



October 1, 2018

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

Dear Mr. Timberlake:

Enclosed please find the fourth 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 (includes reporting requirements of Item 126.10.D.2 of the 2018 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: The Honorable Brian Ball, Secretary of Commerce and Trade
Mr. Robby Demeria, Deputy Secretary, Commerce and Trade
The Honorable Emmett W. Hanger, Jr., Co-Chairman, Senate Finance Committee
The Honorable S. Chris Jones, Chairman, House Appropriations Committee
Ms. April Kees, Staff Co-Director, Senate Finance Committee
Ms. Samantha Martin, Budget and Policy Director, Department of Planning and Budget
Mr. Bernard Mustafa, CIT BOD Finance Committee Chair
The Honorable Thomas K. Norment, Jr., Co-Chairman, Senate Finance Committee
Mr. Jason Powell, Staff Co-Director, Senate Finance Committee
Mr. Michael Steed, CIT Chairman of the Board
Mr. Robert P. Vaughn, Staff Director, House Appropriations Committee
Ms. Toni Walker, Associate Director, Department of Planning and Budget

CENTER FOR INNOVATIVE TECHNOLOGY
And
INNOVATION AND ENTREPRENEURSHIP INVESTMENT AUTHORITY
Financial Performance Reporting
Quarter and Fiscal Year Ended June 30, 2018
Items 126.10.D.2.a-c



Item 126.10.D.2.a

Fiscal Year 2018 Quarter 4
June 30, 2018

Financial Performance

BUDGET ANALYSIS

For the Fiscal Year Ended June 30, 2018

Commonwealth Projects Funded by Appropriation & Other Revenue

(In Thousands)

ACTUAL - July 2017 - June 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue			
Commonwealth Appropriation - General Fund	\$ 11,311	11,055	\$ 256
Interest, Sponsorship, Return on Investments & Misc. Income	2,443	515	1,928
Total Revenue	13,754	11,570	2,184
Program Expenses			
R&D - Commonwealth Research and Technology Strategic Roadmap	51	50	1
R&D - Innovation and Entrepreneurship Management System	66	55	11
R&D - Commonwealth Research Commercialization Fund (CRCF)	3,812	3,359	453
Entrepreneur - Federal Proposal Assistance	263	279	(16)
Entrepreneur - Growth Acceleration Program (inc. VFF)	4,892	4,745	147
Broadband - Office of Telework Promotion	13	12	1
Broadband - Broadband Planning and Assistance	673	784	(111)
Commonwealth - Cyber Accelerator-MACH37	432	846	(414)
Commonwealth - Regional Growth	192	224	(32)
Commonwealth - Cyber Commission	338	545	(207)
Commonwealth - Unmanned Systems	272	60	212
Commonwealth - Unmanned Systems Center of Excellence	179	91	88
Commonwealth - Information Sharing and Analysis Organization	605	-	605
Commonwealth - Building Management	13	17	(4)
Program Expenses	11,801	11,067	734
Other Expenses			
Marketing, Advocacy, Fundraising and Miscellaneous	241	300	(59)
Transfer of equity from M37 EP to CIT and MACH37 losses	231	-	231
Unapplied (over-applied) indirects	(432)	104	(536)
Other Expenses	40	404	(364)
Total Expenses	11,841	11,471	370
Net	1,913	99	1,814

Strategic Initiatives Funded by Contracts & Grants

Entrepreneur

Program Revenue - State Small Business Credit Initiative Fund	24	-	24
Program Expense	24	-	24
Profit/(Loss)	-	-	-
Program Revenue - SBA FAST	39	28	11
Program Expense	39	28	11
Profit/(Loss)	-	-	-
Program Revenue - DMME Commonwealth Energy Fund	138	-	138
Program Expense	170	-	170
Profit/(Loss)*	(32)	-	(32)

*covered by return on investment proceeds received in FY2016

Strategic Initiatives

Program Revenue - Smart City Actuator	62	63	(1)
Program Expense	11	47	(36)
Profit/(Loss)	51	16	35
Program Revenue - DHS SCIIP	1,038	-	1,038
Program Expense	964	-	964
Profit/(Loss)	74	-	74
Program Revenue/Donations - Events (UWIC/Hackathon/Datathon)	85	-	85
Program Expense	58	-	58
Profit/(Loss)	27	-	27

