



July 16, 2018

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 Operating Plan for FY2019 for the Center for Innovative Technology (CIT). CIT is the operating arm for the Innovation and Entrepreneurship Investment Authority (IEIA). The attached report fulfills the requirements of the Code of Virginia, §2.2-2221.1.B (includes reporting requirements of Item 126.10.D.1 of the Virginia Acts of Assembly, 2018 Special Session I, Chapter 2).

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 Demaria, Deputy Secretary, Commerce and Trade
The Honorable Emmett W. Hanger, Jr., Co-Chairman, Senate Finance Committee
The Honorable S. Chris Jones, Chairman, House Appropriations Committee
Ms. April Kees, Staff Co-Director, Senate Finance Committee
Ms. Samantha Martin, Budget and Policy Director, Department of Planning and Budget
Mr. Bernard Mustafa, CIT BOD Finance Committee Chair
The Honorable Thomas K. Norment, Jr., Co-Chairman, Senate Finance Committee
Mr. Jason Powell, Staff Co-Director, Senate Finance Committee
Mr. Robert P. Vaughn, Staff Director, House Appropriations Committee
Ms. Toni Walker, Associate Director, Department of Planning and Budget

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Item 126.10.D.1

Operating Plan



Accelerating Innovation

Center for Innovative Technology
Fiscal Year 2019
Operating Plan

Approved by CIT Board of Directors
May 24, 2018

Center for Innovative Technology
Fiscal Year 2019
Operating Plan

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Center for Innovative Technology

Accelerating Innovation

CIT OPERATING PLAN

Fiscal Year 2019

I. Overview

Since 1985, the Center for Innovative Technology (CIT), a not-for-profit corporation, has been the Commonwealth's primary agent for accelerating innovation, technology company formation, and entrepreneurship. Our FY17 Operating Plan represented the start of a transformation period for CIT that enhances our role as that agent for innovation-based economic growth for the benefit of Virginia. We continued our transition in FY18 and achieved much, as well as positioned CIT for a more impactful role in spurring Virginia's economic growth and diversification in FY19 and FY20.

In FY19, CIT will

- Accelerate our pace of joint venture partnership formation in new technology and entrepreneurship areas critical to Virginia, e.g., Smart Communities, Autonomous Systems, Cyber Physical Systems and enhance our reputation as an innovation commercialization leader.
- Expand our engagement with every region of the Commonwealth and with underserved populations through greater outreach of our core programs such as CIT GAP (Growth Accelerator Program) Funds, and the Commonwealth Research Commercialization Fund as well as the newly announced Virginia Founders Fund, to accelerate new company formation, research, technology commercialization, and job growth.
- Continue to operate our internationally recognized MACH37 Cyber Accelerator on private funds and put in place a long-term agreement extending the life of MACH37.
- Create Autonomous System-driven economic opportunities in Virginia through the Unmanned Systems Center of Excellence and collaborations with partners such as Virginia Tech, Old Dominion University, NASA, and Virginia's Unmanned Systems Industry Association
- Increase CIT's outreach to corporations, universities, incubators, and accelerators to create a collaborative network to better identify and fund innovators and entrepreneurs
- Engage deeply with other components of Virginia economic development including the Virginia Research Investment Committee (VRIC), Virginia Economic

Development Partnership (VEDP), GO Virginia, etc. to craft complementary and consistent strategies, policies, and programs.

- Expand our Strategic Initiatives with a focus on federal and private innovation funding and projects that provide a leadership, reputational, and/or financial benefit to Virginia.
- Continue to closely manage our funding and position the company for additional funding in the future in order to increase our impact for Virginia.
- Recast our branding to highlight our mission and engagement for the benefit of all Virginia.

FY19 promises new opportunities to help grow and diversify Virginia's economy. It builds on the progress we made as an organization in FY18.

With this operating model, CIT has provided substantial return on investment for the Commonwealth. For example, CIT's research commercialization, investments, acceleration, and innovation assimilation initiatives have:

- Attracted nearly \$170M in follow on investment for CRCF funded projects over 2 years.
- Scaled 190 startups in all regions of the Commonwealth since 2004 (GAP Funds).
- Since 2004, leveraged \$600M dollars of private funding – largely from sources outside of Virginia – into CIT GAP Funds portfolio companies.
- Created 53 new cyber companies over the last 5 years (MACH37).
- Helped secure \$127 million in Small Business Innovative Research and Small Business Technology Transfer (SBIR/STTR) federal research in a single year for researchers, innovators, and entrepreneurs in the Commonwealth.
- Completed the first ever, state-wide broadband demand campaign which collected responses from residents and businesses from 129 Virginia localities.
- Launched an extensive Smart Communities initiative, including the Statewide Working Group, Smart City Works Actuator, and winning a \$4.8M DHS program and Smart City Council Readiness Challenge grant. Smart Communities initiative focuses on increasing the delivery efficiency of Government services, closing the digital divide hampering economic growth for rural and agricultural areas of the Commonwealth, creating global business opportunities, and helping make Virginia a place that the next generation workforce can work, live, and thrive.

Finally, CIT's strong performance and that of the companies and innovators it propelled is producing excellent economic results and new innovations today, and **projects the creation of up to 9,000 new high technology jobs over the next five years.**

CIT remains focused in FY19 on accelerating new economic opportunities, adding to the projection of new high technology company and job creation, enhancing its reputation as a thought leader and partner in innovation and entrepreneurship, strengthening our financial asset base, and attracting and retaining passionate people to the CIT mission. Achieving these objectives will create benefits all across the Commonwealth and plant even more seeds to grow the Virginia economy and strengthen the CIT brand.

II. Updated Mission and Vision

Clarity of mission and vision is a key aspect of any organization with a desire to best serve its stakeholders. Our company's transformation includes clarifying, updating and simplifying its mission and vision. To refresh our mission and vision, we "walk our talk", using principles from our MACH37 accelerator program curriculum to better communicate what CIT stands for and the value we provide.

1. Mission

CIT grows and diversifies Virginia's economy by investing in and accelerating innovation commercialization, entrepreneurship and broadband availability.

First and foremost, CIT exists for the benefit of Virginia and its citizens. Economic growth and diversification in Virginia increasingly relies on innovation as the engine of growth and diversification. Our Board and staff work to grow and diversify Virginia's economy and provide economic opportunity for its citizens by accelerating the commercialization of innovation with high economic growth potential, building the ecosystems to grow and support entrepreneurs and by working to make broadband access, a vital requirement for today's innovators and entrepreneurs, available to underserved regions of Virginia.

2. Vision

Virginia's leading resource for innovation-based economic growth strategies and programs.

Our vision lays out the long term aspirations of the organization and its service to Virginia. CIT has long been known as a source of ideas, programs, and capital for Virginia's innovation ecosystem. We desire to build on that foundation and become an integral part of economic development policy formation and execution with public and private stakeholders across the Commonwealth that include the Commonwealth government, Virginia universities and community colleges, businesses, and investors.

