



February 2, 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 second 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 set against 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 2
December 31, 2020**

Financial Performance

Virginia Innovation Partnership Authority
BUDGET ANALYSIS
For the Six Months Ended December 31, 2020

(In Thousands)			(In Thousands)		
ACTUAL - Jul - Dec 2020			FORECASTED - Fiscal Year 2021		
Actual	Budget	Variance	Forecast	Budget	Variance
Revenue					
\$ 41,590	\$ 12,850	\$ 28,740	\$ 25,700	\$ 25,700	\$ -
-	10,000	(10,000)	71,100	20,000	51,100
3	-	3	10	-	10
<u>41,593</u>	<u>22,850</u>	<u>18,743</u>	<u>96,810</u>	<u>45,700</u>	<u>51,110</u>
Expenses and Transfers					
2	10	(8)	20	20	-
16,997	10,175	6,822	66,450	20,350	46,100
40	366	(326)	731	731	-
12,093	12,675	(582)	30,350	25,350	5,000
<u>29,132</u>	<u>23,226</u>	<u>5,907</u>	<u>97,551</u>	<u>46,451</u>	<u>51,100</u>
Consolidated Revenue, Expenses and Changes in Net Position					
41,593	22,850	18,743	96,810	45,700	51,110
29,132	23,226	5,907	97,551	46,451	51,100
12,461	(376)	12,837	(741)	(751)	10
2,455	2,000	455	2,455	2,000	455
<u>\$ 14,916</u>	<u>\$ 1,625</u>	<u>\$ 13,292</u>	<u>\$ 1,714</u>	<u>\$ 1,249</u>	<u>\$ 465</u>

CENTER FOR INNOVATIVE TECHNOLOGY
BUDGET ANALYSIS
For the Six Months Ended December 31, 2020

Commonwealth Projects Funded by Appropriation & Other Revenue

(In Thousands)						(In Thousands)		
ACTUAL - Jul - Dec 2020						FORECASTED - Fiscal Year 2021		
Actual	Budget	Variance				Forecast	Budget	Variance
Revenue								
\$ 16,997	\$ 5,175	\$ 11,822	Commonwealth Appropriation - General Fund		\$ 10,285	\$ 10,350	\$ (65)	
-	5,000	(5,000)	Commonwealth Appropriation - Non-General Fund and VRIF and CRCF balances		57,987	10,000	47,987	
1,741	241	1,500	Interest, Sponsorship, Return on Investments & Misc. Income		2,446	950	1,496	
<u>18,738</u>	<u>10,416</u>	<u>8,322</u>			<u>70,718</u>	<u>21,300</u>	<u>49,418</u>	
Expenses								
2,483	5,748	(3,265)	Commercialization Division		7,190	8,125	(935)	
2,048	5,273	(3,225)	Investment Division		7,452	9,828	(2,376)	
121	989	(868)	Entrepreneur Ecosystems Division		1,873	2,450	(577)	
722	856	(134)	Strategic Initiatives		1,859	1,601	258	
368	1,233	(865)	Unmanned Systems		1,660	2,258	(598)	
289	490	(201)	Policy, Communications and Commonwealth Engagement		988	1,199	(211)	
135	(1,004)	1,139	Unapplied (over-applied) indirects		29	(1,102)	1,131	
<u>6,166</u>	<u>13,585</u>	<u>(7,419)</u>			<u>21,051</u>	<u>24,359</u>	<u>(3,308)</u>	
<u>12,572</u>	<u>(3,169)</u>	<u>15,741</u>			<u>49,667</u>	<u>(3,059)</u>	<u>52,726</u>	
				Total Revenue	<u>70,718</u>	<u>21,300</u>	<u>49,418</u>	
				Total Expenses	<u>21,051</u>	<u>24,359</u>	<u>(3,308)</u>	
				Net	<u>49,667</u>	<u>(3,059)</u>	<u>52,726</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>			<u>1</u>	<u>-</u>	<u>1</u>	
Profit/(Loss)								
1,105	664	441	Program Revenue - DHS Commercial First Innovation™		3,684	1,700	1,984	
1,024	615	409	Program Expense		3,411	1,574	1,837	
<u>81</u>	<u>49</u>	<u>32</u>			<u>273</u>	<u>126</u>	<u>147</u>	
Profit/(Loss)								
Other								
54	60	(6)	Program Revenue - SBA FAST 2019		54	60	(6)	
54	60	(6)	Program Expense		54	60	(6)	
<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>	<u>-</u>	
Profit/(Loss)								
17	-	17	Program Revenue - SBA FAST 2020		51	-	51	
17	-	17	Program Expense		51	-	51	
<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>	<u>-</u>	
Profit/(Loss)								
1,191	724	467	Program Revenue		3,804	1,760	2,044	
1,109	675	434	Program Expenses		3,530	1,634	1,896	
<u>82</u>	<u>49</u>	<u>33</u>			<u>274</u>	<u>126</u>	<u>148</u>	
				Net	<u>274</u>	<u>126</u>	<u>148</u>	

