



STATE OF NEVADA  
OFFICE OF THE STATE TREASURER

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

**Thursday, April 26, 2018 at 10 a.m.**

**Locations:**

Via teleconference at the following locations:

Capitol Building, First Floor  
Treasurer's Office, Suite 4  
101 N. Carson Street  
Carson City, NV 89701

Grant Sawyer State Office Building  
Treasurer's Office, Suite 5300  
555 E. Washington Avenue  
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 November 15, 2017 meeting minutes (Dennis Stoddard)

**CARSON CITY OFFICE**  
State Treasurer  
101 N. Carson Street, Suite 4  
Carson City, Nevada 89701-4786  
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**STATE TREASURER PROGRAMS**  
Millennium Scholarship Program  
Nevada Prepaid Tuition Program  
Unclaimed Property  
Upromise College Fund 529 Plan

**LAS VEGAS OFFICE**  
555 E. Washington Avenue, Suite 4600  
Las Vegas, Nevada 89101-1074  
(702) 486-2025 Telephone  
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5) **For possible action:** Presentation of Silver State Opportunities Fund (SSOF) report ending December 31, 2017. (Miguel Luina – Hamilton Lane)

6) **For possible action:** Board review and discussion regarding an update on the Accion, LLC investment (Tara Hagan, Staff)

7) 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.

8) Close of Meeting by Chair

Dennis Stoddard, Senior Deputy Treasurer may be contacted at 775-684-5666 or [dmstoddard@nevadatreasurer.gov](mailto: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](http://www.nevadatreasurer.gov)

<https://notice.nv.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 Dennis Stoddard with the Office of the State Treasurer, 101 North Carson Street, Carson City, Nevada 89701, call (775) 684-5666, or fax your request to (775) 684-5776 as soon as possible.

NEVADA CAPITAL INVESTMENT CORPORATION

MINUTES OF BOARD OF DIRECTORS MEETING

Wednesday, November 15, 2017

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Chair Dan Schwartz called the meeting of the Board of Directors of the Nevada Capital Investment Corporation (NCIC) to order at 10:01 a.m., on Wednesday, November 15, 2017. The meeting was held via teleconference and videoconference.

Board Members

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

Staff

Grant Hewitt,	Chief of Staff
Tara Hagan,	Chief Deputy Treasurer
Dennis Stoddard	Sr. Deputy Treasurer
Kim Arnett,	Deputy Treasurer - Investments

**AGENDA**

**1) Call to order (Chair Schwartz)**

The meeting was called to order at 10:03 a.m.

**2) Roll Call (Budd Milazzo)**

All members were present 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 or Las Vegas.

**4) For Possible Action: Approval of the July 27, 2017 meeting minutes.**

**Mr. Nair motioned to approve the meeting minutes. Mr. Bartholet seconded the motion. Motion passed unanimously.**

**5) For Possible Action: Presentation of Silver State Opportunities Fund (SSOF) annual report ending June 30, 2017 (Miguel Luina – Hamilton Lane)**

Miguel Luina with Hamilton Lane presented the annual report and stated that they are very happy with where the portfolio is considering it's only five years into the program. He noted they now have twenty-eight companies that have been funded through the program and the companies are spread out throughout the state of Nevada. He stated that between what they have invested plus the funds that have been committed to, and influenced to come to Nevada, there is a total of \$555 million dollars invested within the state. He explained that those investments have helped fuel rapid hiring at portfolio companies, which have grown Nevada employment by 66% and the jobs supported by these investments are high paying positions that boast average salaries 45% higher than the average Nevada wage. In terms of financial performance, Mr. Luina stated that the fund is generating a 2.52% net annual return to the State's Permanent School Fund. He stated that they have also begun returning capital to the program and have distributed \$5.8 million of capital and continue to receive interest payments from their loans within the portfolio and expect to continue to return capital to the state. Overall, they are very pleased with where they stand on an impact perspective and a return perspective.

**Chair Schwartz** questioned if there was a cash on cash return for the portfolio.

Mr. Luina stated that currently on a net basis we stand at 1.1x.

**Mr. Bartholet motioned to accept the SSOF annual report for period ending June 30, 2017. Mr. Nair seconded the motion. Motion passed unanimously.**

**6) For possible action: Presentation of SSOF's FY 2017 Financial Statements (Hamilton Lane Representative)**

Samantha Leandry with Hamilton Lane noted that she oversaw the June 30, 2017 audit engagement for the SSOF. She stated that the firm does engage an outside third party administrator who is responsible for maintaining the official books and records of the Fund. She noted that on an annual basis they engage Ernst and Young, which is an accounting firm, to perform an annual audit of the financial statements. This firm reviews all cash positions, looks at all investment income and expense information and pays attention to high risk areas such as investment valuations, carried interest accrual and the management fees and there were no findings that were reported to management. Ms. Leandry also reviewed the valuation approach regarding the underlying fund investments and co-investments in the Fund. She stated that they engage a third party outside evaluation firm to value all of the underlying holdings.

No discussion on this item

**Mr. Bartholet motioned to accept the SSOF's FY 2017 Financial Statements presented by Hamilton Lane. Mr. Mirchandani seconded the motion. Motion passed unanimously.**

**7) For possible action: Presentation of the NCIC FY 2017 Financial Statements (Dan Carter, Eide Bailly)**

Dan Carter with Eide Bailly presented the NCIC FY 2017 financial statements and pointed out, in regards to the independent auditors report, they were happy to present that the firm is issuing an unmodified opinion on the financial statements of NCIC which is the highest level of assurance they can provide. He reviewed the various changes from this year to last year and noted issues impacting NCIC. He stated that the notes to the financial statement are very consistent to the prior year. Stating that regarding stewardship and compliance, they did not note any violations in the compliance of the NRS and NAC. In regards to the internal controls , there was a substancial change from the prior year stating they have historically reported a material weakness for NCIC as they prepared the financial statements as part of the audit and posted adjustment to get a trial balance. This year the Treasurer's Office was able to take on those responsibilities and do the Financial Statements in-house and provide us a trial balance that did not require audit adjustments.

No discussion on this item.

**Mr. Nair motioned to accept the NCIC FY 2017 Financial Statements presented by Eide Bailly. Mr. Bartholet seconded the motion. Motion passed unanimously.**

**8) Board to receive an update regarding the Accion LLC investment.**

Ms. Hagan gave an update to the Board regarding the Accion LLC investment. Stating that the Board approved an LLC investment totaling \$1 million in Accion and the money was invested in August 2017. The million dollar investment is dedicated solely to Nevada and that is part of the due diligence they provide to the STO in terms of verification on the location and amount of the loans.

**9) For possible action: Review and approve the 2018 NCIC Board of Directors meeting dates.**

Ms. Hagan asked for approval of the 2017 NCIC Board of Directors meeting dates and stated that staff is recommending to move the meetings to teleconference meetings three out of the four dates and the Board will meet one time during the year in-person

**Mr. Nair motioned to accept the 2018 NCIC Board of Directors meeting dates . Richard Bartholet seconded the motion. Motion passed unanimously.**

**10) Public Comment**

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

The meeting was closed at 10:32 a.m.

Attest:

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Tara Hagan, Secretary to the Board

# Silver State Opportunities Fund LLC

## **Table of Contents**

Section 1 – Portfolio Update

Section 2 – Financial Statements

Section 3 – Market Update

Appendix A – Glossary of Terms

Appendix B – Disclosure Statements

## Silver State Opportunities Fund LLC

Second Quarter Fiscal 2018 Report (unaudited)



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## Section 1:

### Portfolio Update



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 Helgersen, 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 December 31, 2017.

