

November 1, 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 first Quarterly Report for FY2022 Virginia Innovation Partnership Corporation (CIT»VIPC). The attached report fulfills the requirements of the Appropriations Act Item 135 D.2 (Special Session I, 2021).

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

Sincerely,



Susan Aitcheson  
CFO  
Virginia Innovation Partnership Corporation

cc: The Honorable Brian Ball, Secretary of Commerce and Trade  
Ms. Cassidy Rasnick, Deputy Secretary of Commerce and Trade  
The Honorable Janet D Howell, Chair, Senate Finance & Appropriations Committee  
The Honorable Luke E. Torian, Chair, 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  
Dr. Barbara Boyan, VIPC Board of Directors Chair  
Mr. Rob Quartel, VIPC Board of Directors Finance Committee Chair

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**Item 135.D.2.a**

**Fiscal Year 2022 Quarter 1  
Sept 30, 2021**

**Financial Performance**

Virginia Innovation Partnership Authority  
**BUDGET ANALYSIS**  
 For the Three Months Ended September 30, 2021

(In Thousands)				(In Thousands)			
<b>ACTUAL - Jul - Sept 2021</b>				<b>FORECASTED - Fiscal Year 2022</b>			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Forecast</u>	<u>Budget</u>	<u>Variance</u>	
\$ 14,450	\$ 10,388	\$ 4,063	<b>Revenue</b>	\$ 41,550	\$ 41,550	\$ -	
1	1	-	Commonwealth Appropriation - General Fund	4	4	-	
14,451	10,389	4,063	Interest & Misc. Income				Total Revenue
				41,554	41,554	-	
			<b>Expenses and Transfers</b>				
-	1	(1)	VIPA Administrative Expense	3	3	-	
4,025	4,025	-	Transfer to VIPC - FY2022 Appropriation	16,100	16,100	-	
9,350	6,363	2,988	Transfer to COEs - FY2022 Appropriation	25,450	25,450	-	
13,375	10,389	2,987		41,553	41,553	-	Total Expenses & Transfers
			<b>Consolidated Revenue, Expenses and Changes in Net Position</b>				
14,451	10,389	4,063	Revenue	41,554	41,554	-	
13,375	10,389	2,987	Expenses and Transfers	41,553	41,553	-	
1,076	0	1,076	Change in Net Position	1	1	-	
2,594	2,028	566	Beginning Net Position	2,594	2,028	566	
\$ 3,670	\$ 2,028	\$ 1,642	Ending Net Position	\$ 2,595	\$ 2,029	\$ 566	

**Commonwealth Projects Funded by Appropriation & Other Revenue**

(In Thousands)			(In Thousands)		
<b>ACTUAL - Jul - Sept 2021</b>			<b>FORECASTED - Fiscal Year 2022</b>		
<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Forecast</b>	<b>Budget</b>	<b>Variance</b>
<b>Revenue</b>					
\$ 4,025	\$ 4,012	\$ 13	\$ 16,046	\$ 16,046	\$ -
1,282	25	1,257	1,357	101	1,256
<u>5,307</u>	<u>4,037</u>	<u>1,270</u>	<u>17,403</u>	<u>16,147</u>	<u>1,256</u>
<b>Expenses</b>					
631	830	(199)	5,043	11,772	(6,729)
3,206	2,364	842	8,844	8,691	153
153	751	(598)	3,087	3,274	(187)
291	222	69	1,733	1,685	48
161	343	(182)	1,928	1,871	57
-	-	-	2,000	2,000	-
203	278	(75)	1,447	1,159	288
(110)	87	(197)	42	(825)	867
<u>4,535</u>	<u>4,875</u>	<u>(340)</u>	<u>24,124</u>	<u>29,627</u>	<u>(5,503)</u>
<u>772</u>	<u>(838)</u>	<u>1,610</u>	<u>(6,721)</u>	<u>(13,480)</u>	<u>6,759</u>
			<b>Total Revenue</b>		
			<b>Total Expenses</b>		
			<b>Net</b>		

**Strategic Initiatives and Other Funding Provided by Contracts & Grants**

<b>Strategic Initiatives</b>					
558	198	360	4,326	2,295	2,031
516	183	333	4,006	2,125	1,881
<u>42</u>	<u>15</u>	<u>27</u>	<u>320</u>	<u>170</u>	<u>150</u>
			<b>Profit/(Loss)</b>		
<b>Other</b>					
26	58	(32)	104	58	46
26	58	(32)	104	58	46
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<b>Profit/(Loss)</b>		
584	256	328	4,430	2,353	2,077
542	241	301	4,110	2,183	1,927
<u>42</u>	<u>15</u>	<u>27</u>	<u>320</u>	<u>170</u>	<u>150</u>
			<b>Program Revenue</b>		
			<b>Program Expenses</b>		
			<b>Net</b>		

**Consolidated Revenue, Expenses and Changes in Net Position**

5,891	4,293	1,598	21,833	18,500	3,333
5,077	5,116	(39)	28,234	31,810	(3,576)
814	(823)	1,637	(6,401)	(13,310)	6,909
77,451	74,920	2,531	77,451	74,920	2,531
<u>\$ 78,265</u>	<u>\$ 74,097</u>	<u>\$ 4,168</u>	<u>\$ 71,050</u>	<u>\$ 61,610</u>	<u>\$ 9,440</u>
			<b>Revenue</b>		
			<b>Expenses</b>		
			<b>Change in Net Position</b>		
			<b>Beginning Net Position</b>		
			<b>Ending Net Position</b>		