Consolidated Revenue, Expenses and Changes in Net Position

19,929	11,140	8,789	Revenue	74,522	23,060	51,462
7,275	14,260	(6,985)	Expenses	24,581	25,993	(1,412)
12,654	(3,120)	15,774	Change in Net Position	49,941	(2,933)	52,874
21,834	15,535	6,299	Beginning Net Position	21,834	15,535	6,299
<u>\$ 34,488</u>	<u>\$ 12,415</u>	<u>\$ 22,073</u>	Ending Net Position	<u>\$ 71,775</u>	<u>\$ 12,602</u>	<u>\$ 59,173</u>

**Center for Innovative Technology
FY2021 Q3 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
REVENUE									
General Fund Appropriation	\$ 3,184			\$ 3,100	\$ 2,000	\$ 1,000	\$ 1,000		\$ 10,284
Non General Fund Appropriation - Building Sale Proceeds			\$ 10,000					\$ 20,678	\$ 30,678
CRCF FYE20 Balance			\$ 1,887						\$ 1,887
VRIF FYE20 Balance			\$ 25,422						\$ 25,422
Interest, Sponsorship, Return on Investment	\$ 223			\$ 1,618		\$ 27			\$ 1,868
Building Reserve - Rent	\$ 578								\$ 578
Contracts & Grants		\$ 3,804							\$ 3,804
Total Revenue	\$ 3,986	\$ 3,804	\$ 37,309	\$ 4,718	\$ 2,000	\$ 1,027	\$ 1,000	\$ 20,678	\$ 74,521
EXPENSES AND TRANSFERS									
Operating Programs Net of Over-applied Indirects	\$ 439								\$ 439
Designated Programs	\$ 3,646		\$ 5,922	\$ 6,049	\$ 1,533	\$ 1,530	\$ 1,354		\$ 20,034
Building Reserve - Rent	\$ 578								\$ 578
Contracts & Grants		\$ 3,530							\$ 3,530
Total Expenses	\$ 4,663	\$ 3,530	\$ 5,922	\$ 6,049	\$ 1,533	\$ 1,530	\$ 1,354	\$ -	\$ 24,581
Net Change	\$ (678)	\$ 274	\$ 31,387	\$ (1,331)	\$ 467	\$ (503)	\$ (354)	\$ 20,678	\$ 49,940
Ending Balance, GF at 6/30/2021	\$ 310	\$ -	\$ 32,822	\$ -	\$ 467	\$ 254	\$ 832	\$ -	\$ 34,685
Ending Balance, NGF at 6/30/2021	\$ -	\$ 640	\$ -	\$ 15,771	\$ -	\$ -	\$ -	\$ 20,678	\$ 37,089
Ending Balance, Total at 6/30/2021	\$ 310	\$ 640	\$ 32,822	\$ 15,771	\$ 467	\$ 254	\$ 832	\$ 20,678	\$ 71,774

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 2
December 31, 2020**

Investments & Grants

Center for Innovative Technology
Investments Made and Return on Prior Investments
For the six months ended December 31, 2020

Investments made Growth Acceleration Program (GAP):

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
ARtGlass USA, LLC	\$ 50,000.00		
Buddy Technology, Inc.	50,000.00		
Cervais, Inc.	25,000.00		
Collagen Bioscience, LLC	1,519.00		
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		
Slate Bio Inc.	125,000.00		
Sunny Day Solutions, Inc.	50,000.00		
Sweetie Boy Home Delivery, LLC	50,000.00		
	<u>\$ 764,052.55</u>	<u>\$ 2,950,000.00</u>	<u>\$ (2,185,947.45)</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
Hosted Harbor/nexVortex	18,331.19
Kamana	78,863.01
LiveSafe	218,420.56
Pype	649,647.55
Ringobon (Ringio LLC)	10,000.00
ThreatLocker	169,560.00
TypeZero Technologies	298,952.11
Zoobean	54,602.74
	<u>\$ 1,617,282.01</u>

Grants Awarded (CCF):

N/A

Item 135.D.2.c

Fiscal Year 2021 Quarter 2
December 31, 2020

Financial & Programmatic
Performance of Operating
Entities Owned by CIT

**No Operating Entities Owned
during FY21 Q2**

Item 135.D.2.d

Fiscal Year 2021 Quarter 2
December 31, 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.

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.

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.