Pennsylvania is the birthplace of Innovation! From Benjamin Franklin’s legacy of invention to break-through technologies from today’s entrepreneurs, innovation is thriving throughout the commonwealth.

The Ben Franklin Technology Development Authority (BFTDA), a world renowned model for state technology-based economic development programs, is a major catalyst for businesses growth, job creation, and transforming research into commercial technologies. In 2016, the BFTDA invested $14 million in the four regional Ben Franklin Technology Partners and an additional $10.5 million in venture funding to qualified investment firms.

Each of the four Ben Franklin Technology Partners provides access to seed capital, technical assistance, and incubator space/resources to help startup companies grow. By leveraging the strength of Pennsylvania’s institutions of higher education, the Partners also assist existing manufacturers creatively apply new technology to achieve industry leadership and compete internationally.

The BFTDA’s 21 board members (learn about them on page 9 of this report) lend their expertise to identify industry trends and opportunities to build Pennsylvania’s technology economy and advance entrepreneurship.

With Governor Tom Wolf’s focus on “Jobs That Pay” Pennsylvania enjoys a climate in which businesses thrive. Check out the impressive “By the Numbers” section that details key performance metrics including businesses assisted, new products developed and much more.

Providing access to follow-on venture funding is essential for the growth of technology-based companies. One great example is RE2, a Pittsburgh-based robotics company that is scaling up its operations to break into new markets and expand the uses of their robotic arm models. We are committed to increasing the funds available to companies by strategically partnering with venture investors who recognize the potential of PA’s high-growth companies.

Sincerely,

Dennis M. Davin
Secretary
Department of Community & Economic Development
BFTDA ECONOMIC IMPACT
2016 Calendar Year

In 2016, the programs and initiatives of the Ben Franklin Technology Development Authority (BFTDA) yielded significant economic impacts across all measures, including jobs, investment, and growth. The BFTDA assisted 1,412 companies who earned $903,438,177 in revenue, $10,868,905 in licensing revenue, and had $168,212,496 in RDT&E expenditures. These companies also reported the following results.

BY THE NUMBERS

INVESTMENT
Funds Leveraged in 2016
PRIVATE
$433,945,572
PUBLIC
$40,944,804

$494,890,376

JOBS
1,382
Jobs Created
767
Jobs That Pay
7,919
Jobs Retained
168
New Companies Formed

GROWTH
322
New Products Commercialized
114
New Internal Processes Implemented
236
Patents & Software Copyrights Awarded
333
Licenses Granted to Other PA Companies

Pittsburgh, PA
YEAR IN REVIEW

As our economic impact numbers show, the Ben Franklin Technology Partners achieved tremendous success this past year. From facility expansion that will accommodate a growing number of startup companies to successful internship programs that place qualified recent college graduates into high-tech positions, Pennsylvania’s technology industry is thriving thanks to the work of our partners. The following stories highlight the innovative work being done in all regions of the state.
Ben Franklin’s TechCelerator Program

Ben Franklin/CNP funding is used not only to invest in technology startups and small manufacturers, but also to support initiatives that encourage the development of entrepreneurial pipelines. To stimulate a startup pipeline, a variety of other services are needed in order to encourage the concept of entrepreneurship. In addition to capital, budding entrepreneurs need access to work space, targeted one-on-one training, business support services, and vetted mentor groups, as well as the opportunity to pitch concepts to potential investors. In response to the need for this kind of startup support, Ben Franklin/CNP, along with several of its economic and university-based partners located in Central and South Central PA, developed the TechCelerator Program.

The TechCelerator’s 10-Week Boot Camps culminate in the opportunity for the entrepreneurs to make pitch presentations to teams of local professionals and investors. The startups who participate come from a variety of backgrounds and interests, ranging from those who want to make a social impact to the very high-tech. Three examples include: Project Team, a web-based, anti-bullying platform that went on to receive a $75,000 investment from CNP, won $25,000 at the Penn State Venture Fair, and already has $45,000 in school sales; MathEdge Fantasy Sports, a grad of the Carlisle program — as well as a winner of the BIG IDEA Contest — developed an innovative, web-based software platform named DraftHog that uses a proprietary algorithm developed by math professors; and on the high-tech end of the spectrum, Aleo BME, a company that developed a new liquid bandage solution currently in the FDA approval process that recently closed on a $1.7 million equity round.

With locations in State College and Harrisburg/Carlisle, the Ben Franklin TechCelerators have been providing startup business training “Boot Camps” for more than five years, and the impact has been exciting:

- **More than 70 new startups**
- **Nearly 150 new jobs**
- **BFTP/CNP invested $2 million in 16 of the new companies — many of which were developed on PSU technology.**
- **U.S. Small Business Administration officially recognized the Ben Franklin TechCelerator@Carlisle as a winner of SBA’s Growth Accelerator Fund Competition.**
BEN FRANKLIN TECHNOLOGY PARTNERS OF NORTHEASTERN PA
West Wing Expansion

Business incubation provides vital support to entrepreneurs and early-stage firms when they are most at risk, and is often pivotal to their survival and prosperity. With more than 30 years owning and managing our own incubator, the Ben Franklin Technology Partners of Northeastern Pennsylvania (BFTP/NEP) was one of the pioneers of business incubation in the nation. BFTP/NEP’s experience in nurturing young firms in an incubator is extensive and effective, and has been recognized with the prestigious International Business Innovation Association (INBIA) Incubator of the Year Award on two occasions.

BFTP/NEP launched the Ben Franklin Business Incubator at Lehigh University in Bethlehem, PA, in 1983. The location on a major university research campus allows resident companies easy access to the equipment, faculty, and students at Lehigh, which complement Ben Franklin’s in-house expertise and network of experts and other resources well.

