



November 24, 2020

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 first Quarterly Report for FY2021 Center for Innovative Technology. The attached report fulfills the requirements Item 135 D.2 of the 2020 Appropriations Act.

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

Sincerely,

A handwritten signature in black ink that reads 'Susan Aitcheson'. The signature is written in a cursive style and is placed on a light gray rectangular background.

Susan Aitcheson
CFO
Center for Innovative Technology

cc: The Honorable Brian Ball, Secretary of Commerce and Trade
Ms. Cassidy Rasnick, Deputy Secretary of Commerce and Trade
The Honorable Janet D Howell, Chairman, Senate Finance & Appropriations Committee
The Honorable Luke E. Torian, Chairman, House Appropriations Committee
Ms. Anne E Oman, Staff Director, House Appropriations Committee
Ms. April Kees, Staff Director, Senate Finance & Appropriations Committee
Ms. Toni Walker, Associate Director, Department of Planning and Budget
Ms. Samantha Martin, Budget and Policy Analyst, Department of Planning and Budget
Mr. Rob Quartel, CIT Board of Directors Finance Committee Chairman
Mr. Bernard Mustafa, CIT Board of Directors Chairman

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Item 135.D.2.a

**Fiscal Year 2021 Quarter 1
Sept 30, 2020**

Financial Performance

CENTER FOR INNOVATIVE TECHNOLOGY
BUDGET ANALYSIS
For the Three Months Ended September 30, 2020

(In Thousands)				Commonwealth Projects Funded by Appropriation & Other Revenue			(In Thousands)		
ACTUAL -Jul - Sep 2020							FORECASTED -Fiscal Year 2021		
Actual	Budget	Variance		Forecast	Budget	Variance			
Revenue									
\$ 2,588	\$ 2,588	\$ 1	Commonwealth Appropriation - General Fund	\$ 10,350	\$ 10,350	\$ -			
-	2,500	(2,500)	Commonwealth Appropriation - Non-General Fund and VRIF and CRCF balances	14,016	10,000	4,016			
1,388	70	1,318	Interest, Sponsorship, Return on Investments & Misc. Income	2,335	950	1,385			
<u>3,976</u>	<u>5,158</u>	<u>(1,182)</u>		<u>26,701</u>	<u>21,300</u>	<u>5,401</u>	Total Revenue		
Expenses									
1,957	2,816	(859)	Commercialization Division	7,693	8,125	(432)			
1,075	2,224	(1,149)	Investment Division	8,737	9,828	(1,091)			
45	319	(274)	Entrepreneur Ecosystems Division	2,361	2,450	(89)			
308	408	(100)	Strategic Initiatives	1,700	1,601	99			
254	802	(548)	Unmanned Systems	1,755	2,258	(503)			
165	231	(66)	Policy, Communications and Commonwealth Engagement	899	1,199	(300)			
59	(431)	490	Unapplied (over-applied) indirects	57	(1,102)	1,159			
<u>3,863</u>	<u>6,369</u>	<u>(2,506)</u>		<u>23,202</u>	<u>24,359</u>	<u>(1,157)</u>	Total Expenses		
<u>113</u>	<u>(1,212)</u>	<u>1,325</u>		<u>3,499</u>	<u>(3,059)</u>	<u>6,558</u>	Net		
Strategic Initiatives and Other Funding Provided by Contracts & Grants									
Strategic Initiatives									
15	-	15	Program Revenue - DHS Smart City IoT Innovation Program	15	-	15			
14	-	14	Program Expense	14	-	14			
<u>1</u>	<u>-</u>	<u>1</u>		<u>1</u>	<u>-</u>	<u>1</u>	Profit/(Loss)		
428	99	329	Program Revenue - DHS Commercial First Innovation™	3,354	1,700	1,654			
396	92	304	Program Expense	3,106	1,574	1,532			
<u>32</u>	<u>7</u>	<u>25</u>		<u>248</u>	<u>126</u>	<u>122</u>	Profit/(Loss)		
Other									
29	60	(31)	Program Revenue - SBA FAST 2019	64	60	4			
29	60	(31)	Program Expense	64	60	4			
<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	Profit/(Loss)		
-	-	-	Program Revenue - SBA FAST 2020	34	-	34			
-	-	-	Program Expense	34	-	34			
<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	Profit/(Loss)		
472	159	313	Program Revenue	3,467	1,760	1,707			
439	152	287	Program Expenses	3,218	1,634	1,584			
<u>33</u>	<u>7</u>	<u>26</u>		<u>249</u>	<u>126</u>	<u>123</u>	Net		
Consolidated Revenue, Expenses and Changes in Net Position									
4,448	5,317	(869)	Revenue	30,168	23,060	7,108			
4,302	6,521	(2,219)	Expenses	26,420	25,993	427			
146	(1,205)	1,351	Change in Net Position	3,748	(2,933)	6,681			
21,834	15,535	6,299	Beginning Net Position	21,834	15,535	6,299			
<u>\$ 21,980</u>	<u>\$ 14,331</u>	<u>\$ 7,650</u>	Ending Net Position	<u>\$ 25,582</u>	<u>\$ 12,602</u>	<u>\$ 12,980</u>			

