



April 30, 2021

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 third 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

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Item 135.D.2.a

**Fiscal Year 2021 Quarter 3
March 30, 2021**

Financial Performance

Virginia Innovation Partnership Authority
BUDGET ANALYSIS
For the Nine Months Ended March 31, 2021

(In Thousands)				(In Thousands)			
ACTUAL - Jul - Mar 2021				FORECASTED - Fiscal Year 2021			
Actual	Budget	Variance		Forecast	Budget	Variance	
Revenue							
\$	20,246	\$	19,275	\$	26,027	\$	25,700
	72,925		15,000		72,925		20,000
	3		-		4		-
	93,174		34,275		98,956		45,700
			58,899				53,256
Expenses and Transfers							
	2		15		3		20
	65,622		15,263		68,202		20,350
	60		548		428		731
	27,549		19,013		30,750		25,350
	93,233		34,838		99,383		46,451
			58,395				52,932
Consolidated Revenue, Expenses and Changes in Net Position							
	93,174		34,275		98,956		45,700
	93,233		34,838		99,383		46,451
	(59)		(563)		(427)		(751)
	2,455		2,000		2,455		2,000
	2,396		1,437		2,028		1,249
			959				779

CENTER FOR INNOVATIVE TECHNOLOGY

BUDGET ANALYSIS

For the Nine Months Ended March 31, 2021

Commonwealth Projects Funded by Appropriation & Other Revenue

(In Thousands)			(In Thousands)		
ACTUAL -Jul - Mar 2021			FORECASTED -Fiscal Year 2021		
Actual	Budget	Variance	Forecast	Budget	Variance
Revenue					
\$ 7,697	\$ 7,763	\$ (66)	\$ 10,277	\$ 10,350	\$ (73)
57,925	7,500	50,425	57,925	10,000	47,925
3,457	685	2,772	3,818	950	2,868
<u>69,079</u>	<u>15,948</u>	<u>53,131</u>	<u>72,020</u>	<u>21,300</u>	<u>50,720</u>
Expenses					
5,411	6,375	(964)	8,261	8,125	136
3,997	8,174	(4,177)	6,343	9,828	(3,485)
213	1,665	(1,452)	1,160	2,450	(1,290)
963	1,229	(266)	1,749	1,601	148
681	1,689	(1,008)	1,203	2,258	(1,055)
518	795	(277)	758	1,199	(441)
(146)	(963)	817	(266)	(1,102)	836
<u>11,637</u>	<u>18,964</u>	<u>(7,327)</u>	<u>19,208</u>	<u>24,359</u>	<u>(5,151)</u>
<u>57,442</u>	<u>(3,016)</u>	<u>60,458</u>	<u>52,812</u>	<u>(3,059)</u>	<u>55,871</u>

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>	Profit/(Loss)	<u>1</u>	<u>-</u>	<u>1</u>
2,145	989	1,156	Program Revenue - DHS Commercial First Innovation™	3,684	1,700	1,984
1,986	916	1,070	Program Expense	3,411	1,574	1,837
<u>159</u>	<u>73</u>	<u>86</u>	Profit/(Loss)	<u>273</u>	<u>126</u>	<u>147</u>
Other						
27	60	(33)	Program Revenue - SBA FAST 2019	54	60	(6)
27	60	(33)	Program Expense	54	60	(6)
<u>-</u>	<u>-</u>	<u>-</u>	Profit/(Loss)	<u>-</u>	<u>-</u>	<u>-</u>
47	-	47	Program Revenue - SBA FAST 2020	67	-	67
47	-	47	Program Expense	67	-	67
<u>-</u>	<u>-</u>	<u>-</u>	Profit/(Loss)	<u>-</u>	<u>-</u>	<u>-</u>
2,234	1,049	1,185	Program Revenue	3,820	1,760	2,060
2,074	976	1,098	Program Expenses	3,546	1,634	1,912
<u>160</u>	<u>73</u>	<u>87</u>	Net	<u>274</u>	<u>126</u>	<u>148</u>