In 2007, BFTP/NEP relocated the incubator program across the street on Lehigh’s campus to Ben Franklin TechVentures®, a former Bethlehem Steel laboratory, tripling the available space. But just 18 months after its grand opening, TechVentures was filled to near capacity. Ben Franklin TechVentures2, which opened in October 2011, was a major expansion to the original facility that increased the total space to 109,000 square feet. Thirty-eight firms, employing more than 170 people, are currently located in Ben Franklin TechVentures. Since 1983, Ben Franklin’s incubator has graduated 64 successful companies, together grossing more than $1.2 billion in recurring annual revenue and creating more than 6,400 jobs.

Ben Franklin TechVentures’ current rentable space is now nearly full once again, and BFTP/NEP anticipates even more needs in the future. To address this escalating demand, TechVentures is expanding, and broke ground on the construction of the new 20,000-square-foot Ben Franklin TechVentures West Wing in fall 2016. The West Wing will provide additional, much-needed office and meeting spaces. The necessary expansion was funded in part by generous grant support from both the U.S. Economic Development Administration and the Commonwealth of Pennsylvania’s Redevelopment Assistance Capital Program.

TechVentures West Wing will support the creation of dozens of new technology-based jobs. As incubator companies graduate, they will create even more positions, multiplying employment results for years to come.

“Few endeavors are more precarious than starting a new company. It’s exciting and challenging, and the possibility of triumph is exhilarating. It’s also a road fraught with tribulations and with the odds stacked against the entrepreneur. Starting in an incubator provides early-stage firms with crucial support delivered at their most vulnerable times.”

– R. Chadwick Paul Jr.
President & CEO
Ben Franklin Technology Partners of Northeastern PA

Architectural rendering of Ben Franklin TechVentures West Wing addition, to be completed in Fall 2017. Rendering by Spillman Farmer Architects.
INNOVATION WORKS
Startable Pittsburgh

Innovation Works (IW) founded the Startable Pittsburgh program three years ago as a small pilot with just five students. The IW team and two partners mentored the students to create and install lawn games to transform a local park. This experience grew to incorporate a more formal curriculum and an expanded network of mentors, and has attracted support from corporate sponsors and multiple schools eager to get kids engaged with business and technical skills. Startable Pittsburgh has blossomed into a free eight-week summer program that teaches entrepreneurship and maker skills to primarily underserved and at-risk students ages 16-18. Students develop, design, prototype, build, brand, and sell products of their own creation in partnership with local retailers. Students earn a program stipend and keep all profits from the sale of their products. Last summer, more than 30 students took part in over 20 lessons on entrepreneurship taught by 35 local entrepreneurs, took more than 70 maker classes at IW’s partner TechShop’s facility (a do-it-yourself fabrication studio), and earned nearly $3,000 in product sales at a student-led market.

In addition to building essential life skills, Startable Pittsburgh is a means for students to gain the tools, confidence, and resources to start and operate their own businesses and learn other transferable skills that can be useful in future employment. The true success metric is the growth of individual teens who may be exposed to business success, team building, hands-on STEM learning, and problem solving for the first time at this level of engagement. As one student said at the culminating pitch competition for 2016: “This was the best program I’ve ever done…I feel so much more prepared, and now I have a network of amazing people I can go to for help.” For the Pittsburgh region, this innovative program creates an on-ramp for diverse and historically underserved young entrepreneurs to be included in the regional startup economy.
In 2015, Ben Franklin Technology Partners of Southeastern Pennsylvania and the Economy League of Greater Philadelphia partnered to begin the Greater Philadelphia Impact Economy Initiative. The work defined the opportunities and strategies by which Greater Philadelphia can position itself as a center for impact-driven approaches to attract private capital, to address the challenges and opportunity of our changing society, and to capitalize and grow the region’s base of impact investors and enterprises with a focus on increasing investment activity, revenue, and social returns.

Born from the initiative’s findings, ImpactPHL was launched in July of 2016. It works to increase investment in impact companies and organizations in Greater Philadelphia by accelerating development and awareness of Greater Philadelphia’s Impact Economy ecosystem and potential, providing a front door for the region’s impact economy efforts and interests.

A U.S. EDA planning grant led to the formation of a $14 million ImpactPHL Ventures investment partnership that involves Investors’ Circle, Drexel University, Safeguard Scientics, Independence Blue Cross — as well as additional private investors — to focus on for-profit technology enterprises driving social returns.

- Attraction of more than 2,000 visitors from beyond the region to Philadelphia-based programing which supports the impact economy
- Presentation of the Chamber’s first ImpactPHL award for impact-focused businesses (won by Message Agency)
- Partnership with DC-based impact investor and accelerator Village Capital for three initiatives:
  - Philadelphia’s participation in its inaugural cohort of the VilCap Communities program, connecting startup communities nationwide
  - Village Capital’s Philadelphia-based programming for its Health 2016 national accelerator program
  - Development of the Ben Franklin Fintech Accelerator, facilitated by Village Capital, also to operate from Ben Franklin’s headquarters

Impact PHL launch
In addition to the work being done through regional partners, the BFTDA took critical steps forward this year in financing the venture capital community in Pennsylvania.

The Innovate in PA — Venture Investment Program launched in 2015 to address financing needs of technology-oriented businesses located in Pennsylvania. The Department of Community & Economic Development generated revenue for the venture investment program through the sale of $100 million in insurance premium tax credits. Additionally, the program operates pursuant to the statutory authority of the Ben Franklin Technology Development Authority.

Through the funds acquired from the Innovate in PA program, the BFTDA transmitted $10.5 million to five venture capital firms across the state last year. This critical financing provides Pennsylvania companies with expanded access to vital early-stage capital. The information below provides an overview of funding the BFTDA made in 2016.

The Venture Investment Program seeks to identify talented venture capital management teams. These teams deploy limited amounts of capital into efficiently-run start-ups. The small businesses that our venture managers back have the potential to transform industry sectors, thereby helping to promote a vibrant commonwealth economy.