Virginia Innovation Partnership Authority
BUDGET ANALYSIS
For the Three Months Ended September 30, 2020

(In Thousands)			(In Thousands)		
ACTUAL -Jul - Sep 2020			FORECASTED -Fiscal Year 2021		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Forecast</u>	<u>Budget</u>	<u>Variance</u>
Revenue					
\$ 5,063	\$ 6,425	\$ (1,362)	\$ 25,700	\$ 25,700	\$ -
-	5,000	(5,000)	20,000	20,000	\$ -
2	-	2	10	-	10
<u>5,065</u>	<u>11,425</u>	<u>(6,360)</u>	<u>45,710</u>	<u>45,700</u>	<u>10</u>
Expenses and Transfers					
2	5	(3)	20	20	-
2,602	5,088	(2,486)	20,350	20,350	-
-	70	(70)	731	731	-
569	6,338	(5,769)	25,350	25,350	-
<u>3,173</u>	<u>11,500</u>	<u>(8,327)</u>	<u>46,451</u>	<u>46,451</u>	<u>-</u>
Consolidated Revenue, Expenses and Changes in Net Position					
5,065	11,425	(6,360)	45,710	45,700	10
3,173	11,500	(8,327)	46,451	46,451	-
1,892	(75)	1,967	(741)	(751)	10
2,455	2,000	455	2,455	2,000	455
<u>\$ 4,347</u>	<u>\$ 1,925</u>	<u>\$ 2,422</u>	<u>\$ 1,714</u>	<u>\$ 1,249</u>	<u>\$ 465</u>

**Center for Innovative Technology
FY2021 Q2 Forecast By Fund**

	Operating Funds		Designated Funds					Total
	COV	Other	COV					
	Discretionary Fund	Grants & Contracts	Commercialization Division	Investment Division	Entrepreneurial Ecosystems Division	Strategic Initiatives Fund	Unmanned Systems Fund	
(In Thousands)								
Beginning Balance at 7/1/2020	\$ 988	\$ 366	\$ 1,435	\$ 17,102	\$ -	\$ 757	\$ 1,186	\$ 21,834
REVENUE								
General Fund Appropriation	\$ 3,250			\$ 3,100	\$ 2,000	\$ 1,000	\$ 1,000	\$ 10,350
Non General Fund Appropriation - Building Sale Proceeds			\$ 10,000					\$ 10,000
CRCF FYE20 Balance			\$ 1,887					\$ 1,887
VRIF FYE20 Obligations			\$ 2,129					\$ 2,129
Interest, Sponsorship, Return on Investment	\$ 222			\$ 1,355		\$ 27		\$ 1,604
Building Reserve - Rent	\$ 731							\$ 731
Contracts & Grants		\$ 3,467						\$ 3,467
Transfer to Cover Operating Costs								\$ -
Total Revenue	\$ 4,203	\$ 3,467	\$ 14,016	\$ 4,455	\$ 2,000	\$ 1,027	\$ 1,000	\$ 30,168
EXPENSES AND TRANSFERS								
Operating Programs Net of Over-applied Indirects	\$ 225							\$ 225
Designated Programs	\$ 3,902		\$ 6,343	\$ 7,116	\$ 2,000	\$ 1,452	\$ 1,433	\$ 22,246
Building Reserve - Rent	\$ 731							\$ 731
Contracts & Grants		\$ 3,218						\$ 3,218
Total Expenses	\$ 4,858	\$ 3,218	\$ 6,343	\$ 7,116	\$ 2,000	\$ 1,452	\$ 1,433	\$ 26,420
Net Change	\$ (655)	\$ 249	\$ 7,673	\$ (2,661)	\$ -	\$ (425)	\$ (433)	\$ 3,748
Ending Balance, GF at 6/30/2021	\$ 333	\$ -	\$ 9,108	\$ -	\$ -	\$ 332	\$ 753	\$ 10,526
Ending Balance, NGF at 6/30/2021	\$ -	\$ 615	\$ -	\$ 14,441	\$ -	\$ -	\$ -	\$ 15,056
Ending Balance, Total at 6/30/2021	\$ 333	\$ 615	\$ 9,108	\$ 14,441	\$ -	\$ 332	\$ 753	\$ 25,582