Silver State Opportunities Fund LLC Overview		
General Overview		
Closing Date	August 1, 2012	
Vintage Year	2013	
Termination Date of Fund <sup>(1)</sup>	August 1, 2022	
Committed Capital (Fund Size)	\$50,505,051	
\$ millions	9/30/2017 <sup>(3)</sup>	12/31/2017
<u>Partnerships</u>	7	7
Capital Committed to Partnerships	\$23.6	\$23.6
Unfunded Commitment to Partnerships	\$7.7	\$6.5
Paid-In Capital	\$17.4	\$18.6
Capital Distributed	\$5.6	\$6.0
Market Value	\$15.8	\$17.3
Since Inception IRR (gross)	11.98%	12.64%
<u>Active Co-Investments</u>	7	7
Paid-In Capital to Co-Investments	\$20.9	\$20.9
Capital Distributed from Co-Investments	\$1.5	\$1.7
Market Value	\$22.1	\$22.5
Since Inception IRR (gross)	5.66%	6.24%
<u>Silver State Total</u>		
Total Capital Committed to Investments	\$44.6	\$44.6
Paid-In Capital	\$38.3	\$39.5
Capital Distributed	\$7.1	\$7.7
Market Value	\$37.9	\$39.9
Total Value Multiple	1.18x	1.20x
Since Inception IRR (gross) <sup>(2)</sup>	8.25%	8.87%
Since Inception IRR (net)	3.87%	4.63%

<sup>(1)</sup> 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.

<sup>(2)</sup>Gross IRR is gross of fees charged by HL, but net of any charge by the GP.

<sup>(3)</sup> Prior quarter information is based upon the financial information presented in the Silver State Opportunities Fund LLC Fiscal 1Q18 Alternative Investment Report and Financial Statements.

## Investments

Since the inception of the fund, \$39.5 million has been called and \$7.7 million has been distributed.

Investment details as of December 31, 2017 are provided in the chart below.

INVESTMENT NAME	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL <sup>(1)</sup>	CAPITAL DISTRIBUTED	REPORTED MARKET VALUE	IRR <sup>(2)</sup>
<b>Partnerships</b>						
Brentwood Associates Private Equity V, L.P.	Corp Fin/Buyout	\$ 3,000,000	\$ 3,282,186	\$ 720,240	\$ 2,959,045	10.52%
Convergent Capital Partners III, L.P.	Mezzanine	5,000,000	4,014,482	143,537	5,352,874	15.01%
Enhanced Small Business Investment Company, L.P.	Mezzanine	2,600,000	1,689,929	760,077	1,796,985	14.74%
Graycliff Private Equity Partners III, L.P.	Corp Fin/Buyout	1,000,000	734,624	451,651	503,092	27.65%
Huntington Capital Fund III, L.P.	Mezzanine	5,000,000	4,427,360	2,988,187	2,288,339	11.77%
Sorenson Capital Partners III, L.P.	Corp Fin/Buyout	2,000,000	1,442,789	536	1,517,058	3.14%
Waterton Precious Metals Fund II Cayman, L.P.	Corp Fin/Buyout	5,000,000	3,027,604	948,016	2,908,933	11.10%
<b>Partnerships Total</b>		<b>\$ 23,600,000</b>	<b>\$ 18,618,973</b>	<b>\$ 6,012,244</b>	<b>\$ 17,326,326</b>	<b>12.64%</b>
Co-Investments <sup>(3)</sup>	Corp Fin/Buyout	21,008,209	20,887,675	1,714,512	22,526,963	6.24%
<b>Total</b>		<b>\$ 44,608,209</b>	<b>\$ 39,506,648</b>	<b>\$ 7,726,756</b>	<b>\$ 39,853,289</b>	<b>8.87%</b>

## Nevada Impact<sup>(4)</sup>

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.

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. At the portfolio company level, SSOF investments have grown employment by 66.2%<sup>(1)</sup> since investment to 2,393 employees, compared to 16.3%<sup>(2)</sup> overall employment growth in Nevada over the same time period. 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<sup>(1)</sup> and 29% higher than the average national wage<sup>(2)</sup> in 2016.



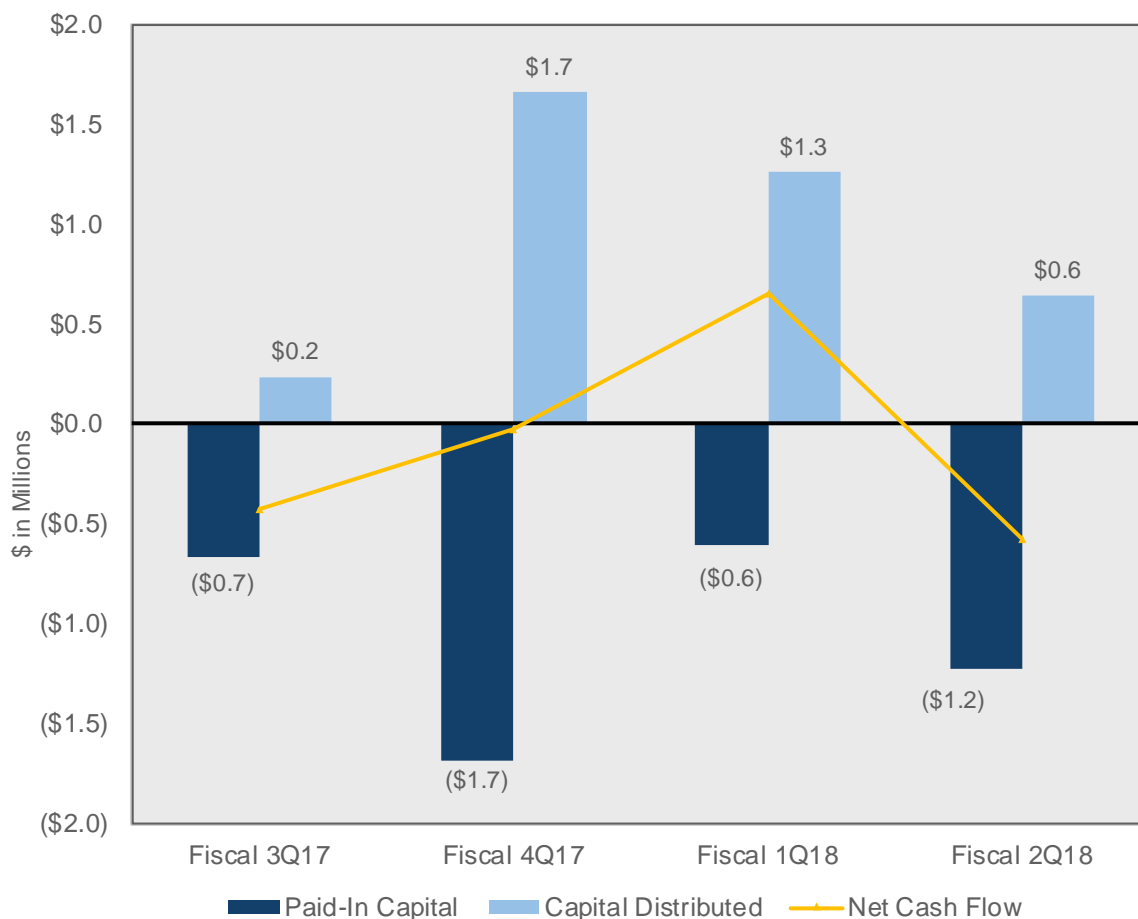
<sup>(4)</sup> As of June 30, 2017

<sup>(5)</sup> Based on Nevada Department of Employment and Training 2016 average wage for all Nevada occupations.

<sup>(6)</sup> Based on Bureau of Labor Statistics 2016 average wage for all U.S. occupation.

## Cash Flows

The chart below presents the investment cash flows for the four quarters ended December 31, 2017.



During the quarter, the Fund invested \$1.2 million to underlying investments. The Fund contributed \$0.8 million to Convergent Capital Partners III, L.P. during the quarter. The Fund did not make any additional contributions to co-investments. The Fund received \$0.6 million in distributions during the quarter. Huntington Capital Fund III, L.P., a mezzanine fund formed in 2013, distributed \$0.3 million in the quarter. Additionally, Software Paradigms International distributed \$0.2 million in income at the end of the fiscal second quarter.