In realizing this vision, we plan to go the extra mile to engage those regions and populations considered underserved from an economic growth opportunity perspective. The economically distressed coal industry communities of Virginia, minorities, and veterans are examples of underserved communities.

Collaboration and partnership will propel us towards this vision of service. We will work closely with other Virginia institutions such as Virginia Economic Development Partnership (VEDP), GO Virginia, Virginia Biosciences Health Research Corporation (VBHRC), the Tobacco Commission, Virginia Research Investment Committee (VRIC), Department of Housing and Community Development (DHCD), Virginia is 4 Entrepreneurs, the emerging Virginia Innovation Ecosystem and others to share our expertise, craft strategies and design complementary programs to fulfill our mission of economic growth and diversity across Virginia and to make the best use of public and private funds entrusted to our organizations.

III. Strategic Planks and Corporate Initiatives

The Policy Committee of CIT's Board of Directors and CIT's management developed a set of strategic planks and initiatives to guide the company for the next 3 years. These planks form the foundation for fulfilling our mission and drive our annual operating plan. Below are CIT's strategic planks and corporate initiatives for the coming year:

1. Expand regional and underserved community engagement

We will continue to expand our physical, financial and digital engagement with all regions of Virginia and with underserved communities such as veterans, minorities and "coal" communities. We will base our regional engagement on the GO Virginia regional breakdown and the various GO Virginia Councils. We will leverage our relationships with our stakeholders across the Commonwealth to increase our engagement with underserved populations. In FY19 we will use our staff in place to expand our engagement. Our goal is to increase staff in the future to better serve regional and underserved community needs.

Initiatives for this strategic plank include:

- a. Use proceeds from GAP investments to expand our investments in underserved populations, e.g., veteran, women, minority-owned companies and companies in regions not well served by private venture capital. We will also expand our relationships with regional economic development organizations focused on innovation and entrepreneurship, such as Hampton Road's 757 Accelerate and Roanoke's Regional Acceleration and mentorship Program (RAMP), to actively promote our new Virginia Founders Fund.
- b. Collaborate with regional technology councils, local accelerators and incubators and grass roots efforts such as the Virginia Innovation Ecosystem and the Virginia is For Entrepreneurs to build a network for sharing expertise, deal flow, funding and attracting more entrepreneurial activity and investment in Virginia.
- c. Participate in regional GO Virginia Councils – Regional GO Virginia Councils will play a critical role in defining economic development strategies and plans and obtaining funding for programs. CIT's goal is to work with all 9 regional councils and proactively support their programs geared toward innovation, entrepreneurship and broadband availability.
- d. In partnership with regionally-based innovation initiatives, promote and identify pipeline for CIT's core programs, including; VFF, GAP, and CRCF.
- e. Continue to support localities and the Commonwealth's Chief Broadband Advisor with the planning, design and acquisition of broadband capabilities.
- f. In partnership with the Verizon Foundation, expand the MACH37/UVA-Wise program to provide jobs and internships to students and graduates of the University's cyber program.

We also want to develop new partnerships with colleges and universities in other rural areas such as Sweet Briar College in Lynchburg.

- g. Ensure Smart Communities recommendations and implementation roadmap provide a strong voice and representation for underserved communities.

2. Identify and fund innovators and entrepreneurs at a greater rate

Our goal is to identify more potential investment opportunities across Virginia and provide greater levels of financial support to more innovators and entrepreneurs. Financial support could come in the form of funding from the GAP Funds, the Commonwealth Research Commercialization Fund (CRCF), funds from our network of private investors, e.g., the VTIN or from federal and state sources, such as the SBA SBIR program or Tobacco Commission funds.

Our Smart Communities and UAS Center of Excellence initiatives will also provide opportunities to identify and fund entrepreneurs in Virginia.

Initiatives related to this plank include:

- a. Identify, process and fund Virginia start-ups through the GAP Funds, and maintain the financial and economic development performance of the funds.
- b. Operate the recently announced Virginia Founders Fund to invest in Virginia's traditionally underfunded communities.
- c. Solicit, process, award and administer a robust pipeline of CRCF projects.
- d. Identify, process and launch new cyber security related product companies through MACH37.
- e. Structure and ramp up initiatives related to Smart Communities and the Smart Communities Working Group, including our partnerships with DHS, NIST, the Smart Cities Council, Smart City Works Actuator and others, and incorporating CIT's broadband program as a necessary component of the Smart Communities strategy and development.
- f. Meet critical program milestones of the EMERGE/SCITI Labs Accelerator program managed by CIT on behalf of the US Department of Homeland Security.
- g. Continue our support for Virginia companies' pursuit of SBIR/STTR funding as a means of commercializing innovations and intellectual property.

- h. Through the Unmanned Systems Center of Excellence, create and execute an integrated program designed to establish Virginia as a national leader in Unmanned Systems technology - air, land and marine.
- i. Attract corporations to fund university-based programs and Virginia start-ups related to the industry and potentially locate their R&D or manufacturing facilities in VA via joint work with VEDP.
- j. Initiate the process to develop a fund that leverages private funds and GAP proceeds to increase the availability of venture funding for Virginia start ups. This includes discussions with the appropriate COV organizations such as the Office of the Attorney General (OAG), the Governor's Office and appropriation members and staff of the General Assembly

3. Create strategies with universities to boost commercialization success

CIT's roots are with Virginia's universities. Universities' applied research is a vital source of innovations to grow and diversify Virginia's economy. In FY17, CIT leadership undertook a "listening tour" for meeting with many of the Presidents of Virginia's universities. The purpose of the tour was to gather information on possible strategies and activities of high value to universities in accelerating innovation commercialization and startups from universities.

During FY19, we will work with universities to define high value programs, with a goal of piloting one such program in FY19. In addition, we will continue to work with the universities to identify potential GAP and VFF investment opportunities and fund appropriate CRCF proposals.

Initiatives under this plank include:

- a. Enter into partnerships with major university programs for economic development, such as the CyberX initiative with Virginia Tech and GMU.
- b. Establish a presence at university based accelerators and incubators such as the MIX at GMU and the Di Vinci Center at VCU
- c. Participate on University Based Economic Development Council to enhance our engagement with universities on their economic development policies and programs.
- d. Continue the "listening tour" to encompass the community colleges.

4. Enhance role in VA Economic Development policy formulation

Economic development policies and programs emanating from the Commonwealth government are evolving at a significant pace. For instance, this was reflected in the FY18

activities of the Virginia Research Investment Fund (VRIF), the Virginia Research Investment Committee, and GO Virginia. Spurring economic growth via innovation is a central part of these entities and new economic development policies.

Our staff and Board members have extensive expertise and experience in all elements of innovation-based economic growth, entrepreneurship and funding. We should provide policy leadership, collaboration and guidance on innovation-based economic development and work closely with organizations such as VRIC, VEDP, SCHEV, and the Administration on policy.

