

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

Revised

NOTICE OF PUBLIC MEETING
THE NEVADA CAPITAL INVESTMENT CORPORATION
BOARD OF DIRECTORS

Wednesday, November 15, 2017 at 10:00 a.m.

Locations:

Via videoconference at the following locations:

Old Assembly Chambers
Capitol Building, Second Floor
101 N. Carson Street
Carson City, NV 89701

Grant Sawyer State Office Building
555 E. Washington Avenue, Suite 5100
Las Vegas, NV 89101

Meeting via teleconference available at the: 877.873.8017 Access Code: 5707654#

All items listed on this agenda are for discussion and possible action by the Board of Directors of the Nevada Capital Investment Corporation (NCIC) unless otherwise noted. Action may consist of any of the following: approve, deny, condition, hold, or table.

NOTE: Public Comment may not be limited based on viewpoint

AGENDA

- 1) Call to Order (Chair Schwartz)
- 2) Roll Call (Dennis Stoddard)
- 3) Public comment. Comments from the public are invited at this time prior to the commencement of possible action items. The Board reserves the right to limit the amount of time that will be allowed for each individual to speak. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.
- 4) **For possible action:** Approval of July 27, 2017 meeting minutes (Dennis Stoddard)
- 5) **For possible action:** Presentation of Silver State Opportunities Fund (SSOF)/NCIC annual report ending June 30, 2017 (Miguel Luina – Hamilton Lane)

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STATE TREASURER PROGRAMS
Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

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- 6) **For possible action:** Presentation of SSOF's Fiscal Year 2017 Financial Statements (Samantha Leandri, Hamilton Lane)
- 7) **For possible action:** Presentation of the NCIC Fiscal Year 2017 Financial Statements (Dan Carter, Eide Bailly Representative)
- 8) Board to receive an update regarding the Accion LLC investment.
- 9) **For possible action:** Review and approve the 2018 NCIC Board of Directors meeting dates.
- 10) Public comment. Comments from the public are invited at this time prior to the commencement of possible action items. The Board reserves the right to limit the amount of time that will be allowed for each individual to speak. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.
- 11) Close of Meeting by Chair

Please contact Dennis Stoddard at (775) 684-5666 or via email at dmstoddard@nevadatreasurer.gov for call-in information.

Dennis Stoddard, Senior Deputy Treasurer may be contacted at 775-684-5666 or dmstoddard@nevadatreasurer.gov to obtain copies of supporting materials, which are available to the public at 101 N. Carson Street, Suite 4 Carson City, NV 89701

Action may not be taken on matters considered during public comment until specifically included on a future agenda as an action item.

Items on the agenda may be taken out of the order at the discretion of the Board. Denoted times for agenda items are predictions only; actual times may vary.

Items may be combined for consideration by the public body.

Items may be pulled or removed from the agenda at any time.

Public comment is limited to 5 minutes per person.

Action may be taken only on those items denoted "for possible action."

Notice of this meeting was posted at the following locations in Carson City, Nevada:

State Capitol Building, 1st & 2nd Floors, 101 North Carson Street
Nevada Legislative Building, 401 South Carson Street
Nevada State Library, 100 Stewart Street
Blasdel Building, 209 East Musser Street

Notice of this meeting was faxed for posting to the following location:

Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada
Fax for Capitol Police - (702) 486-2012

Notice of this meeting was posted on the following website:

www.nevadatreasurer.gov

We are pleased to make reasonable accommodations for members of the public who are disabled and would like to attend the meeting. If special arrangements for the meeting are required, please notify Tara Hagan with the Office of the State Treasurer, 101 North Carson Street, Carson City, Nevada 89701, call (775) 684-5753, or fax your request to (775) 684-5781 as soon as possible.

NEVADA CAPITAL INVESTMENT CORPORATION

MINUTES OF BOARD OF DIRECTORS MEETING

Thursday, July 27, 2017

Chair Dan Schwartz called the meeting of the Board of Directors of the Nevada Capital Investment Corporation (NCIC) to order at 10:01a.m., on Thursday, July 27, 2017. The meeting was held via teleconference and videoconference.

Board Members

Chair Dan Schwartz
Vice Chair Anand Nair - excused
Richard Bartholet - excused
Wayne Tew
Ash Mirchandani

Staff

Grant Hewitt,	Chief of Staff
Tara Hagan,	Chief Deputy Treasurer
Budd Milazzo,	Sr. Deputy Treasurer
Kim Arnett,	Deputy Treasurer - Investments
Wayne Howle,	Nevada Attorney General's Office

AGENDA

1) Call to order (Chair Schwartz)

The meeting was called to order at 10:01 a.m.

2) Roll Call (Budd Milazzo)

Board members Tew, Mirchandani and Chairman Schwartz were present via telephone representing a quorum. Staff indicated the meeting was properly noticed and that the agendas were posted in accordance with the Nevada Open Meeting Law.

3) Public Comment

There was no public comment in Carson City, Las Vegas or telephone.

4) For Possible Action: Approval of the May 4, 2017 meeting minutes.

Tara Hagan explained that on page 5 of the May 4, 2017 meeting minutes, that when the Board voted on the Accion item there was a little confusion due to a Board member having to leave the meeting and Chairman Schwartz calling for a vote. However, she noted that after listening to the minutes it's clear that a motion was effectively made by Chairman Schwartz with no second but the vote was unanimous and staff believes that the minutes accurately reflect this particular agenda item.

Tara Hagan commented on agenda item 6 of the meeting minutes regarding the presentation of the Silver State Opportunities Fund report which was noted as an action item but the Board did not take any action on that item. Staff believes that since Hamilton Lane has sole discretionary investment authority and the fund is fully committed it is recommended to move forward with having this particular agenda item for the quarterly report as an informational item and not an action item, however, the statutorily required annual report will remain an action item.

Mr. Tew motioned to approve the meeting minutes. Mr. Mirchandani seconded the motion. Motion passed unanimously.

5) For Possible Action: Board review and approve the reporting requirements for the Accion LLC Agreement and staff monitoring and due diligence related to the agreement.

Staff stated that the operating agreement with Accion LLC has been fully executed and that staff has been working with Accion to determine the type of reporting which will be necessary to monitor the financial health of Accion and monitor the monies that are earmarked for Nevada micro business loans. Staff will be reporting to the Board a quarterly financial statement from Accion showing the financial health, an annual audited statement, and K-1 filing on a quarterly basis. Staff noted that it is important to share with the Board the due diligence that was done by Hamilton Lane about 18 months ago, stating that Accion has never had a shortfall in its 20 years of existence and has never missed a single interest payment to its LLC partners or other lenders; in the last three years, Accion has substantially ramped up its lending activity and while Accion is not self-sufficient, they have been steadily improving their margin in recent history.

Chair Schwartz asked when the monies will be sent to Accion for the million dollars we are investing.

Tara Hagan stated she believes it will on or around August 1, 2017.

Mr. Mirchandani motioned to approve Agenda Item #5. Mr. Tew seconded the motion. Motion passed unanimously.

6) Information Item: Board to receive presentation of Silver State Opportunities Fund (SSOF) report ending March 31, 2017.

Miguel Luina with Hamilton Lane presented the SSOF report ending March 31, 2017 stating that the portfolio is continuing to mature and they are pleased with where all of their existing positions are today and the way they are growing in value. He stated that regarding the fund investments, all of the funds are in positive territory performing in line with expectations and generating 12.4%. In terms of the Nevada impact, which hasn't been updated since June 2016, Hamilton Lane has questionnaires out to the general partners and to the company chief financial officers to collect the data to be able to present the annual Fund report to the Board at its next meeting. Mr. Luina noted that the firm expects the performance to begin to perform meaningfully as the Fund and its investments begin to mature and begin to send substantial returns to the State Permanent School Fund.

No action by the Board.

7) Public Comment

There was no public comment in Carson City, Las Vegas or telephone.

Motion not needed.

The meeting was closed at 10:20 a.m.

Attest:

Budd Milazzo, Secretary to the Board



JUNE 30, 2017

ANNUAL INVESTMENT REPORT

Silver State Opportunities Fund

3753 Howard Hughes Parkway, Suite 200, Las Vegas, NV 89169

Headquarters: One Presidential Boulevard, 4th Floor, Bala Cynwyd, PA 19004
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Silver State Opportunities Fund LLC

Fiscal Year 2017 Report

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Section 1:

Executive Summary

Silver State Opportunities Fund LLC

Fiscal Year 2017 Report

Executive Summary

Program Background:

Nevada Capital Investment Corporation (“NCIC”) partnered with Hamilton Lane in August of 2012, to provide investment management services through the Silver State Opportunities Fund LLC (“Silver State”, “SSOF” or the “Fund”). The Fund’s primary objective is to generate attractive private equity returns by investing in private equity opportunities in Nevada, and its secondary objective is to help economic activity and employment in the state. In September 2012, Hamilton Lane opened its Nevada office to oversee the management of the Fund; David Helgersen, Miguel Luina, and Anup Sharma serve as the main points of contact from Hamilton Lane. The NCIC has committed \$50 million to the Fund, and in order to maintain alignment with the NCIC, Hamilton Lane has allocated \$0.5 million to invest alongside the NCIC.

Portfolio Activity & Performance⁽¹⁾:

The Fund is fully committed as of May 13, 2016. Approximately 85% (\$37.7 million) of committed capital has been drawn as of June 30, 2017.

The Fund is performing well both in terms of economic impact to the State and financial performance. The Fund, along with its general partners, has invested a total of \$555.4 million⁽²⁾ in twenty-eight Nevada companies to date, an increase of roughly 5% compared to the total dollar amount invested at June 30, 2016. This represents 15 times more capital than has been drawn by the Fund. These investments have helped fuel rapid hiring at portfolio companies, which have grown Nevada employment by 66%⁽³⁾ since investment to 2,393 combined employees, compared to 1,660 employees as of June 30, 2016. The drivers of the year-over-year increase were portfolio companies held by Waterton Precious Metals Fund II Cayman, L.P., which added 556 employees during the period. The jobs supported by these investments are high paying positions that boast average salaries of \$64,031, 45% higher than the average Nevada wage⁽⁴⁾ and 29% higher than the average national wage⁽⁴⁾ in 2016.

In terms of financial performance, the Fund is generating a 2.52% net annual return to the State’s Permanent School Fund. On a gross basis, the Fund is generating a 7.01% IRR, 1.1x total value to paid in multiple (“TVPI”). As of June 30, 2017, the NCIC has contributed \$37.7 million and received \$5.8 million in distributions, resulting in \$31.9 million in net contributed capital. The performance is driven by yield-producing fund investments and the Fund’s co-investments are expected to contribute future positive value to the Fund.

⁽¹⁾ As of June 30, 2017

⁽²⁾ Includes capital invested by SSOF and funds that have received capital from SSOF.

⁽³⁾ Headcount growth calculated based on number of full time employees as of 6/30/17 compared to number of stabilized full time employees at portfolio companies as of the first SSOF investment. Stabilization adjustment performed only for companies that were not viable economic entities at time of investment.

⁽⁴⁾ Refer to footnotes located on page 2-1

Silver State Opportunities Fund LLC

Fiscal Year 2017 Report

The Fund's impact on the State extends well beyond the returns to the Permanent School Fund, employment, and economic activity directly attributable to portfolio companies. The Fund's activities are helping to create a new private equity ecosystem in the State and providing local companies with access to the broader private investment community. Since the program's launch in 2012, SSOF managers opened four new offices and hired four local private equity investment professionals. The Fund has made over 270 introductions between Nevada-based companies and sources of capital. The State has also benefited from the two Silver State Investor Forums created by the Fund which has brought over 70 leading investment managers to the state, giving the local business community a chance to showcase its strengths and improve connections between Nevada-based companies and broader sources of capital. We believe the combination of investing capital directly into the state and developing a network of new investors, who are coming to Nevada to invest in local businesses, is critical to developing a vibrant private capital ecosystem.

Section 2:

Nevada Impact

Silver State Opportunities Fund LLC

Fiscal Year 2017 Report

Nevada Impact

The Fund has recently completed its investment period and, while still early, has already had a meaningful impact on Nevada's economy. The following table summarizes the economic impact of the Fund as of June 30, 2017.

Nevada Impact	
Category	Examples
Nevada Investments	<ul style="list-style-type: none">- 28 Nevada companies have received investments to date- \$555mm invested in Nevada by SSOF & partners (26x multiplier)- \$2,035mm of capital raised by SSOF portfolio companies (97x multiplier)- Investments spread throughout state.
PE Ecosystem	<ul style="list-style-type: none">- SSOF is developing the Nevada private equity ecosystem- 4 new offices opened by institutional investors in Nevada- 4 investment professional hires in Nevada- 7 funded managers actively seeking investments in the State.
Employment	<ul style="list-style-type: none">- 2,393 Nevada employees supported by SSOF investments- 66%⁽¹⁾ Nevada employment growth (vs overall state growth of 16%⁽²⁾)- \$64k average wage for Nevada employees at SSOF companies<ul style="list-style-type: none">- 45% higher than the 2015 Nevada average wage⁽³⁾- 29% higher than the 2014 US average wage⁽⁴⁾
Additional Impact	<ul style="list-style-type: none">- SSOF hosted two private equity conferences in Nevada<ul style="list-style-type: none">- 300+ Attendees- 70+ managers representing over \$100 billion of capital- 270+ investor introductions to Nevada companies- Multiple investment offers directly resulting from introductions

⁽¹⁾Headcount growth calculated based on number of full time employees as of 6/30/2017 compared to number of stabilized full time employees at portfolio companies as of the SSOF investment. Stabilization adjustments performed only for companies that were not long-term viable economic entities at time of investment.

⁽²⁾Nevada employees on non-farm payrolls growth from 6/30/2012 to 6/30/2017 according to U.S. Bureau of Labor Statistics

⁽³⁾Based on Bureau of Labor Statistics 2016 average wage for all Nevada occupations.

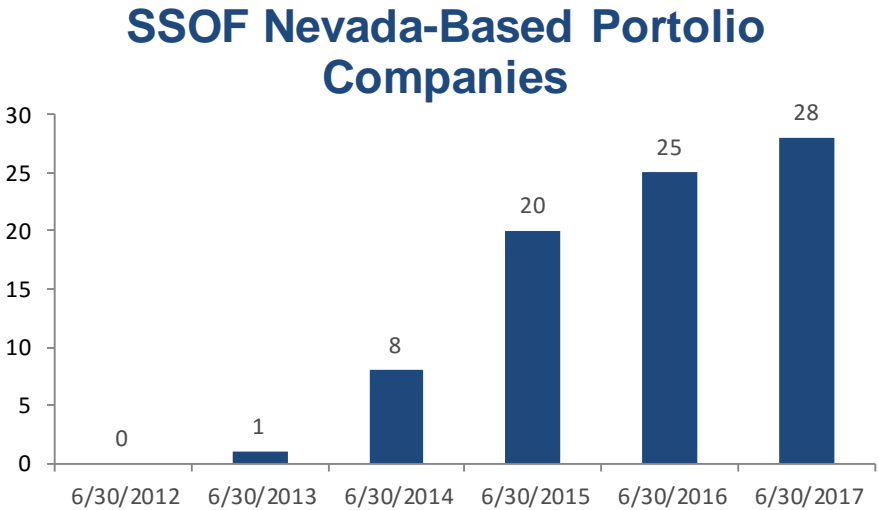
⁽⁴⁾Based on Bureau of Labor Statistics 2016 average wage for all U.S. occupations.