Consolidated Revenue, Expenses and Changes in Net Position

71,313	16,997	54,316	Revenue	75,840	23,060	52,780
13,711	19,940	(6,229)	Expenses	22,754	25,993	(3,239)
57,602	(2,943)	60,545	Change in Net Position	53,086	(2,933)	56,019
21,834	15,535	6,299	Beginning Net Position	21,834	15,535	6,299
<u>\$ 79,436</u>	<u>\$ 12,592</u>	<u>\$ 66,844</u>	Ending Net Position	<u>\$ 74,920</u>	<u>\$ 12,602</u>	<u>\$ 62,318</u>

**Center for Innovative Technology
FY2021 Q4 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	135.P.4 Funds	
	(In Thousands)								
Beginning Balance at 7/1/2020	\$ 988	\$ 366	\$ 1,435	\$ 17,102	\$ -	\$ 757	\$ 1,186	\$ -	\$ 21,834
Transfer				\$ (2,000)	\$ 2,000				\$ -
REVENUE									
General Fund Appropriation	\$ 3,177			\$ 3,100	\$ 2,000	\$ 1,000	\$ 1,000		\$ 10,277
Non General Fund Appropriation - Building Sale Proceeds			\$ 10,000					\$ 20,678	\$ 30,678
CRCF FYE20 Balance			\$ 1,825						\$ 1,825
VRIF FYE20 Balance			\$ 25,422						\$ 25,422
Interest, Sponsorship, Return on Investment	\$ 66		\$ 28	\$ 3,233	\$ 2	\$ 62			\$ 3,391
Building Reserve - Rent	\$ 428								\$ 428
Contracts & Grants		\$ 3,820							\$ 3,820
Total Revenue	\$ 3,671	\$ 3,820	\$ 37,275	\$ 6,333	\$ 2,002	\$ 1,062	\$ 1,000	\$ 20,678	\$ 75,840
EXPENSES AND TRANSFERS									
Operating Programs Net of Over-applied Indirects	\$ 64								\$ 64
Designated Programs	\$ 3,419		\$ 6,811	\$ 5,130	\$ 943	\$ 1,440	\$ 973		\$ 18,716
Building Reserve - Rent	\$ 428								\$ 428
Contracts & Grants		\$ 3,546							\$ 3,546
Total Expenses	\$ 3,911	\$ 3,546	\$ 6,811	\$ 5,130	\$ 943	\$ 1,440	\$ 973	\$ -	\$ 22,754
Net Change	\$ (240)	\$ 274	\$ 30,464	\$ 1,203	\$ 1,059	\$ (378)	\$ 27	\$ 20,678	\$ 53,086
Ending Balance, Total at 6/30/2021	\$ 748	\$ 640	\$ 31,899	\$ 16,305	\$ 3,059	\$ 379	\$ 1,213	\$ 20,678	\$ 74,920

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 3
March 30, 2021**

Investments & Grants

Center for Innovative Technology
Investments Made and Return on Prior Investments
For the nine months ended March 30, 2021

Investments made Growth Acceleration Program (GAP):

	Actual	Budget	Variance
Advanced Aircraft Company, LLC	\$ 100,000.00		
AnswersNow, Inc	199,967.04		
ARtGlass USA, LLC	50,000.00		
AtWork Systems Inc	100,000.00		
Babylon Micro-Farms, Inc	100,000.00		
Beirobotics LLC (dba Linebird)	50,000.00		
Buddy Technology, Inc.	50,000.00		
Cervais, Inc.	25,000.00		
Collagen Bioscience, LLC	1,519.00		
Fenris, Inc	75,000.25		
Floorwire, Inc	50,000.00		
FRNGE, Inc.	99,999.97		
HyperQube Technologies, Inc.	162,533.55		
Industrial Intelligence, LLC	50,000.00		
LevelFields, Inc.	50,000.00		
Micronic Technologies Inc.	100,000.00		
NOVI LLC	50,000.00		
RoundlyX, Inc.	200,000.00		
Slate Bio Inc.	249,992.88		
Sunny Day Solutions, Inc.	50,000.00		
Sweetie Boy Home Delivery, LLC	50,000.00		
	<u>\$ 1,864,012.69</u>	<u>\$ 4,700,000.00</u>	<u>\$ (2,835,987.31)</u>