Initiatives under this plank include:

- a. Build a closer working relationship with the VEDP, leveraging our expertise and capabilities in innovation led economic development with VEDP's expertise and capabilities to attract and retain large high technology companies to build a vibrant ecosystem.
- b. Coordinate with VEDP as well as with local and regional economic development offices to assist with recruitment and expansion of autonomous system companies. Work within CIT and university system to attract venture capital.
- c. Expand partnerships with Virginia's DHCD in order to increase support for broadband programs across Virginia.
- d. Develop relationships and a means to participate more closely with the VRIF and its Implementation Advisory Team (IAT). These entities are shaping the major economic development policies for university-based and regionally based activities. We need a stronger voice in these organizations.
- e. Increase our exposure and collaboration with federal, state and private organizations responsible for innovation-based economic development as a means of providing ideas and options for Virginia economic development policy.

5. Rebrand CIT and fortify operating base

CIT will continue its FY18 effort to rebrand the company from one that some stakeholders perceive as primarily benefitting Northern Virginia to one that benefits all regions of the Commonwealth. Work in this area includes updating our communications vehicles to accentuate a statewide economic development core. It also includes a change to the logo that will eliminate our building as a focal point of CIT's image

We must also provide management's view of the financial resources required to effectively carry out the mission of CIT and fairly compensate the employees of the organization. CIT has not had an increase to its operating base for 10 years. Over the past 2 years, management has taken significant measures, including a significant percent reduction in staff, to maintain the financial integrity of CIT. The organization faces significant risk in maintaining its high

quality programs and staff and pursuing strategic initiatives that benefit Virginia, such as Smart Communities, without additional financial support for its operating base.

Initiatives under this plank include:

- a. Remake CIT's logo and branding information.
- b. Continue to communicate our need for a stable operating base to the Administration and General Assembly and seek their support for the operating base plan.

6. Attract and retain high performing, passionate talent

Success in our mission requires high performance from our leaders and staff. We will take affordable steps to maintain the morale and performance of our valuable employees.

Initiatives under this plank include:

- a. Maintain skills and leadership necessary to successfully carry out CIT's mission and vision.
- b. Ensure recruiting practices provide a diverse set of candidates for open positions.

Achieving these initiatives will 1) highlight and benefit the Commonwealth; 2) strengthen our connection and support to all regions of Virginia and the state's universities; 3) revitalize and re-energize our brand; 4) make CIT a great place to work for people with passion for creating Virginia economic opportunities for others.

IV. Service Lines and Executive Initiatives Overview

Our initiatives will be met through the work of CIT's Service Lines. Each of CIT's organizational units drive programs unique to that organization. However, the FY19 plan recognizes the synergistic benefit to our mission in cross collaboration among the units. The following is a description of each of CIT's Service Lines and our key Executive Initiatives.

1. CIT Entrepreneur: Access to Capital

Because the availability of early-stage capital is critical for many emerging technology companies, CIT offers CIT GAP Funds and Federal Funding Assistance Program. CIT GAP Funds makes seed-stage equity investments in Virginia-based technology, cleantech and life science companies with a high growth potential. CIT GAP Funds is overseen by CIT and private sector experts – the Investment Advisory Board – who conduct thorough due diligence on the companies before making investments.

Major objectives for this line in the coming fiscal year include continuation of our GAP investments in Virginia startups, rollout of our recently announced Virginia Founders Fund, support for MACH37 investments and the development of one or more private investment funds to increase capital investment in Virginia's high-growth companies.

2. CIT R&D: Strategic Investments in Research Commercialization

The CIT R&D team facilitates commercialization of research by public and private sector teams that develop and deploy marketable solutions. They manage the Commonwealth Research Commercialization Fund (CRCF), which invests in research and commercialization at Virginia colleges and universities, companies, federal labs and other research institutions in their efforts to advance technology and drive economic growth in the Commonwealth. Aligned with the CRCF is the Roadmap, a strategic planning tool that identifies key industry sectors with commercial promise that are worthy of economic development for Virginia. CIT will assist the VRIC related to the development of the Roadmap.

The major objective for this line in the coming fiscal year is the continuation of our CRCF investments in Virginia innovators. A reception honoring FY2018 CRCF awardees is a possible activity in FY2019. A risk factor is the potential audit by the Joint Legislative Audit and Review Commission. CRCF may be selected for audit in FY2019. As such staff time required for the audit could result in reduced Operating Plan metrics.

3. MACH37 Cyber Accelerator: Sustainability and Evolution

MACH37 is America's premier market-centric cybersecurity accelerator. The Accelerator is designed to facilitate the creation of the next generation of cybersecurity product companies. MACH37's unique program design places heavy emphasis on the validation of product ideas, building entrepreneurs' ability to grow viable companies and the development of relationships that produce an initial customer base and investment capital.

Major objectives for this line in the coming fiscal year include the continued privatization of MACH37 such that its operating funds and investments come from private entities. During this privatization process, MACH37 needs to maintain a suitable level of continued operations and support for emerging cyber security companies.

4. CIT Strategic Initiatives

CIT Strategic Initiatives focuses on identifying and advancing solutions and providing initial leadership for the Commonwealth around important emerging areas that impact future economic development. Key initiatives for FY19 are Smart Communities and Autonomous Systems, with additional activities in conjunction with the VITA Innovation Center of Excellence (ICE), Virginia Department of Transportation (VDOT) and other Agencies.

Smart Communities

Smart Communities can be defined as jurisdictions that use information and communication technologies to enhance the livability, workability and sustainability of the community. Fast, extensible, and reliable broadband communications are central to such efforts, and security and privacy controls are fundamental. The Smart Communities initiative integrates ongoing CIT efforts to expand Broadband connectivity throughout the Commonwealth with new activities built around a variety of commercial partners, localities, and State Agencies and realized through a range of programs.

By integrating these efforts in a single conceptual framework CIT will have the capability to address the needs of widely varying communities throughout the Commonwealth and provide a focal point for maturing both commercial and university-developed technologies that are relevant to these communities. A major key to success in this area is the continued evolution of partnerships at the state and national level, and with communities and local governments, universities and private entities through out the Commonwealth.

Within this framework, the CIT Broadband team works to establish and expand broadband infrastructure, accelerating the socio-economic growth of Virginia. Major objectives for these efforts include support for underserved regions and localities in Virginia. The support aids regions and localities in establishing partnerships with broadband providers for implementation of services for their areas. Our broadband team will continue to support localities in the design and procurement of broadband services. New wireless technologies coming to market may provide opportunities for underserved communities to finally realize the benefits of reliable, high speed broadband services. Another key objective includes assisting the evolving set of Broadband stakeholders within the context of new Legislative guidance to develop strategic and action plans for broadband deployment within the Commonwealth.

