



January 30, 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 second Quarterly Report for FY2020 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 2019 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 Janet D Howell, Chairman, Senate Finance 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 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 Vice Chairman
Mr. Michael Steed, CIT Board of Directors Chairman

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Item 126.10.D.2.a

Fiscal Year 2020 Quarter 2
December 31, 2019

Financial Performance

**Center for Innovative Technology
Fiscal Year 2020 Q3 Forecast**

	Operating Funds		Designated Funds					Total
	COV	Other	COV					
	Discretionary	Grants & Contracts	BB Fund	Comm Fund	CRCF Fund	UAS and COE Fund	GAP Fund	
(In Thousands)								
Beginning Balance at 7/1/2019	\$ 997	\$ 192	\$ 130	\$ 679	\$ -	\$ 1,191	\$ 6,513	\$ 9,702
REVENUE								
Appropriation	\$ 3,446		\$ 550	\$ 400	\$ 3,350	\$ 1,000	\$ 3,100	\$ 11,846
Interest, Sponsorship, Return on Investment	\$ 202	\$ 8					\$ 2,212	\$ 2,422
Building Reserve	\$ 60							\$ 60
Contracts & Grants		\$ 2,155						\$ 2,155
Total Revenue	\$ 3,708	\$ 2,163	\$ 550	\$ 400	\$ 3,350	\$ 1,000	\$ 5,312	\$ 16,483
EXPENSES AND TRANSFERS								
Operating Programs Net of Over-applied Indirects	\$ 2,035							\$ 2,035
Designated Programs	\$ 2,345		\$ 547	\$ 672	\$ 3,350	\$ 1,494	\$ 4,977	\$ 13,385
Building Reserve	\$ 60							\$ 60
Contracts & Grants		\$ 2,002						\$ 2,002
Total Expenses	\$ 4,440	\$ 2,002	\$ 547	\$ 672	\$ 3,350	\$ 1,494	\$ 4,977	\$ 17,482
Net Change	\$ (732)	\$ 161	\$ 3	\$ (272)	\$ -	\$ (494)	\$ 335	\$ (999)
Ending Balance at 6/30/2020	\$ 265	\$ 353	\$ 133	\$ 407	\$ -	\$ 697	\$ 6,848	\$ 8,703

Legend:

BB Fund = Broadband Program Fund

Comm Fund = Cyber Security Commission Fund

CRCF = Commonwealth Research Commercialization Fund

UAS and COE Fund = Unmanned Systems and Unmanned Center of Excellence Fund

GAP Fund = Growth Acceleration Program Fund

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

CENTER FOR INNOVATIVE TECHNOLOGY
BUDGET ANALYSIS
 For the Six Months ended December 31, 2019

Commonwealth Projects Funded by Appropriation & Other Revenue

(In Thousands)			(In Thousands)			
ACTUAL - Jul - Dec 2019			FORECASTED - Fiscal Year 2020			
Actual	Budget	Variance	Forecast	Budget	Variance	
Revenue						
\$ 6,419	\$ 6,205	\$ 214	\$ 11,846	\$ 11,619	\$ 227	
1,074	165	909	2,482	330	2,152	
7,493	6,370	1,123	14,328	11,949	2,379	
Program Expenses						
8	17	(9)	16	26	(10)	
2,613	2,400	213	4,073	3,847	226	
2,682	3,040	(358)	6,132	6,450	(318)	
17	3	14	22	6	16	
308	382	(74)	687	770	(83)	
122	238	(116)	417	519	(102)	
231	266	(35)	814	488	326	
405	630	(225)	919	1,020	(101)	
254	427	(173)	738	1,172	(434)	
6,640	7,403	(763)	13,818	14,298	(480)	
Other Expenses						
211	279	(68)	561	652	(91)	
355	167	188	1,101	463	638	
566	446	120	1,662	1,115	547	
7,206	7,849	(643)	15,480	15,413	67	
287	(1,479)	1,766	Net	(1,152)	(3,464)	2,312

Strategic Initiatives Funded by Contracts & Grants

Entrepreneur						
9	-	9	84	-	84	
62	-	62	84	-	84	
(53)	-	(53)	Profit/(Loss)	-	-	
Strategic Initiatives						
899	1,481	(582)	1,694	1,754	(60)	
833	1,371	(538)	1,569	1,625	(56)	
66	110	(44)	Profit/(Loss)	125	129	(4)
8	-	8	377	-	377	
7	-	7	349	-	349	
1	-	1	Profit/(Loss)	28	-	28
916	1,481	(565)	Program Revenue	2,155	1,754	401
902	1,371	(469)	Program Expenses	2,002	1,625	377
14	110	(96)	Net	153	129	24

Consolidated Revenue, Expenses and Changes in Net Position

8,409	7,851	558	Revenue	16,483	13,703	2,780
8,108	9,220	(1,112)	Expenses	17,482	17,038	444
301	(1,369)	1,670	Change in Net Position	(999)	(3,335)	2,336
9,702	9,328	374	Beginning Net Position	9,702	9,328	374
\$ 10,003	\$ 7,959	\$ 2,044	Ending Net Position	\$ 8,703	\$ 5,993	\$ 2,710