Commonwealth Projects Funded by Appropriation & Other Revenue

(In Thousands)

ACTUAL - July 2017 - June 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Program Revenue - UVA Wise Verizon Grant	11	-	11
Program Expense	11	-	11
Profit/(Loss)	-	-	-
Program Revenue - Slovakia	80	-	80
Program Expense	80	-	80
Profit/(Loss)	-	-	-
Program Revenue	1,477	91	1,386
Program Expenses	1,357	75	1,282
Net	120	16	104

Consolidated Revenue, Expenses and Changes in Net Position

Revenue	15,231	11,661	3,570
Expenses	13,198	11,546	1,652
Change in Net Position	2,033	115	1,918
Beginning Net Position	6,678	6,604	74
Ending Net Position	\$ 8,711	\$ 6,719	\$ 1,992

INNOVATION AND ENTREPRENEURSHIP INVESTMENT AUTHORITY
BUDGET ANALYSIS FOR BUILDING OPERATIONS ONLY
 For the Fiscal Year Ended June 30, 2018

BUILDING ANALYSIS	In thousands		
	ACTUAL - July 2017 to June 2018		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
REVENUE			
Rental Income - lease revenue	\$ 1,572	\$ 1,556	\$ 16
Total Revenue	<u>1,572</u>	<u>1,556</u>	<u>16</u>
BUILDING EXPENSES			
Payroll	282	285	(3)
Utilities	387	408	(21)
Administrative	141	145	(4)
Operating & Maintenance	96	138	(42)
Contracts	411	420	(9)
Insurance	100	100	-
Food Service Subsidy	52	42	10
Leasing Commission and Miscellaneous	55	18	37
Total Expenses	<u>1,524</u>	<u>1,556</u>	<u>(32)</u>
Net Income	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 48</u>

Item 126.10.D.2.b

Fiscal Year 2018 Quarter 4
June 30, 2018

Investments & Grants

Center for Innovative Technology
Investments Made and Return on Prior Investments
For the year ended June 30, 2018

Investments made:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Advanced Aircraft	\$ 50,000.00		
Aquanta (Sunnovations)	100,000.00		
ChurnZero	100,000.00		
Contraline	125,000.00		
Cosha (Hashlit)	50,000.00		
Cyber Academy (Network Security)	50,000.00		
Cynja Tech	50,000.00		
CytoRecovery	50,000.00		
DeepSig	200,000.00		
EdConnective	50,000.00		
FarmRaiser	100,000.00		
Hideez	50,000.00		
Hungry	100,000.00		
INF Robotics	25,000.00		
Loci	15,000.00		
MarginEdge	100,000.00		
Pype	100,000.00		
RunSafe	150,000.00		
Rybbon	100,000.00		
Status Identity	100,000.00		
Student Opportunity Center	50,000.00		
Tear Soutlion	223,956.00		
ThreatLocker	50,000.00		
Ubiquity Link	50,000.00		
UpSideDoor	200,000.00		
	<u>\$ 2,238,956.00</u>	<u>\$ 2,270,000.00</u>	<u>\$ (31,044.00)</u>

Return on Prior Investments, including gains and losses:

BioTherapeutics	\$ 155,000.00
ChurnZero	4,953.42
Clearedge	524,509.07
Cyberalgorithms	1,072.45
DivvyCloud	28,602.74
GCPay	178,947.95
Invincea/Sophos	110,459.85
Lewis & Clark	50,000.00
Phthisis Diagnostics	10,818.00
Ringobon	65,000.00
RunSafe Security	27,617.81
Synoptos	56,795.00
Triblio	275,501.01
TypeZero	414,208.00
UpsideDoor	1,438.36
	<u>\$ 1,904,923.66</u>