FY19 will build on the strong foundation developed in FY18. The Virginia Smart Communities Working Group will move from policy recommendations to an implementation roadmap as part of our initial charter, then seek to jump start additional Commonwealth effort in this area through small innovative pilot projects. The Smart Cities Actuator, led by our partner Smart City Works, Inc. (SCW), will continue to grow accelerator operations and investments and expand international involvement. The collaboration with the VITA Innovation Center of Excellence will focus on initiating an IT-based pilot including the security and privacy aspects of collecting, storing and making available public data. At the national level, our EMERGE/SCITI Labs Program with the Department of Homeland Security will focus on smart community and UAS technologies and the potential of the technologies to increase the effectiveness and safety of our nation's first responders. Ongoing interaction with the NIST Global Cities Teams Challenge, NTIA/Broadband USA, and the Smart Cities Council will continue to provide national visibility and the opportunity to expand Virginia's growing perception as a leader in this domain.

Unmanned Systems Center of Excellence

The Autonomous Systems Center of Excellence (CoE) – operated by CIT – was established to Create UAS-driven economic opportunities in Virginia. The Center will champion the expansion of this important industry in the Commonwealth as one of the cornerstones of the Virginia economy. Virginia is home to a vast array of autonomy related assets located across the Commonwealth, as well as an FAA test site (Mid-Atlantic Aviation Partnership) established in 2013. Virginia is also a leader in autonomous systems with industry estimates consistently placing the Commonwealth among the top 10 states positioned to reap the largest economic benefit from the industry's \$82 billion forecasted economic impact through 2025.

Creation of the CoE was the top recommendation made by the Commonwealth's Unmanned Systems Commission, roundtable discussions with industry leaders across the Commonwealth, and in accordance with language included in the 2017-2018 budget.

Through the CoE, CIT serves as Virginia's primary information resource a proponent and point-of-contact on global UMS technology, policy, and trends. The CoE is a catalyst for autonomous systems, vehicles and technologies in Virginia and will promote collaboration with businesses, investors, universities, entrepreneurs and government organizations to build a world-class ecosystem that will create opportunities for every region of the Commonwealth. In FY19, CIT will create and manage a UMS Advisory Board that provides in-depth knowledge and diverse experience from Virginia's public and private sector UMS assets

5. CIT Regional and Policy Initiatives

Regional Engagement:

Support for regionally-based priorities and initiatives is a key CIT strategy in successfully growing innovation and entrepreneurship in all regions of the Commonwealth. These initiatives are designed to expand opportunities and build on the strengths and resources that uniquely shape each region. Staff from all of CIT's service lines engage directly in organizations and initiatives as Board members, mentors, investors, trainers, advocates, and as partners in programs and proposals that seek additional funding sources. Primary regional partners include:

- All nine regional technology councils
- Lighthouse Labs, Startup Virginia, Activation Capital – Richmond
- 757 Angels/Accelerate, ODU Entrepreneur Center – Hampton Roads
- Launch Place and Launch Place Seed Fund – Danville
- RAMP Accelerator - Roanoke
- iLab – Charlottesville
- Virginia is for Entrepreneurs (VA4E)
- Advanced Manufacturing Blueprint, MACH37/UVA-Wise Cyber Partnership
- Virginia Chamber – Blueprint Virginia

In FY19, CIT will further support the creation of a network of regional accelerators and funds. This network will focus on best practices, resource sharing, and showcasing regional investment opportunities.

GO Virginia:

CIT serves on the innovation and proposal review committees for several GO Virginia Regional Councils and on the evaluation committee for the State Council where it advocates funding for innovation programs. In FY19, CIT will serve as the primary resource for proposals submitted to GO Virginia for innovation, entrepreneurship, and broadband programs. CIT will also collaborate directly with regions on grants developed to grow innovation and entrepreneurship.

Virginia Founders Fund:

In FY18, CIT created the new Virginia Founder's Fund dedicated to providing investment opportunities for underrepresented entrepreneurs in Virginia. This includes women, minorities, veterans, and founders in regions outside of Northern Virginia. To promote this fund and other CIT innovation opportunities, CIT will partner with regional innovation initiatives to help

showcase entrepreneurs in every region. These events will be designed to support existing regional programs and attract investors and entrepreneurs.

Schedule for CY18:

April 12 - Tom Tom Festival in Charlottesville

April 25 & 26 - Mid-Atlantic SBIR/STTR Funding & Commercialization Conference, NoVa

May 15 - Meet the Cohort at RAMP in Roanoke

May 15 - 757 Accelerate in Norfolk

June 27 & 28 - SBIR and Program Management Workshop, Va Beach

July - Startup Virginia Investor Education at 1717 in Richmond

August - 757 Meet the Cohort in Hampton Roads

September - Lighthouse Labs Meet the Cohort

October - Launch Place Big Launch Challenge in Danville

November - SWVA event with TIC

Additionally, events for Federal Funding Programs will be added to include seminars, conferences and workshops. Abbreviated FFP sessions (SBIR/STTR) can be added to outreach events and will be offered to regional partners.

Federal Funding Programs:

CIT's Federal Funding Assistance Program identifies and accelerates opportunities for Virginia's small technology businesses to obtain SBIR, STTR and other government contracts. As the leader of SBIR initiatives in Virginia, CIT will provide guidance, direction, training and valuable resources to enhance the competitiveness of your SBIR/STTR proposal strategy.

CIT Supports Virginia's Phase I and Phase II SBIR/STTR Applicants:

- SBIR strategy consultation and mentoring
- Low cost Phase I and Phase II proposal training and review courses
- Discounts with proposal consultants (proposal prep & proposal review)
- Discounts on proposal preparation software
- Referral to law firm for free IP and patent consultation
- Discounts on federal cost accounting solutions and CPA services
- Commercialization plan assistance
- Intro to 3rd party capital
- VC/Angel Capital "Readiness" review
- Funding assistance to qualified first time Phase I and/or Phase II applicants to help pay for proposal development resources

In partnership with the regional stakeholders, CIT develops and advocates for legislative and budget proposals that advance innovation and entrepreneurship in Virginia. CIT works to establish policies and specific programs that maximize intellectual property commercialization, entrepreneurship, and new company formation. We must clearly articulate that Virginia will compete to be the top state for entrepreneurs and a preferred location for those looking to engage in translational research, commercialize intellectual property, launch cutting-edge businesses, and attract early stage investment funding.

V. CEO Office

1. Chief Technology Officer – The Chief Technology Officer (CTO) provides leadership of CIT Strategic Initiatives, as well as information technology services. The CTO is responsible for forward-looking technology and market vision around strategic initiative efforts such as the development of Smart Communities, expansion of broadband, and a follow-on partnership with the Department of Homeland Security to expand EMERGE. The goal of the CTO is to take a lead role in defining, promoting, and implementing forward-looking technology policies and processes that advance entrepreneurial activity and the assimilation of technology. Additionally, the CTO plays a key role in establishing and maintaining CIT thought leadership across strategic initiatives and other areas of CIT interest.
2. Chief Financial Officer – The primary role of CIT’s Chief Financial Officer is to promote the financial well-being of CIT. After having achieved a level of financial stability over the past two years, the CFO continues to focus on improvements in this area. The daily responsibility of the CFO is to oversee the Finance & Administration group, and is responsible for all financial, legal, and administrative functions of the corporation including the design and operation of a federal and state compliant financial management system. A key role for this CFO organization is to independently evaluate the quantitative and qualitative return on investment of the programs in CIT and ensure that programs operate within the financial envelope agreed upon at the start of a program. Another key objective of this group is to maintain a positive relationship with the financial oversight organizations of the Commonwealth.
3. Marketing and Communications – CIT Marketing and Communications provides the corporate communications and government relations functions for CIT. This organization will be primarily responsible for increasing CIT’s visibility and image in all media and coordinate with our stakeholders to bring visibility to their efforts in building Virginia’s new economy.