## Investment Returns

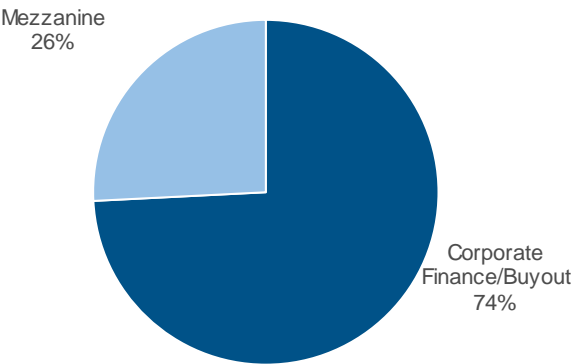
As of December 31, 2017, the Fund has generated a gross internal rate of return ("IRR") of 8.87% and net IRR, including management fees paid to Hamilton Lane, of 4.63%. Additionally, the Portfolio has a gross total value multiple of 1.2x. The positive performance for the quarter can be attributed to the increase in value for 9 of the 13 active investments.

**Diversification**

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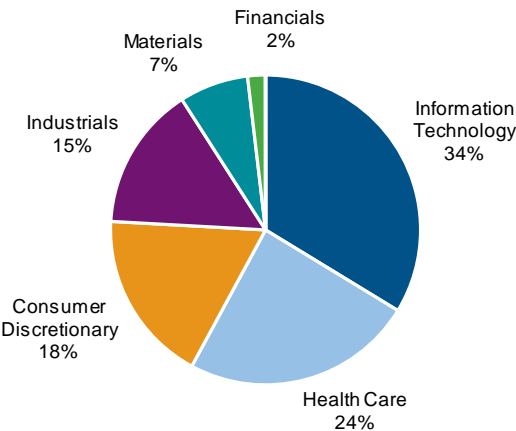
The Fund has committed to seven co-investments and seven fund investments as of December 31, 2017. The strategic diversification information presented in the chart below is based on total exposure as of December 31, 2017, which is the sum of unfunded commitments plus adjusted market values.

**Strategic Diversification  
by Total Exposure  
As of December 31, 2017**



The chart below displays the diversification of the Fund's underlying holdings by industry as of December 31, 2017<sup>1</sup>. These amounts will change as new investments are made across varying investment strategies and industries.

**Underlying Investment Diversification  
by Sector  
As of December 31, 2017**

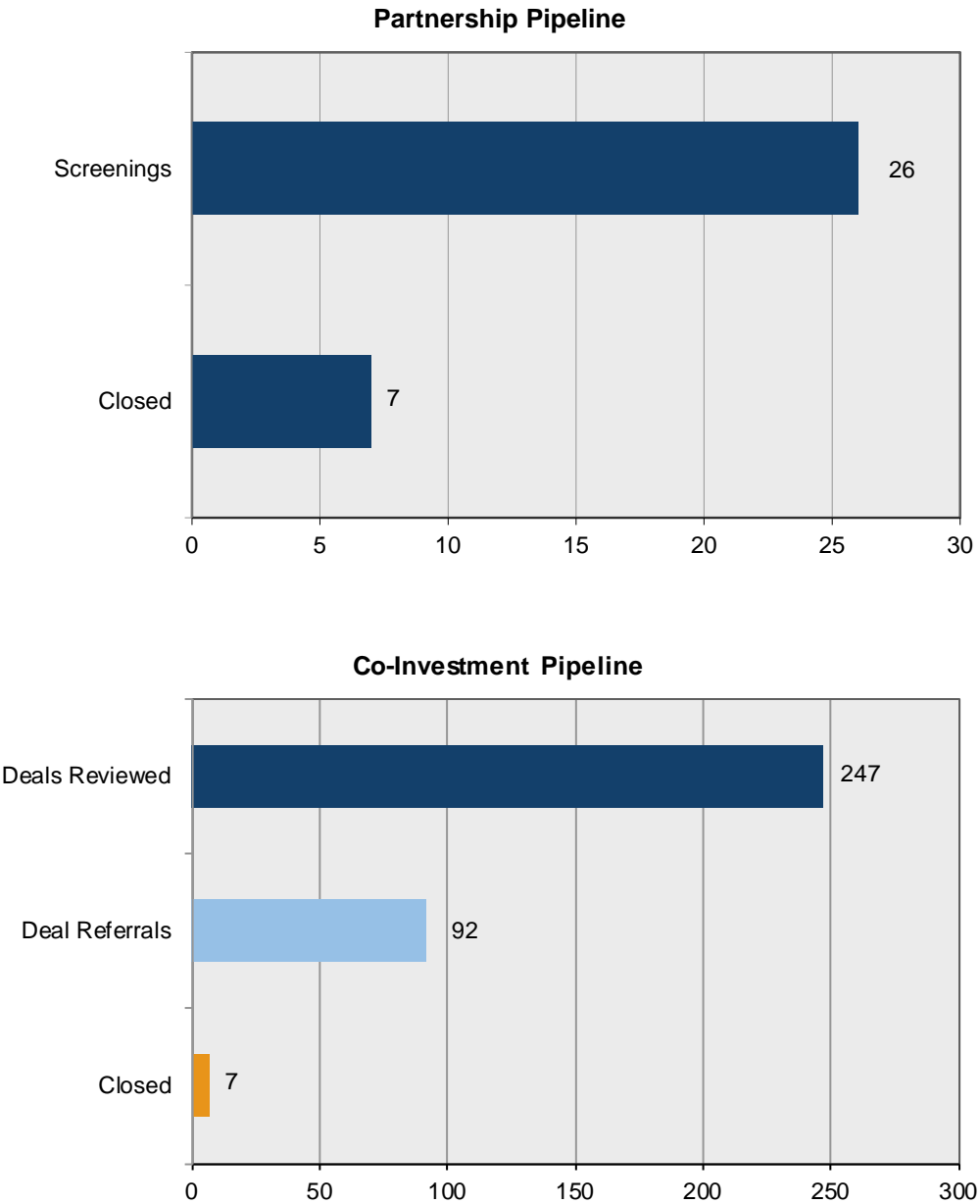


<sup>1</sup> Due to the timing of this report, not all of the 12/31/2017 underlying investment information was received from the general partners at the time this report was run out. Underlying investment values that were not received were duplicated from 9/30/2017.

**Deal Flow**

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The charts below provide detail regarding partnership and co-investment deal flow for the Fund during the Commitment Period.



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

## Silver State Opportunities Fund LLC

Second Quarter Fiscal 2018 Report (unaudited)



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## Section 2:

Financial Statements

**SILVER STATE OPPORTUNITIES FUND LLC**

Financial Statements

December 31, 2017

# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

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The Manager

Silver State Opportunities Fund LLC

Management is responsible for the accompanying financial statements of Silver State Opportunities Fund LLC (the "Company") (a Nevada limited liability company), which comprise the statements of assets, liabilities and members' equity, including the schedules of fund investments and co-investments, as of December 31, 2017 and June 30, 2017, and the related statements of operations, changes in members' equity and cash flows for the six months ended December 31, 2017 and the year ended June 30, 2017 in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, including the schedules of fund investments and co-investments, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements, including the schedules of fund investments and co-investments.

The supplemental information contained on pages 2-14 and 2-15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements, including the schedules of fund investments and co-investments, are not designed for those who are not informed about such matters.

We are not independent with respect to Silver State Opportunities Fund LLC.