Designated Funds are amounts which are to be spent on a specific purpose stated in the Appropriation Act

Item 135.D.2.b

**Fiscal Year 2021 Quarter 1
Sept 30, 2020**

Investments & Grants

Center for Innovative Technology
Investments Made and Return on Prior Investments
For the three months ended September 30, 2020

Investments made:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
ARtGlass USA, LLC	\$ 50,000.00		
HyperQube Technologies, Inc.	162,533.55		
NOVI LLC	50,000.00		
Micronic Technologies Inc.	100,000.00		
	<u>\$ 362,533.55</u>	<u>\$ 1,125,000.00</u>	<u>\$ (762,466.45)</u>

Return on Prior Investments, including gains and losses:

Cavion	\$ 9,149.63
DataRPM	73,164.17
Distil Networks	31,536.26
DivvyCloud	5,054.79
Kamana	78,863.01
nexVortex	12,088.62
Pype	649,647.55
TypeZero Technologies	220,522.54
ThreatLocker	169,560.00
Zoobean	54,602.74
	<u>\$ 1,304,189.31</u>

Item 135.D.2.c

Fiscal Year 2021 Quarter 1
Sept 30, 2020

Financial & Programmatic
Performance of Operating
Entities Owned by CIT

**No Operating Entities Owned
during FY21 Q1**

Item 135.D.2.d

Fiscal Year 2021 Quarter 1
Sept 30, 2020

Transition to new Authority

Timeline and Associated Activities for transition into the new Authority

CIT began the transition from its management of the Innovation and Entrepreneurship Investment Authority (IEIA) to management of the new Virginia Innovation Partnership Authority (VIPA) after passage of HB1017 and SB756 in the 2020 Session of Virginia's General Assembly. That new role - as the VIPA managing non-profit - became official on July 1, 2020.

Six of the eleven VIPA Board of Directors were appointed in July by Governor Northam and a seventh, Virginia's Secretary of Commerce & Trade serving as the VIPA Vice Chairman, is also in place. The Board positions allocated for appointment by the General Assembly's Joint Rules Committee in the authorizing language are yet to be made. However, the current seven appointees constitute a quorum for the VIPA and the inaugural VIPA Board meeting is being planned for the week of December 14, 2020.

The current appointed Board Members are:

- Vice Chairman - Secretary Brian Ball
- Member - Ms. Monique Adams
- Member Dr. Barbara Boyan
- Member - Mr. Richard Hall
- Member - Mr. Chiedo John
- Member - Mr. Kurt John
- Member - Ms. Paula Sorrell

All Board members have received a comprehensive briefing book that provides a review of all current CIT programs and Centers of Excellence (COEs) that include: CCAM, CCALS, VBHRC, and CCI. Information has also been provided regarding programs formerly managed under the Virginia Research Investment Fund (VRIF) that is now consolidated into the VIPA and managed by CIT.

Additionally, CIT has conducted individual calls/meetings with all appointees to provide introductions to CIT's executive team and answer program questions while also ensuring compliance with the FOIA and regulations for public meeting notification. VIPA Board appointees have been apprised of program guidelines and criteria that have been developed as well as our progress in creating the required advisory committees for each division. These items will be officially reviewed and approved at the first VIPA meeting.

Since July 1, 2020, operational funding for CIT and the newly consolidated COEs has been provided to CIT and then distributed accordingly. Portions of the overall Item 135 appropriation initially required VIPA Board approval but since an initial meeting of that Board has been delayed pending appointment the full Board, a budget amendment (Item 135 #2.c) was submitted and passed during the 2021 Special Session of the General Assembly that authorizes CIT's President and CEO to approve and release

related funding. As of this date, none of those funds have been released pending final approval of the budget by Governor Northam.

CIT's Entrepreneurial Ecosystems Division is working with stakeholders in all nine GO Virginia Regions to initiate a branding and marketing initiative that recognizes the uniqueness of each region while aggregating the combined strengths into a statewide model of innovation and entrepreneurship. This initiative is in its early stages and may result in the renaming of CIT should the stakeholders and VIPA Board find value in that action.

In coordination with the Governor's office, CIT has applied for funding from the EDA CARES Act and we anticipate a decision in the next couple of weeks. If awarded, the grant will provide funding for CIT's Ecosystems Division to provide direct support to regional programs and initiatives to increase the number of minority, female, veteran, and rural entrepreneurs find venture funding and achieve success.