VI. Corporate Scorecard

The following Corporate Scorecard aligns the major activities of CIT with the six Strategic Planks and Corporate Initiatives. The principle purposes of the scorecard are to:

- Ensure that our actions and expenditure of resources support the achievement of the corporate objectives.
- Define concrete measures of performance that demonstrate success and serve as the basis for corporate performance evaluation.
- Provide a high level of transparency to stakeholders regarding the programs, operations and value of the company.

The scorecard is organized according to strategic planks of the organization.

Corporate Scorecard FY19

Strategic Plank 1: *Expand regional and underserved community engagement*

Objectives	Success Metric	FY19 Measure	Primary Accountability
Provide support for regional initiatives with key stakeholders, including; GO Virginia, tech councils, accelerators, and regional funds	# of active initiatives	6	SVP, Policy and Regional Initiatives
	Replicate UVA Wise model with another VA University/College	1 University	
In partnership with regionally-based innovation initiatives, promote and identify pipeline for CIT's core programs, including; VFF, GAP, and CRCF.	Number of investments	10 - 12 VFF investments	VP, Entrepreneur & SVP, Policy and Regional Initiatives
	Number of regional events to promote entrepreneurship and VFF	10 events	
Continue to support localities and the Commonwealth's Chief Broadband Adviser with the planning, design and acquisition of broadband capabilities.	# of localities/regions assisted with broadband	4 comprehensive assessments or partnerships - Technical assistance to 15-20 entities including agencies, associations, localities and regions	CTO
	Complete statewide dig once policy feasibility study completed	Study submitted, target date January 2, 2019	
In partnership with the Verizon Foundation, expand the MACH37/UVA-Wise program to provide jobs and internships to students and graduates of the University's cyber program.	Number of internships or jobs cumulative since inception in FY18	10	SVP, Policy and Regional Initiatives

Strategic Plank 2: Identify and fund innovators and entrepreneurs at a greater rate

Objectives	Success Metric	FY19 Measure	Primary Accountability
GAP Fund – Identify, process and close a robust pipeline of seed stage investments and maintain portfolio performance to recover all invested capital over the life of the investment program	# of investments placed	20 (including MACH37 investments)	VP, Entrepreneur
	Amount of initial and follow on investment from non-Commonwealth sources	At least \$20M	
	Run rate of return on investment capital	1.1 Return on Capital	
CRCF – Solicit, process, award and administer a robust pipeline of high-potential CRCF projects	# and \$ of applications received	90 applications for \$5.5 – \$6.5M	VP, Research Investment
	\$ of awards announced	\$2.4M in awards	
	Amount of match	Minimum 1:1 match	
	Effectively track outcomes in CRCF Annual Report	October 1, 2018 submission, per legislation	
MACH37 – Operated with no Commonwealth appropriations consistent with a strategic option selected by CIT Board of Directors	MACH37 resumes operation	October 2018	CIT CEO, MACH37 President
Smart Communities – Ramp up initiatives related to smart communities, including: EMERGE/SCITI Labs Accelerator, Smart City Works Actuator	# of companies accelerated	12	CTO
	Initial and follow on investment for accelerated companies	6	
Federal Funding – Run SBIR/STTR education programs to support companies seeking to raise funds through federal grants and contracts	# companies receiving mentoring and training support	200	SVP, Policy and Regional Initiatives
Through the Unmanned Systems Center of Excellence, create partnerships and an Advisory Board with strategic stakeholders in the public and private sectors to help establish Virginia as a national leader in Unmanned Systems technology - air, land and marine.	Board established		CEO, SVP, Policy and Regional Initiatives
	Strategic partnerships	10	
Promote economic growth across Virginia via emergent unmanned systems business activity and venture investment.	Outreach programs established	5	SVP, Policy and Regional Initiatives
	Speaking opportunities	6	

Strategic Plank 3: Create strategies with universities to boost commercialization success

Objectives	Success Metric	FY19 Measure	Primary Accountability
Identify and participate in multi-institution (universities or university and private partners) programs to boost commercialization success.	# of new programs identified	2	CEO and Leadership Team
Continued participation on university based economic development board as a means to identify future strategies/programs	# of meetings per year	8	SVP, Policy and Regional Initiatives
	# of new initiatives	3	
Continue the “listening tour” to encompass more universities and colleges and including community colleges.	# colleges and community colleges	6	CEO
Establish an entrepreneurial culture for UMS across Virginia that encourages university/business innovation and partnering	Catalog of key UMS applied research projects and capabilities across universities	Dec 2018	SVP, Policy and Regional Initiatives and VP, Research Investment
	University & business partnership pilot	1	
Increase the number of UMS-related research and commercialization applications for CRCF or other Commonwealth funding programs	% increase over FY18 applications to CRCF or other programs	20%	SVP, Policy and Regional Initiatives and VP, Research Investment

Strategic Plank 4: Enhance role in Virginia economic development policy formulation

Objectives	Success Metric	FY19 Measure	Primary Accountability
Build deep model of collaboration and support with GO Virginia and Virginia Research Investment Fund/Committee	Establish process for collaboration and support for GO Virginia and VRIF / VRIC	Defined role with each regional council Identify means to and engage deeply with VRIC on policy formulation	CEO, SVP, Policy and Regional Initiatives
Commonwealth Research and Technology Strategic Roadmap – Assist the VRIC/SCHEV related to the development of the Research and Technology Strategic Roadmap	Define assistance to be provided for update	Provide assistance	VP, Research Investment
Commonwealth exposure – increase face to face interactions of CIT management and CIT program beneficiaries with public officials across the Commonwealth	# of regions (based on GO VA regions) for hosted or participating events	5	Leadership Team
	Total number of hosted or participating regional events	10	
Establish working partnership with VEDP President and staff that clearly identifies roles and responsibilities of each organization.	Develop MOU	Signed MOU by YE FY19	CEO
Coordinate with VEDP as well as with local and regional economic development offices to assist with recruitment and expansion of UMS companies.	Number of collaborations	5	CEO, SVP, Policy and Regional Initiatives