Silver State Opportunities Fund LLC

Fiscal Year 2017 Report

Nevada Investments

Since its inception in 2012, the Fund has seen a steady growth of Nevada businesses in the portfolio. As the Fund develops, the companies receiving capital from SSOF are expected to continue to increase. As of June 30, 2017, the SSOF has invested in twenty-eight Nevada-based companies.



The program's impact on the State has been widespread with fund partners opening offices and seeking investments across the North, South and rural regions of the State.

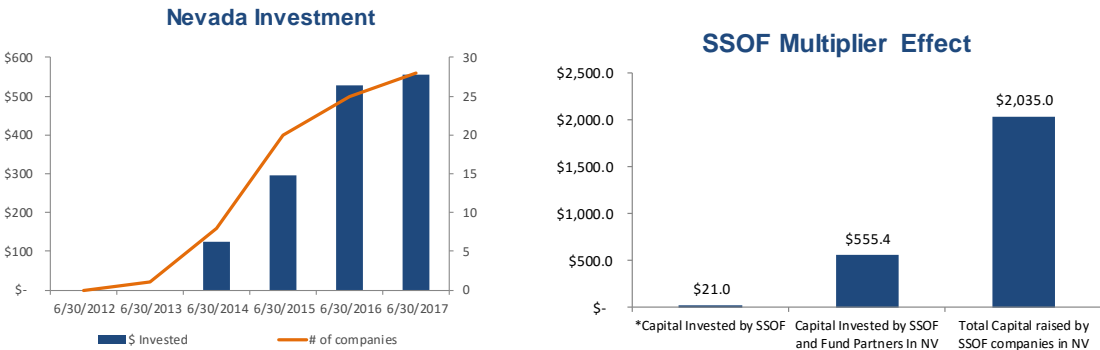
Silver State Opportunities Fund LLC

Fiscal Year 2017 Report



Multiplier Effect

The SSOF has leveraged its capital to have a meaningfully larger impact on Nevada than its fund size. The SSOF and its partners have invested a total of \$555.4 million in 28 Nevada companies as of 6/30/17, which represents over 12x the total capital committed by the Fund. This capital, in turn, has helped support \$2,035.0 million of total capital raised by Nevada companies.



Private Equity Ecosystem

In addition to providing Nevada companies with much-needed capital, the SSOF has laid the groundwork for a thriving private equity ecosystem. Prior to the launch of SSOF, there were no institutional private equity firms located in Nevada. Through the SSOF's work, four new private equity offices have opened in Nevada, creating four new private equity positions within the State.

Silver State Opportunities Fund LLC

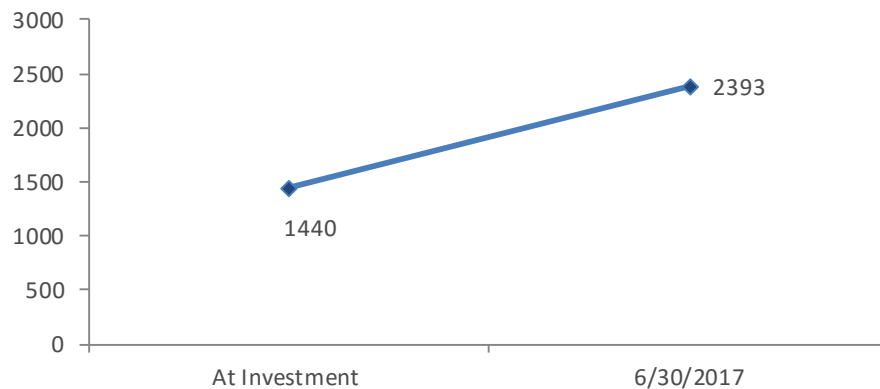
Fiscal Year 2017 Report

Employment

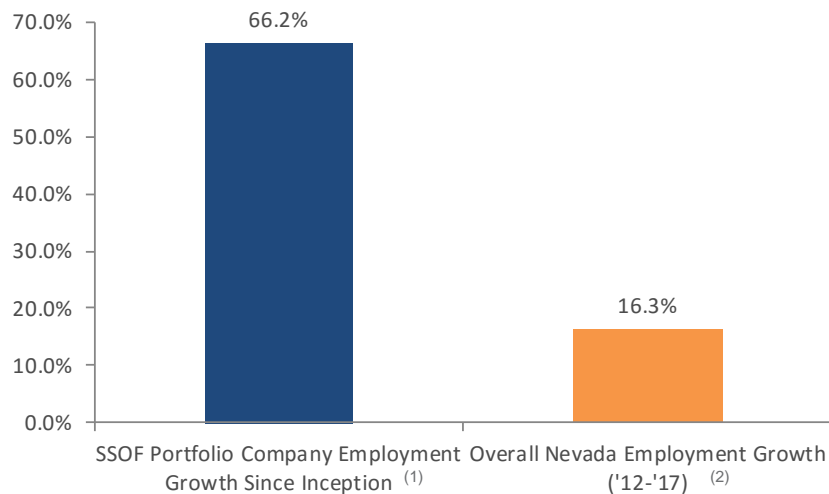
The SSOF has had a significant positive impact on employment within the State. Including Nevada-based investment professionals employed by SSOF fund managers, businesses which have received SSOF capital currently employ 2,393 Nevadans.

SSOF Employment

(Including Investment Professionals)



At the portfolio company level, SSOF investments have grown employment by 66.2%⁽¹⁾ since investment to 2,393 employees, compared to 16.3%⁽²⁾ overall employment growth in Nevada over the same time period.



⁽¹⁾ Headcount growth calculated based on number of full time employees as of 6/30/17 compared to number of stabilized full time employees at portfolio companies as of the first SSOF investment. Stabilization adjustment performed only for companies that were not long-term viable economic entities at time of investment.

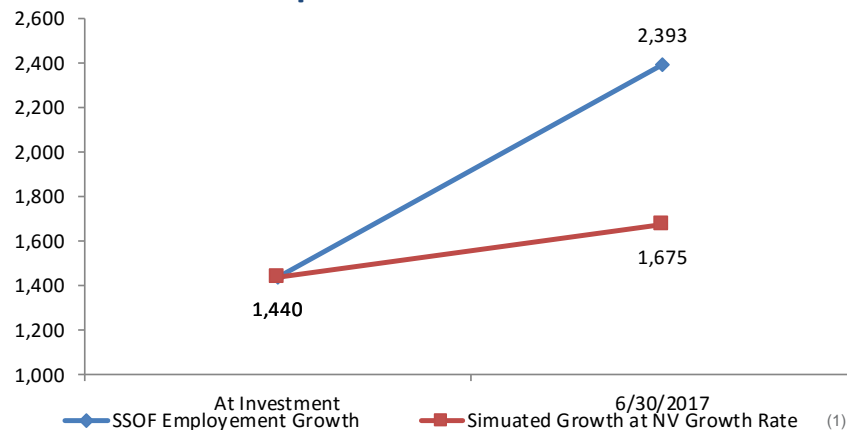
⁽²⁾ Nevada employees on non-farm payrolls growth from 6/30/12 to 6/30/17 according to U.S. Bureau of Labor Statistics.

Silver State Opportunities Fund LLC

Fiscal Year 2017 Report

The capital provided by SSOF and its partners have helped portfolio companies meaningfully outpace Nevada's overall employment growth. As a result, the Fund's portfolio companies added approximately 718 more jobs than the average Nevada company would have over the same time period.

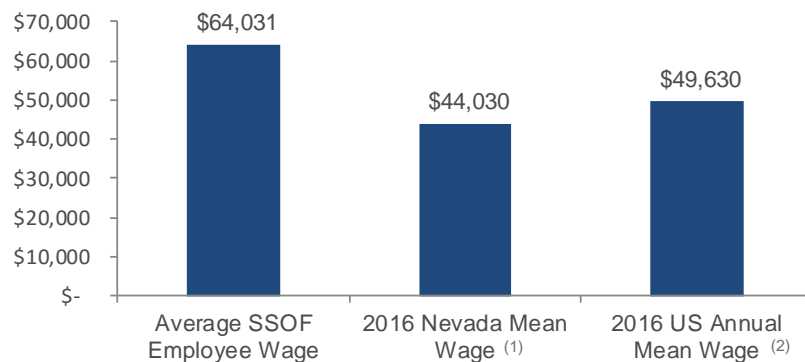
SSOF Impact on Job Growth



(1) Simulated employment calculated by applying average unadjusted Nevada non-farm employment growth from 6/30/12 to 6/30/17, according to the U.S. Bureau of Labor Statistics, to portfolio company employment at the time of original investment.

SSOF portfolio companies create high quality jobs, resulting in attractive wages for their employees. The average wage for Nevada employees at SSOF portfolio companies is \$64k, 45% higher than the average Nevada wage⁽¹⁾ and 29% higher than the average national wage⁽²⁾ in 2016.

SSOF Salaries Outperform State and National Averages



(1) Based on Bureau of Labor Statistics 2016 average wage for all Nevada occupations.

(2) Based on Bureau of Labor Statistics 2016 average wage for all U.S. occupations.

Silver State Opportunities Fund LLC

Fiscal Year 2017 Report

Additional Outreach

Hamilton Lane's presence and involvement in the Nevada community has created benefits beyond the capital invested by the SSOF. These efforts have helped attract additional capital to the state, educate local market participants, build deeper relationships within the Nevada private equity community and connect local businesses with sources of capital.

Silver State Investor Forum

Hamilton Lane, in partnership with the State Treasurer's Office and the NCIC, has hosted two private equity conferences in Nevada, one in Northern Nevada and one in Southern Nevada. Both conferences sold out and attracted a combined 300+ attendees, including 70+ investment managers representing over \$100 billion of capital. The conferences provided educational content on private markets and created an environment that connected local companies and intermediaries to sources of capital.

Sponsorships

Silver State has selectively sponsored events for local businesses to increase the visibility of the program within the community. These events have led to positive publicity and incremental deal flow.

Active Outreach

Hamilton Lane is an active member of the Nevada business community, helping connect the local business community with the broader private equity community. Since the Fund's inception, Hamilton Lane has made over 270 introductions to private equity firms on behalf of Nevada companies.

Event Attendance

The Fund's representatives have attended and supported dozens of local business conferences, including events hosted by SciTech, the Reno-Gazette Journal, the Governor's Office of Economic Development, chambers of commerce, the Department of Business and Industry, the Rocky Mountain Venture Capital Association, NCET and several others.

Section 3:

Portfolio Overview

Silver State Opportunities Fund LLC

Fourth Quarter Fiscal 2017 Report

Hamilton Lane was engaged by the Nevada Capital Investment Corporation ("NCIC") in August of 2012, to provide investment management services through the Silver State Opportunities Fund LLC ("Silver State" or the "Fund"). In September 2012, Hamilton Lane opened its Nevada office to oversee the management the Fund; David Helgerson, Miguel Luina, and Anup Sharma serve as the main points of contact from Hamilton Lane for the Fund. Silver State's investments are to include both partnerships and co-investments focusing on compelling investments across various investment strategies (buyout, venture capital, growth, mezzanine, distressed, and special situations) with a significant presence in Nevada. The NCIC has committed \$50 million to the Fund, and Hamilton Lane has committed \$0.5 million to the vehicle. The chart below presents an overview of the Fund and investment portfolio as of June 30, 2017.

Silver State Opportunities Fund LLC Overview			
General Overview			
Closing Date	August 1, 2012		
Vintage Year	2013		
Termination Date of Fund ⁽¹⁾	August 1, 2022		
Committed Capital (Fund Size)	\$50,505,051		
\$ millions	6/30/2016 ⁽³⁾	6/30/2017	
<u>Partnerships</u>	7	7	
Capital Committed to Partnerships	\$23.6	\$23.6	
Unfunded Commitment to Partnerships	\$11.5	\$8.3	
Paid-In Capital	\$12.8	\$16.8	
Capital Distributed	\$1.3	\$4.5	
Market Value	\$12.9	\$15.9	
Since Inception IRR (gross)	8.71%	12.18%	
<u>Active Co-Investments</u>	7	7	
Paid-In Capital to Co-Investments	\$19.3	\$20.9	
Capital Distributed from Co-Investments	\$0.5	\$1.3	
Market Value	\$17.8	\$21.0	
Since Inception IRR (gross)	(5.03%)	3.34%	
<u>Silver State Total</u>			
Total Capital Committed to Investments	\$42.9	\$44.6	
Paid-In Capital	\$32.1	\$37.7	
Capital Distributed	\$1.8	\$5.8	
Market Value	\$30.6	\$36.9	
Total Value Multiple	1.01x	1.13x	
Since Inception IRR (gross) ⁽²⁾	0.96%	7.01%	
Since Inception IRR (net)	(4.81%)	2.52%	

⁽¹⁾ Term may be extended by the Manager for up to two successive one-year periods in its sole discretion. Per the terms of the Amended and Restated LLC Agreement, NCIC and the Manager may make an additional capital commitment at the end of the Commitment Period of the First Tranche. Should NCIC elect to make a Second Tranche Commitment, the termination date of the Fund will change.

⁽²⁾ Gross IRR does not include payments for Hamilton Lane management fees or Fund partnership expenses.

⁽³⁾ Prior quarter information is based upon the financial information presented in the Silver State Opportunities Fund LLC Fourth Quarter Fiscal 2016 Alternative Investment Report and Audited Financial Statements.

Silver State Opportunities Fund LLC

Fourth Quarter Fiscal 2017 Report

Investments

Since inception, \$37.7 million has been called and \$5.8 million has been distributed to the Fund as of June 30, 2017.

Investment details as of June 30, 2017 are provided in the chart below.

INVESTMENT NAME	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL ⁽¹⁾	CAPITAL DISTRIBUTED	REPORTED MARKET VALUE	IRR ⁽²⁾
Partnerships						
Brentwood Associates Private Equity V, L.P.	Corp Fin/Buyout	\$ 3,000,000	\$ 2,811,692	\$ 720,240	\$ 2,495,381	15.69%
Convergent Capital Partners III, L.P.	Mezzanine	5,000,000	3,264,482	143,537	3,994,117	11.51%
Enhanced Small Business Investment Company, L.P.	Mezzanine	2,600,000	1,689,929	589,493	1,917,651	15.98%
Graycliff Private Equity Partners III, L.P.	Corp Fin/Buyout	1,000,000	702,962	437,843	375,293	18.78%
Huntington Capital Fund III, L.P.	Mezzanine	5,000,000	4,154,574	1,638,429	3,217,581	11.78%
Sorenson Capital Partners III, L.P.	Corp Fin/Buyout	2,000,000	1,326,693	18	1,388,673	3.68%
Waterton Precious Metals Fund II Cayman, L.P.	Corp Fin/Buyout	5,000,000	2,843,598	948,016	2,526,535	10.30%
Partnerships Total		\$ 23,600,000	\$ 16,793,929	\$ 4,477,576	\$ 15,915,231	12.18%
Co-Investments ⁽³⁾	Corp Fin/Buyout	\$ 21,008,209	\$ 20,887,675	\$ 1,301,224	\$ 20,986,188	3.34%
Total		\$ 44,608,209	\$ 37,681,604	\$ 5,778,800	\$ 36,901,419	7.01%

⁽¹⁾ Paid-In Capital includes amounts paid for investments, management fees and expenses.