INNOVATION AND ENTREPRENEURSHIP INVESTMENT AUTHORITY
BUDGET ANALYSIS FOR BUILDING OPERATIONS ONLY
For the Six Months Ended December 31, 2019

In thousands			BUILDING ANALYSIS	In thousands		
ACTUAL - July to December 2019				FORECASTED - Fiscal Year 2020		
Actual	Budget	Variance		Forecast	Budget	Variance
			REVENUE			
\$ 330	\$ 328	\$ 2	Rental Income	\$ 635	\$ 612	\$ 23
<u>330</u>	<u>328</u>	<u>2</u>		<u>635</u>	<u>612</u>	<u>23</u>
			BUILDING EXPENSES			
117	119	(2)	Payroll	230	244	(14)
159	199	(40)	Utilities	343	356	(13)
67	68	(1)	Administrative	135	135	-
17	52	(35)	Operating & Maintenance	69	80	(11)
160	156	4	Contracts	317	346	(29)
50	50	-	Insurance	100	100	-
2	1	1	Leasing Commission and Miscellaneous	5	15	(10)
<u>572</u>	<u>645</u>	<u>(73)</u>		<u>1,199</u>	<u>1,276</u>	<u>(77)</u>
			Total Revenue	<u>635</u>	<u>612</u>	<u>23</u>
			Total Expenses	<u>1,199</u>	<u>1,276</u>	<u>(77)</u>
<u>\$ (242)</u>	<u>\$ (317)</u>	<u>\$ 75</u>	Total Complex Net Income	<u>\$ (564)</u>	<u>\$ (664)</u>	<u>\$ 100</u>

Item 126.10.D.2.b

Fiscal Year 2020 Quarter 2
December 31, 2019

Investments & Grants

**Center for Innovative Technology
Investments Made and Return on Prior Investments
For the six months ended December 31, 2019**

Investments made:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Blue Triangle Technologies, Inc	\$ 22,289.00		
Brazen Technologies	21,457.93		
Buddy Technology, Inc	50,000.00		
Curbside Kitchen, Inc	50,000.00		
CytoRecovery, Inc	150,000.00		
Dark3, Inc	78,352.83		
DHK Storage, LLC	50,000.00		
Edconnective, Inc	100,000.00		
Fend, Inc	50,000.00		
Hypercube Technologies Inc	100,000.00		
Jeeva Informatics Solutions, Inc	50,000.00		
Kamana Inc	50,000.00		
KinergyCare, LLC	50,000.00		
Kinometrix, Inc	50,000.00		
MarginEdge Co	112,910.00		
Ostendio, Inc	123,378.90		
Quirk, Inc	25,000.00		
Runsafe Security, Inc	65,999.44		
Student Opportunity Center Inc	50,000.00		
Suvola Corporation	50,000.00		
Syllab Systems Inc	50,000.00		
	<u>\$ 1,349,388.10</u>	<u>\$ 1,500,000.00</u>	<u>\$ (150,611.90)</u>

Return on Prior Investments, including gains and losses:

Distil Networks, Inc	\$ 346,055.42		
Eventbrite, Inc	12,186.72		
Vthreat, Inc	122,880.84		
Ringobon, LLC	7,500.00		
South49 Solutions, Inc	400,666.66		
	<u>\$ 889,289.64</u>		

CRCF Grants Awarded

N/A

Item 126.10.D.2.c

Fiscal Year 2020 Quarter 2
December 31, 2019

Financial & Programmatic

M37 Carried Interest, LLC

M37 Carried Interest, LLC

Financial Report

Unaudited

As of and for the six months ended December 31, 2019 and 2018

M37 Carried Interest, LLC

STATEMENT OF ASSETS, LIABILITIES and MEMBERS' CAPITAL

As of December 31, 2019 and 2018

	Unaudited 12/31/2019	Unaudited 12/31/2018	Change
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,985	\$ 11,000	\$ (15)
Total current assets	10,985	11,000	(15)
Total assets	10,985	11,000	(15)
LIABILITIES			
Current liabilities:			
Due to CIT	10,985	11,000	(15)
Total current liabilities	10,985	11,000	(15)
Total liabilities	10,985	11,000	(15)
MEMBERS' CAPITAL			
CIT	-	-	-
Total members' capital	-	-	-
Total liabilities and members' capital	\$ 10,985	\$ 11,000	\$ (15)

M37 Carried Interest, LLC

STATEMENT OF OPERATIONS and CHANGES IN MEMBERS' CAPITAL

For the six months ended December 31, 2019 and 2018

	Unaudited 12/31/2019	Unaudited 12/31/2018	Change
REVENUES			
Investment income	\$ -	\$ -	\$ -
Total operating revenue	-	-	-
EXPENSES			
Operating expenses	-	-	-
Total expenses	-	-	-
NET LOSS	-	-	-
Members' capital, beginning	-	-	-
Members' capital, ending	\$ -	\$ -	\$ -