CRCF Grants Awarded

See attached

Center for Innovative Technology
FY2018 CRCF Award Detail

Organization Name	Project Title	Project Start Date	Project End Date	Award Amount
Adaptive Aerospace Group, Inc.	<i>High-Integrity Safe Autonomy Flexible Innovation Testbed (SAFIT)</i>	8/1/2018	7/31/2019	\$50,000
AgroSpheres	<i>AgroSpheres Enhanced Crop Protection</i>	06/18/2018	06/24/2019	\$50,000
AVEC, Inc.	<i>Noise Reduction of a Continuous Miner Scrubber Fan System Using an Acoustic Liner</i>	8/16/2018	5/16/2019	\$50,000
BEAM Diagnostics, Inc	<i>BEACON: A Commercial Tool for Clinicians to Assess Alcohol Reinforcer Pathology with Behavioral Economic Tasks</i>	06/16/2018	12/31/2018	\$14,720
BlackBoiler, LLC	<i>Automatic Contract Editing in Two Party Negotiation with Lexical Decomposition and Deep Learning Based Semantic Understanding</i>	07/01/2018	12/31/2018	\$50,000
Blue Point Materials Research LLC	<i>Development of a Material for Reduction of Infections in Orthopedic Implants</i>	07/01/2018	06/30/2019	\$50,000
BrachyFoam, LLC	<i>Development and Validation of Delivery System for Commercialization of Self-Expanding Hydrogel for Pelvic Brachytherapy</i>	06/16/2018	06/15/2020	\$50,000
Clockwork, LLC	<i>1st Diligence</i>	06/16/2018	6/15/2019	\$50,000
College of William and Mary	<i>Developing Acoustic Technology to Reduce Birds' Risks of Collision with Wind Turbines: Expanding Wind Energy Opportunities in Virginia</i>	08/01/2018	07/31/2019	\$99,711
Commonwealth Center for Advanced Logistics Systems (CCALS)	<i>Development of Secure Compartmentalized Automated Refrigerated Storage (SeCARS) for Controlled Medicines</i>	07/01/2018	06/30/2019	\$100,000
Commonwealth Center for Advanced Logistics Systems (CCALS)	<i>Addressing the Logistical Challenge of Medication Reconciliation in Emergency Medicine Settings</i>	07/01/2018	06/30/2019	\$100,000
DeepSig Inc.	<i>Wireless Cyber Intrusion Detection</i>	07/02/2018	5/25/2019	\$25,000
Embody LLC	<i>Biofabrication of Telocollagen-Based Regenerative Medical Devices for Ligament and Tendon Repair</i>	06/18/2018	06/18/2019	\$50,000
George Mason University	<i>Recruiting Eminent Cybersecurity Researcher</i>	07/01/2018	06/30/2020	\$250,000
George Mason University	<i>From Unidentifiable and Undruggable to the Future of Pharmaceuticals: Protein Painting Reveals High-Value Protein-Protein Interactions as Drug Targets</i>	06/18/2018	06/14/2019	\$99,586
Iconovast	<i>Janus Nanoparticles for the Detection and Treatment of Cancer</i>	9/17/2018	9/16/2019	\$50,000
James Madison University	<i>Sustainable Energy from Radio Waves</i>	07/01/2018	12/31/2019	\$59,533
MR Technologies	<i>The Cytogenetic Diagnostic Tool: PRECYSE</i>	06/16/2018	05/31/2019	\$49,963
Old Dominion University Research Foundation	<i>Cyber Risk Scoring and Mitigation</i>	07/01/2018	06/30/2019	\$100,000
Old Dominion University Research Foundation	<i>Highly-Transmissive Colored Coatings for Architectural Photovoltaic Panels</i>	07/01/2018	06/30/2019	\$100,000
Pancopia, Inc.	<i>Commercialization Testing of Low Cost Nitrogen Removal Technology</i>	07/02/2018	01/31/2019	\$50,000
Quest Knight Enterprises	<i>Unmanned Systems Platform Sensor Workforce Development</i>	06/16/2018	04/16/2019	\$48,635
Sentek Instrument, LLC	<i>Ultra-High Temperature Sensors for Clean Power Generation Systems</i>	07/23/2018	07/19/2019	\$50,000
Service Robotics & Technologies	<i>SRT's Map-Building Robot for Creating Visual Facility Maps</i>	06/18/2018	05/31/2019	\$50,000
Tympanogen	<i>Manufacturing Feasibility of a Gel Patch for Nonsurgical Eardrum Repair</i>	07/01/2018	12/31/2018	\$50,000