⁽²⁾ IRR is net of management fees, but gross of HL Fees.

⁽³⁾ Co-Investments have been blinded upon client request.

A listing of Nevada companies having received an investment from the Fund as of June 30, 2017 is provided in the chart below.

Nevada Portfolio Companies ⁽¹⁾		
Name	Location	Description
Miller Heiman, Inc.	Washoe County	Corporate education company
The Marshall Retail Group	Las Vegas	Specialty retail providing turnkey solutions to casino hotel and airport operators
Las Vegas Color Graphics	Las Vegas	Privately-owned, full service commercial printing company
West Dermatology	Henderson	Operates a network of 26 dermatology clinics
Kareo, Inc.	Las Vegas	Cloud-based office software platform for small physician practices
Mission Senior Living	Carson City, Reno, Fernley, Gardnerville	Operator of multiple retirement and assisted living centers
Rural Physicians Group	Las Vegas	Provides rotating hospitalists to critical access and rural hospitals in the US
Super Color Digital	Las Vegas	Provides printing and graphics for various brands
Software Paradigms International	Las Vegas	Provides IT services and solutions for retailers globally
Elko Mining Group	Elko County	Mining operator
Reno Mining Office	Reno	Mining operator
Esmeralda Mine and Mill	Mineral County	Ore processing facility and precious metal extraction
Spring Valley / Gold Rock	White Pine and Pershing Counties	Precious Metal Deposit
Borealis Mine	Mineral County	Precious Metal extraction
Hollister Mine	Elko County	Precious Metal extraction
Mineral Ridge Mine	Esmeralda County	Precious Metal extraction
Pinson Mine	Humboldt County	Precious Metal extraction
Reward Gold Mine	Nye County	Precious Metal extraction
Clover	Elko County	Precious Metal extraction
Goldfield (Gemfield)	Esmeralda County	Precious Metal extraction
Converse	Humboldt County	Precious Metal extraction
Iceberg	Eureka County	Precious Metal extraction
Ruby Hill Mine	Eureka County	Gold extraction
Mt. Hamilton	White Pine County	Precious Metal extraction
Burke Williams	Las Vegas	Owns and operates multiple spas
Prologistics Distribution	Henderson	Provides distribution services to the B2B and B2C markets
Contact Gold	Churchill, Douglas, Elko, Esmeralda, Eureka, Humboldt, Lander, Lyon, Mineral, Nye, Pershing, Storey, Washoe and White Pine Counties	13 project investments through debt financings, minority equity and similar arrangements to other mining companies with operations in Nevada
Allied Nevada Exploration Properties	Churchill, Douglas, Elko, Esmeralda, Eureka, Humboldt, Lander, Lyon, Mineral, Nye, Pershing, Storey, Washoe and White Pine Counties	39 unpatented projects; 29 patented projects

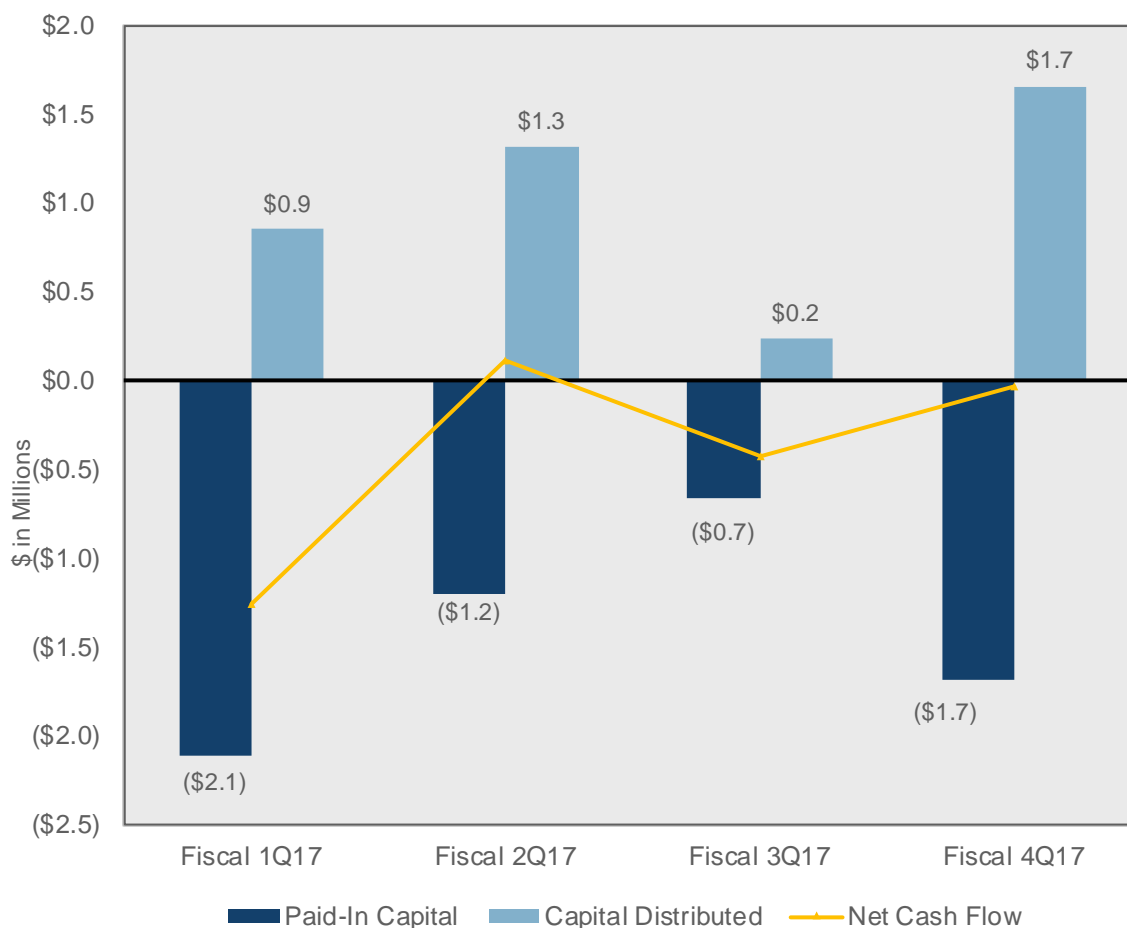
⁽¹⁾ Chart includes exited investments

Silver State Opportunities Fund LLC

Fourth Quarter Fiscal 2017 Report

Cash Flows

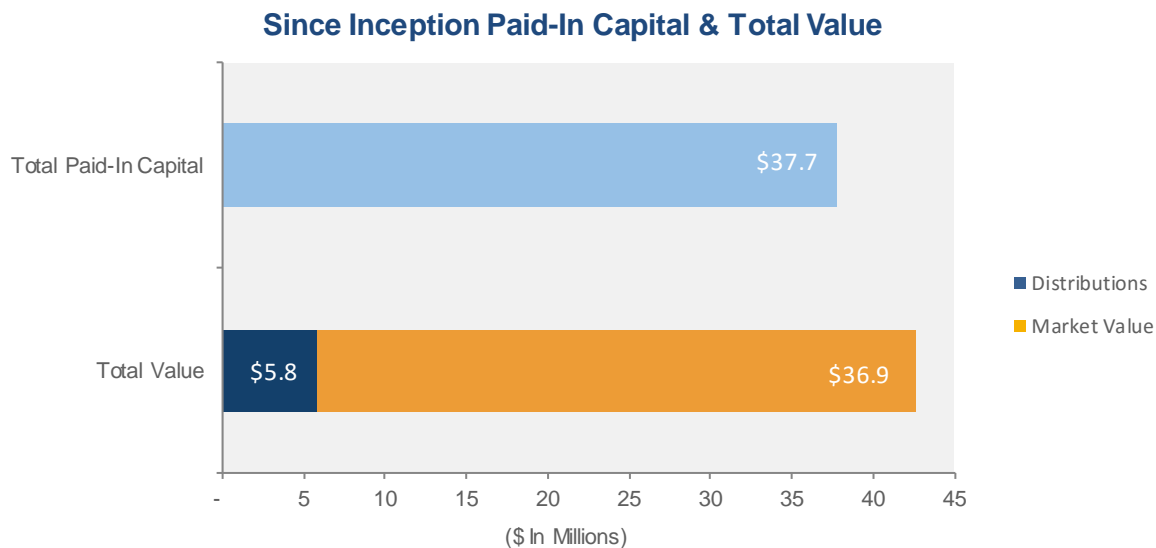
The chart below presents the investment cash flows for each quarter of the fiscal year ended June 30, 2017.



During the fiscal fourth quarter of 2017, the Fund invested \$1.7 million to underlying partnerships. The Fund did not make any additional contributions to co-investments. The Fund received \$1.7 million in distributions during the quarter. Huntington Capital Fund III, L.P., which executes mezzanine investments in mature, profitable companies located in or near low- to moderate-income areas, distributed \$1.2 million during the quarter.

Investment Returns

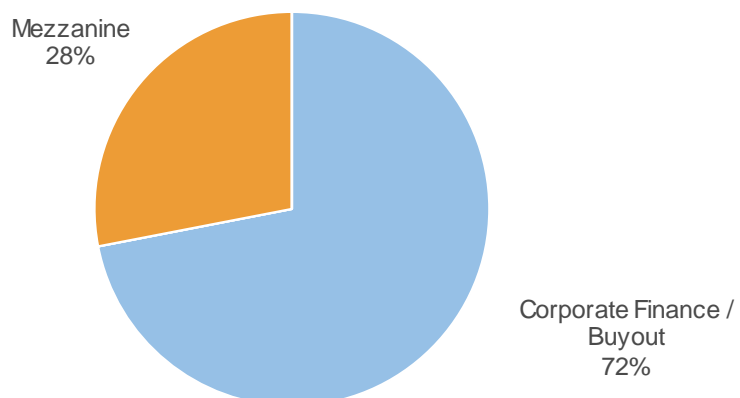
As of June 30, 2017, the Fund has generated a gross internal rate of return ("IRR") of 7.01% and net IRR, including management fees paid to Hamilton Lane, of 2.52%. Additionally, the Portfolio has a gross total value multiple of 1.13x. The positive performance for the quarter can be attributed to the increase in value for 13 of the 14 investments.



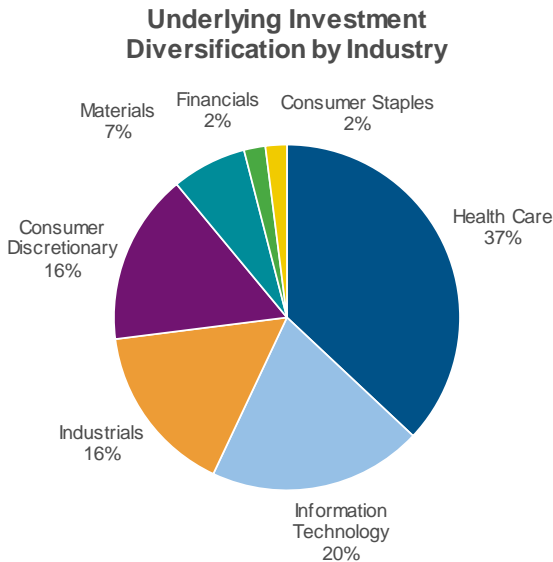
Diversification

The Fund has committed to seven co-investments and seven fund investments as of June 30, 2017. The strategic diversification information presented in the chart below is based on total exposure as of June 30, 2017, which is the sum of unfunded commitments plus adjusted market values.

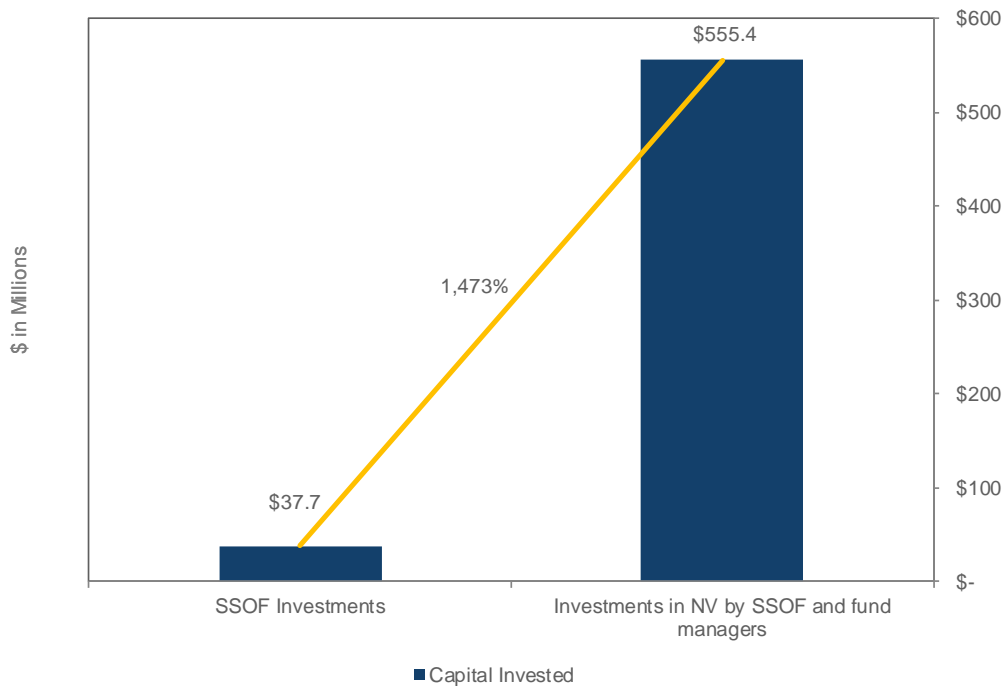
Strategic Diversification by Total Exposure As of June 30, 2017



The chart below displays the diversification of the Fund’s underlying holdings by industry and by state as of June 30, 2017. These amounts will change as new investments are made across varying investment strategies and industries.