*Stone Pine Accounting Services, LLC*

Denver, Colorado

April 13, 2018



# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

### Statements of Assets, Liabilities and Members' Equity

	December 31, 2017	June 30, 2017
<b>Assets</b>		
Investments, at fair value:		
Fund investments (net cost - \$14,857,750 and \$14,097,214, respectively)	\$17,326,326	\$15,915,231
Co-investments (net cost - \$17,070,063 and \$17,048,544, respectively)	<u>22,526,963</u>	<u>20,986,188</u>
Total investments	39,853,289	36,901,419
Cash	203,288	203,766
Interest receivable	15,047	14,413
Receivable from Manager	-	2,785
Receivable from Member	<u>2,020</u>	<u>-</u>
 Total assets	 <u>\$40,073,644</u>	 <u>\$37,122,383</u>
 <b>Liabilities and members' equity</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ <u>37,167</u>	\$ <u>55,062</u>
Total liabilities	<u>37,167</u>	<u>55,062</u>
 Members' equity:		
Nevada Capital Investment Corporation	39,136,038	36,480,804
HL Nevada Fund Manager LLC	<u>900,439</u>	<u>586,517</u>
Total members' equity	<u>40,036,477</u>	<u>37,067,321</u>
 Total liabilities and members' equity	 <u>\$40,073,644</u>	 <u>\$37,122,383</u>

See accountants' compilation report.

# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

### Statements of Operations

	Six Months Ended December 31, 2017	Year Ended June 30, 2017
<b>Investment income (loss)</b>		
Income:		
Dividend and interest income	\$ <u>807,793</u>	<u>\$1,233,727</u>
Total income	<u>807,793</u>	<u>1,233,727</u>
Expenses:		
Management fees	143,027	337,135
Administration fees	23,153	45,202
Audit fees	15,500	39,000
Consulting fees	13,126	17,125
Conferences	283	10,819
Custodial fees	750	1,500
Other	<u>7,386</u>	<u>11,710</u>
Total expenses	<u>203,225</u>	<u>462,491</u>
Net investment income	<u>604,568</u>	<u>771,236</u>
<b>Net realized and unrealized gain (loss) on investments</b>		
Net realized gain (loss) on investments	97,807	(2,708,066)
Net change in unrealized appreciation on investments	<u>2,169,815</u>	<u>6,074,345</u>
Net realized and unrealized gain (loss) on investments	<u>2,267,622</u>	<u>3,366,279</u>
<b>Net increase in members' equity resulting from operations</b>	<u>\$2,872,190</u>	<u>\$4,137,515</u>

See accountants' compilation report.

# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

### Statements of Changes in Members' Equity

Six months ended December 31, 2017 and the year ended June 30, 2017

	Nevada Capital Investment Corporation	HL Nevada Fund Manager LLC	Total
<b>Members' equity at June 30, 2016</b>	\$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>
<b>Members' equity at June 30, 2017</b>	36,480,804	586,517	37,067,321
Contributions received from members	2,025,876	19,047	2,044,923
Distributions paid to members	(1,928,477)	(19,480)	(1,947,957)
Net investment income:			
Management fees	(143,027)	-	(143,027)
Other	740,120	7,475	747,595
Net realized gain on investments	96,829	978	97,807
Net change in unrealized appreciation on investments	2,148,117	21,698	2,169,815
Carried interest allocation	<u>(284,204)</u>	<u>284,204</u>	<u>-</u>
<b>Members' equity at December 31, 2017</b>	<u>\$39,136,038</u>	<u>\$900,439</u>	<u>\$40,036,477</u>

See accountants' compilation report.

# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

### Statements of Cash Flows

	Six Months Ended December 31, 2017	Year Ended June 30, 2017
<b>Cash flows from operating activities</b>		
Net increase in members' equity resulting from operations	\$2,872,190	\$4,137,515
Adjustments to reconcile net increase in members' equity resulting from operations to net cash used in operating activities:		
Non-cash interest income	(21,519)	(42,246)
Net realized (gain) loss on investments	(97,807)	2,708,066
Net change in unrealized appreciation on investments	(2,169,815)	(6,074,345)
Contributions to fund investments	(1,825,044)	(3,675,141)
Distributions received from fund investments accounted for as:		
Return of capital	1,064,508	1,624,652
Realized gains	97,807	863,555
Purchase of co-investments	-	(1,657,681)
Change in assets and liabilities:		
Interest receivable	(634)	53,295
Receivable from Manager	2,785	(2,785)
Receivable from Member	(2,020)	-
Accounts payable and accrued expenses	(17,895)	9,382
Payable to affiliate	-	(11,132)
Net cash used in operating activities	<u>(97,444)</u>	<u>(2,066,865)</u>
<b>Cash flows from financing activities</b>		
Contributions received from members	2,044,923	4,199,173
Distributions paid to members	<u>(1,947,957)</u>	<u>(3,605,344)</u>
Net cash provided by financing activities	<u>96,966</u>	<u>593,829</u>
<b>Net decrease in cash</b>	(478)	(1,473,036)
<b>Cash – beginning of period</b>	<u>203,766</u>	<u>1,676,802</u>
<b>Cash – end of period</b>	<u>\$ 203,288</u>	<u>\$ 203,766</u>

See accountants' compilation report.

# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

### Schedule of Fund Investments

December 31, 2017

Investments	Investment Commitments	Net Cost*	Fair Value	Percentage of Members' Equity
<b>Corporate finance/buyout</b>				
Brentwood Associates Private Equity V, L.P.	\$ 3,000,000	\$ 2,709,558	\$ 2,959,045	7.39%
Graycliff Private Equity Partners III LP	1,000,000	335,738	503,092	1.26
Sorenson Capital Partners III, LP	2,000,000	1,442,789	1,517,058	3.79
Waterton Precious Metals Fund II Cayman, LP	<u>5,000,000</u>	<u>2,192,074</u>	<u>2,908,933</u>	<u>7.26</u>
	<u>11,000,000</u>	<u>6,680,159</u>	<u>7,888,128</u>	<u>19.70</u>
<b>Mezzanine</b>				
Convergent Capital Partners III, L.P.	5,000,000	4,014,482	5,352,874	13.37
Enhanced Small Business Investment Company, LP	2,600,000	1,589,712	1,796,985	4.49
HCAP Partners III, L.P.	<u>5,000,000</u>	<u>2,573,397</u>	<u>2,288,339</u>	<u>5.72</u>
	<u>12,600,000</u>	<u>8,177,591</u>	<u>9,438,198</u>	<u>23.58</u>
Total fund investments	<u>\$23,600,000</u>	<u>\$14,857,750</u>	<u>\$17,326,326</u>	<u>43.28%</u>

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

See accountants' compilation report.

# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

### Schedule of Fund Investments

June 30, 2017

Investments	Investment Commitments	Net Cost*	Fair Value	Percentage of Members' Equity
<b>Corporate finance/buyout</b>				
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>
<b>Mezzanine</b>				
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.

See accountants' compilation report.

# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

### Schedule of Co-Investments

December 31, 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>4,845,163</u>	<u>12.10%</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>2,710,042</u>	<u>6.77</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	2,157,680	-	-	2,157,680	3,012,214	7.53

See accountants' compilation report.

# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

### Schedule of Co-Investments (Continued)

December 31, 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, 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>29,239</u>	<u>-</u>	<u>4,929,239</u>	<u>4,813,500</u>	<u>12.02</u>
<i>Investment in Super Color Digital, LLC, a turnkey provider of grand-format graphics, event structures, and visual solutions</i>						
\$1,458,637, subordinated note, 14.00%, 3/1/2021	1,426,563	47,476	-	1,474,039	1,482,952	
SCD Holdings LLC, 5,264.448 common units	<u>609,105</u>	<u>-</u>	<u>-</u>	<u>609,105</u>	<u>413,092</u>	
Total investment in Super Color Digital, LLC	<u>2,035,668</u>	<u>47,476</u>	<u>-</u>	<u>2,083,144</u>	<u>1,896,044</u>	<u>4.74</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>5,250,000</u>	<u>13.11</u>
Total co-investments	<u>\$16,993,348</u>	<u>\$76,715</u>	<u>\$-</u>	<u>\$17,070,063</u>	<u>\$22,526,963</u>	<u>56.27%</u>

See accountants' compilation report.



# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

### 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>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>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	2,157,680	-	-	2,157,680	3,012,214	8.13

See accountants' compilation report.

# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

### 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>

See accountants' compilation report.