Strategic Plank 5: Rebrand CIT and fortify operating base

Objectives	Success Metric	FY19 Measure	Primary Accountability
Financially sound operations – Continue to operate CIT to achieve a positive Operating fund net asset position	Positive operating fund net asset position	\$25k - \$50k	CFO
Request base funding needed to effectively run organization and work with COV to gain support for new funding	Funding obtained	Amount TBD August 2018 for FY19 legislative session	CEO, CFO
Establish a new logo and brand line for CIT consistent with relocation from current headquarters	Final approval by Board	May 2019 Board meeting	CEO
Social media exposure – Raise CIT's exposure and interaction across social media platforms	# of followers on Facebook	300	CEO
	# of followers on Twitter	3000	
	# of followers on LinkedIn	1000	

Strategic Plank 6: Attract and retain high performing, passionate talent

Objectives	Success Metric	FY19 Measure	Primary Accountability
Maintain critical skills and leadership necessary to successfully meet CIT mission and vision	High performer attrition rate	<10%	Leadership Team
	Succession plans updated	1/30/2019	Leadership Team
Ensure recruiting practices provide a diverse set of candidates for open positions	Diverse pool of candidates for positions relative to population of recruiting area	FY19 YE	Leadership Team

VII. Financial Performance

The FY19 Financial Plan of our Operating Plan presents a continuation of the direction set in FY17 to restore the financial integrity of CIT. However, reductions in appropriations from the Commonwealth government as well as the end of the Connect business line require reductions in our G&A for the coming fiscal year. Even with these changes, we remain committed to sound financial management. These changes include:

- Continuing to operate with a positive position in the company's Operating Fund
- A low financial risk profile with financial buffer and staffing options to mitigate the risk of a year-end financial deficit
- A lower overall cost structure profile for FY19 while maintaining a competitive benefits structure

Our financial plan reflects a risk adverse approach to company operations. This goal of this approach is to continue to build confidence in management's ability to steward CIT's financial resources and build resources to invest in future opportunities.

Financial Statements

- FY19 budget (Page 22)

Summary of FY2019 Operating Budget

	Operating Funds		Designated Funds								Total	
	COV	Other	COV					Federal	Other			
	Discretionary	Grants & Contracts	BB Fund	Comm Fund	CRCF Fund	UAS and COE Fund	GAP Fund	DMME Fund	CIT's interest in:			
									MACH37 LLC	M37 Carried Interest LLC		
	(In Thousands)											
Beginning Balance at 7/1/2018	\$ 44	\$ 60	\$ 25	\$ 315	\$ -	\$ 1,244	\$ 4,617	\$ 403	\$ 99	\$ 961	\$ 7,768	
REVENUE												
Appropriation	\$ 2,746		\$ 500	\$ 400	\$ 2,526	\$ 1,000	\$ 3,100				\$ 10,272	
Interest, Sponsorship, Return on Investment	\$ 70										\$ 70	
Contracts & Grants		\$ 1,705						\$ 3			\$ 1,708	
Total Revenue	\$ 2,816	\$ 1,705	\$ 500	\$ 400	\$ 2,526	\$ 1,000	\$ 3,100	\$ 3	\$ -	\$ -	\$ 12,050	
EXPENSES AND TRANSFERS												
Operating Programs Net of Over-applied Indirects	\$ 853										\$ 853	
Designated Programs	\$ 1,992		\$ 525	\$ 715	\$ 2,526	\$ 2,244	\$ 5,229				\$ 13,231	
Contracts & Grants		\$ 1,579						\$ 400			\$ 1,979	
Total Expenses	\$ 2,845	\$ 1,579	\$ 525	\$ 715	\$ 2,526	\$ 2,244	\$ 5,229	\$ 400	\$ -	\$ -	\$ 16,063	
Net Change	\$ (29)	\$ 126	\$ (25)	\$ (315)	\$ -	\$ (1,244)	\$ (2,129)	\$ (397)	\$ -	\$ -	\$ (4,013)	
Ending Balance at 6/30/2019	\$ 15	\$ 186	\$ -	\$ -	\$ -	\$ -	\$ 2,488	\$ 6	\$ 99	\$ 961	\$ 3,755	

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 Accelerator Program Fund
DMME Fund = Department of Mines Minerals & Energy Program Fund

Designated Funds are amounts which are to be spent on a specific purpose stated in the Appropriation Act, or, in the case of the DMME Fund, redeployment of investment return proceeds received on a federal grant

Center For Innovative Technology	
Fiscal Year 2019 Operating Budget by Funding Source	
Commonwealth Projects Funded By Appropriation & Other Revenue	
	(in thousands)
Revenue	
Commonwealth Appropriation - General Fund	\$ 10,272
Interest, Sponsorship, Return on Investment & Miscellaneous Income	\$ 70
Total Revenue	\$ 10,342
Program Expenses	
R&D - Commonwealth Research and Technology Strategic Roadmap	\$ 6
R&D - Commonwealth Research Commercialization Fund (CRCF)	\$ 2,965
Entrepreneur - Federal Proposal Assistance	\$ 257
Entrepreneur - Growth Acceleration Program	\$ 6,100
Broadband - Office of Telework Promotion	\$ 6
Broadband - Broadband Planning & Assistance	\$ 643
Commonwealth - Regional Growth	\$ 243
Commonwealth - Cyber Commission	\$ 853
Commonwealth - Unmanned Systems	\$ 2,664
Program Expenses	\$ 13,737
Other Expenses	
Marketing, Advocacy, Fundraising and Miscellaneous	\$ 357
Under-applied (over-applied) indirects	\$ (10)
Other Expenses	\$ 347
Total Expenses	\$ 14,084
Net	\$ (3,742)
Strategic Initiatives Funded by Contracts & Grants	
Program Revenue - DHS Smart City IoT Innovation Program	\$ 1,705
Program Expense	\$ 1,579
Profit/(Loss)	\$ 126
Designated Fund Program Revenue - DMME Commonwealth Energy Fund	\$ 3
Designated Fund Program Expense (utilizing prior fiscal year proceeds)	\$ 400
Designated Fund Profit/(Loss)	\$ (397)
Consolidated Revenue & Expenses & Changes in Net Position	
Total Revenue	\$ 12,050
Total Expenses	\$ 16,063
Change in Net Position	\$ (4,013)
Beginning Net Position	\$ 7,768
Ending Net Position	\$ 3,755

VIII. Major Operating Plan Risks and Mitigations

All corporate transformations come with significant areas of risk during the transformation period. Below are the major areas of risk in this operating plan and mitigations to those risks.