Return on Prior Investments, including gains and losses:

Cavion	\$ 22,650.42
ChurnZero	248,097.14
DataRPM	73,164.17
Distil Networks	37,414.29
DivvyCloud	5,054.79
Hosted Harbor/nexVortex	18,331.19
Kamana	78,863.01
LiveSafe	220,499.05
Pype	649,647.55
Ringobon (Ringio LLC)	10,000.00
ThreatLocker	169,560.00
Two Six Labs (Invincea)	1,337,161.71
TypeZero Technologies	313,478.00
Zoobean	54,602.74
	<u>\$ 3,238,524.06</u>

Grants Awarded (CCF):

N/A

Item 135.D.2.c

Fiscal Year 2021 Quarter 3
March 30, 2021

Financial & Programmatic
Performance of Operating
Entities Owned by CIT

**No Operating Entities Owned
during FY21 Q3**

Item 135.D.2.d

Fiscal Year 2021 Quarter 3
March 30, 2021

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.

To ensure a smooth transition and sustained program operation, CIT's existing Board remained in place until future governance could be established. In preparation for the first VIPA Board meeting, CIT's Board met for the final time on December 3, 2020 to approve changes in CIT's bylaws and articles of incorporation that would allow the newly formed VIPA Board to also serve as the Board for CIT.

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. As of December 31, 2020, 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 Board meeting was held on December 17, 2020.

The following Board Members were present at the meeting:

- 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

At the December 17 Board meeting, several critical actions were taken by the Board to ensure that CIT is authorized to provide administrative and operational support to the VIPA and ensure uninterrupted services from programs that require VIPA oversight. These actions were unanimously approved through a governance resolution and separate motions that included:

- Designating CIT as the managing non-profit and operating arm of the VIPA
- Appointing the President of CIT to serve as the President of the VIPA and carry out the duties outlined in the resolution
- Designating the Board of Directors for the VIPA to also serve as the Board of Directors for CIT
- Approving Advisory Boards for the Investment, Commercialization, and Entrepreneurial Ecosystems Divisions at CIT

- Approving Guidelines for the first solicitation of the Commonwealth Commercialization Fund (CCF) to be announced in January 2021.
- Delaying the first report on the VIPA Centers of Excellence until December 1, 2021
- Delaying the election of VIPA officers until the full Board has been appointed.

The VIPA held its second Board meeting on March 4, 2021, however, the four Joint Rules Committee appointments have still not been announced. The Board received an update on CIT's FY21 goals and objectives and strategies for FY22 planning. Additionally, the VIPA Board approved the criteria for the Regional Innovation Fund. Overviews of VIPA's four centers of excellence (CCAM, CCALS, CCI, VBHRC) were presented by the directors of each organization.

Significantly, the first solicitation of the new Commonwealth Commercialization Fund was launched in January 2021, and the first solicitation of the new Regional Innovation Fund was launched in March 2020. Both programs are reviewing applications and are on track to make awards before the end of FY21.

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 was 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. Appropriated funds have been provided to the COEs in accordance with requirements outlined in the budget language.

No delays or disruptions have been experienced in any CIT legacy programs because of the transition to the VIPA. All Divisions are working with their appointed advisory committees to update goals and objectives for the remainder of FY21 and will begin planning for FY22 and expanded services soon

CIT's Entrepreneurial Ecosystems Division is working with stakeholders in all nine GO Virginia Regions to establish criteria for the newly created Regional Investment Fund (RIF). That criteria will be presented to the VIPA Board for approval at the March 4, 2021 meeting. Assuming the criteria is approved, we plan to have the first awards from the program made by June FY21.