**Supplemental Information**

# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

### Supplemental Schedule of Changes in Members' Capital Commitments

December 31, 2017

	Capital Commitments		Capital Drawdowns		Recallable Distributions	Remaining Capital Commitments at December 31, 2017
	Percentages	Amounts	Period From August 14, 2012 (Inception) Through June 30, 2017	Six Months Ended December 31, 2017		
<b>Member</b>						
Nevada Capital Investment Corporation	99.00%	\$50,000,000	\$(40,079,506)	\$(2,025,876)	\$1,511,230	\$9,405,848
<b>Manager</b>						
HL Nevada Fund Manager LLC	<u>1.00</u>	<u>505,051</u>	<u>(381,812)</u>	<u>(19,047)</u>	<u>15,265</u>	<u>119,457</u>
	<u>100.00%</u>	<u>\$50,505,051</u>	<u>\$(40,461,318)</u>	<u>\$(2,044,923)</u>	<u>\$1,526,495</u>	<u>\$9,525,305</u>

See accountants' compilation report.

# Silver State Opportunities Fund LLC

## Second Quarter Fiscal 2018 Report

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### Supplemental Schedule of Financial Highlights

Six months ended December 31, 2017

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Financial highlights of the Company for the six months ended December 31, 2017 for the NCIC are as follows:

Ratios to average net assets (annualized, except for  
carried interest allocation):

Net investment income	<u>3.21%</u>
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Expenses:

Operating expenses	1.09%
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Carried interest allocation	<u>0.77</u>
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Total operating expenses and carried interest allocation	<u>1.86%</u>
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Internal rates of return from inception through:

December 31, 2017	<u>4.63%</u>
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July 1, 2017	<u>2.52%</u>
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See accountants' compilation report.

## Silver State Opportunities Fund LLC

Second Quarter Fiscal 2018 Report (unaudited)



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## Section 3:

### Market Update

**“There’s no earthly way of knowing, which direction we are going, there’s no knowing where we’re rowing, or which way the river’s flowing...”**

**Private equity sees disruption through emerging technologies**

- Ernst & Young Global PE Watch 2018 Report, January 2018

**Private Equity Fundraising Shows No Sign of Slowing in 2018**

- Financial News, January 2018

**Bain Says The Record Year For Japan Is No One-Off**

- Bloomberg, January 2018

**Mega Buyout Funds Reshaping Private Equity Industry**

- Reuters, February 2018

**Software is eating up private equity**

- Pitchbook, February 2018

**Private Equity Expected to Benefit from Tax Overhaul**

- Wall Street Journal, January 2018

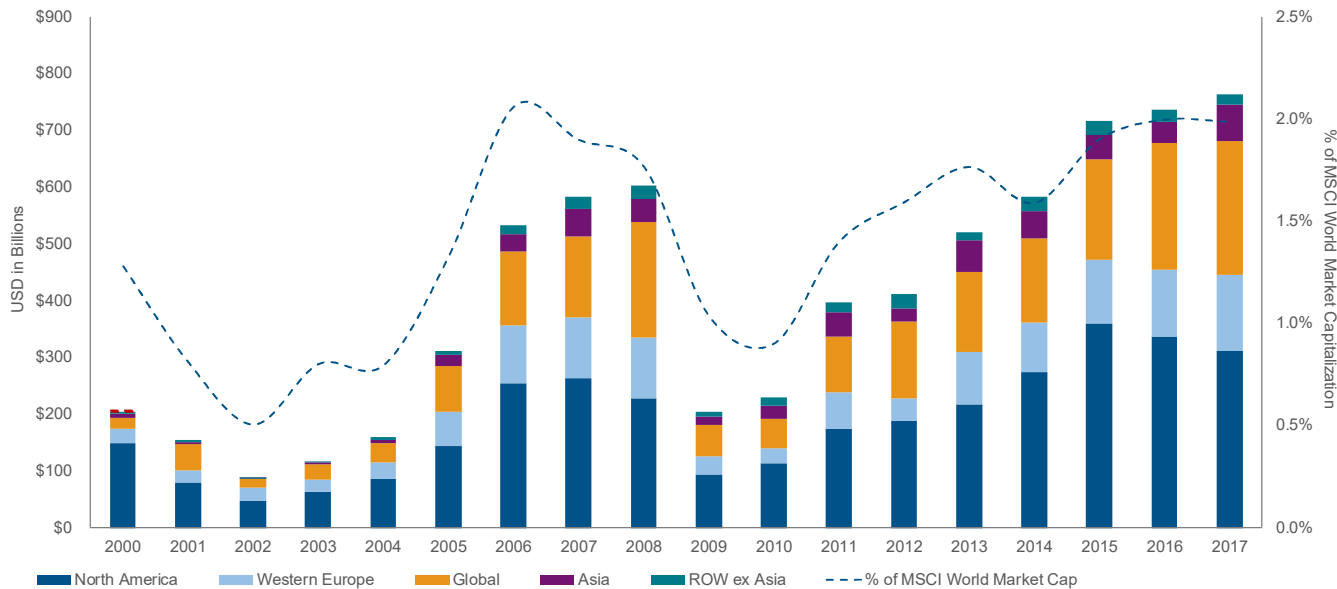
**Wall Street Is Taking On More Risk Again**

- Bloomberg, February 2018

**...Yes, the danger must be growing ‘cause the rowers keep on rowing and they’re certainly not showing any signs that they are slowing!”**

*Willy Wonka & the Chocolate Factory, 1971*

## Global Private Markets Fundraising



Source: Bison data via Cobalt. Fundraising data includes real estate, secondary funds, and fund-of-funds (January 2018)

## Another record year for private markets fundraising in 2017

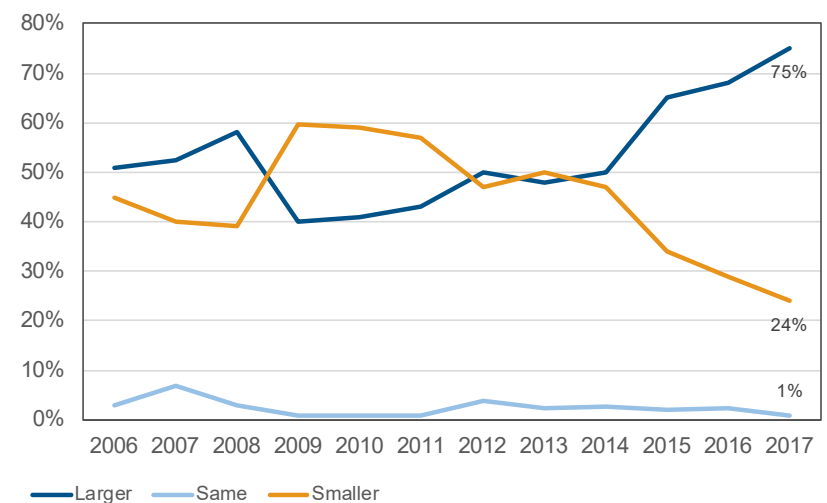
- Aggregate commitments closed at \$763.7B
  - 3rd straight year above \$700B
- Asia largest annual capital raised to date: \$63.3B

## According to PitchBook, 75% of follow-on funds were larger than their predecessor in 2017

- Buyout fund size increases more modest, averaging ~1.2-1.3x larger in 2017, compared to 2.0-2.5x in 2007
  - Instead of raising larger funds, managers are raising capital via new product lines