- MACH37 Privately Funded Operations – FY18 represents the year of fulfilling the original plan for MACH37 to migrate its operation to private funding sources. CIT will streamline the operations of MACH37 to match the anticipated level of non-Commonwealth funding for MACH37. If not properly implemented, the streamlining could diminish the value of MACH37.
 - Mitigation – CIT engaged MACH37 and CIT leadership to start the streamlining process in FY17 in order to incrementally reduce costs. Management will continue the effort and engage with stakeholders to gather feedback in order to maintain the integrity of the program.
- Key Personnel Departures – CIT experienced a reduction in staff in FY16 and FY17. In addition, the Commonwealth placed controls on changes in compensation for all employees in FY17 and FY18. Finally, employees are aware that the Commonwealth has placed the IEIA properties including the building in the process for sale. Our level of uncertainty on operations and location may result in departures of key staff in the coming fiscal year.
 - Mitigation – Management has undertaken a consistent program of communications to employees to address uncertainty regarding the company as best as possible. Management also prepared succession plans for key personnel.
- Operational and Reputational Disruption from Building Sale and Relocation – The FY17 Commonwealth budget declared the IEIA property and building as Surplus, triggering the process to place the property and building on the market for sale. This action placed a high level of uncertainty on CIT and the private tenants of the building on the final disposition and timing of disposition of the building. This uncertainty places IEIA and CIT at risk of losing tenants and absorbing the effects of lost tenant revenue. In addition, it is uncertain as to where CIT will be relocated. Adverse locations could damage the reputation and operation of the company. Additionally, CIT has no funds set aside for relocation and build out of facilities. If such funds are needed, this could require a reallocation of monies away from non-core programs and business development. Finally, as noted above, the uncertainty on location raises the risk of loss of employees in a transformational year.
 - Mitigation – Management entered discussions with the Commonwealth's Department of General Services (DGS) on processes and communications of the sale. Management will work with DGS on detailed plans and communications regarding the sale of the property and the relocation of CIT. While little is known at this time on the potential outcomes of this change, management will keep the Board up to date on progress.

- Operational, financial and reputational risks from lack of increase in Operating Base – Lack of operating base increases in the next biennium budget threatens the ability to maintain the integrity of our programs and the caliber of staff necessary to make our programs successful. CIT has not had an increase in operating base funding in over 8 years. Escalating costs of benefits, salary increases and other components of CIT's compensation program without a base increase threatens our ability to maintain compensation programs in line with industry benchmarks and our policies. The recent benchmarks on our compensation program show that our programs are in line with industry and state norms.
 - Mitigation – The Board and management will work with the Commonwealth government on appropriate increases in the operating base for CIT for the FY19/FY20 biennium budget.

Item 126.10.D.1a

**All planned and actual
revenue and expenditures
along with funding sources**

CIT
CENTER FOR INNOVATIVE TECHNOLOGY

[illegible]

CIT FY2019 Operating Budget by Funding Source



Commonwealth Projects Funded By Appropriation & Other Revenue	
	(in thousands)
Revenue	
Commonwealth Appropriation - General Fund	\$ 10,272
Interest, Sponsorship, Return on Investment & Miscellaneous Income	\$ 70
Total Revenue	\$ 10,342
Program Expenses	
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Beginning Net Position	\$ 7,768
Ending Net Position	\$ 3,755

**Innovation and Entrepreneurship Investment Authority
Fiscal Year 2019 Budget - Building Only**

IEIA - BUILDING ANALYSIS ONLY		FY19 Draft Budget
<u>REVENUE</u>		
Rental Income - lease revenue	\$	766
Total Revenue	\$	766 *
<u>BUILDING EXPENSES</u>		
Payroll	\$	244
Utilities	\$	380
Administrative	\$	132
Operating & Maintenance	\$	102
Contracts	\$	382
Insurance	\$	100
Food Service Subsidy	\$	42
Leasing Commission and Miscellaneous	\$	15
Total Expenses	\$	1,397
Net Profit (Loss)	\$	(631) **

*Lease terminations due to re-negotiated leases between Department of General Services and tenants under legislated surplus designation

**Net loss offset by building reserve funds.

Item 126.10.D.1b

**Listing of the salaries,
bonuses and benefits of all
employees**

Innovation and Entrepreneurship Investment Authority including Center for Innovative Technology

Item 126.10.D.1b

Listing of the salaries, bonuses, and benefits of all employees of the Innovation and Entrepreneurship Investment Authority and the Center for Innovative Technology

Fiscal Year 2019 Budget**Note** - CIT benefits include: health, life, and disability insurance, retirement, payroll taxes, and cell phone allowance

Title	Base Salary	Benefits	Total
Administrator 1	\$ 57,962	\$ 39,586	\$ 97,548
Administrator 2	\$ 65,785	\$ 41,219	\$ 107,004
Assistant 1	\$ 67,629	\$ 33,193	\$ 100,822
Assistant 2	\$ 72,597	\$ 42,642	\$ 115,239
Assistant 3	\$ 61,481	\$ 40,318	\$ 101,799
Director 1	\$ 105,107	\$ 49,435	\$ 154,542
Director 2	\$ 125,349	\$ 36,819	\$ 162,168
Director 3	\$ 132,140	\$ 54,750	\$ 186,890
Director 4	\$ 131,947	\$ 37,935	\$ 169,882
Director 5	\$ 60,304	\$ 23,286	\$ 83,590
Director 6	\$ 121,778	\$ 36,096	\$ 157,874
Director 7	\$ 121,388	\$ 44,417	\$ 165,805
Director 8	\$ 158,333	\$ 58,319	\$ 216,652
Manager 1	\$ 79,166	\$ 27,227	\$ 106,393
Manager 2	\$ 121,388	\$ 36,017	\$ 157,405
Manager 3	\$ 78,261	\$ 43,825	\$ 122,086
Manager 4	\$ 121,141	\$ 35,966	\$ 157,107
Officer 1	\$ 168,888	\$ 43,015	\$ 211,903
Officer 2	\$ 300,000	\$ 69,456	\$ 369,456
Specialist 1	\$ 63,177	\$ 23,887	\$ 87,064
Specialist 2	\$ 50,393	\$ 38,004	\$ 88,397
Vice President 1	\$ 212,952	\$ 65,749	\$ 278,701
Vice President 2	\$ 95,000	\$ 47,323	\$ 142,323
Vice President 3	\$ 198,351	\$ 55,375	\$ 253,726
Vice President 4	\$ 167,388	\$ 51,162	\$ 218,550
Vice President 5	\$ 238,317	\$ 69,200	\$ 307,517
	\$ 3,176,222	\$ 1,144,221	\$ 4,320,443

Item 126.10.D.1c

**By program, total grants
made and investments
awarded for each grant and
investment program,
including CRCF**

Item 126.10.D.1c

As illustrated in item 126.10.D.1 FY2019 Operating Plan, the following excerpt has been modified to include total budgeted grants and investments planned for each grant and investment program at a total budgeted amount of \$4.755M.