### VENTURE INVESTMENT PROGRAM

<table>
<thead>
<tr>
<th>Location</th>
<th>Loan Amount</th>
<th>Investment Focus</th>
<th>Typical Initial Investment</th>
<th>Representative PA Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pittsburgh, PA</td>
<td>$1.0M</td>
<td>Information Technology companies and non-invasive forms of medical technology.</td>
<td>$0.5-2.5M</td>
<td>Bodymedia, Bit Armor, Rhiza, and RE2</td>
</tr>
<tr>
<td>Pittsburgh, PA</td>
<td>$1.5M</td>
<td>Information Technology companies that have a transactional concept that can implement via Software-as-a-Service.</td>
<td>$0.3-0.5M</td>
<td>Jazz (Resumator), NoWait, and Bloomboard</td>
</tr>
<tr>
<td>Philadelphia, PA</td>
<td>$2.5M</td>
<td>Technology-enabled services with a special emphasis on health care and pharmaceutical technology companies.</td>
<td>$0.25-0.5M</td>
<td>Tabula Rasa, and Halfpenny Technologies</td>
</tr>
<tr>
<td>Bala Cynwyd, PA</td>
<td>$2.5M</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Draper Triangle**

**DreamIt**

**Osage Venture Partners**

**Rittenhouse Ventures**
CASE STUDY: RE2 ROBOTICS

RE2 Robotics develops mobile robotic technologies that enable robot users to remotely interact with their world from a safe distance whether on the ground, in the air, or underwater. RE2 creates interoperable robotic manipulator arms with human-like performance, intuitive human robot interfaces, and advanced autonomy software for mobile robotics.

RE2 works closely with the U.S. Department of Defense to create robotic arms. The main mission addressed by RE2’s technology is Explosive Ordnance Disposal (EOD). Historically, EOD robots were equipped with a basic manipulator arm. RE2 was asked to create a plug-n-play interoperable arm that would meet the needs of the EOD mission. RE2’s innovative, power-dense manipulators range from small, lightweight arms to large, workhorse arms.

RE2 received significant funding from DCED’s technology office to create core technology that resides in all of the manipulator arms that we now develop. The first robotic arm that we developed using commonwealth funded technology was our DM4-A2 arm, which is now being positioned as the solution for key DoD acquisition programs totaling $80 million dollars.

The company has continued to achieve significant success since DCED’s initial funding. RE2 experienced a 74% increase in revenue from 2014 to 2015. Also, the company has secured an additional $10 million of backlog in Defense revenue to further apply its robotic arms to ground, underwater and air systems. Many of these systems will be applicable to both Defense and Commercial applications and will allow RE2 to break into new markets and continue to expand operations.
BOARD MEMBERS

The success of the BFTDA would not be possible without the knowledge and guidance of our board members. Many of them have come from businesses like RE2 and understand the needs of businesses from startups to established companies. They come from a host of different backgrounds, from academia to the venture capital community, and because of that they serve as an invaluable resource to our efforts in supporting the technology industry in Pennsylvania.

DENNIS M. DAVIN
Secretary
Dept. of Community & Economic Development

Dennis M. Davin was appointed to serve as Secretary of the Department of Community and Economic Development in January 2015 by Governor Tom Wolf. Prior to his appointment, Secretary Davin served for more than a decade as Director of the Allegheny County Department of Economic Development (ACED), where he was responsible for establishing and executing the economic development strategy for Allegheny County.

TOM BALDERSTON
Partner
Sustain VC

Tom Balderston has been building and managing venture capital portfolios for more than 30 years, as a general partner, limited partner, and angel investor in companies and funds. Tom’s focus is on early-stage investments in the environmental and social impact space, as a member of Investors Circle and a partner in SustainVC, LLC, which manages the funds within that organization. Tom has served as a member of the BFTDA since 2012 and serves on the Authority’s Venture Sub-Committee.

HONORABLE BRYAN BARBIN
Representative
Commonwealth of Pennsylvania, 71st District

Rep. Bryan Barbin, D-Cambria, was first elected to the state House in 2008. With his election to the state House, Rep. Barbin has served in each of the three branches of state government, Judicial Clerk for PA Supreme Court, PA Deputy Attorney and PA State Representative. Born in Johnstown, PA, he graduated from the University of Richmond in 1979 with a B.A. cum laude in Economics, and the University of Pittsburgh School of Law in 1982. He is a member of the Aggregate Advisory Board, and has sponsored legislation supporting veteran’s issues, reform of the prison system, and measures requiring mandatory treatment for opioid overdoses.

FREDERICK J. BESTE, III
CEO & General Partner
Mid-Atlantic Venture Funds (MAVF)

Fred Beste has spent more than 40 years in the venture capital industry, beginning with Greater Washington Investors, Inc., a publicly held venture capital firm, where he was Vice-President and Treasurer. MAVF comprises four venture capital limited partnerships totaling approximately $200 million in capital. The funds focus on seed and startup stage investments, primarily in technology-based companies located in the Mid-Atlantic. As a member of the BFTDA Board, Fred serves on the Authority’s Venture Sub-Committee.
AUSTIN J. BURKE
Retired, President
Greater Scranton Chamber of Commerce

Austin J. Burke served as the president of the Greater Scranton Chamber of Commerce for over 30 years, which earned him the prestige of being the longest-serving top executive in the organization’s history. In addition to his dedication to the chamber, he also served as a member of Governor Rendell’s cabinet as the Secretary of Community & Economic Development in 2010. With his experience and expertise in economic development initiatives, Mr. Burke has been an incredible asset on the BFTDA Board.

HONORABLE ANDREW E. DINNIMAN
Senator
Commonwealth of Pennsylvania, 19th District

Sen. Andrew E. Dinniman is recognized as a leader in education and has advocated for communities and families through three decades in public service. Prior to serving in the legislature, Sen. Dinniman served for 15 years as a Chester County Commissioner. In the Senate, he has strengthened Chester County’s position as a hub for innovation in biopharma and information technology. Sen. Dinniman has served as the Senate’s Democratic nominee to the authority since 2007.