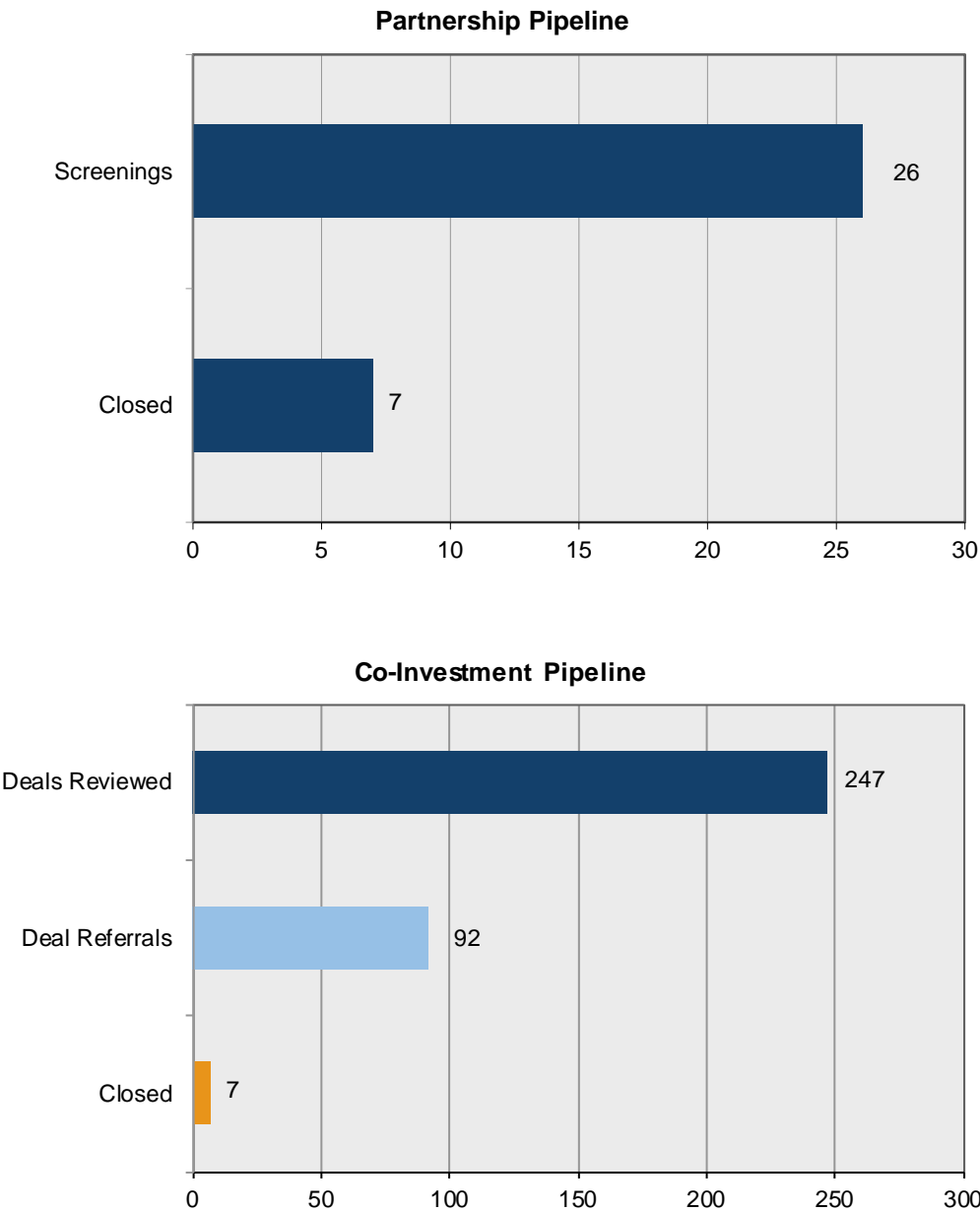


**Invested in Nevada
As of June 30, 2017**



Deal Flow

The charts below provide detail regarding partnership and co-investment deal flow for the Fund during the Commitment Period, which ended May 13, 2016.



During the Commitment Period, Hamilton Lane evaluated 26 partnership and 247 co-investment opportunities for the Fund.

Silver State Opportunities Fund LLC

Fourth Quarter Fiscal 2017 Report

Fund Marketing

The following chart shows Hamilton Lane's marketing expenditures relative to its original budget. Hamilton Lane has made a concerted effort to limit marketing expenses and focus on supporting events with the highest impact for the Fund.

Marketing Expenses Fiscal year Ended June 30, 2017	
Items	Cost
Marketing Expenses	\$10,691
Marketing Budget	\$50,000

Appendix A:

Glossary of Terms

Silver State Opportunities Fund LLC

Fiscal Year 2017 Report

Additional Fees: The amount of capital an investor pays into a fund/investment that does not count against the investors' commitment. Additional fees typically consist of management fees or late-closing interest expense.

Capital Committed: An investor's financial obligation to provide a set amount of capital to the investment.

Capital Contributed: Capital contributed from an investor's capital commitment to fund partnership investments, organizational expenses and management fees.

Capital Distributed: Cash or stock disbursed to the investors of an investment.

Co/Direct Investment: A direct investment is a purchased interest of an operating company. A co-investment is a direct investment made alongside a partnership.

Corporate Finance/Buyout: Funds seeking to make controlling and non-controlling investments in established companies which have the potential to achieve greater value through improved performance.

Cost Basis: Capital contributions less return of principal.

Fund-of-Funds: An investment vehicle which invests in other private equity partnerships.

Fund/Investment Size: The total amount of capital committed by investors to a fund.

Investment Category: Used to identify investments in one of the following categories: co/direct investments, fund-of-funds, primary funds, secondary fund-of-funds or secondary purchases.

Investment Strategy: A sub-classification of a partnership's investment type, such as Co/Direct Investment, Corporate Finance/Buyout, Mezzanine, Real Estate, Special Situation, Venture Capital.

Life Cycle Period: The current stage of a partnership depending on the percentage contributed to date. Life cycle periods are investment and realization.

Mezzanine: An investment strategy involving the purchase of subordinated debt. These securities exist between the senior debt and equity of a holding's capital structure. Subordinated debt carries a lower level of risk than pure equity structures because they generate current income and have a more senior position in the company's capital structure.

Net Internal Rate Of Return ("IRR"): The discount rate that equates the net present value of the partnership's cash outflows with its inflows and residual value at the time of calculation. The calculation is net of management fees and the general partner's carried interest.

Originator: The institution responsible for recommending a client commit to an investment.

Ownership Percentage: The investor's percent of ownership as measured by capital committed divided by fund/investment size.

Paid-In Capital: The amount of capital an investor has contributed to a partnership, which includes capital contributions and additional fees.

Silver State Opportunities Fund LLC

Fiscal Year 2017 Report

Pooled Average IRR: An IRR calculation which aggregates cash flows (paid-in capital and capital distributed) and the reported market values of each investment within a portfolio to create one portfolio investment and return.

Portfolio Holding Exposure: The limited partner's pro rata allocation to an underlying investment based on the ownership percentage of the partnership.

Primary Fund: Defines when the investor acquired an interest in the partnership. Primary fund is the investment category when an investor participates in a closing at the inception of the partnership.

Private Equity Partnership: A professionally managed pool of capital that generally invests in unlisted companies or securities. Common investment strategies include corporate finance/buyout, mezzanine, special situations and venture capital.

Realized Multiple: Ratio of cumulative distributions to paid-in capital.

Return On Investment ("ROI"): A calculation based on the total value (market value plus distributions) divided by paid-in capital for an investment.

Reported Market Value: The investment's capital account balance at quarter end, which includes the general partner's reported value of the underlying holdings and other assets and liabilities.

Secondary Fund-of-Funds: A private equity vehicle formed to purchase active partnership interests from an investor.

Secondary Purchase: A purchase of an existing partnership interest or pool of partnership interests from an investor.

Special Situation: Partnerships that invest using a unique strategy. Examples include distressed and turnaround, industry focused and multi-stage partnerships.

Total Exposure: Calculated by the summation of market value and unfunded commitments.

Venture Capital: An investment strategy that provides start-up or growth capital to companies in the early stages of development. Venture investments generally involve a greater degree of risk, but have the potential for higher returns.

Vintage Year: The year in which a partnership makes its first capital call for an investment into a portfolio company/holding.

Appendix B:

Disclosure Statements

Silver State Opportunities Fund LLC

Fiscal Year 2017 Report

Non-public information contained in this report is confidential and intended solely for dissemination to Silver State Opportunities Fund and/or its Affiliates. Hamilton Lane has prepared this report to enable Silver State Opportunities Fund and/or its Affiliates to assess the performance and status of its alternative investment portfolio. The calculations contained in this document are made by Hamilton Lane based on information provided by the general partner (e.g. cash flows and valuations), and have not been prepared, reviewed or approved by the general partners. Hamilton Lane hereby disclaims any liability resulting from any unauthorized dissemination of the attached information.

The information contained in this report may include forward-looking statements regarding the funds presented or their portfolio companies. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the funds or the portfolio companies, which may result in material differences in actual results, performance or other expectations. The information presented is not a complete analysis of every material fact concerning each fund or each company. The opinions, estimates and analyses reflect our current judgment, which may change in the future.

All opinions, estimates and forecasts of future performance or other events contained herein are based on information available to Hamilton Lane as of the date of this presentation and are subject to change. Past performance of the investments described herein is not indicative of future results. Certain of the information included in this presentation has not been reviewed or audited by independent public accountants. Certain information included herein has been obtained from sources that Hamilton Lane believes to be reliable but the accuracy of such information cannot be guaranteed.

The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the funds will achieve comparable results or that they will be able to implement their investment strategy or achieve their investment objectives. The actual realized value of currently unrealized investments will depend on a variety of factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based.

Any tables, graphs or charts relating to past performance included in this report are intended only to illustrate the performance of the funds or the portfolio companies referred to for the historical periods shown. Such tables, graphs and charts are not intended to predict future performance and should not be used as the basis for an investment decision.

Appendix C:

Annual Report Metrics

Silver State Opportunities Fund LLC

Fiscal Year 2017 Report

Investment Statistics

- a) Committed Capital – pg. 3-1
- b) Invested Capital –pg. 3-1
- c) Distributions–pg. 3-1
- d) Market Value–pg. 3-1
- e) IRR–pg. 3-1
- f) Gross Total Return–pg. 3-1
- g) Net Total Return–pg. 3-1
- h) Net Portfolio Cash Flow–pg. 3-3
- i) Exposure by Strategy–pg. 3-4
- j) Exposure by Industry–pg. 3-5
- k) % of Capital Invested/Committed to Nevada–pg. 3-5

Ancillary Benefits

- a) Total monies invested in Nevada companies by funds with NCOF participation–pg. 2-1
- b) # of Nevada companies receiving investment–pg. 2-1
- c) # of Nevada employees of companies receiving investments–pg. 2-4
- d) # of Nevada jobs created/retained–pg. 2-5
- e) Estimated payroll/average salary of jobs created/retained–pg. 2-5

AUDITED FINANCIAL STATEMENTS

Silver State Opportunities Fund LLC
Years ended June 30, 2017 and 2016

SILVER STATE OPPORTUNITIES FUND LLC

Financial Statements

Years ended June 30, 2017 and 2016

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Report of Independent Auditors

The Manager
Silver State Opportunities Fund LLC

We have audited the accompanying financial statements of Silver State Opportunities Fund LLC (the “Company”), which comprise the statements of assets, liabilities and members’ equity, including the schedules of fund investments and co-investments, as of June 30, 2017 and 2016 the related statements of operations, changes in members’ equity and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Silver State Opportunities Fund LLC at June 30, 2017 and 2016, and the results of its operations, changes in its members' equity and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

October 24, 2017

SILVER STATE OPPORTUNITIES FUND LLC

Statements of Assets, Liabilities and Members' Equity

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Investments, at fair value:		
Fund investments (net cost - \$14,097,214 and \$12,046,725, respectively)	\$15,915,231	\$12,895,319
Co-investments (net cost - \$17,048,544 and \$18,920,238, respectively)	<u>20,986,188</u>	<u>17,752,960</u>
Total investments	36,901,419	30,648,279
Cash	203,766	1,676,802
Interest receivable	14,413	67,708
Receivable from Manager	<u>2,785</u>	<u>-</u>
 Total assets	 <u>\$37,122,383</u>	 <u>\$32,392,789</u>
 Liabilities and members' equity		
Liabilities:		
Accounts payable and accrued expenses	\$ 55,062	\$ 45,680
Payable to affiliate	<u>-</u>	<u>11,132</u>
Total liabilities	<u>55,062</u>	<u>56,812</u>
 Members' equity:		
Nevada Capital Investment Corporation	36,480,804	32,012,617
HL Nevada Fund Manager LLC	<u>586,517</u>	<u>323,360</u>
Total members' equity	<u>37,067,321</u>	<u>32,335,977</u>
 Total liabilities and members' equity	 <u>\$37,122,383</u>	 <u>\$32,392,789</u>

The accompanying notes are an integral part of these financial statements.

SILVER STATE OPPORTUNITIES FUND LLC

Statements of Operations

Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Investment income (loss)		
Income:		
Dividend and interest income	<u>\$1,233,727</u>	<u>\$ 453,585</u>
Total income	<u>1,233,727</u>	<u>453,585</u>
Expenses:		
Management fees	337,135	500,000
Administration fees	45,202	43,050
Audit and tax fees	39,000	26,099
Conferences	10,819	125
Custodial fees	1,500	1,500
Interest expense	-	27,934
Other	<u>28,835</u>	<u>25,322</u>
Total expenses	<u>462,491</u>	<u>624,030</u>
Net investment income (loss)	771,236	(170,445)
Net realized and unrealized gain (loss) on investments		
Net realized loss on investments	(2,708,066)	-
Net change in unrealized appreciation (depreciation) on investments	<u>6,074,345</u>	<u>(3,035,920)</u>
Net realized and unrealized gain (loss) on investments	<u>3,366,279</u>	<u>(3,035,920)</u>
Net increase (decrease) in members' equity resulting from operations	<u>\$4,137,515</u>	<u>\$(3,206,365)</u>

The accompanying notes are an integral part of these financial statements.

SILVER STATE OPPORTUNITIES FUND LLC

Statements of Changes in Members' Equity

Years ended June 30, 2017 and 2016

	Nevada Capital Investment <u>Corporation</u>	HL Nevada Fund Manager LLC	<u>Total</u>
Members' equity at June 30, 2015	\$21,332,396	\$341,261	\$21,673,657
Contributions received from members	14,435,530	140,760	14,576,290
Distributions paid to members	(700,528)	(7,077)	(707,605)
Net investment (loss) income:			
Management fees	(500,000)	-	(500,000)
Other	326,257	3,298	329,555
Net change in unrealized depreciation on investments	(3,005,562)	(30,358)	(3,035,920)
Reversal of carried interest allocation	<u>124,524</u>	<u>(124,524)</u>	<u>-</u>
Members' equity at June 30, 2016	32,012,617	323,360	32,335,977
Contributions received from members	4,160,580	38,593	4,199,173
Distributions paid to members	(3,569,291)	(36,053)	(3,605,344)
Net investment income:			
Management fees	(337,135)	-	(337,135)
Other	1,097,287	11,084	1,108,371
Net realized loss on investments	(2,680,985)	(27,081)	(2,708,066)
Net change in unrealized appreciation on investments	6,013,601	60,744	6,074,345
Carried interest allocation	<u>(215,870)</u>	<u>215,870</u>	<u>-</u>
Members' equity at June 30, 2017	<u>\$36,480,804</u>	<u>\$586,517</u>	<u>\$37,067,321</u>

The accompanying notes are an integral part of these financial statements.

