For the three months ended September 30, 2017 and 2016

| | Unaudited 6/30/2017 | Unaudited 6/30/2016 | Change |
|-----------------------------------------------|------------------------|------------------------|------------------|
| REVENUES | | | |
| Net realized investment gain (loss) | \$ - | \$ - | \$ - |
| Total operating revenue | - | - | - |
| EXPENSES | | | |
| Operating expenses | 45 | - | 45 |
| Total expenses | 45 | - | 45 |
| NET LOSS | (45) | - | (45) |
| Members' capital, June 30, 2017 and 2016 | 2,354,523 | 2,086,850 | 267,673 |
| Members' distribution | (200,000) | - | (200,000) |
| Members' capital, September 30, 2017 and 2016 | <u>\$ 2,154,478</u> | <u>\$ 2,086,850</u> | <u>\$ 67,628</u> |

M37 Carried Interest, LLC

FINANCIAL REPORT
Unaudited

As of September 30, 2017

M37 Carried Interest, LLC

STATEMENT OF ASSETS, LIABILITIES and MEMBERS' CAPITAL

As of September 30, 2017 and 2016

| | Unaudited 9/30/2017 | Unaudited 9/30/2016 | Change |
|--------------------------------------------------|--------------------------|------------------------|--------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 11,000 | \$ - | \$ 11,000 |
| Prepaid Insurance | 2,584 | - | 2,584 |
| Investments in securities in portfolio companies | <u>636,000</u> | <u>-</u> | <u>636,000</u> |
| Total current assets | <u>649,584</u> | <u>-</u> | <u>649,584</u> |
| Total assets | <u><u>649,584</u></u> | <u><u>-</u></u> | <u><u>649,584</u></u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Due to CIT | <u>19,685</u> | <u>-</u> | <u>19,685</u> |
| Total current liabilities | <u>19,685</u> | <u>-</u> | <u>19,685</u> |
| Total liabilities | <u><u>19,685</u></u> | <u><u>-</u></u> | <u><u>19,685</u></u> |
| MEMBERS' CAPITAL | | | |
| CIT | 617,302 | - | 617,302 |
| Minority Interest | <u>12,597</u> | <u>-</u> | <u>12,597</u> |
| Total members' capital | <u><u>\$ 629,899</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 629,899</u></u> |

M37 Carried Interest, LLC

STATEMENT OF OPERATIONS and CHANGES IN MEMBERS' CAPITAL

For the three months ended September 30, 2017 and 2016

| | Unaudited 9/30/2017 | Unaudited 9/30/2016 | Change |
|-----------------------------------------------|------------------------|------------------------|-------------------|
| REVENUES | | | |
| Investment income | \$ - | \$ - | \$ - |
| Total operating revenue | - | - | - |
| EXPENSES | | | |
| Operating expenses | 1,486 | - | 1,486 |
| Total expenses | 1,486 | - | 1,486 |
| NET LOSS | (1,486) | - | (1,486) |
| Members' capital, June 30, 2017 and 2016 | 631,385 | - | 631,385 |
| Members' capital, September 30, 2017 and 2016 | <u>\$ 629,899</u> | <u>\$ -</u> | <u>\$ 629,899</u> |