HONORABLE JOHN R. GORDNER
Senator
Commonwealth of Pennsylvania, 27th District

John R. Gordner was first elected to the state Senate in a special election in November 2003. Prior to his election to the Senate, Sen. Gordner served for 11 years in the Pennsylvania House of Representatives from the 109th Legislative District. In 2005, he was appointed to the BFTDA Board as the Senate Republican nominee. Sen. Gordner has been an instrumental member of the board, assisting in the successful implementation of the Innovate in PA program, a $100-million venture capital initiative.

HONORABLE DOYLE HEFFLEY
Representative
Commonwealth of Pennsylvania, 122nd District

Now in his fourth term as a state lawmaker, Rep. Doyle Heffley was elected to serve the people of the 122nd Legislative District in Carbon County based on his priorities of creating a business-friendly environment, reducing taxes, achieving greater fiscal responsibility and government transparency, and restoring government trust. Rep. Heffley was appointed to the BFTDA Board in 2013 and serves as the House of Representative’s Republican nominee. He has enjoyed the opportunity to work with leaders across the commonwealth to make strategic investments to grow the technology industry across the state.

FARNAM JAHANIAN, Ph.D.
Provost and Chief Academic Officer
Carnegie Mellon University

Dr. Farnam Jahanian began serving as provost of Carnegie Mellon University in May 2015. As the university’s chief academic officer, Jahanian has broad responsibility for leading CMU’s schools, colleges, institutes, and campuses, and is instrumental in long-range institutional and academic planning and implementation. Appointed in 2016, Dr. Jahanian brings an unparalleled expertise in cultivating strong academic communities to foster the growth of the technology industry across the commonwealth.

KAILASH KALANTRI
President
Acclaim Systems

Kailash Kalantri currently serves as the President of Acclaim Systems, where he is responsible for maintaining client relationships by effectively aligning technology and consulting resources with clients’ dynamic business requirements. Mr. Kalantri was appointed to the BFTDA Board in 2016 and brings a remarkable background in information systems, that will undoubtedly be an asset for a number of technology companies across Pennsylvania.
ELLEN KIGHT
Retired, Southwest Regional Director
Dept. of Community & Economic Development

Ellen Kight served as the Department of Community & Economic Development’s Southwest Regional Director for more than 25 years. In her role, she was responsible for fostering business opportunities and assisting in the overall growth and development of communities in her region. As a member of the BFTDA Board, Ms. Kight has continued advocating for economic development and job opportunities for citizens in western Pennsylvania and across the entire commonwealth.

KEVIN KINROSS
Principal
The Carey Group

Kevin Kinross currently serves as Principal at the Carey Group, a full-service government affairs, consulting, and business development firm. The group focuses on establishing a strategic plan and developing policies for clients in order to execute their initiatives. Prior to joining the Carey Group, Mr. Kinross led a number of successful political campaigns across the commonwealth in both Philadelphia and Pittsburgh. Mr. Kinross was appointed to the BFTDA in 2016 and serves as Governor Wolf’s designee.

MICHELE MASUCCI, Ph.D.
Vice President for Research
Temple University

Dr. Michele Masucci has held a variety of research and academic leadership positions since joining Temple University’s Department of Geography and Urban Studies in 1997. The Office of the Vice Provost for Research is responsible for technology transfer and business development, grant submission, research compliance, research-related training, and management of special research support programs.

SHARON P. MINNICH
Secretary
Office of Administration

Sharon P. Minnich was appointed Secretary of the Office of Administration (OA) by Governor Tom Wolf on January 20, 2015. As a member of Governor Tom Wolf’s senior staff and cabinet, Sec. Minnich leads the agency responsible for oversight and administration of the enterprise functions of human resources, information technology, continuity of government, and records management for nearly 80,000 employees under the governor’s jurisdiction. In addition to her work in state government, Minnich has worked as a consultant in the private sector, specializing in procurement and technology.

BRINDA CARROLL PENYAK
Deputy Director
County Commissioners Association of Pennsylvania

Brinda Penyak has served in a variety of positions in both the public and private sector, specializing in criminal justice, human services, and health care initiatives. Since 2003, Brinda has worked at the County Commissioners Association of Pennsylvania, appointed as the Deputy Director in 2007. She is tasked with supporting county leadership with information and guidance related to legislation, education, technology, and a variety of other issues that can help residents across the state. Ms. Penyak was appointed to the BFTDA in 2016 and currently serves as the local government designee.

CHARLES “CHUCK” PETERS
Managing Member
Altair Holdings, LLC

Chuck Peters currently serves as the Managing Member of Altair Holdings LLC, and as founder and investor in Select Real Estate Opportunities LLC, West Eighth Street Student Housing LLC, and PMware.com. Chuck founded Altair in 2005 to assist institutional real estate owners, developers, and investors get the most out of their real property by bringing a level of professionalism and modernization to Property Management. Mr. Peters serves on the board for both the Ben Franklin Technology Partners of Central and Northern PA and the Ben Franklin Technology Development Authority.
Pedro A. Rivera was appointed to serve as the Pennsylvania Secretary of Education by Governor Tom Wolf and was confirmed unanimously by the state Senate in 2015. Rivera, a lifelong educator, most recently served as superintendent of The School District of Lancaster—a position he held from 2008-2015. Prior to serving as superintendent of The School District of Lancaster, he served as a classroom teacher, staff member with the Philadelphia Federation of Teachers, assistant principal, principal, and executive director for the School District of Philadelphia.

Robert J. Schena
Chairman, CEO, & Cofounder
Rajant Corporation

In 2002, Robert Schena co-founded Rajant Corporation. Mr. Schena has successfully grown this small startup in Wayne, PA to have a strong international presence in a broad array of markets, including military, industrial, transportation, utilities, and telecommunications. Today, Rajant is doing business in over 50 countries with large global partners such as BT and has four offices across the U.S. Rajant has become known as the pioneer of Kinetic Mesh Networks and has been recognized many times, including being named to the FierceWireless ‘Fierce 15.’ Mr. Schena was appointed to the BFTDA Board by Governor Ridge in 2001.

