

**INNOVATION AND ENTREPRENEURSHIP
INVESTMENT AUTHORITY
INCLUDING ITS BLENDED COMPONENT UNIT
CENTER FOR INNOVATIVE TECHNOLOGY
HERNDON, VIRGINIA**

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2011**



AUDIT SUMMARY

Our audit of the Innovation and Entrepreneurship Investment Authority, including its blended component unit, the Center for Innovative Technology, for the year ended June 30, 2011, found:

- the financial statements are presented fairly, in all material respects;
- no material weaknesses in internal control over financial reporting; and
- no instances of noncompliance or other matters required to be reported under Government Auditing Standards.

We have audited the basic financial statements of the Innovation and Entrepreneurship Investment Authority, including its blended component unit, the Center for Innovative Technology, as of and for the year ended June 30, 2011, and issued our report thereon, dated December 9, 2011. Our report, included in the Center for Innovative Technology's 2011 Annual Report, is available at the Auditor of Public Accounts website at www.apa.virginia.gov and at the Center for Innovative Technology's website at www.cit.org.

– TABLE OF CONTENTS –

| | <u>Pages</u> |
|--|--------------|
| AUDIT SUMMARY | |
| INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS | 1-2 |
| BOARD MEMBERS | 3 |



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 9, 2011

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
And Review Commission

Boards of Directors
Innovation and Entrepreneurship Investment Authority and
Center for Innovative Technology

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited the basic financial statements of the business-type activities of the **Innovation and Entrepreneurship Investment Authority, a component unit of the Commonwealth of Virginia, and its blended component unit, the Center for Innovative Technology** as of and for the year ended June 30, 2011, and have issued our report thereon dated December 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Report Distribution and Exit Conference

The "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters" is intended solely for the information and use of the Governor and General Assembly of Virginia, the Boards of Directors, and management, and is not intended to be and should not be used by anyone, other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We discussed this report with management at an exit conference held on December 15, 2011.

AUDITOR OF PUBLIC ACCOUNTS

AG: alh

INNOVATION AND ENTREPRENEURSHIP INVESTMENT AUTHORITY
AND
CENTER FOR INNOVATIVE TECHNOLOGY

BOARD OF DIRECTORS
As of June 30, 2011

Charles W. Steger, Vice Chairman

| | |
|----------------|-----------------|
| Ted Cahall | Rick Kapani |
| Jim Cheng | Suzanne H. King |
| Jim Duffey | Alan G. Merten |
| Eric Hansen | Gerard Robinson |
| Wayne Hunter | Linwood H. Rose |
| Ray O. Johnson | Lydia W. Thomas |
| Hooks Johnston | |

OFFICERS

Peter J. Jobse, President and Chief Executive Officer, CIT

Linwood H. Rose, Treasurer and Secretary, IEIA

Linda E. Gentry, Treasurer and Secretary, CIT