SILVER STATE OPPORTUNITIES FUND LLC

Statements of Cash Flows

Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net increase (decrease) in members' equity resulting from operations	\$4,137,515	\$ (3,206,365)
Adjustments to reconcile net increase (decrease) in members' equity resulting from operations to net cash used in operating activities:		
Non-cash interest income	(42,246)	(12,950)
Net realized loss on investments	2,708,066	-
Net change in unrealized (appreciation) depreciation on investments	(6,074,345)	3,035,920
Contributions to fund investments	(3,675,141)	(4,656,745)
Distributions received from fund investments accounted for as:		
Return of capital	1,624,652	363,374
Realized gains	863,555	-
Purchase of co-investments	(1,657,681)	(7,684,719)
Change in assets and liabilities:		
Interest receivable	53,295	(67,708)
Receivable from Manager	(2,785)	-
Accounts payable and accrued expenses	9,382	(2,290)
Payable to affiliate	<u>(11,132)</u>	<u>11,132</u>
Net cash used in operating activities	<u>(2,066,865)</u>	<u>(12,220,351)</u>
Cash flows from financing activities		
Contributions received from members	4,199,173	14,576,290
Distributions paid to members	<u>(3,605,344)</u>	<u>(707,605)</u>
Net cash provided by financing activities	<u>593,829</u>	<u>13,868,685</u>
Net (decrease) increase in cash	(1,473,036)	1,648,334
Cash – beginning of year	<u>1,676,802</u>	<u>28,468</u>
Cash – end of year	<u>\$ 203,766</u>	<u>\$ 1,676,802</u>
Supplemental disclosure of cash flow information		
Interest paid during the year	\$ <u>-</u>	\$ <u>27,934</u>

The accompanying notes are an integral part of these financial statements.

SILVER STATE OPPORTUNITIES FUND LLC

Schedule of Fund Investments

June 30, 2017

<u>Investments</u>	<u>Investment Commitments</u>	<u>Net Cost*</u>	<u>Fair Value</u>	<u>Percentage of Members' Equity</u>
Corporate finance/buyout				
Brentwood Associates Private Equity V, L.P.	\$ 3,000,000	\$ 2,239,064	\$ 2,495,381	6.73%
Graycliff Private Equity Partners III LP	1,000,000	313,017	375,293	1.01
Sorenson Capital Partners III, LP	2,000,000	1,326,693	1,388,673	3.75
Waterton Precious Metals Fund II Cayman, LP	<u>5,000,000</u>	<u>2,008,068</u>	<u>2,526,535</u>	<u>6.82</u>
	<u>11,000,000</u>	<u>5,886,842</u>	<u>6,785,882</u>	<u>18.31</u>
Mezzanine				
Convergent Capital Partners III, L.P.	5,000,000	3,264,482	3,994,117	10.78
Enhanced Small Business Investment Company, LP	2,600,000	1,641,043	1,917,651	5.17
HCAP Partners III, L.P.	<u>5,000,000</u>	<u>3,304,847</u>	<u>3,217,581</u>	<u>8.68</u>
	<u>12,600,000</u>	<u>8,210,372</u>	<u>9,129,349</u>	<u>24.63</u>
 Total fund investments	 <u>\$23,600,000</u>	 <u>\$14,097,214</u>	 <u>\$15,915,231</u>	 <u>42.94%</u>

*Net cost is equal to cumulative capital contributions, net of return of capital distributions.

The accompanying notes are an integral part of these financial statements.

SILVER STATE OPPORTUNITIES FUND LLC

Schedule of Fund Investments

June 30, 2016

Investments	Investment Commitments	Net Cost*	Fair Value	Percentage of Members' Equity
Corporate finance/buyout				
Brentwood Associates Private Equity V, L.P.	\$ 3,000,000	\$ 1,031,939	\$ 1,129,924	3.49%
Graycliff Private Equity Partners III LP	1,000,000	737,456	674,152	2.08
Sorenson Capital Partners III, LP	2,000,000	755,470	639,538	1.98
Waterton Precious Metals Fund II Cayman, LP	<u>5,000,000</u>	<u>2,631,771</u>	<u>2,892,919</u>	<u>8.95</u>
	<u>11,000,000</u>	<u>5,156,636</u>	<u>5,336,533</u>	<u>16.50</u>
Mezzanine				
Convergent Capital Partners III, L.P.	5,000,000	3,264,482	3,711,968	11.48
Enhanced Small Business Investment Company, LP	2,600,000	1,641,043	1,856,740	5.74
HCAP Partners III, L.P.	<u>5,000,000</u>	<u>1,984,564</u>	<u>1,990,078</u>	<u>6.16</u>
	<u>12,600,000</u>	<u>6,890,089</u>	<u>7,558,786</u>	<u>23.38</u>
Total fund investments	<u>\$23,600,000</u>	<u>\$12,046,725</u>	<u>\$12,895,319</u>	<u>39.88%</u>

*Net cost is equal to cumulative capital contributions, net of return of capital distributions.

The accompanying notes are an integral part of these financial statements.

SILVER STATE OPPORTUNITIES FUND LLC

Schedule of Co-Investments

June 30, 2017

Investments	Cumulative			Net Cost	Fair Value	Percentage of Members' Equity
	Invested Amount	PIK Interest/ Amortization	Return of Capital Distributions			
<i>Investment in Kareo, Inc., a cloud-based medical software platform for small physician practices</i>						
Montreux Equity Partners V Associates IIIB, LLC, 17.15% member interest	\$ <u>3,400,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,400,000</u>	\$ <u>4,182,656</u>	<u>11.28%</u>
<i>Investment in Marshall Retail Group Holding Company, Inc., a specialty retailer providing turnkey solutions to casino hotels and airport operators</i>						
MRG Acquisition Holdings, LLC, 195,500.8034 class A units	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>2,286,136</u>	<u>6.17</u>
<i>Investment in Rural Physicians Group, provides rotating hospitalists to critical access and rural hospitals in the U.S.</i>						
Rural Physicians Holdings, LLC, 2,157,680.25 class A-1 units	<u>2,157,680</u>	<u>-</u>	<u>-</u>	<u>2,157,680</u>	3,012,214	8.13

The accompanying notes are an integral part of these financial statements.

SILVER STATE OPPORTUNITIES FUND LLC

Schedule of Co-Investments (Continued)

June 30, 2017

Investments	Cumulative			Net Cost	Fair Value	Percentage of Members' Equity
	Invested Amount	PIK Interest/Amortization	Return of Capital Distributions			
<i>Investment in Softvision, LLC, (formerly known as Software Paradigms International Group, LLC), an outsourced IT services software provider with an exclusive focus on mobile application development and maintenance</i>						
\$5,000,000, senior subordinated note, 12.50%, 11/23/2021	<u>4,900,000</u>	<u>20,090</u>	<u>-</u>	<u>4,920,090</u>	<u>4,936,500</u>	<u>13.32</u>
<i>Investment in Super Color Digital, LLC, a turnkey provider of grand-format graphics, event structures, and visual solutions</i>						
\$1,443,815, subordinated note, 14.00%, 3/1/2021	1,426,563	35,106	-	1,461,669	1,465,905	
SCD Holdings LLC, 5,264.448 common units	<u>609,105</u>	<u>-</u>	<u>-</u>	<u>609,105</u>	<u>602,777</u>	
Total investment in Super Color Digital, LLC	<u>2,035,668</u>	<u>35,106</u>	<u>-</u>	<u>2,070,774</u>	<u>2,068,682</u>	<u>5.58</u>
<i>Investment in Dermatology Management, LLC, an operator of dermatology clinics across Nevada, California and Arizona</i>						
West Dermatology Management Holdings, LLC, 2,500,000 class B units	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>4,500,000</u>	<u>12.14</u>
Total co-investments	<u>\$16,993,348</u>	<u>\$55,196</u>	<u>\$-</u>	<u>\$17,048,544</u>	<u>\$20,986,188</u>	<u>56.62%</u>

The accompanying notes are an integral part of these financial statements.

SILVER STATE OPPORTUNITIES FUND LLC

Schedule of Co-Investments

June 30, 2016

Investments	Cumulative			Net Cost	Fair Value	Percentage of Members' Equity
	Invested Amount	PIK Interest/Amortization	Return of Capital Distributions			
<i>Investment in Kareo, Inc., a cloud-based medical software platform for small physician practices</i>						
Montreux Equity Partners V Associates IIIB, LLC, 17.15% member interest	\$ <u>3,400,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,400,000</u>	\$ <u>4,121,208</u>	<u>12.75%</u>
<i>Investment in Marshall Retail Group Holding Company, Inc., a specialty retailer providing turnkey solutions to casino hotels and airport operators</i>						
MRG Acquisition Holdings, LLC, 195,500.8034 class A units	<u>2,000,000</u>	<u>-</u>	<u>-</u>	2,000,000	<u>1,725,046</u>	<u>5.33</u>
<i>Investment in Providence Corporate Development Holding Company, a provider of corporate sales training solutions</i>						
11,273.6924 shares of MHI Super Holdings, Inc. common stock						
14,073.6951 shares of Providence Corporate Development Holding Company common stock						
25,347.3875 total shares of common stock	<u>3,571,621</u>	<u>-</u>	<u>-</u>	<u>3,571,621</u>	<u>1,139,656</u>	<u>3.52</u>

The accompanying notes are an integral part of these financial statements.

SILVER STATE OPPORTUNITIES FUND LLC

Schedule of Co-Investments (Continued)

June 30, 2016

Investments	Cumulative			Net Cost	Fair Value	Percentage of Members' Equity
	Invested Amount	PIK Interest/ Amortization	Return of Capital Distributions			
<i>Investment in Rural Physicians Group, provides rotating hospitalists to critical access and rural hospitals in the U.S.</i>						
Rural Physicians Holdings, LLC, 2,000,000 class A-1 units	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>2,437,518</u>	<u>7.54</u>
<i>Investment in Software Paradigms International Group, LLC, an outsourced IT services software provider with an exclusive focus on mobile application development and maintenance</i>						
\$5,000,000, senior subordinated note, 12.50%, 11/23/2021	<u>4,900,000</u>	<u>1,939</u>	<u>-</u>	<u>4,901,939</u>	<u>4,901,939</u>	<u>15.16</u>
<i>Investment in Super Color Digital, LLC, a turnkey provider of grand-format graphics, event structures, and visual solutions</i>						
\$1,414,857, subordinated note, 14.00%, 3/1/2021	1,426,562	11,011	-	1,437,573	1,414,857	
SCD Holdings LLC, 5,264.448 common units	<u>609,105</u>	<u>-</u>	<u>-</u>	<u>609,105</u>	<u>598,432</u>	
Total investment in Super Color Digital, LLC	<u>2,035,667</u>	<u>11,011</u>	<u>-</u>	<u>2,046,678</u>	<u>2,013,289</u>	6.23

The accompanying notes are an integral part of these financial statements.

SILVER STATE OPPORTUNITIES FUND LLC

Schedule of Co-Investments (Continued)

June 30, 2016

Investments	Cumulative			Net Cost	Fair Value	Percentage of Members' Equity
	Invested Amount	PIK Interest/ Amortization	Return of Capital Distributions			
<i>Investment in Dermatology Management, LLC, an operator of dermatology clinics across Nevada, California and Arizona</i>						
West Dermatology Management Holdings, LLC, 1,000,000 class B units	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,414,304</u>	<u>4.37</u>
Total co-investments	<u>\$18,907,288</u>	<u>\$12,950</u>	<u>\$-</u>	<u>\$18,920,238</u>	<u>\$17,752,960</u>	<u>54.90%</u>

The accompanying notes are an integral part of these financial statements.

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements

June 30, 2017 and 2016

1. Organization and Purpose

Silver State Opportunities Fund LLC (the “Company”), a Nevada limited liability company, was formed on July 25, 2012 and commenced operations on August 14, 2012. HL Nevada Fund Manager LLC (the “Manager”) is the sole manager and a member of the Company. Nevada Capital Investment Corporation (the “NCIC”) is also a member of the Company. The Manager and the NCIC are collectively referred to as the Members. The Amended and Restated Limited Liability Company Agreement, dated August 1, 2012 (the “Agreement”), was entered into between the Members. Terms used, but not defined herein, shall have the meanings assigned to them in the Agreement.

The Company was formed to provide enhanced risk-adjusted returns through investments directly, including through co-investments (“co-investments”) that are made along with private equity and other investment sponsors, and indirectly through private equity funds (“fund investments”), including buyout, venture capital, growth, mezzanine, distressed and special situation funds. Fund investments may include, without limitation, investments in private equity funds in the secondary market. Fund investments and co-investments are collectively hereinafter referred to as “portfolio investments”.

The Company will ensure that 70% of all portfolio investments are located, or are seeking to be located, in the State of Nevada (“70% Requirement”), and that 100% of venture capital investments are located in the State of Nevada. Generally, portfolio companies will be considered to be located in the State of Nevada if they (a) have their headquarters in the State of Nevada, (b) have a significant percentage of their employees in the State of Nevada, or (c) are in the process of planning an expansion into or relocation into the State of Nevada. The Agreement contains numerous guidelines and principles regarding how the 70% Requirement is to be calculated.

Hamilton Lane Advisors, L.L.C. (“Hamilton Lane”), an affiliate of the Manager, serves as the investment manager of the Company.

The Agreement provides that the Company shall terminate on the earlier of (a) one year after the date on which the last portfolio investment has been liquidated, or (b) either August 1, 2022 (if the option to make capital commitments to the Second Tranche (see Note 3) is not exercised by the NCIC) or the tenth anniversary of the first day of the commitment period of the Second Tranche (if the option to make capital commitments to the Second Tranche is exercised by the NCIC), provided that, in either case, the Manager may extend the term of the Company for up to two successive one-year periods in its sole discretion.

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

2. Significant Accounting Policies

Basis of Presentation The Company prepares its financial statements on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”). The Manager has determined that the Company is an investment company for purposes of accounting and financial reporting in accordance with Accounting Standards Codification 946, *Financial Services – Investment Companies* (“ASC 946”). U.S. GAAP for an investment company requires investments to be recorded at their estimated fair value.

Use of Estimates The preparation of financial statements in conformity with U.S. GAAP requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates and such differences could be material.

Concentration of Market, Credit and Industry Risks The Company’s portfolio investments are illiquid, non-publicly traded securities and are realized as distributions from portfolio investments are made and when portfolio investments are disposed of. These portfolio investments are subject to various risk factors including market, credit and industry risks. Market risk represents the potential loss in value of financial instruments caused by movements in market variables, such as interest rates. Other risks affecting these portfolio investments include, but are not limited to, increasing competition, rapid changes in technology and changes in economic conditions. These risk factors could have a material effect on the ultimate realizable value of the Company’s portfolio investments. The Company’s investment portfolio is concentrated in the State of Nevada.

Valuation of Investments Fund investments are reflected in the accompanying Statements of Assets, Liabilities and Members’ Equity at estimated fair value as of June 30, 2017 and 2016 in accordance with Accounting Standards Codification 820, *Fair Value Measurement* (“ASC 820”).

ASC 820 allows a reporting entity, as a practical expedient, to estimate fair value of certain alternative investments at the net asset value as reported by the investee entity in instances where the net asset value has been calculated in a manner consistent with ASC 946. The Manager’s valuation of fund investments is generally equal to or based upon the reported capital account or net asset value of the underlying fund investments as of June 30, 2017 and 2016. In addition, the Manager considers various factors, including current net asset valuations of the funds, the basis of accounting that the financial statements of the funds are prepared in accordance with and other financial information provided by the general partners of the funds to determine if any adjustments should be made to the reported capital account or net realizable value. Because the funds’ investments are primarily in private equity and equity-related investments that are not publicly traded, market quotations are generally not available to be used for valuation purposes.