## U.S. Follow-on Fund Size

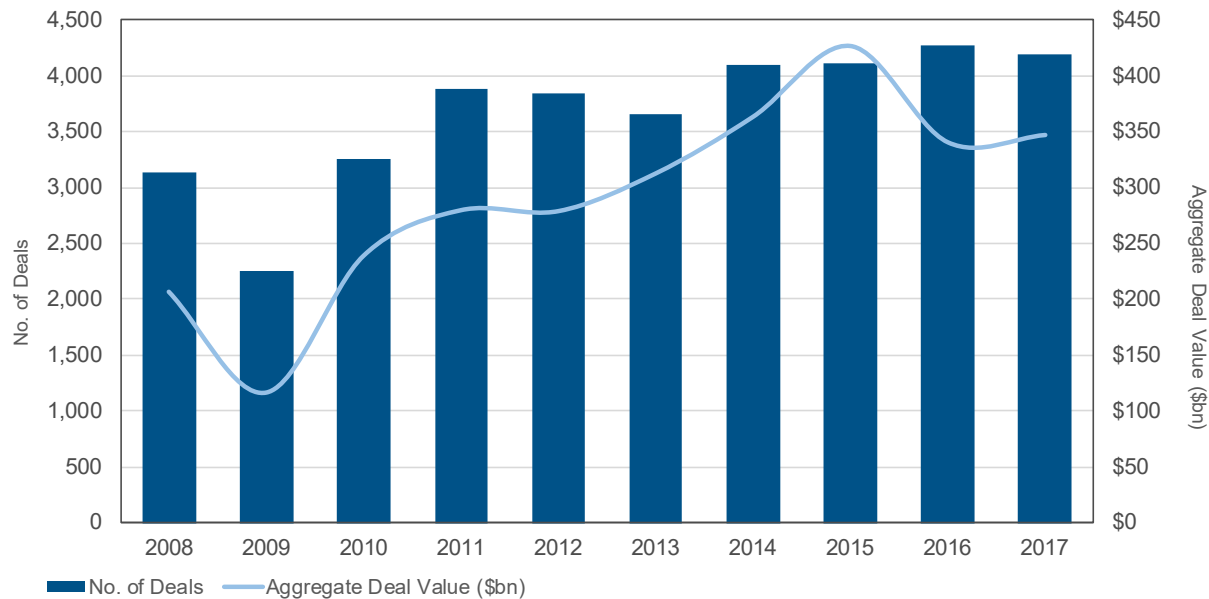
Compared to Predecessor



Source: Pitchbook (2017 Annual PE Breakdown Report)



## Global Private Equity-Backed Buyout Deals

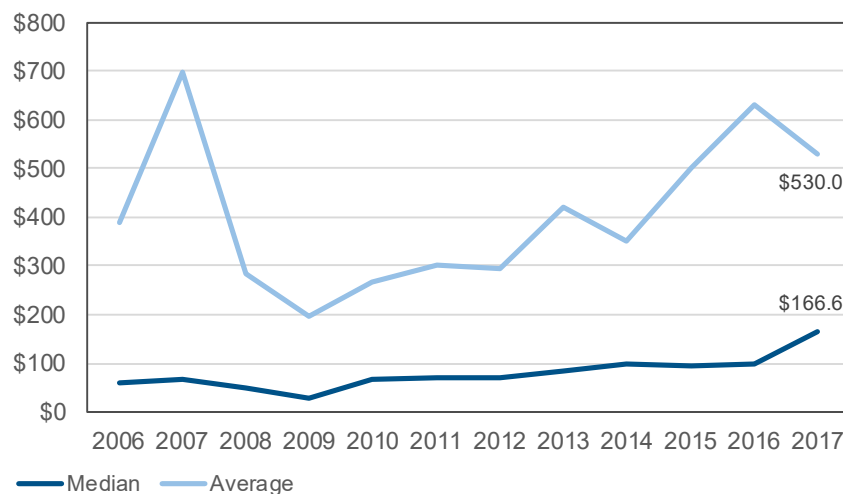


Source: Preqin (Buyout Deals and Exits, January 2018)

## Deal value and volume relatively static 2014-2017

- 2017: 4,191 private equity-backed buyout deals for aggregate \$347B in deal value (Preqin)
- 2017 big year for Asia: 18% of total global value of \$63B
  - Driven by deal activity in Japan
  - Notable Deal Example: Bain-led acquisition of Toshiba's memory chip business closed for ¥2tn (\$18B)
- 2015 deal value jump due to Dell deal

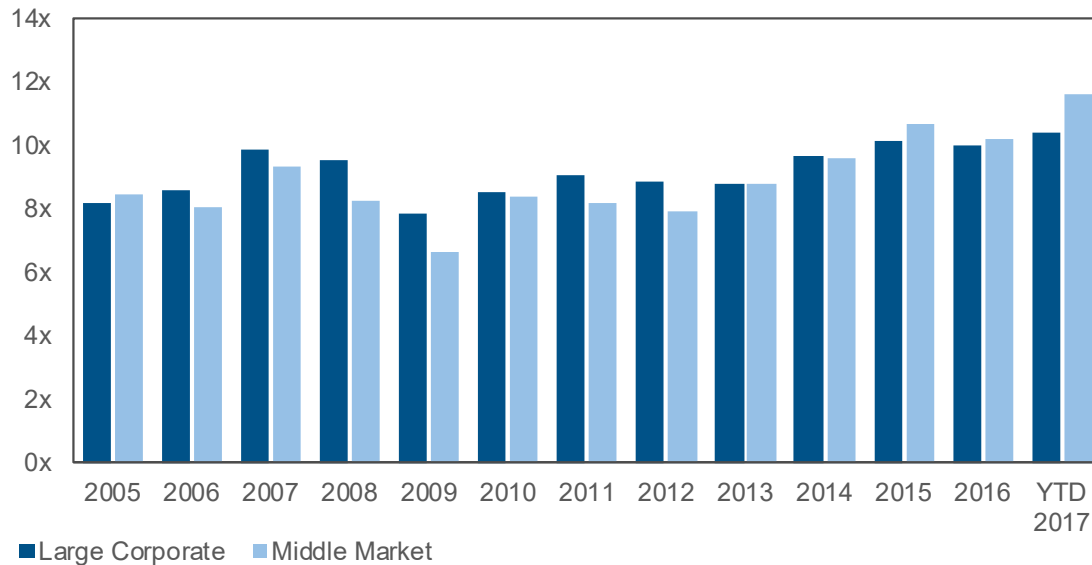
## Median Buyout Size (\$M) in U.S.



Source: Pitchbook (2017 Annual PE Breakdown Report)

- Median deal size of \$166.6B at apex of last 12 years (PitchBook)
  - Not surprising given that funds are generally larger
  - Both median and average data points suggest that larger deals are taking place

## U.S. Purchase Price Multiples



Source: S&P LCD (December 2017)

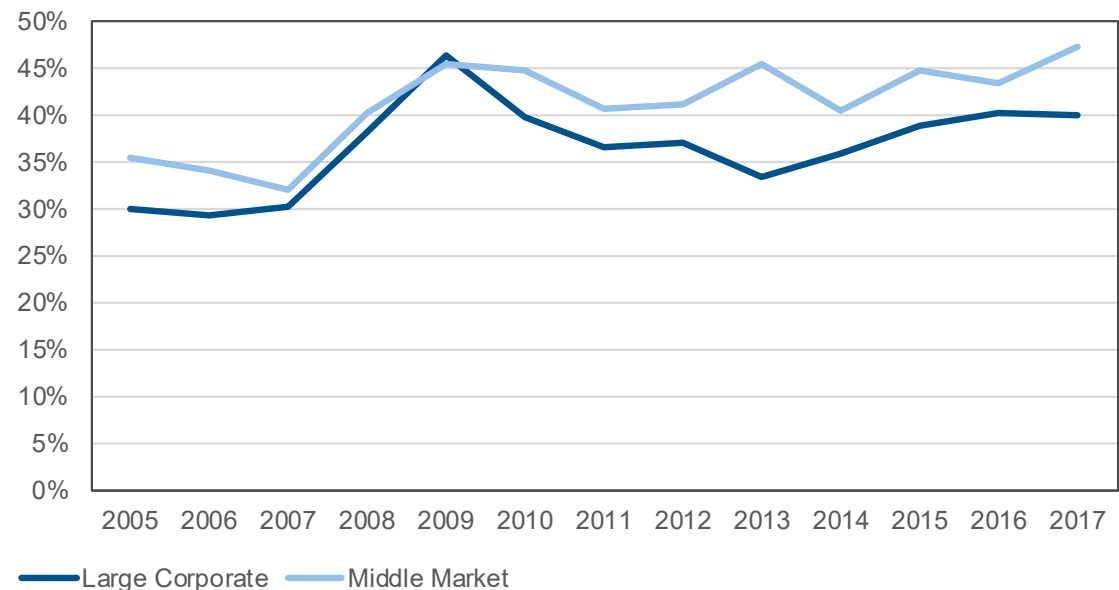
## Sustained upward pricing pressure through 2017