Neil Sharkey, Ph.D.
Vice President for Research
Penn State University

Neil A. Sharkey, Ph.D., was appointed vice president for research on September 19, 2014. In this role, Sharkey is responsible for overseeing a research enterprise with over $836 million dollars in expenditures. Sharkey joined the faculty at Penn State as a professor of kinesiology, orthopedics, and rehabilitation in 1997.

Donald Siegel works as the Third District International VP for IBEW Headquarters, International Brotherhood of Electrical Workers in Washington, DC. The IBEW represents approximately 750,000 active members and retirees who work in a wide variety of fields, including utilities, construction, telecommunications, broadcasting, manufacturing, railroads, and government. In his position, Mr. Siegel oversees the organization’s activities in New York, Pennsylvania, New Jersey, and Delaware. Mr. Siegel was appointed to the board in 2016 and currently serves as the labor appointee.

Mike Stubler has over 30 years of experience with early-stage technology companies, both as a co-founder and early-stage investor. He has served as CFO for several successful early stage technology companies and is currently Chairman of the Board at Innovation Works, the Ben Franklin Technology Partner in Southwestern PA.
A meeting of the Ben Franklin Technology Development Authority Board (BFTDA) was conducted via conference call at 10:00 a.m. on January 26, 2016.

Board members and designees in attendance:

- Tom Balderston
- Representative Bryan Barbin
- Fred Beste
- Austin J. Burke
- Sheri R. Collins, Deputy Secretary, DCED
- Kenneth E. Davis
- Senator Andrew E. Dinniman
- Dr. S. Thomas Emerson
- Phil Dunn for Senator John R. Gordner
- Representative Doyle Heffley
- Brian Kennedy
- Ellen Kight
- Robert J. Kumpf
- Jennifer Leinbach, BFTDA Executive Director, DCED
- Dr. Michele M. Masucci
- Charles J. Peters
- Peter Tonia

DCED staff and guests in attendance:

- Nicholeta Karandrikas, DCED
- Art McNulty, Chief Counsel, DCED
- Diane Sterthous, DCED

1. Welcome & Opening Remarks

Deputy Secretary Sheri Collins called the meeting to order at 10:04 A.M.

BFTDA Executive Director Jennifer Leinbach conducted a roll call of board members.
II. Approval of the January 26, 2016 Meeting Minutes.

S. Thomas Emerson made a motion to approve the minutes as written. Austin Burke seconded the motion. Motion carried.

III. Innovate in PA Venture Investment Program – Diane Sterthous

Presenting: Red and Blue Ventures, LLC

Diane Sterthous introduced a proposal for Red and Blue Ventures, formerly known as MentorTech Ventures. Staff is very familiar with the partners of Red and Blue Ventures as they received investments through the Commonwealth Finance Authority for their three MentorTech Funds, all of which have been respectable performers. Red and Blue Ventures will invest in start-up technology companies bearing some affiliation to the University of Pennsylvania.

S. Tom Emerson made a motion to approve an investment of $2MM contingent upon successful legal document negotiation. Ellen Kight seconded the motion. Motion carried.

IV. Next meeting will be April 28, 2016 at Harrisburg University of Science and Technology.

Michele Masucci made a motion to adjourn. Senator Dinniman seconded. Motion carried. Meeting adjourned 10:52AM.

Respectfully submitted,

Jennifer T. Leinbach
Executive Director, BFTDA
A meeting of the Ben Franklin Technology Development Authority Board (BFTDA) was conducted via conference call at 10:00 a.m. on April 28, 2016.

Board members and designees in attendance:

- Tom Balderston
- Representative Bryan Barbin
- Fred Beste
- Sheri R. Collins, Deputy Secretary, DCED
- Kenneth E. Davis
- Steve Grabicki for Senator Andrew E. Dinniman
- Dr. S. Thomas Emerson
- Senator John R. Gordner
- Representative Doyle Heffley
- Brian Kennedy
- Ellen Kight
- Robert J. Kumpf
- Jennifer Leinbach, BFTDA Executive Director, DCED
- Secretary Sharon Minnich, Office of Administration
- Dr. Michele M. Masucci
- Bob Schena
- Charles J. Peters

DCED staff and guests in attendance:

- Ryan Glenn, Ben Franklin Technology Partners
- Nicholea Karandrikas, DCED
- Rich Lunak, Innovation Works
- John MacMillan, Deputy Secretary, Office of Administration
- Art McNulty, Chief Counsel, DCED
- RoseAnn Rosenthal, Ben Franklin Technology Partners of Southeastern PA
- Kevin Rowland, DCED
- Sarah Spishock, DCED
- Janet Stainbrook, Ben Franklin Technology Partners of Northeastern PA
- Diane Sterthous, DCED
- Kelly Wylam, Innovation Partnership
I. Welcome & Opening Remarks - Deputy Secretary Sheri Collins called the meeting to order at 10:02 a.m. and conducted a roll call of board members.

II. Approval of the April 28, 2016 Meeting Minutes.

Secretary Sharon Minnich made a motion to approve the minutes as written. Chuck Peters seconded the motion. Motion carried.

III. Financial Report – Kevin Rowland, Chief Financial Officer, DCED

Kevin Rowland provided an overview of the BFTDA financial statement. He is working with the Comptroller’s office and Deputy Secretary Sheri Collins to gain a better understanding of how the current financial statements are written and advise them of the items we would like to see detailed in the statement.

Kevin stated an accurate financial statement will be provided to the board at the July 28, 2016 board meeting, and that he will be in attendance in the next few board meetings to answer any questions about the statements.

IV. Innovate in PA Venture Investment Program – Diane Sterthous

Presenting: One Palmer Square Associates IX, LLC on behalf of Domain Associates Fund IX

Diane Sterthous introduced a proposal for Domain Associates Fund IX. This Borrower has over 30 years of experience in early-stage life science investing and has historically generated above average returns. Since inception, the team has maintained headquarters in Princeton, NJ. Upon DCED funding however, Domain has pledged to open an office presence in Philadelphia.