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

Therefore, most of the funds' underlying investments are generally required to be valued at estimated fair values using present value and other subjective valuation techniques. For investments held by the funds, or directly held by the Company, that are publicly traded and for which market quotations are available, valuations are generally based on the closing sales prices, or an average of the closing bid and ask prices, as of the valuation date.

The Company's co-investments are also in private equity and equity-related investments that are generally not publicly traded, and thus, market quotations are not available to be used for valuation purposes. Therefore, the Manager is required to value these co-investments at estimated fair values, using present value and other subjective valuation techniques. These may include reference to market multiples, valuations for corresponding investments prepared by the financial sponsor, valuations for comparable companies, public market or private transactions, subsequent developments concerning the companies to which the securities relate, results of operations, financial condition, cash flows, and projections of such companies provided to the Manager and such other factors as the Manager may deem relevant. Depending on the circumstances, company multiples will not always be comparable due to the size of the related companies or associated transactions being used as comparable data in valuation. Generally these co-investments represent co-investments with financial sponsors with whom another Hamilton Lane partnership or client has invested, and these co-investments are generally valued at the same relative amount as the corresponding investment is valued by the financial sponsor in its private equity fund.

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-07, *Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate Net Asset per Share (or Its Equivalent)* ("ASU 2015-07"). ASU 2015-07 removed the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The guidance is required for fiscal years beginning after December 15, 2016 and for interim periods within those years, however, early adoption is permitted. ASU 2015-07 is required to be applied retrospectively to all periods presented beginning in the period of adoption. The General Partner elected to early adopt ASU 2015-07 effective for the year ended June 30, 2016. The impact of this adoption on the investment disclosures is further described in Note 5.

Income Recognition The Company's primary source of income is investment income and gains recognized upon distributions from the portfolio investments and unrealized appreciation in the fair value of its portfolio investments. The Company generally recognizes investment income and realized gains based on the characterization of distributions provided by the portfolio investments at the time of the distributions. Interest income and interest on paid-in-kind instruments, including amortization of premium or discount, are recorded on an accrual basis. Dividend income is recorded on the ex-dividend date or the date the Company becomes aware of

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

the dividend. Other income from portfolio investments, which represents operating income from investment partnerships or other flow through entities received by the Company, is recorded on the date received.

Realized gains and losses from the sale of portfolio investments represent the difference between the original cost of the investments, as adjusted for return of capital distributions (net cost) and the related net proceeds received at the time of the sale, disposition or distribution date. The Company records realized gains and losses on portfolio investments when securities are sold, distributed to the members or written-off as worthless. The differences between the net cost and the estimated fair value of investments owned as of June 30, 2017 and 2016 represent the net change in unrealized appreciation (depreciation) on investments in the Statements of Operations.

Contingencies The Company enters into agreements that contain a variety of indemnifications. The Company's maximum exposure under these arrangements is unknown. However, the Company has not had prior claims or losses attributable to these agreements and expects the risk of loss to be remote.

Cash All cash was held in U.S. dollars as unrestricted cash with financial institutions in amounts which, at times, may have exceeded federally insured limits.

Interest Income and Expense The fund investments in which the Company invests are often funded through multiple closings to admit limited partners to the fund. Limited partners admitted subsequent to each fund's initial closing generally are required to contribute, at the time of their admittance, the same percentage of their total committed capital as the existing limited partners have contributed as of that date. In addition, each subsequently admitted limited partner is generally required to pay an additional amount equal to a specified rate of interest. The interest is generally distributed to the previously admitted partners in order to compensate them for the time value of their earlier capital contributions. Generally, these interest payments are not considered to be part of a limited partner's capital contribution to the fund and are not credited to their capital account.

Interest payments of this type that are made by the Company when it joins an existing fund are accounted for by the Company as interest expense. In situations where the Company is treated as receiving interest payments directly from other subsequently admitted limited partners, the Company accounts for the amount received as interest income.

Income Taxes The Company is a Nevada limited liability company and is taxed as a partnership for federal income tax purposes. No provision for federal, state or foreign income taxes has been made in the accompanying financial statements, as such taxes, if any, are the responsibility of the individual Members rather than the Company.

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

Accounting Standards Codification 740, *Income Taxes* (“ASC 740”) provides guidance regarding how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing an entity’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions deemed to meet the more-likely-than-not threshold of being sustained would be recorded as a tax benefit in the current period. The Manager has reviewed the Company’s tax positions for all open tax years and has concluded that no provision for income taxes is required in the Company’s financial statements for uncertain tax positions.

The Company files U.S. federal and state partnership tax returns, of which the 2016, 2015, 2014 and 2013 returns remain subject to examination by the applicable tax authorities. There are currently no examinations being conducted.

The Company recognizes interest and penalties, if any, related to the underpayment of income taxes, including those resulting from the late filing of tax returns, as operating expenses in the Statements of Operations. The Company did not incur any such interest or penalties during the years ended June 30, 2017 and 2016.

3. Capital Contributions

The NCIC and the Manager currently have capital commitments to the Company of \$50,000,000 and \$505,051, respectively (the “First Tranche”). The NCIC has the right, but not the obligation, to increase its capital commitment by an amount, which the increase would be effective after the end of the commitment period for the First Tranche (or such other date as the NCIC and the Manager may agree). If the NCIC elects to make such an additional commitment, both the amount of the NCIC’s additional commitment and an additional commitment from the Manager shall be established by agreement between the NCIC and the Manager (together, the “Second Tranche”).

The following table summarizes the Company’s capital contributions as of June 30, 2017, all of which relate to the First Tranche:

	<u>NCIC</u>	<u>Manager</u>	<u>Total</u>
Total committed capital	\$50,000,000	\$505,051	\$50,505,051
Capital contributed	(40,079,506)	(381,812)	(40,461,318)
Recallable distributions	<u>1,502,378</u>	<u>15,176</u>	<u>1,517,554</u>
Remaining commitments	<u>\$11,422,872</u>	<u>\$138,415</u>	<u>\$11,561,287</u>

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

The NCIC has contributed 80.16% of their committed capital to the Company as of June 30, 2017. The Company will periodically issue additional capital calls to its Members as cash is required to purchase portfolio investments, fund capital calls received from the various portfolio investments and to pay expenses.

The Agreement specifies that, except as required by law, the Members shall not be obligated to make any contributions to the Company in excess of their capital commitments to the Company, or have any liability for the debts and obligations of the Company.

4. Allocations of Distributions and Income, Gains and Losses

Distributions With respect to each tranche, proceeds from the sale of portfolio investments, distributions received from fund investments, and dividends and other distributions received in respect of co-investments, will generally be allocated between the Members in proportion to their percentage interest with respect to the particular portfolio investment giving rise to such proceeds. The amount allocated to the Manager will be distributed to the Manager. The amount initially allocated to the NCIC will then be reallocated and distributed as follows:

- (a) First, 100% to the NCIC until the cumulative distributions pursuant to this clause (a) from all investments that have been disposed of equal the aggregate of the following:
 - (i) The NCIC's aggregate capital contributions that were used to fund the purchase of all investments that have been disposed of, including the pro rata portion of the acquisition cost of any investments that have been partially disposed of; and
 - (ii) The NCIC's proportionate share of the cumulative fees and expenses borne by the Company that are allocable to the investments referred to in (i).
- (b) Thereafter, 90% to the NCIC and 10% to the Manager.

The Agreement provides that if at the time an amount would be distributable to the Manager pursuant to clause (b) above, the 70% Requirement has not been met, then the amounts otherwise distributable to the Manager will be held in escrow until the 70% Requirement has been met. If the 70% Requirement has not been met at the end of the commitment period, any escrowed proceeds will be distributed to the NCIC.

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

Upon the dissolution of the Company, if the cumulative distributions distributed to the Manager pursuant to clause (b) above with respect to any tranche exceed 10% of the cumulative investment proceeds, net of investment expenses, the Manager will contribute to the Company an amount equal to the excess amount.

Distributable cash derived from temporary investments will be allocated and distributed among the Members based on their respective percentage interests.

For the years ended June 30, 2017 and 2016, the Manager was allocated \$215,870 and \$(124,524) of unrealized carried interest, respectively. These amounts, which are reflected in the accompanying financial statements, were calculated based on the Company's results of operation from inception of the Company through June 30, 2017 and 2016, including the unrealized appreciation of the Company's portfolio investments as of June 30, 2017 and 2016. The cumulative unrealized carried interest amounts allocated to the Manager from the inception of the Company through June 30, 2017 and 2016 totaled \$215,870 and \$0, respectively. The carried interest amounts that will actually be distributed to the Manager in the future will be based on the amounts ultimately realized from the Company's remaining portfolio investments, and the payments may be different than the amounts reflected in the accompanying financial statements, and the difference could be material.

5. Portfolio Investments

Fund Investments held at June 30, 2017

As of June 30, 2017, the Company held five fund investments, the fair market values of which represent more than 5% of the Company's net assets. Brentwood Associates Private Equity V, L.P. invests primarily in middle-market consumer, consumer-related and business services companies, targeting management buyouts, growth equity investments and recapitalizations. Convergent Capital Partners III, L.P. ("Convergent") invests principally in debt securities of companies that are small-to-mid-size growth companies that require capital for expansion, management buyouts, acquisitions or recapitalizations. Enhanced Small Business Investment Company, LP ("ESBIC") seeks to maximize portfolio return from business entities located in the United States by generating current income from debt investments and capital appreciation from equity and equity-related investments. HCAP Partners III, L.P. ("HCAP") invests primarily in established companies and companies located in California with a particular emphasis on businesses underserved by traditional capital sources. Waterton Precious Metals Fund II Cayman, LP ("Waterton") invests in precious metals assets in stable mining jurisdictions. On a look through basis, there are no portfolio company investments in which the Company's indirect ownership of the portfolio company would represent greater than 5% of the Company's net assets.

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

Fund Investments held at June 30, 2016

As of June 30, 2016, the Company held four fund investments, the fair market values of which represent more than 5% of the Company's net assets. Convergent invests principally in debt securities of companies that are small-to-mid-size growth companies that require capital for expansion, management buyouts, acquisitions or recapitalizations. ESBIC seeks to maximize portfolio return from business entities located in the United States by generating current income from debt investments and capital appreciation from equity and equity-related investments. HCAP invests primarily in established companies and companies located in California with a particular emphasis on businesses underserved by traditional capital sources. Waterton invests in precious metals assets in stable mining jurisdictions. On a look through basis, there are no portfolio company investments in which the Company's indirect ownership of the portfolio company would represent greater than 5% of the Company's net assets.

All of the Company's fund investments are generally considered to be illiquid investments. The Company will achieve liquidity only as and when the funds sell their portfolio company investments and distribute the proceeds received from the disposition of those investments to the Company and the funds' other investors. These funds are expected to have a life of eight to twelve years. It is also possible for the Company to dispose of its interests in the fund investments in the secondary market.

Unfunded Commitments The Company's fund investments are summarized on the Schedules of Fund Investments. At June 30, 2017, the Company had unfunded commitments of \$8,957,486 outstanding. At June 30, 2016, the Company had unfunded commitments of \$11,499,766 outstanding. These commitments are expected to be funded from member capital contributions not yet called by the Company.

Co-Investments

As of June 30, 2017, the Company held interests in six co-investments, many of which are held indirectly through investments in special purpose entities.

Montreux Equity Partners V Associates IIIB, LLC is a special purpose entity formed for the purpose of investing in Kareo, Inc. ("Kareo"). Kareo is a cloud-based medical software platform for small physician practices. The Company indirectly owns 1.00% of Kareo.

The Company owns 195,500.8034 class A units in MRG Acquisition Holdings, LLC through which the Company indirectly invests in Marshall Retail Group Holdings Company, Inc., a specialty retailer providing turnkey solutions to casino hotels and airport operators.

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

The Company owns 2,157,680.25 class A-1 units in Rural Physicians Holdings, LLC through which the Company indirectly invests in Rural Physicians Group (“RPG”). RPG provides rotating hospitalists to critical access and rural hospitals in the U.S.

The Company invests in Softvision, LLC (“Softvision”) (formerly known as Software Paradigms International Group, LLC) debt whose terms are \$5,000,000 senior subordinated note, 12.50%, 11/23/21. Softvision is an outsourced IT services software provider with an exclusive focus on mobile application development and maintenance.

The Company invests in Super Color Digital, LLC (“SCD”) debt whose terms are \$1,443,815 subordinated note, 14.00%, 3/1/21. The Company also invests in 5,264.448 SCD Holdings LLC common units. SCD is a turnkey provider of grand-format graphics, event structures, and visual solutions.

The Company owns 2,500,000 class B units in West Dermatology Management Holdings, LLC through which the Company indirectly invests in Dermatology Management, LLC, an operator of dermatology clinics across Nevada, California and Arizona.

Supplemental Investment Disclosures The following tables categorize the Company’s co-investments by country and industry as of June 30, 2017:

	<u>Net Cost</u>	<u>Fair Value</u>	<u>Percentage of Members’ Equity</u>
<u>Country</u>			
United States	<u>\$17,048,544</u>	<u>\$20,986,188</u>	<u>56.62%</u>
<u>Industry</u>			
Consumer discretionary	\$ 2,000,000	\$ 2,286,136	6.17%
Healthcare	8,057,680	11,694,870	31.55
Technology	<u>6,990,864</u>	<u>7,005,182</u>	<u>18.90</u>
	<u>\$17,048,544</u>	<u>\$20,986,188</u>	<u>56.62%</u>

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

The following tables categorize the Company's co-investments by country and industry as of June 30, 2016:

	<u>Net Cost</u>	<u>Fair Value</u>	<u>Percentage of Members' Equity</u>
<u>Country</u>			
United States	<u>\$18,920,238</u>	<u>\$17,752,960</u>	<u>54.90%</u>
<u>Industry</u>			
Consumer discretionary	\$ 2,000,000	\$ 1,725,046	5.33%
Financial services	3,571,621	1,139,656	3.52
Healthcare	6,400,000	7,973,030	24.66
Technology	<u>6,948,617</u>	<u>6,915,228</u>	<u>21.39</u>
	<u>\$18,920,238</u>	<u>\$17,752,960</u>	<u>54.90%</u>

The Company's co-investments are generally considered to be illiquid investments. The Company will achieve liquidity only as and when the investor group that owns each investment, and which the Company is a member of, sells the portfolio company. The Company generally expects to hold each of these co-investments for a period of three to seven years. It is also possible for the Company to dispose of its interest in these co-investments in the secondary market.

Fair Value Measurements The Company valued its investments, in the absence of observable market prices, using the valuation methodologies described in Note 2. All of the Company's fund investments are valued using the net asset value per share practical expedient. Therefore, none of the Company's fund investments are classified in the fair value hierarchy.

Also, as discussed in Note 2, the Company adopted ASU 2015-07 effective for the year ended June 30, 2016. The adoption of ASU 2015-07 did not have any impact on the manner in which the Company measured the fair value of its portfolio investments, but did eliminate many of the disclosures previously provided with regard to the investments when they were classified within the fair value hierarchy.

The Manager's determination of fair values is based on the best information available in the circumstances and involves significant management judgment. Because of the inherent uncertainties involved in the valuation of investments that are not publicly traded, the resultant estimated values may differ significantly from the values that would have been used had observable market prices for the investments existed, and the differences could be material.

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

In accordance with ASC 820, investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments which would generally be included in Level I include listed equities.

Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in Level II include corporate bonds and loans, and less liquid and restricted equity securities.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Those unobservable inputs, that are not corroborated by market data, generally reflect the reporting entity's own assumptions about the assumptions market participants would use in determining the fair value of the investment. The types of investments which would generally be included in Level III include equity and/or debt securities issued by private entities and investments in private equity investment funds.

In situations where the inputs used to measure fair value fall into different levels of the fair value hierarchy, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Changes in valuation techniques can result in transfers in or out of an asset or liability's assigned level within the hierarchy during the year. It is the Company's policy to recognize all transfers as of the end of the year. There were no transfers between levels under the hierarchy during the years ended June 30, 2017 and 2016. Additionally, there were no significant changes to the Company's fair valuation methodologies.

The following table summarizes the Partnership's co-investments measured at fair value on a recurring basis by the above fair value hierarchy levels as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Level III co-investments:		
Member and Limited Partner interests	\$14,583,783	\$10,296,508
Debt securities	6,402,405	6,316,796
Equity securities	-	1,139,656
Total Level III co-investments	<u>\$20,986,188</u>	<u>\$17,752,960</u>

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

The changes in the fair value of the Company's co-investments, which are classified as Level III are as follows:

	Equity Securities	Member and Limited Partner Interests	Debt Securities	Total
Balance at June 30, 2015	\$10,958,861	\$ 3,000,000	\$ -	\$13,958,861
Non-cash interest income	-	-	12,950	12,950
Purchase of co-investments	958,157	400,000	6,326,562	7,684,719
Net change in unrealized (depreciation) appreciation on investments	(4,602,062)	721,208	(22,716)	(3,903,570)
Balance at June 30, 2016	7,314,956	4,121,208	6,316,796	17,752,960
Non-cash interest income	-	-	42,246	42,246
Purchase of co-investments	-	1,657,681	-	1,657,681
Net realized loss on investments	(3,571,621)	-	-	(3,571,621)
Net change in unrealized appreciation on investments	2,431,965	2,629,594	43,363	5,104,922
Reclassification	(6,175,300)	6,175,300	-	-
Balance at June 30, 2017	<u>\$ -</u>	<u>\$14,583,783</u>	<u>\$6,402,405</u>	<u>\$20,986,188</u>

Total unrealized appreciation (depreciation) recorded with respect to the Company's Level III investments are reported in "Net change in unrealized appreciation (depreciation) on investments" in the Statements of Operations. The net change in unrealized appreciation (depreciation) on investments included in earnings related to investments still held at the end of each year totaled \$2,672,957 and \$(3,903,570) during the years ended June 30, 2017 and 2016, respectively.

The following table provides quantitative measures used to determine the fair values of the Level III co-investments as of June 30, 2017:

Industry	Level III Fair Value	Valuation Technique	Unobservable Input	Input	Weighted Average
Consumer discretionary	\$ 2,286,136	Market approach	EBITDA multiple	10.3x	N/A
Healthcare	11,694,870	Market approach	EBITDA multiple	5.5x-10x	7.8x
		Market approach	Revenue multiple	2.2x	2.2x
Technology	<u>7,005,182</u>	Market approach	Market yield	12.9%-13.5%	13.0%
			Revenue multiple	0.5x	Note A
			EBITDA multiple	5.9x	Note A
			Total asset multiple	0.7x	Note A
	<u>\$20,986,188</u>				

Note A – Value is derived from a blend of the three unobservable inputs.

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

The following table provides quantitative measures used to determine the fair values of the Level III co-investments as of June 30, 2016:

Industry	Level III Fair Value	Valuation Technique	Unobservable Input	Input	Weighted Average
Consumer discretionary	\$ 1,725,046	Market approach	EBITDA multiple	9.4x	N/A
Financial services	1,139,656	Market approach	EBITDA multiple	8.1x	N/A
Healthcare	7,973,030	Market approach	EBITDA multiple	2.4x-5.6x	4.6x
Technology	<u>6,915,228</u>	Recent transaction ^(A)	N/A	N/A	N/A
	<u>\$17,752,960</u>				

^(A)One or more of the investments in this industry represent recent acquisitions, generally defined as investments purchased within six months of valuation date, which are valued at cost, adjusted as necessary for changes in unobservable inputs, market conditions and other similar transactions.

6. Operating Expenses

The Agreement provides that the Company will bear all costs and expenses incurred in connection with the purchase, holding, sale or exchange of portfolio investments, including, but not limited to, (a) fees payable for professional services rendered to the Company, including those payable to the Company's lawyers, accountants, custodian and administrator, (b) marketing expenses, including conferences, memberships, and special events of up to \$50,000 annually, (c) third-party diligence resources required to evaluate investments (d) organization costs incurred in connection with the formation and organization of the Company, and (e) management fees payable to the Manager (see below).

The Manager and Hamilton Lane will bear all normal operating expenses incurred in connection with the management of the Company, including, without limitation, rent, salaries of employees, and other normal overhead expenses.

7. Related Party Transactions

As compensation for services rendered to the Company, the Company pays the Manager an annual management fee (prorated for periods of less than one year). The management fee, which is payable quarterly in advance, is solely funded by, and allocated to, the NCIC.

During the commitment period, the annual management fee was equal to 1% of the NCIC's capital commitment to the Company. As of August 14, 2016, following the end of the commitment period, the annual management fee is equal to 1% of the NCIC's invested capital, subject to a reduction of 10% in each subsequent year, provided that the annual management

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

fee will not be less than \$200,000. No management fees will be assessed after August 14, 2024.

Management fees of \$337,135, and \$500,000 were incurred and paid with respect to the years ended June 30, 2017 and 2016, respectively.

8. Financial Highlights

Financial highlights of the Company for the years ended June 30, 2017 and 2016 for the NCIC are as follows:

	<u>2017</u>	<u>2016</u>
Ratios to average net assets:		
Net investment income (loss)	<u>2.26%</u>	<u>(0.72)%</u>
Expenses:		
Operating expenses	1.37%	2.58 %
Carried interest allocation	0.64	-
Reversal of carried interest allocation	<u>-</u>	<u>(0.52)</u>
Total operating expenses and carried interest allocation (reversal)	<u>2.01%</u>	<u>2.06 %</u>
Internal rates of return from inception through:		
June 30, 2017	<u>2.52 %</u>	
June 30, 2016	<u>(4.81)%</u>	
July 1, 2015	<u>6.59 %</u>	

The internal rates of return were computed based on the actual dates of the cash inflows (capital contributions) and outflows (distributions), and the NCIC's ending equity account balance as of each measurement date (residual value).

The net investment income (loss) and expense ratios were computed as a percentage of average net assets. Average net assets is the weighted average of the aggregate balances in the equity account of the NCIC during the year. Capital contributions were included from the date called and distributions were included from the date paid. Net income (loss) allocable to the NCIC, including net change in unrealized appreciation (depreciation) on investments, was included from the end of each quarter based on quarter-end valuations.

SILVER STATE OPPORTUNITIES FUND LLC

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

Net investment income (loss) is the NCIC's share of the Company's investment income, net of the operating expenses, incurred by the Company. The net investment income (loss) and operating expense ratios do not reflect the effect of the carried interest allocation (reversal) to the Manager. Both the net investment income (loss) and expense ratios relate solely to the Company's operations and do not reflect net investment income (loss) or expenses of the portfolio investments in which the Company has invested.

9. Subsequent Events

The Manager has evaluated events that occurred through October 24, 2017, which is the date these financial statements were available to be issued. There were no material events noted during this period that would require disclosure.



November 9, 2017

To the Board of Directors
Nevada Capital Investment Corporation
Carson City, Nevada

We have audited the financial statements of the governmental activities and the major fund of Nevada Capital Investment Corporation (NCIC) as of and for the year ended June 30, 2017 and have issued our report thereon dated November 9, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated June 9, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the NCIC solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the NCIC is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

There are no sensitive estimates affecting the NCIC's financial statements.

Financial Statement Disclosures

Financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

There were no misstatements that we identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated November 9, 2017.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the NCIC, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the NCIC's auditors.

The financial statements include NCIC and an equity method investment in the Silver State Opportunities Fund (SSOF), which we considered to be significant components of the financial statements. The financial statements of SSOF were audited by other auditors and we did not assume responsibility for the audit performed by the other auditors, rather have referred to their audit in our report. Our decision to refer to the report of the other auditor is based upon our evaluation of the materiality of the SSOF with respect to the financial statements as a whole. Our audit procedures with respect to SSOF included required correspondence with the other auditor, obtaining and reading their auditor's report and the related financial statements, and other procedures as considered necessary. Our audit procedures with respect to NCIC included obtaining an understanding of NCIC and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements of NCIC and completion of further audit procedures.

This report is intended solely for the information and use of the Board of Directors and management of Nevada Capital Investment Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada



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June 30, 2017

Nevada Capital Investment Corporation

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Independent Auditor's Report

To the Board of Directors
Nevada Capital Investment Corporation
Carson City, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Nevada Capital Investment Corporation (NCIC), a component unit of the State of Nevada, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Silver State Opportunities Fund LLC as of and for the year ended June 30, 2017, which represents 100% of the investments and income or loss of the governmental activities and the major fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for Silver State Opportunities Fund LLC are based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the NCIC, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited NCIC's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2016. In our opinion, the summarized comparative information presented herein as of, and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 9, 2017, on our consideration of the NCIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NCIC's internal control over financial reporting and compliance.



Reno, Nevada
November 9, 2017

**State of Nevada, Office of the State Treasurer, Nevada Capital Investment Corporation,
Management's Discussion and Analysis**

During the 2011 Legislative Session, Senate Bill 75 (SB 75) created the Nevada Capital Investment Corporation (NCIC), a nonprofit corporation comprised of a seven member Board of Directors, including appointees by the Governor and legislative leadership. The State Treasurer serves as Chair of the Board of Directors (Board).

The primary goal of the program is provide greater diversification of the investment portfolio of the Permanent School Fund of the State of Nevada and thereby enhance the risk-adjusted return of the Permanent School Fund portfolio. Prior to passage of SB 75, the entire Permanent School Fund was invested in fixed income securities. SB 75 authorizes the State Treasurer to transfer up to \$50 million from the Permanent School Fund to NCIC for Nevada-based private equity investments. Private equity investments can range from venture capital to growth equity to buyout opportunities. Based on the private equity program's Nevada orientation, an ancillary benefit will be to grow and diversify the state's economic base, potentially leading to increased employment in Nevada.

In August 2012, NCIC contracted with the firm of Hamilton Lane to serve as the professional fund-of-funds manager for the program. Together with the NCIC, Hamilton Lane formed the Silver State Opportunities Fund (SSOF) LLC to serve as the investment vehicle to make private equity investments. Hamilton Lane also contributes equity to the SSOF. As the fund-of-funds manager for SSOF, Hamilton Lane has discretionary authority to make all investments within the statutory, regulatory and contractual parameters set by Nevada. Investments consist of both direct co-investments in businesses and investments in private equity funds that have made a commitment to invest in Nevada companies. Hamilton Lane's investment and outreach activity and compliance with the NCIC's investment policy are overseen by the Board.

FINANCIAL HIGHLIGHTS

In Fiscal Year 2017, SSOF was fully committed as of May 13, 2016. Approximately, 85% (\$37.7 million) of committed capital has been drawn from the Permanent School Fund as of June 30, 2017.

In terms of financial performance, the Fund is generating a 2.52% net annual return to the State's Permanent School Fund. On a gross basis, the Fund is generating a 7.01% Internal Rate of Return (IRR). As of June 30, 2017, the NCIC has contributed \$37.7 million and received \$5.8 million in distributions, resulting in \$31.9 million in net contributed capital. Over time, the gap between the gross and net returns is expected to narrow as the Fund matures. The performance is driven by yield-producing fund investments and the Fund's co-investments are expected to contribute future positive value to the Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements contained in this section consist of:

- The Statement of Net Position and Governmental Fund Balance Sheet, which reports assets at fair value, liabilities and the Fund's fund balance/net position, where Assets – Liabilities = Fund Balance/Net Position at the end of the fiscal year.
- The Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, which reports changes to the fund balance that include earnings paid back to the Permanent School Fund and transfers from the Permanent School Fund to NCIC.
- The Notes to the Financial Statements are an integral part of the above financial statements and include additional information not readily evident in the statements themselves.

Fund Balance/Net Position

The NCIC receives transfers periodically from the Permanent School Fund either to fund investments in underlying private equity funds selected by Hamilton Lane or directly in co-investments; to pay Hamilton Lane's management fees; or to pay certain partnership expenses associated with the SSOF. The total amount of transfers from the Permanent School Fund to NCIC at any one time may not exceed \$50 million.

As of June 30, 2017, the NCIC reported a negative fund balance/net position of \$(643,161). This represents NCIC's share of Fund expenses minus interest returned to the Permanent School Fund plus NCIC's share of unrealized appreciation/depreciation on investments.

Summary of NCIC's Fund Balance/Net Position

	<u>2017</u>	<u>2016</u>
Assets		
Investments at Fair Value	<u>\$ 36,480,804</u>	<u>\$ 32,012,617</u>
Liabilities		
Due to Permanent School Fund	37,123,965	34,571,792
Fund Balance/Net Position	<u>(643,161)</u>	<u>(2,559,175)</u>
Total Liabilities and Fund Balance/Net Position	<u>\$ 36,480,804</u>	<u>\$ 32,012,617</u>

Summary of Changes In Fund Balance/Net Position

The Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance reports changes to the fund balance/net position, which include earnings paid back to the Permanent School Fund and transfers from the Permanent School Fund to NCIC.

Summary of Changes in NCIC's Fund Balance

	<u>2017</u>	<u>2016</u>
Net Change in Investments	\$3,876,898	\$(3,054,781)
Earnings paid to Permanent School Fund	<u>1,960,884</u>	<u>340,788</u>
Net Change in Fund Balance	1,916,014	(3,395,569)
Fund Balance/Net Position, Beginning of Year	<u>(2,559,175)</u>	<u>836,394</u>
Total Liabilities and Fund Balance/Net Position	<u>\$(643,161)</u>	<u>\$(2,559,175)</u>

ECONOMIC FACTORS AND CURRENTLY KNOWN FACTS

The Fund's capital deployment is on pace, with approximately 85% (\$37.7 million) of the Fund invested/committed as of June 30, 2017. The Fund's impact on the State extends beyond the returns to the Permanent School Fund, employment, and economic activity directly attributable to portfolio companies. The Fund's activities are helping to create a new private equity ecosystem in the State and providing local companies with access to the broader private investment community. Since the program's launch in 2012, five new private equity investment offices have been opened in the State and four new investment professionals are now based in Nevada. The State has benefited from the two Silver State Investor Forums created by the Fund which has brought over 70 leading investment managers to the state, giving the local business community a chance to showcase its strengths and improve connections between Nevada-based companies and broader sources of capital.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the Nevada Capital Investment Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Nevada Treasurer's Office, NCIC Program, 101 N. Carson Street., Suite 4, Carson City, NV 89701.