- Long-term high reached for both Large and Middle Market
- Middle Market hit 11.6x
  - 3rd straight year above 10x

## Significant equity required and growing

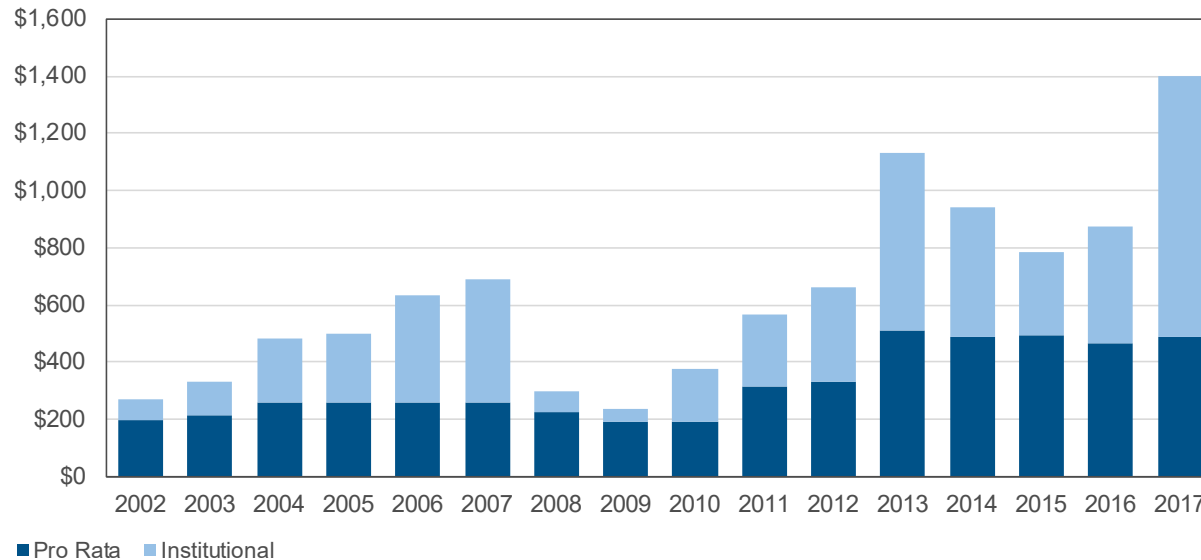
- Middle market deals increasingly using more equity in 2017
  - 47.4% represents highest point in last 21 years

## U.S. Equity Contributions



Source: S&P LCD (December 2017)

## U.S. Leveraged Loan Issuance (\$B)



Source: Thomson Reuters LPC (January 2018)

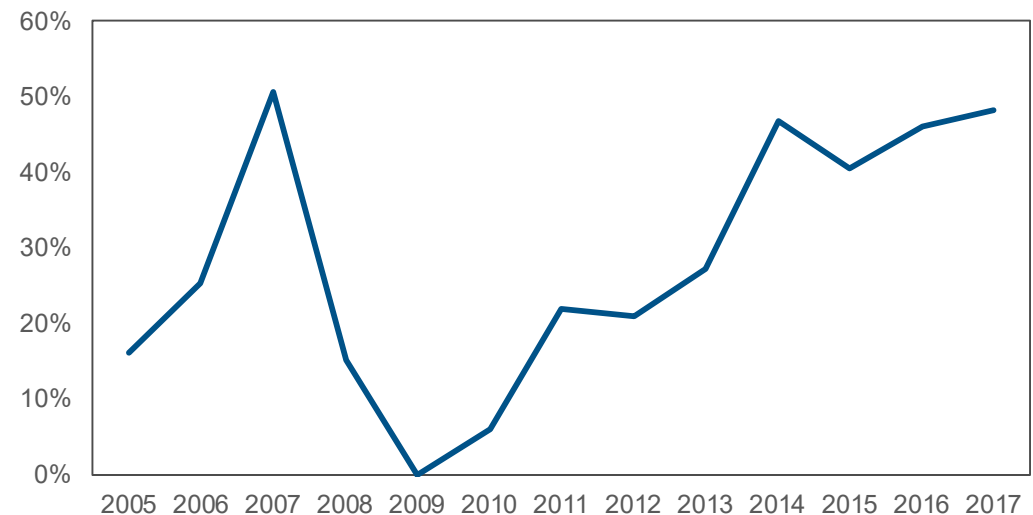
## Active U.S. leveraged lending

- Hit new issuance record in 2017 - \$1.4tn (24% higher than 2013 peak)
- Surge in volume due to refinancing, representing 67%
  - Last record high of 44% in 2013

## Leverage levels return to 2008 heights

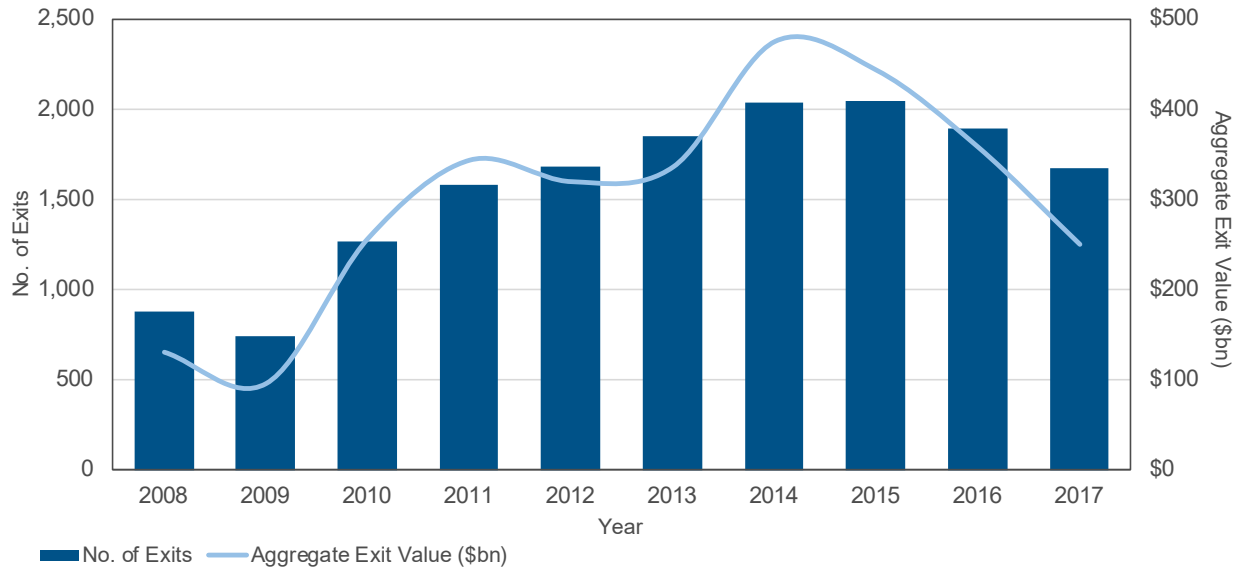
- Over 40% of LBOs at 6x leverage since 2014
  - Nearing highs seen in 2007
  - More than 6% of LBOs had >7x leverage in 2017 (S&P LCD)

## Percentage of LBOs with Leverage over 6x Highest Since PE's "Golden Age"



Source: Bloomberg, LCD, a unit of S&P Global Market Intelligence (February 2018)