Representative Bryan Barbin made a motion to approve an investment of $3MM contingent upon successful signing of a building lease agreement. John MacMillan seconded the motion. Motion carried.

V. Next meeting will be July 28, 2016 in Philadelphia. Deputy Secretary Sheri Collins is working on securing a location for the next board meeting and will have it sent to the board members once it is finalized.

Michele Masucci made a motion to adjourn. Representative Bryan Barbin seconded. Motion carried. Meeting adjourned 11:10 a.m.

Respectfully submitted,

[Signature]
Jennifer T. Leinbach
Executive Director, BFTDA
A meeting of the Ben Franklin Technology Development Authority Board (BFTDA) was held at Harrisburg University at 10:00 AM on July 28, 2016.

Board members and designees in attendance:

- Tom Balderston (phone)
- Representative Bryan Barbin
- Austin Burke (phone)
- Sheri R. Collins, Deputy Secretary, DCED
- Dennis M. Davin, Secretary, DCED
- Steve Grabicki on behalf of Senator Andrew E. Dinniman (phone)
- Phil Dunn on behalf of Senator John R. Gordner (phone)
- Dr. Farnam Jahanian
- Kailash Kalantri
- Ellen Kight
- Jennifer Leinbach, BFTDA Executive Director, DCED
- Dr. Michele M. Masucci (phone)
- Josh Eisner on behalf of Brinda Carroll Penyak
- Charles J. Peters
- Pamela Smith on behalf of Secretary Pedro Rivera
- Bob Schena (phone)
- Mike Stubler

DCED staff and guests in attendance:

- Steve Brawley, Ben Franklin Technology Partners of Central and Northern PA
- Ryan Glenn, Ben Franklin Technology Partners
- Nicholeta Karandrikas, DCED
- Rich Lunak, Innovation Works
- Art McNulty, Chief Counsel, DCED
- Chad Paul, Ben Franklin Technology Partners of Northeastern PA
- RoseAnn Rosenthal, Ben Franklin Technology Partners of Southeastern PA
- Sarah Spishock, DCED
- Diane Sterthous, DCED
I. Welcome & Opening Remarks - Secretary Dennis M. Davin called the meeting to order at approximately 10:00 a.m. and welcomed the new members to the Board.

Jennifer Leinbach conducted a roll call of the board members.

II. Approval of the April 28, 2016 Meeting Minutes.

Charles Peters made a motion to approve the minutes as written. Dr. Michele Masucci seconded the motion. Motion carried.

III. Financial Report – Kevin Rowland, Chief Financial Officer, DCED

The BFTDA financial statements were not available at the time of the board meeting. The Comptroller’s Office was not able to provide updated statements due to fiscal year end closings.

Kevin Rowland will attend the October board meeting to present the financial report.

IV. FY 16-17 KIZ Tax Credit Program Update – Sheri Collins, Deputy Secretary, DCED

Sheri Collins informed the Board that the KIZ Tax Credit program was reduced from $25 million to $15 million in the FY 16-17 tax code and that tax credits would most likely be prorated in 2016. Sheri discussed the importance of the program and Dennis Davin indicated that DCED would continue to be an advocate of the program in upcoming budget hearings.

Jennifer Leinbach reviewed the changes to the guidelines for the KIZ Tax Credit program. Language was added to the guidelines to address the eligibility of technology companies working in incubators, co-working, and shared office spaces. The Office conducted a conference call with the KIZ Coordinators to review the changes on July 27, 2016.

V. FY 16-17 BFTP Challenge Grant Guidelines – Jennifer Leinbach, Executive Director, BFTDA

Jennifer Leinbach reviewed with the Board the major changes made to the Challenge Grant Guidelines. She stated that the new guidelines will be provided to the Board members when it is available.

The major changes discussed are as follows:
1. Eliminate all hard copy submissions of reports and notifications
2. Eliminate the mid-year impact report
3. Move the date for submission of the final report from January 31 to February 15 and the impact report from April 30 to February 15.
4. Minor edits to the definition of a full-time work week
5. Requiring two new data points: NAICS code of companies surveyed and the creation of “Jobs That Pay” reporting metrics
The changes have been reviewed and approved by DCED’s financial office, legal office, and policy office as well as by Deputy Secretary Sheri Collins, and the comptroller’s office.

Ellen Kight made a motion to approve the changes to the Challenge Grant guidelines as presented. Charles Peters seconded the motion. Motion passed.

VI. Presentation of the Ben Franklin Technology Partners – Ryan Glenn, Statewide Coordinator, BFTDA

Ryan Glenn presented an overview of the accomplishments and impacts made by the partners in 2015. The BFTP’s collectively invested more than $19 million in 186 companies and their portfolio companies brought in an additional $520 million in post BFTP funding.

Ryan introduced four different companies that presented on their recent successes and how their Ben Franklin Technology Partner helped to accelerate their growth.

1. InstaMed – Southeastern PA
2. KCF Technologies – Central and Northern PA
3. RE2 Robotics – Innovation Works
4. Micro Interventional Devices, Inc. – Northeastern PA

VII. Ben Franklin Technology Partners CEO Roundtable – Jennifer Leinbach, Executive Director, BFTDA

Jennifer Leinbach introduced the CEOs of the four Ben Franklin Technology Partners:

1. Chad Paul, Northeastern PA
2. Rich Lunak, Innovation Works
3. RoseAnn Rosenthal, Southeastern PA
4. Steve Brawley, Central and Northern PA

The four CEO’s discussed what’s trending in their region and the biggest challenges facing their companies. Each of the CEO’s touched on the point that Pennsylvania is seeing a large influx of entrepreneurs and they struggle with providing enough services in order to ensure their success.

Ellen Kight asked the CEO’s if they have any challenges in helping technology companies in industrial areas? Steve Brawley answered that due to limited resources it can be difficult; however they do their best to provide assistance to all cities to in their region. Sheri Collins also responded that there will be upcoming opportunities for rural regions to take advantage of federal Appalachian Regional Commission funding.