Nevada Capital Investment Corporation
Statement of Net Position and Governmental Fund Balance Sheet
June 30, 2017
(with comparative amounts for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Assets		
Noncurrent assets		
Investments, at fair value		
Investment in Silver State Opportunities Fund, LLC	<u>\$ 36,480,804</u>	<u>\$ 32,012,617</u>
Liabilities and Fund Balances		
Noncurrent Liabilities		
Due to State of Nevada Permanent School Fund	<u>\$ 37,123,965</u>	<u>\$ 34,571,792</u>
Fund balance/net position		
Restricted	<u>(643,161)</u>	<u>(2,559,175)</u>
Total Liabilities and Fund Balance	<u>\$ 36,480,804</u>	<u>\$ (643,161)</u>

Nevada Capital Investment Corporation
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures,
and Changes in the Fund Balance
Year Ended June 30, 2017
(with comparative amounts for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
General Revenue		
Investment income/(loss)	<u>\$ 3,876,898</u>	<u>\$ (3,054,781)</u>
Expenditures/Expenses		
Earnings paid to State of Nevada Permanent School Fund	<u>1,960,884</u>	<u>340,788</u>
Net Change in Fund Balance/Net Position	1,916,014	(3,395,569)
Fund Balance/Net Position, Beginning of Year	<u>(2,559,175)</u>	<u>836,394</u>
Fund Balance/Net Position, End of Year	<u><u>\$ (643,161)</u></u>	<u><u>\$ (2,559,175)</u></u>

Note 1 - Summary of Significant Accounting Policies

Reporting Entity and Purpose

The Nevada Capital Investment Corporation (the NCIC), a not-for-profit organization, was formed in 2011 and headquartered in Carson City, Nevada. The NCIC is supported through commitments from the State of Nevada Permanent School Fund. The mission of the NCIC is to invest in private companies, primarily located in Nevada, through the services of a professional fund manager whose investment objectives must promote greater returns for the Permanent School Fund and secondarily increase economic development and employment in Nevada.

The Board of Directors approved an Amended and Restated Limited Liability Company Agreement (the Agreement) on August 1, 2012 between the NCIC and HL Nevada Fund Manager LLC (the Manager), which created the Silver State Opportunities Fund LLC (SSOF), a Nevada limited liability company. NCIC owns a 99% equity interest in SSOF for the purpose of obtaining income, and therefore is required to report its equity interest as an investment in SSOF (see Note 3). The Manager owns the other 1%. Separate financial statements of SSOF can be obtained from the State of Nevada Treasurer's Office, NCIC Program, 101 N. Carson Street., Suite 4, Carson City, NV 89701.

The SSOF will ensure that 70% of all portfolio investments are located, or are seeking to be located in Nevada, and that 100% of venture capital investments are located in Nevada. Generally, companies will be considered to be located in Nevada if they (1) have their headquarters in Nevada, (2) have a significant percentage of their employees in Nevada, or (3) are in the process of planning an expansion into or relocation to Nevada.

Hamilton Lane Advisors, LLC (Hamilton Lane), an affiliate of the Manager, serves as the investment manager of the SSOF.

The Agreement provides that the SSOF shall terminate on the earlier of (1) one year after the date on which the last portfolio investment has been liquidated, or (2) either August 1, 2022 (if the option to make capital commitments to the Second Tranche (see Note 4) is not exercised by the NCIC) or the tenth anniversary of the first day of the commitment period of the Second Tranche (if the option to make capital commitments to the Second Tranche is exercised by the NCIC), provided that, in either case, the Manager may extend the term of the SSOF for up to two successive one-year periods in its sole discretion.

Basis of Presentation

The NCIC is considered a governmental not-for-profit because of its relationship with the State of Nevada Permanent School Fund, a permanent fund of the State of Nevada. The financial statements have been prepared in accordance with generally accepted accounting principles prescribed by Government Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

The NCIC is a component unit of the State of Nevada as defined in GASB Statement No. 61, *The Financials Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and 34*, and thus included in the State of Nevada's Comprehensive Annual Financial Report.

Government-Wide and Governmental Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements are prepared using the economic resources measurement focus and the full accrual basis of accounting.

The governmental fund financial statements for the NCIC have been prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the NCIC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Investment earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Expenditures generally are recorded when the related liabilities are incurred, as under accrual accounting.

Assets, Liabilities and Fund Balance/Net Position

Cash and Investments

Cash equivalents are considered to be short-term highly liquid investments (3 months or less) that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value. Investments are carried at fair value.

Pursuant to Nevada Revised Statute (NRS) 335.060(2)(l), the NCIC is permitted to invest in limited partnerships or limited-liability companies described in NRS 355.280 for the purpose of making private equity investments. Requirements for investments are as follows:

- At least 70% of all private equity funding provided by the NCIC is provided to businesses located in the State of Nevada, or seeking to locate to the State of Nevada.

Businesses are primarily engaged in the following industries:

- Health care and life sciences
- Cyber security
- Homeland security and defense
- Alternative energy
- Advanced materials and manufacturing
- Information technology
- Any other industry the Board of Directors of the NCIC determines will likely meet the targets for investment returns established by the NCIC for investments authorized by NRS 355.250 to NRS 355.285, and comply with sound fiduciary principles.

Valuation of Investments

The NCIC's investment in SSOF is its equity interest of SSOF based on the net asset value of the entity of which the underlying investments as reported in the audited financial statements of SSOF are a significant input.

Equity Classifications

In the governmental fund financial statements, equity is classified as fund balance. Fund balance is further classified in the following components:

Nonspendable – Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the law or regulations of other governments.

Committed – Amounts that can only be used for specific purposes determined by formal approval of the Board of Directors. A similar action would be required to rescind or modify a commitment.

Assigned – Amounts that the NCIC intends to use for a specific purpose, that do not meet the definition of restricted or committed fund balance.

Unassigned – All other spendable amounts.

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, reduced by accumulated depreciation and the outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets, if any. Restricted net position consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Unrestricted net position is net position not meeting the definition of the other categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the NCIC considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the NCIC considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

The fund balance/net position of NCIC is restricted pursuant to Nevada Administrative Code (NAC) 355 which governs the program to invest in private equity a certain amount of money from the State Permanent School Fund, and requires the allocation of the returns on investments and the return of the corpus of investments to the Permanent School Fund after the defined investment period.

Note 2 - Stewardship and Compliance

Compliance with Nevada Revised Statutes and Nevada Administrative Code

The NCIC conformed to all significant statutory constraints on its financial administration during the year.

Note 3 - Investments

The NCIC categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The NCIC does not have any investments that are measured using Level 1 or 2 inputs.

As of June 30, 2017, the NCIC had the following investment:

<u>Investment</u>	<u>Fair Value Measurement Using Level 3 Inputs</u>
SSOF	\$ 36,480,804

Investments categorized as Level 3 are valued using pricing inputs that are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Those unobservable inputs are not corroborated by market data, generally reflect the reporting entities own assumptions about the assumptions market participants would use in determining the fair value of the investment. The types of investment which would generally be included in Level 3 include equity and/or debt securities issued by private entities and investments in private equity investment funds.

As previously noted, Nevada Revised Statutes (NRS 355.280) set forth acceptable investments for the NCIC. The SSOF has a formal investment policy that in the opinion of management is designed to ensure conformity with the State Statutes and seeks to limit exposure to investment risks.

All investments are governed by the Board of Directors' prudent investor policy. The prudent investor policy is a standard to guide with responsibility for investing money of others. Such fiduciaries, must act as a prudent person would be expected to act, exercising care, skill, and diligence appropriate to the task.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2017, the following investment exceeded 5% of the NCIC's total:

<u>Investment</u>	<u>Fair Value</u>	<u>Percentage</u>
SSOF	\$ 36,480,804	100%

The NCIC's investment in SSOF is its equity interest of SSOF based on the net asset value of the entity of which the underlying investments as reported in the audited financial statements of SSOF are a significant input. The underlying investments in SSOF are diversified to mitigate risk as indicated in the SSOF Investment Policy.

The Board of Directors has overall responsibility for the investment of the NCIC's funds, in accordance with NRS 355.280. The Manager of the SSOF is responsible for the daily operations of the SSOF and has complete discretionary authority in making fund investments.

Note 4 - Commitments

The NCIC currently has commitments to the SSOF of \$50,000,000 (the First Tranche). As of June 30, 2017, the NCIC has fulfilled \$40,079,506 of its total commitment.

The NCIC has the right, but not the obligation, to increase its capital commitment by which would be effective after the end of the First Tranche (or such other date as the NCIC and the Manager may agree). If the NCIC elects to make such an additional commitment, both the amount of the NCIC's additional commitment and an additional commitment from the Manager shall be established by agreement between the NCIC and the Manager (the Second Tranche).

Note 5 - Related Party Transactions

Pursuant to NRS 355.280 the State of Nevada Treasurer has the ability to transfer an amount not to exceed \$50,000,000 from the State of Nevada Permanent School Fund to the NCIC. This transfer of funds will be returned to the State of Nevada Permanent School fund in addition to investment earnings by the termination of the NCIC. As stated in Note 4, the NCIC has fulfilled \$40,079,506 of its \$50,000,000 commitment to the SSOF, of which \$37,123,965 is due to the State of Nevada Permanent School Fund as of June 30, 2017.



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Board of Directors
Nevada Capital Investment Corporation
Carson City, Nevada

We have audited, 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, the financial statements of the governmental activities and each major fund of the Nevada Capital Investment Corporation (NCIC), a component unit of the State of Nevada as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise NCIC's basic financial statements, and have issued our report thereon dated November 9, 2017. Our report includes a reference to other auditors who audited the financial statements of the Silver State Opportunities Fund LLC, as described in our report on the NCIC's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NCIC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NCIC's internal control. Accordingly, we do not express an opinion on the effectiveness of NCIC's internal control.

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 and correct, 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCIC's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
November 9, 2017



Nevada
Capital
Investment
Corporation

MEMO

TO: NCIC Board Members

FROM: Tara Hagan, Chief Deputy Treasurer

SUBJECT: Board to Receive an update regarding the Accion LLC Agreement

DATE: November 9, 2017

Summary

During the May 4, 2017 NCIC Board meeting, the Board approved an investment in Accion LLC for \$1 million over a ten-year period with the interest to be a minimum of 2.5% . The investment agreement does allow for an annual review of the interest rate consistent with the Internal Revenue Service (IRS) Section 1274D published rates. The Board unanimously voted to approve this investment option.

Reports

The monies were invested with Accion in August 2017. Therefore, staff has provided the attached report which provides the Board with the following:

- Gender
- Ethnicity
- Application Close Date
- New Loan Proceeds
- Refinance Proceeds
- Totals
- County
- Total Jobs
- FTE

During the first meeting in 2018, in addition to the attached report, Staff and Accion will also provide the 2017 third and fourth quarter financial statements Accion Non Profit and Accion LLC.

Tara Hagan, Chief Deputy will be available to answer questions.

Accion Loan Report
July 1 2017 - September 30 2017

Loan #	Gender	Ethnicity	Application Close Date	New Loan Proceeds	Refinance	TOTAL	County	Total Jobs	FTE
46889	M	White	8/22/2017	\$12,600.00		\$12,600.00	Clark	1	1.00
46718	M	Hispanic/Latio	8/9/2017	\$2,700.00		\$2,700.00	Clark	1	0.50
46320	F	African America	8/7/2017	\$12,000.00		\$12,000.00	Clark	1	1.00
46527	M	Choose not to answer	9/1/2017	\$18,000.00		\$18,000.00	Clark	2	2.00
46668	F	Hispanic/Latio	8/17/2017	\$8,576.97	\$4,023.03	\$12,600.00	Clark	1	1.00
47555	M	Hispanic/Latio	9/20/2017	\$6,000.00		\$6,000.00	Clark	1	1.00
46271	Choose not to answer	White	7/14/2014	\$804.65	\$5,340.66	\$6,145.31	Clark	1	1.00
46328	F	Hispanic/Latio	7/21/2017	\$8,000.00		\$8,000.00	Clark	2	1.50
38196	F	African America	8/3/2017	\$92,500.00		\$92,500.00	Clark	1	1.00
45828	F	White	7/3/2017	\$10,472.32	\$48,452.10	\$58,924.42	Clark	11	9.00
44781	F	White	7/21/2017	\$21,400.00		\$21,400.00	Clark	3	2.50
46255	F	African America	8/14/2017	\$12,000.00		\$12,000.00	Clark	3	2.00
45894	M	African America	7/13/2017	\$15,900.00		\$15,900.00	Clark	5	3.50
45997	M	Hispanic/Latio	8/17/2017	\$9,000.00	\$6,237.52	\$15,237.52	Clark	1	1.00
46832	M	African America	8/30/2017	\$9,628.64	\$2,502.52	\$12,131.16	Clark	2	2.00
47291	M	White	9/1/2017	\$5,836.60	\$6,163.40	\$12,000.00	Clark	1	1.00
46788	F	Hispanic/Latio	8/15/2017	\$8,480.00		\$8,480.00	Clark	2	1.50
45211	F	Hispanic/Latio	7/12/2017	\$5,338.68	\$2,693.84	\$8,032.52	Clark	1	1.00
46961	F	Hispanic/Latio	8/21/2017	\$8,000.00		\$8,000.00	Clark	2	1.50
46750	M	Hispanic/Latio	8/21/2017	\$8,000.00		\$8,000.00	Clark	1	1.00
47011	F	Hispanic/Latio	9/11/2017	\$2,996.23	\$3,703.50	\$6,699.73	Clark	1	1.00
44680	F	White	8/25/2017	\$6,000.00		\$6,000.00	Washoe	1	1.00
46820	F	White	8/17/2017	\$1,000.00	\$4,126.32	\$5,126.32	Clark	3	2.00
47501	F	African America	8/25/2017	\$4,000.00		\$4,000.00	Clark	1	0.50
47018	F	Hispanic/Latio	8/21/2017	\$4,000.00		\$4,000.00	Clark	1	1.00
46258	F	Hispanic/Latio	7/24/2017	\$3,240.00		\$3,240.00	Clark	2	0.50
46838	F	White	8/23/2017	\$1,622.82	\$1,001.62	\$2,624.44	Clark	1	1.00
46920	M	White	8/16/2017	\$2,500.00		\$2,500.00	Clark	1	1.00
46138	F	African America	7/26/2017	\$1,000.00		\$1,000.00	Clark	1	1.00

Accion Loan Report
July 1 2017 - September 30 2017

47639 F	White	9/28/2017	\$1,000.00	\$1,000.00 Clark	1	1.00
TOTAL				\$386,841.42		

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

NCIC Board of Directors Meetings
Calendar Year 2018

MEETING DATE
April 26, 2018
July 26, 2018
October 25, 2018
November 15, 2018

Meeting times are scheduled for 10:00 a.m. and will be held via teleconference with the exception of the Thursday, November 15, 2018 meeting which will be located below:

Carson City location: State Capitol, Old Assembly Chambers, 2nd Floor, 101 N. Carson Street,

Las Vegas location: Grant Sawyer Building, 555 E. Washington Ave., Suite 5100

Meeting via teleconference available at the: 877.873.8017 Access Code: 5707654#

CARSON CITY OFFICE
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Carson City, Nevada 89701-4786
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(775) 684-5623 Fax

STATE TREASURER PROGRAMS
Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program
Education Savings Account (ESA)

LAS VEGAS OFFICE
555 E. Washington Avenue, Suite 4600
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