Organization Name	Project Title	Project Start Date	Project End Date	Award Amount
University of Virginia	<i>Optimizing Anemia Dosing Algorithms by Leveraging EMR Data to Improve Outcomes in End Stage Renal Disease</i>	07/01/2018	06/30/2019	\$99,944
University of Virginia	<i>Nano-Enhanced Vaccine for Melanoma</i>	07/01/2018	06/30/2019	\$100,000
University of Virginia	<i>Anti-Icing Surfaces for Wind Energy Turbine Blades and Energy Savings in Refrigeration Systems</i>	07/01/2018	12/04/2019	\$100,000
Virginia Commonwealth University	<i>Development of a Click Hydrogel Carrier for In Situ Delivery of Bioactive Agents</i>	07/01/2018	06/30/2019	\$100,000
Virginia Institute of Marine Science	<i>Progeny Tests of Triploids to Establish Additive Advantages from Tetraploid Parents for Commercial Oyster Culture</i>	08/01/2018	08/01/2020	\$83,207
Virginia Tech	<i>Cybersecurity for the Internet of Things</i>	08/10/2018	08/09/2020	\$250,000
Virginia Tech	<i>Ultra-Miniature Ultra-High Temperature Sapphire Sensor for Power Generation</i>	8/1/2018	7/31/2019	\$100,000
Virginia Tech	<i>An Automated and Cost-Effective Lithium-Ion Battery Direct Recycling Process</i>	06/16/2018	06/15/2019	\$100,000
WynnVision LLC	<i>Antimicrobial Catheters with Cell and Tissue Compatibility</i>	06/16/2018	05/31/2019	\$50,000

Item 126.10.D.2.c

Fiscal Year 2018 Quarter 4
June 30, 2018

Financial & Programmatic
MACH37 LLC

&

M37 Equity Pool, LLC

&

M37 Carried Interest, LLC

MACH37 LLC

Financial Report

Unaudited

As of and for the fiscal years ended June 30, 2018 and 2017

MACH37 LLC

STATEMENT OF NET POSITION

As of June 30, 2018 and 2017

	Unaudited 6/30/2018	Audited 6/30/2017	Change
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 50	\$ 3,000	\$ (2,950)
Due from CIT	-	130,857	(130,857)
Total current assets	50	133,857	(133,807)
Capital assets:			
Furniture, fixtures, equipment, and trademark	-	83,704	(83,704)
Less accumulated depreciation and amortization	-	(32,083)	32,083
	-	51,621	(51,621)
Other assets:			
Trademark	490	15,000	(14,510)
Total other assets	490	15,000	(14,510)
Total assets	<u>\$ 540</u>	<u>\$ 200,478</u>	<u>\$ (199,938)</u>
LIABILITIES			
Current liabilities:			
Unearned revenue	\$ -	\$ 102,082	\$ (102,082)
Due to CIT	50	-	50
Total current liabilities	50	102,082	(102,032)
Total liabilities	<u>\$ 50</u>	<u>\$ 102,082</u>	<u>\$ (102,032)</u>
NET POSITION			
Net investment in capital assets	\$ 490	\$ 66,621	\$ (66,131)
Unrestricted	-	31,775	(31,775)
Total net position	<u>\$ 490</u>	<u>\$ 98,396</u>	<u>\$ (97,906)</u>

MACH37 LLC

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the fiscal year ended June 30, 2018 and 2017

	Unaudited 6/30/2018	Audited 6/30/2017	Change
OPERATING REVENUE			
Sponsorship Revenue	\$ 266,068	\$ 695,173	\$ (429,105)
EXPENSES			
Operating expenses	431,522	892,053	(460,531)
Depreciation and amortization	18,139	18,333	(194)
Total operating expenses	<u>449,661</u>	<u>910,386</u>	<u>(460,725)</u>
OTHER INCOME (EXPENSE)			
Loss on disposition of fixed assets	(47,982)	-	(47,982)
Gain on investment	514	9,250	(8,736)
Total other income (expense)	<u>(47,468)</u>	<u>9,250</u>	<u>(56,718)</u>
CHANGE IN NET POSITION	(231,061)	(205,963)	(25,098)
Net position, beginning	98,396	304,359	(205,963)
Capital contributions	<u>133,155</u>	<u>-</u>	<u>133,155</u>
Net position, ending	<u>\$ 490</u>	<u>\$ 98,396</u>	<u>\$ (97,906)</u>