Objectives	Success Metric	FY19 Measures	Budgeted Amount
GAP Fund - Identify, process and close a robust pipeline of seed stage investments and maintain portfolio performance to recover all invested capital over the life of the investment program	# of investments placed	20 (including MACH37 investments)	\$2.665M
	Amount of initial and follow on investment from non-Commonwealth sources	At least \$20M	
	Run rate of return on investment capital	1.1 Return on Capital	
CRCF - Solicit, process award and administer a robust pipeline of high-potential CRCF projects	# and \$ of applications received	90 applications for \$5.5 - \$6.5M	\$2.090M
	\$ of award announced	\$2.4 M in awards	
	Amount of match	Minimum 1:1 match	
Total			\$4.755M

Item 120.10.D.1d

**By program, projected
economic impact on the
Commonwealth and
recoveries of previous grants
or investments and sales of
equity positions**

Item 126.10.D.1d

As illustrated in item 126.10.D.1 FY2019 Operating Plan, the following excerpt reflects projected economic impact on the Commonwealth. Details can be found in Item 126.10.D.1 FY2018 Operating Plan, under the Corporate Scorecard FY18, Metrics and Measures, which begins on page 16. Recoveries of previous grants, investments and sales of equity positions are unpredictable and, therefore, not budgeted.

In FY19, CIT will

- Accelerate our pace of joint venture partnership formation in new technology and entrepreneurship areas critical to Virginia, e.g., Smart Communities, Autonomous Systems, Cyber Physical Systems and enhance our reputation as an innovation commercialization leader.
- Expand our engagement with every region of the Commonwealth and with underserved populations through greater outreach of our core programs such as CIT GAP (Growth Acceleration Program) Funds, and the Commonwealth Research Commercialization Fund as well as the newly announced Virginia Founders Fund, to accelerate new company formation, research, technology commercialization, and job growth.
- Continue to operate our internationally recognized MACH37 Cyber Accelerator on private funds and put in place a long-term agreement extending the life of MACH37.
- Create Autonomous System-driven economic opportunities in Virginia through the Unmanned Systems Center of Excellence and collaborations with partners such as Virginia Tech, Old Dominion University, NASA, and Virginia's Unmanned Systems Industry Association
- Increase CIT's outreach to corporations, universities, incubators, and accelerators to create a collaborative network to better identify and fund innovators and entrepreneurs
- Engage deeply with other components of Virginia economic development including the Virginia Research Investment Committee (VRIC), Virginia Economic Development Partnership (VEDP), GO Virginia, etc. to craft complementary and consistent strategies, policies, and programs.
- Expand our Strategic Initiatives with a focus on federal and private innovation funding and projects that provide a leadership, reputational, and/or financial benefit to Virginia.
- Continue to closely manage our funding and position the company for additional funding in the future in order to increase our impact for Virginia.
- Recast our branding to highlight our mission and engagement for the benefit of all Virginia.

FY19 promises new opportunities to help grow and diversify Virginia's economy. It builds on the progress we made as an organization in FY18.

With this operating model, CIT has provided substantial return on investment for the Commonwealth. For example, CIT's research commercialization, investments, acceleration, and innovation assimilation initiatives have:

- Attracted nearly \$170M in follow on investment for CRCF funded projects over 2 years.
- Scaled 190 startups in all regions of the Commonwealth since 2004 (GAP Funds).
- Since 2004, leveraged \$600M dollars of private funding – largely from sources outside of Virginia – into CIT GAP Funds portfolio companies.
- Created 53 new cyber companies over the last 5 years (MACH37).
- Helped secure \$127 million in Small Business Innovative Research and Small Business Technology Transfer (SBIR/STTR) federal research in a single year for researchers, innovators, and entrepreneurs in the Commonwealth.
- Completed the first ever, state-wide broadband demand campaign which collected responses from residents and businesses from 129 Virginia localities.
- Launched an extensive Smart Communities initiative, including the Statewide Working Group, Smart City Works Actuator, and winning a \$4.8M DHS program and Smart City Council Readiness Challenge grant. Smart Communities initiative focuses on increasing the delivery efficiency of Government services, closing the digital divide hampering economic growth for rural and agricultural areas of the Commonwealth, creating global business opportunities, and helping make Virginia a place that the next generation workforce can work, live, and thrive.

Finally, CIT's strong performance and that of the companies and innovators it propelled is producing excellent economic results and new innovations today, and **projects the creation of up to 9,000 new high technology jobs over the next five years.**

CIT remains focused in FY19 on accelerating new economic opportunities, adding to the projection of new high technology company and job creation, enhancing its reputation as a thought leader and partner in innovation and entrepreneurship, strengthening our financial asset base, and attracting and retaining passionate people to the CIT mission. Achieving these objectives will create benefits all across the Commonwealth and plant even more seeds to grow the Virginia economy and strengthen the CIT brand.

Item 126.10.D.1e

**Cash balances by funding
source and available,
committed and projected
expenditures of cash balances**

	Operating Funds			Designated Funds							Total
	COV	Other	COV						Federal		
	Discretionary	Grants & Contracts	BB Fund	Comm Fund (In Thousands)	CRCF Fund	UAS and COE Fund	GAP Fund	DMME Fund			
Budgeted Cash Balance at 6/30/18	\$ 418	\$ 7	\$ 39	\$ 356	\$ (105)	\$ 1,265	\$ 4,477	\$ 403	\$ 6,860		
RECEIPTS											
Appropriation	\$ 2,746		\$ 500	\$ 400	\$ 2,631	\$ 1,000	\$ 3,100		\$ 10,377		
Interest, Donation, Return on Investment	\$ 70								\$ 70		
Contracts & Grants		\$ 1,705						\$ 3	\$ 1,708		
Total Receipts	\$ 2,816	\$ 1,705	\$ 500	\$ 400	\$ 2,631	\$ 1,000	\$ 3,100	\$ 3	\$ 12,155		
DISBURSEMENTS											
Operating Programs Net of Overapplied Indirects	\$ 1,053								\$ 1,053		
Designated Programs	\$ 1,992		\$ 525	\$ 715	\$ 2,526	\$ 2,244	\$ 5,229		\$ 13,231		
Contracts & Grants		\$ 1,579						\$ 400	\$ 1,979		
Total Disbursements	\$ 3,045	\$ 1,579	\$ 525	\$ 715	\$ 2,526	\$ 2,244	\$ 5,229	\$ 400	\$ 16,263		
Net Receipts (Disbursements)	\$ (229)	\$ 126	\$ (25)	\$ (315)	\$ 105	\$ (1,244)	\$ (2,129)	\$ (397)	\$ (4,108)		
Budgeted Cash Balance at 6/30/19	\$ 189	\$ 133	\$ 14	\$ 41	\$ -	\$ 21	\$ 2,348	\$ 6	\$ 2,752		

Operating Fund	Building Reserve Fund (In Thousands)	IEIA Total
\$ 617	\$ 2,862	\$ 3,479
		-
		-
	\$ 766	\$ 766
\$ -	\$ 766	\$ 766
		-
		-
\$ 450	\$ 1,397	\$ 1,847
\$ 450	\$ 1,397	\$ 1,847
\$ (450)	\$ (631)	\$ (1,081)
\$ 167	\$ 2,231 *	\$ 2,398

- * Due to legislated surplus designation, funds to be used for:
 - building maintenance and operation
 - building deficit coverage
 - future CIT rent and relocation
 - DGS costs related to surplus language