Motion to Approve FY 16-17 Challenge Grant
Representative Bryan Barbin made a motion to approve the allocation of $3.5 million each to the four Ben Franklin Technology Partners. Bob Schena recused himself. Charles Peters seconded the motion. Motion passed.
VIII. Innovate in PA: Venture Investment Program – Diane Sterthous, Venture Capital Advisor, DCED

Presenting: SSC GP, LP on behalf of SeventySix Capital Fund, LP

Diane Sterthous introduced a proposal for SeventySix Capital Fund, LP. This Borrower is organizing a new investment firm to invest in consumer-driven technology enabled companies. The firm is being founded by Wayne Kimmel, an experienced and successful Philadelphia-based venture capitalist. He has joined forces with Jon Powell, who serves as CEO of KRAVCO, a suburban Philadelphia mall operator and developer. They seek to raise $40M in total commitments.

Representative Bryan Barbin made a motion to approve an investment of $1MM. Dr. Michele Masucci seconded the motion. Motion carried.

IX. Next meeting will be October 27, 2016 in Harrisburg. Board members who are local are invited to attend the meeting at DCED. A conference call line will provided to members closer to the date of the meeting.

Charles Peters made a motion to adjourn. Ellen Kight seconded. Motion carried. Meeting adjourned.

Respectfully submitted,

Jennifer T. Leinbach
Executive Director, BFTDA
# BFTDA FINANCIAL STATEMENT

## BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND

**STATEMENT OF FUNDS AVAILABLE**

For the Fiscal Period Ended June 30

(UNAUDITED)

<table>
<thead>
<tr>
<th>2016</th>
<th>Revolving Venture Capital Loan Account</th>
<th>BFTDA Grant &amp; Administrative Funds</th>
<th>Innovate in PA Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ben Franklin Technology Partners</td>
<td>Venture Investment Program</td>
<td>Biotechnology Research Center</td>
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<td>TOTAL FUNDS AVAILABLE, JULY 1........</td>
<td>$20,847,816</td>
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<td>$-</td>
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<td>RECEIPTS:</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prinicipal Repayments</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commitment Fees</td>
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<td>-</td>
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<td>-</td>
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<tr>
<td>Interest on Investments (Treasury Pool 99)</td>
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<td>80,097</td>
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<td>-</td>
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<tr>
<td>Sale of Innovation in PA Tax Credit</td>
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<td>-</td>
<td>15,276,447</td>
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<td>15,276,447</td>
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<td></td>
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<td>13,724,552</td>
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<td>8,000,000</td>
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<td></td>
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<td>Transfer in from General Fund</td>
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<td>14,500,000</td>
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<td>-</td>
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<td>Transfer of Prior Year Interest on Venture Funds</td>
<td>(9,755,203)</td>
<td>(8,755,203)</td>
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<td>TOTAL TRANSFER ACTIVITY</td>
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<td>23,255,203</td>
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<td>INVESTMENT ACTIVITY:</td>
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<tr>
<td>Net Increase (Decrease) in Fair Value of Investments</td>
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<td>-</td>
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<tr>
<td>TOTAL INVESTMENT ACTIVITY</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL FUNDS AVAILABLE</td>
<td>$13,597,333</td>
<td>$(1,474,614)</td>
<td>$-</td>
<td>$4,432,098</td>
</tr>
</tbody>
</table>

## REDUCTION OF FUNDS AVAILABLE:

| Grant Commitments................................. | - | 135,675 | 29,000,000 | - | 2,889,982 | 32,036,668 |
| Operating Commitments............................ | - | 24,209 | - | - | - | 24,209 |
| Contingent Operating Commitments............... | - | 564 | - | - | - | 564 |
| Vouchered Payables................................ | - | 2,513,839 | - | - | - | 2,513,839 |
| TOTAL REDUCTION OF FUNDS AVAILABLE............. | - | 2,074,288 | 29,000,000 | - | 2,889,982 | 34,574,280 |
| NET FUNDS AVAILABLE, JUNE 30.................... | $13,597,333 | $(4,148,902) | $(29,000,000) | $4,432,098 | $(2,889,982) | $(19,019,460) |
## BFTP/CNP, Inc. Operating Budget

| Budget Category                      | Other Funds | Use of AEDP Returns | Innovate in PA Funds (IIP) | Use of Challenge Grant Returns | Challenge Grant IIP Over/(Under) | IIP Funds Over/(Under) |
|-------------------------------------|-------------|---------------------|---------------------------|--------------------------------|---------------------------------|----------------------|----------------------|
|                                     |             |                     |                           |                                |                                 |                      |                      |
| I. Management & Administration      |             |                     |                           |                                |                                 |                      |                      |
| A. Personnel                        | 371,543     | 361,941             | 0                         | 0                              | 371,543                         | 361,941              | (4,625)             | 13%                 |
| B. Physical                         | 88,000      | 84,360              | 0                         | 0                              | 88,000                          | 84,360               |                      |                     |
| C. Operations                       | 73,750      | 62,547              | 0                         | 0                              | 73,750                          | 62,547               |                      |                     |
| Management & Administration Total   | 0           | 0                   | 0                         | 0                              | 533,293                         | 528,868              |                      |                     |
| II. Company Investments             |             |                     |                           |                                |                                 |                      |                      |                     |
| A. Direct                           | 350,000     | 350,000             | 0                         | 0                              | 1,454,532                       | 1,410,197            |                      |                     |
| B. Indirect                         |             |                     |                           |                                |                                 |                      |                      |                     |
| Company Investments Total           | 350,000     | 350,000             | 0                         | 0                              | 1,454,532                       | 1,410,197            |                      |                     |
| III. Business & Technical Assistance|             |                     |                           |                                |                                 |                      |                      |                     |
| A. Internal Direct Services         | 416,021     | 410,566             | 0                         | 0                              | 416,021                         | 410,566              | (55,567)            | (1%)                |
| B. External Projects                | 532,972     | 482,839             | 0                         | 0                              | 532,972                         | 482,839              |                      |                     |
| Business & Technical Assistance Total| 0           | 0                   | 0                         | 0                              | 948,993                         | 893,405              |                      |                     |
| IV. Technology Infrastructure       |             |                     |                           |                                |                                 |                      |                      |                     |
| A. Internal Direct Services         | 139,799     | 123,204             | 0                         | 0                              | 139,799                         | 123,204              | (16,834)            | (0%)                |
| B. External Projects                | 277,274     | 276,945             | 0                         | 0                              | 277,274                         | 276,945              |                      |                     |
| Technology Infrastructure Total      | 0           | 0                   | 0                         | 0                              | 417,073                         | 400,249              |                      |                     |
| V. Set Aside Funds                  |             |                     |                           |                                |                                 |                      |                      |                     |
| (Not Yet Allocated to I through IV) |             |                     |                           |                                |                                 |                      |                      |                     |
| A. Current Fiscal Year              | 495,974     | 0                   | 0                         | 0                              | 2,063,629                       | 0                    | 0                    |                     |
| B. Deferred/Carry-over from Previous Fiscal Year | 495,974     | 0                   | 0                         | 0                              | 2,063,629                       | 0                    | 0                    |                     |
| Set Aside Funds Total               | 495,974     | 0                   | 0                         | 0                              | 2,063,629                       | 0                    | 0                    |                     |
| Grand Totals:                       | 635,974     | 350,000             | 0                         | 0                              | 3,353,891                       | 2,063,629            | (121,372)           | (4%)                | (121,372)           | (4%)                |
## Operating Budget