M37 Equity Pool, LLC

Financial Report

Unaudited

As of and for the fiscal years ended June 30, 2018 and 2017

M37 Equity Pool, LLC

STATEMENT OF ASSETS, LIABILITIES and MEMBERS' CAPITAL

As of June 30, 2018 and 2017

	Unaudited 6/30/2018	Audited 6/30/2017	Change
ASSETS			
Current assets:			
Cash and cash equivalents	<u>\$ 5,095</u>	<u>\$ 40</u>	<u>\$ 5,055</u>
Total current assets	<u>5,095</u>	<u>40</u>	<u>5,055</u>
Total assets	<u><u>\$ 5,095</u></u>	<u><u>\$ 40</u></u>	<u><u>\$ 5,055</u></u>
LIABILITIES			
Current liabilities:			
Due to CIT	<u>\$ 5,095</u>	<u>\$ 100</u>	<u>\$ 4,995</u>
Total current liabilities	<u>5,095</u>	<u>100</u>	<u>4,995</u>
Total liabilities	5,095	100	4,995
MEMBERS' CAPITAL			
CIT	<u>-</u>	<u>(60)</u>	<u>60</u>
Total members' capital	<u>-</u>	<u>(60)</u>	<u>60</u>
Total liabilities and members' capital	<u><u>\$ 5,095</u></u>	<u><u>\$ 40</u></u>	<u><u>\$ 5,055</u></u>

M37 Equity Pool, LLC

STATEMENT OF OPERATIONS and CHANGES IN MEMBERS' CAPITAL

For the fiscal years ended June 30, 2018 and 2017

	Unaudited 6/30/2018	Audited 6/30/2017	Change
REVENUES			
Net realized investment gain (loss)	\$ 2,145	\$ 50,249	\$ (48,104)
Total operating revenue	2,145	50,249	(48,104)
EXPENSES			
Operating expenses	90	60	30
Total expenses	90	60	30
NET LOSS	2,055	50,189	(48,134)
Members' capital, beginning	(60)	-	(60)
Members' distributions	(1,995)	(50,249)	48,254
Members' capital, ending	\$ -	\$ (60)	\$ 60

M37 Carried Interest, LLC

Financial Report

Unaudited

As of and for the fiscal years ended June 30, 2018 and 2017

M37 Carried Interest, LLC

STATEMENT OF ASSETS, LIABILITIES and MEMBERS' CAPITAL

As of June 30, 2018 and 2017

	Unaudited 6/30/2018	Unaudited 6/30/2017	Change
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 11,000	\$ 11,000	\$ -
Prepaid expenses	-	4,070	(4,070)
Total current assets	11,000	15,070	(4,070)
Total assets	<u>\$ 11,000</u>	<u>\$ 15,070</u>	<u>\$ (4,070)</u>
LIABILITIES			
Current liabilities:			
Due to CIT	<u>\$ 11,000</u>	<u>\$ 19,685</u>	<u>\$ (8,685)</u>
Total current liabilities	<u>11,000</u>	<u>19,685</u>	<u>(8,685)</u>
Total liabilities	11,000	19,685	(8,685)
MEMBERS' CAPITAL			
CIT	<u>-</u>	<u>(4,615)</u>	<u>4,615</u>
Total members' capital	<u>-</u>	<u>(4,615)</u>	<u>4,615</u>
Total liabilities and members' capital	<u>\$ 11,000</u>	<u>\$ 15,070</u>	<u>\$ (4,070)</u>

M37 Carried Interest, LLC

STATEMENT OF OPERATIONS and CHANGES IN MEMBERS' CAPITAL

For the fiscal years ended June 30, 2018 and 2017

	Unaudited 6/30/2018	Audited 6/30/2017	Change
REVENUES			
Net realized investment gain (loss)	\$ -	\$ (11,000)	\$ 11,000
Total operating revenue	-	(11,000)	11,000
EXPENSES			
Operating expenses	-	4,615	(4,615)
Total expenses	-	4,615	(4,615)
NET LOSS	-	(15,615)	15,615
Members' capital, beginning	(4,615)	-	(4,615)
Members' capital contribution	4,615	11,000	(6,385)
Members' capital, ending	<u>\$ -</u>	<u>\$ (4,615)</u>	<u>\$ 4,615</u>