**Virginia Innovation Partnership Corporation**  
**Fiscal Year 2022 Q2 Forecast**

	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)									
<b>Beginning Balance at 7/1/2021</b>	\$ 994	\$ 665	\$ 32,384	\$ 17,508	\$ 3,296	\$ 542	\$ 1,384	\$ 20,678	\$ 77,451
<b>REVENUE</b>									
General Fund Appropriation	\$ 3,946		\$ 5,000	\$ 3,100	\$ 2,000	\$ 1,000	\$ 1,000		\$ 16,046
Interest, Sponsorship, Return on Investment	\$ 72		\$ 53	\$ 1,201	\$ 4		\$ 27		\$ 1,357
Contracts & Grants		\$ 4,430							\$ 4,430
<b>Total Revenue</b>	\$ 4,018	\$ 4,430	\$ 5,053	\$ 4,301	\$ 2,004	\$ 1,000	\$ 1,027	\$ -	\$ 21,833
<b>EXPENSES AND TRANSFERS</b>									
Operating Programs Net of Unapplied Indirects	\$ 1,489								\$ 1,489
Designated Programs	\$ 3,728		\$ 4,099	\$ 7,291	\$ 2,521	\$ 1,420	\$ 1,576	\$ 2,000	\$ 22,635
Contracts & Grants		\$ 4,110							\$ 4,110
Transfers and Indirect Application to Designated Programs	\$ (230)	\$ 100	\$ 28	\$ 50	\$ 17	\$ 10	\$ 11	\$ 14	\$ -
<b>Total Expenses</b>	\$ 4,987	\$ 4,210	\$ 4,127	\$ 7,341	\$ 2,538	\$ 1,430	\$ 1,587	\$ 2,014	\$ 28,234
<b>Net Change</b>	\$ (969)	\$ 220	\$ 926	\$ (3,040)	\$ (534)	\$ (430)	\$ (560)	\$ (2,014)	\$ (6,401)
<b>Forecasted Ending Balance at 6/30/2022</b>	\$ 25	\$ 885	\$ 33,310	\$ 14,468	\$ 2,762	\$ 112	\$ 824	\$ 18,664	\$ 71,050

**Item 135.D.2.b**

**Fiscal Year 2022 Quarter 1  
Sept 30, 2021**

**Investments & Grants**

**Virginia Innovation Partnership Corporation**  
**Investments Made and Return on Prior Investments**  
**For the three months ended September 30, 2021**

**Investments made Growth Acceleration Program (GAP):**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Investment in 18 companies	\$ 1,975,369.00	\$ 1,275,000.00	\$ 700,369.00

**Return on Prior Investments, including gains and losses:**

Returns from 3 companies	\$ 1,193,262.00
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Item 135.D.2.c

Fiscal Year 2022 Quarter 1  
Sept 30, 2021

Financial & Programmatic  
Performance of Operating  
Entities Owned by VIPC

**No Operating Entities Owned  
during FY22 Q1**

Item 135.D.2.d

Fiscal Year 2022 Quarter 1  
Sept 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 made awards before the end of FY21.

In May 2021, the General Assembly's Joint Rules Committee made the remaining four appointments to the VIPA. Those members were:

- Member – Andrew Ko
- Member – Chris Long
- Member – Rob Quartel
- Member – Angela Reddix

The full Board met for the first time on June 10, 2021, virtually. Key items on the agenda for the 4<sup>th</sup> Qtr. meeting included: Approval of CIT's Operations Plan for FY22, approval of CIT's budget for FY22, approval of the recommended name change from the Center for Innovative Technology (CIT) to the Virginia Innovative Partnership Corporation (VIPPC). The Board was provided a timeline for the rebranding effort that will include SCC approval for the corporate name change.

CIT's Entrepreneurial Ecosystems Division is working with stakeholders in all nine GO Virginia Regions to establish criteria for the second solicitation of the Regional Investment Fund (RIF). The criteria were presented to, and approved by, the VIPA Board at the March 4, 2021, meeting. The first awards from the RIF were made in June 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.

The Virginia Innovation Partnership Authority (VIPA) held its first in-person Board meeting on September 9<sup>th</sup> in Richmond. In addition to offering the first chance for most Board members to meet each other in-person, the meeting was significant for many important actions taken by the Board.

- Dr. Barbara Boyan, the Dean of VCU's College of Engineering, was elected as the VIPA's first Board Chairperson.
- The Board established five new standing committees and Chairpersons for each:
  - Executive Committee – Barbara Boyan
  - Finance Committee – Rob Quartel
  - Strategy Committee – Kurt John
  - Entrepreneurial Ecosystems Committee – Paula Sorrell
  - Diversity, Equity, and Inclusion Committee – Angela Reddix
- The Auditor of Public Accounts provided a very positive report on CIT's FY21 audit results.
- The Board approved changes to CIT's Bylaws and Articles of Incorporation to facilitate SCC approval of the name change to the Virginia Innovation Partnership Corporation (VIPC).
- The President's Report included a review of CIT finance, operational highlights, and corporate performance for FY21. This included an assessment of goals and metrics established in the FY21 operating plan.
- The Board reviewed and accepted the Investment Division's Indirect Investment policy recommendations
- CIT's marketing consultant, ACG, provided an update on the rebranding process. We are on track for an early October roll out.

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 that were the basis for the FY22 operating plan and budget.