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>Other Funds</th>
<th>Innovate in PA Grant Funds</th>
<th>Use of Challenge Grant Returns</th>
<th>Challenge Grant Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted</td>
<td>Actual</td>
<td>Budgeted</td>
<td>Actual</td>
</tr>
<tr>
<td>I. Partner Administration</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>A. Personnel</td>
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<td>$370,830</td>
<td>$330,960</td>
<td>$330,960</td>
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<tr>
<td>B. Physical</td>
<td>$38,039</td>
<td>$123,264</td>
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<td>$64,856</td>
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<tr>
<td>C. Operations</td>
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<td>$115,302</td>
<td>$203,127</td>
<td>$203,127</td>
</tr>
<tr>
<td><strong>Partner Administration Subtotal</strong></td>
<td>$188,139</td>
<td>$569,416</td>
<td>$598,943</td>
<td>$598,943</td>
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<tr>
<td>II. Company Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Direct</td>
<td>$8,237,429</td>
<td>$1,915,801</td>
<td>$1,785,834</td>
<td>$1,567,834</td>
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<tr>
<td>B. Indirect</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Company Investments Subtotal</strong></td>
<td>$8,237,429</td>
<td>$1,915,801</td>
<td>$1,785,834</td>
<td>$1,567,834</td>
</tr>
<tr>
<td>III. Business and Technical Assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Internal Direct Services</td>
<td>$485,311</td>
<td>$622,771</td>
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<td>$724,796</td>
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<td>B. External Projects</td>
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<td>$750</td>
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<tr>
<td><strong>Business and Technical Assistance Subtotal</strong></td>
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<td>$725,546</td>
<td>$725,546</td>
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<td>IV. Technology Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. External Projects</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>V. Set-Aside Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Not Yet Allocated to I through IV)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Current Fiscal Year</td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>B. Deferred/Carry-Over From Previous Fiscal Years*</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Set-Aside Funds Subtotal</strong></td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Grand Totals:</strong></td>
<td>$8,998,519</td>
<td>$4,084,167</td>
<td>$3,431,138</td>
<td>$3,213,335</td>
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## Appendix E3 - Operating Budget

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<tr>
<th>Budget Category</th>
<th>Other Funds</th>
<th>Innovate in PA Funds</th>
<th>Use of Challenge Grant Returns</th>
<th>Challenge Grant Funds</th>
<th>Innovate in PA Funds</th>
<th>Over/Under</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted</td>
<td>Actual</td>
<td>Budgeted</td>
<td>Actual</td>
<td>Budgeted</td>
<td>Actual</td>
</tr>
<tr>
<td>I. Partner Administration</td>
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</tr>
<tr>
<td>A. Personnel</td>
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<td>$0</td>
<td>$0</td>
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<td>$1,250,000</td>
<td>$678,265</td>
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<tr>
<td>III. Business and Technical Assistance</td>
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<td>$867,565</td>
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<td>$0</td>
<td>$500,524</td>
<td>$867,565</td>
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<td></td>
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<tr>
<td>IV. Technology Infrastructure</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>B. External Projects</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>V. Set-Aside Funds (Not Yet Allocated to I through IV)</td>
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<tr>
<td>A. Current Fiscal Year</td>
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<td>$0</td>
<td>$0</td>
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<tr>
<td>B. Deferred/Carry-Forward from Previous Fiscal Years</td>
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<tr>
<td>Set-Aside Funds Subtotal</td>
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<td>$0</td>
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<tr>
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<td>$3,431,138</td>
<td>$2,959,634</td>
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<td>Other Funds</td>
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<td>Use of Challenge Grant Returns (Dev Fund)</td>
<td>Innovate in PA</td>
<td>Challenge Grant Funds (Actual Includes Prior Yrs)</td>
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<tr>
<td>---------------------------------------</td>
<td>-------------</td>
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<td>------------------------------------------</td>
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<td>Actual</td>
<td>Budgeted</td>
<td>Actual</td>
<td>Budgeted</td>
<td>Actual</td>
</tr>
<tr>
<td>I. Partner Administration</td>
<td></td>
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<tr>
<td>A. Personnel</td>
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</tr>
<tr>
<td>C. Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>*</td>
<td>*</td>
<td></td>
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</tr>
<tr>
<td>Partner Administration Subtotal</td>
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<tr>
<td>II. Company Investments</td>
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<tr>
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