## Global Annual Private Equity Buyout-Backed Exits



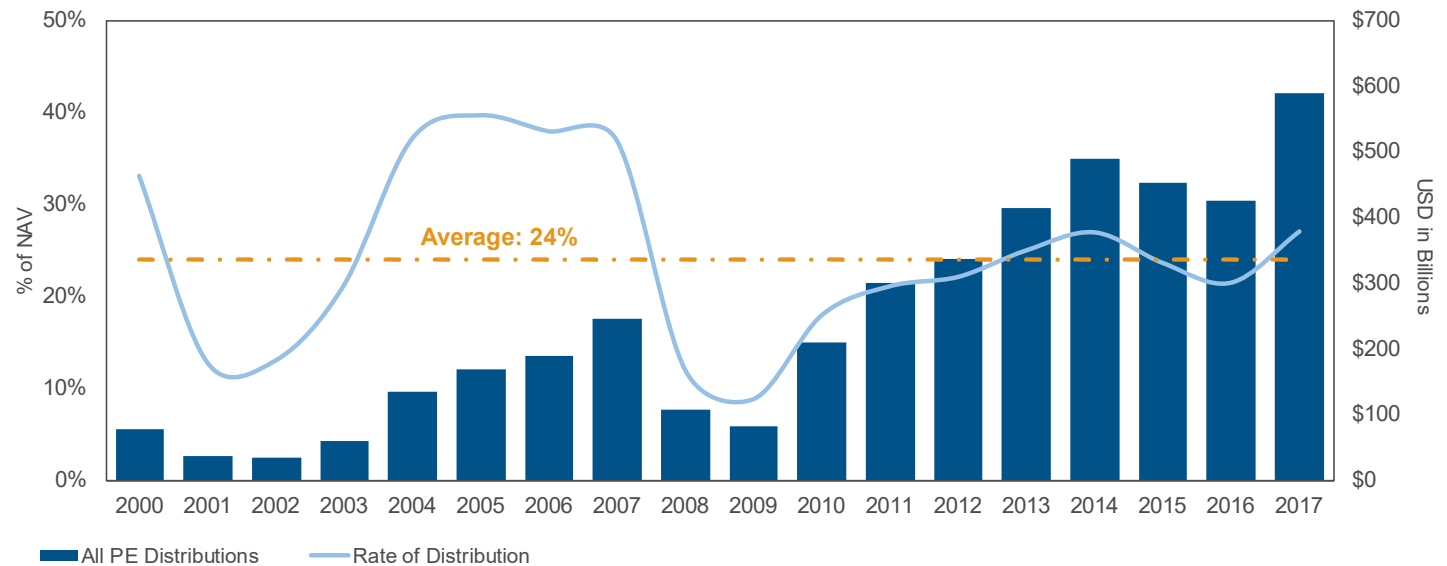
### Record refinancing pacifies exit activity decline

- 2017 aggregate exit value of \$250B is the lowest point since 2009
- Volume on downward trend over last 3 years
- Peak pricing slowing sales?

### Despite the slowdown... Investors are still getting liquidity

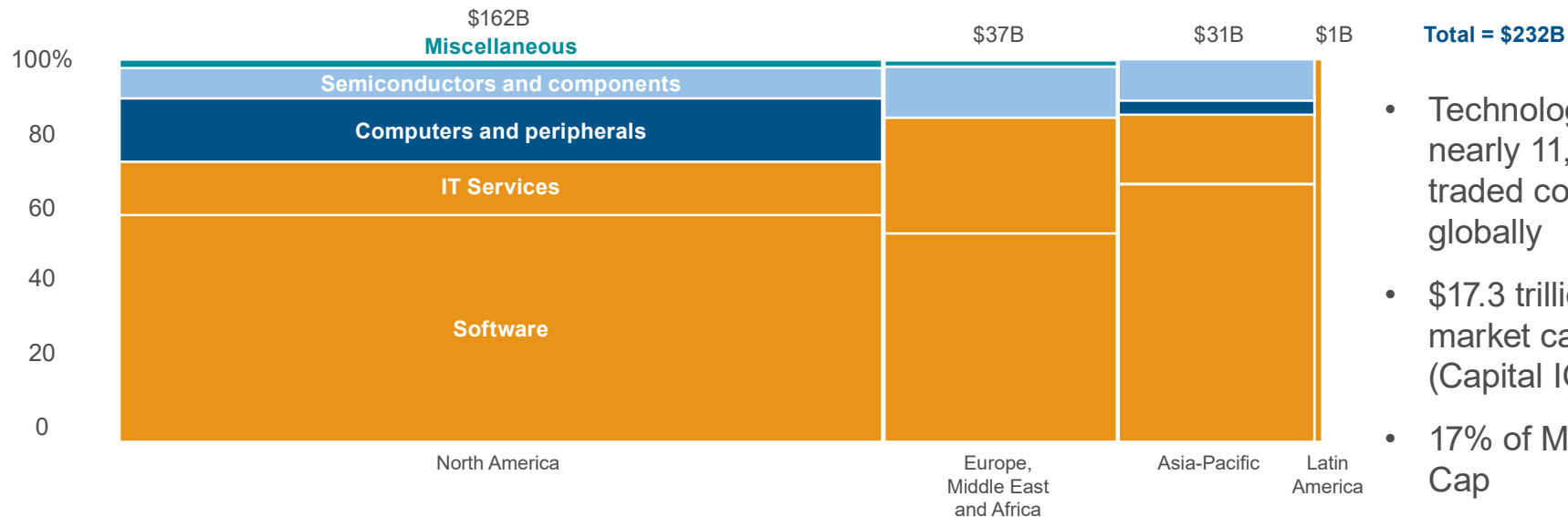
- And at record amounts: \$590B in 2017
- 2017's rate of distribution back above the 18-year average

## Industry Level All PE Distribution Pace



Source: Hamilton Lane Data via Cobalt (January 2018)

## Global Technology Sector PE Deal Value, 2010–2016

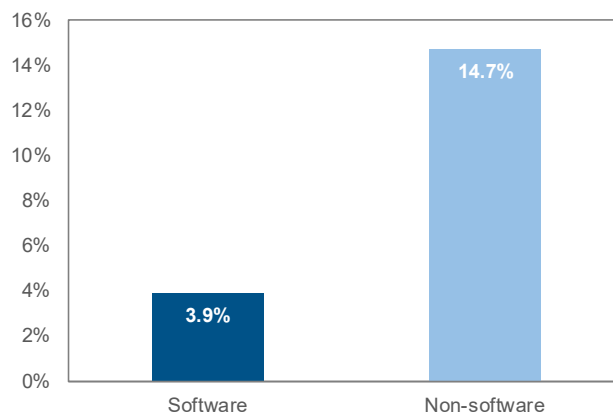


- Technology represents nearly 11,500 publicly traded companies globally
- \$17.3 trillion in public market capitalization (Capital IQ)
- 17% of MSCI World Cap

Notes: Includes buyouts only, with the exception of Asia-Pacific, which includes both buyouts and growth capital investments; includes add-on acquisitions; geography based on target's location; dollar figures are rounded. Source: Dealogic, AVCJ / Bain Global Private Equity Report 2017

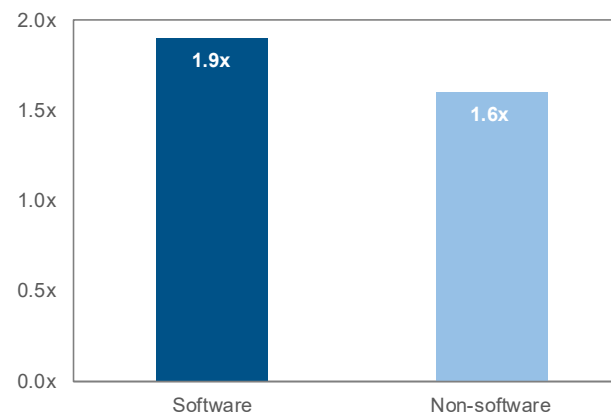
## Loss Ratio

2005-2014, Fully Realized Global Buyouts Invested



## Median Gross Deal MOIC

2005-2014, Fully Realized Global Buyouts Invested



## Did you know...?

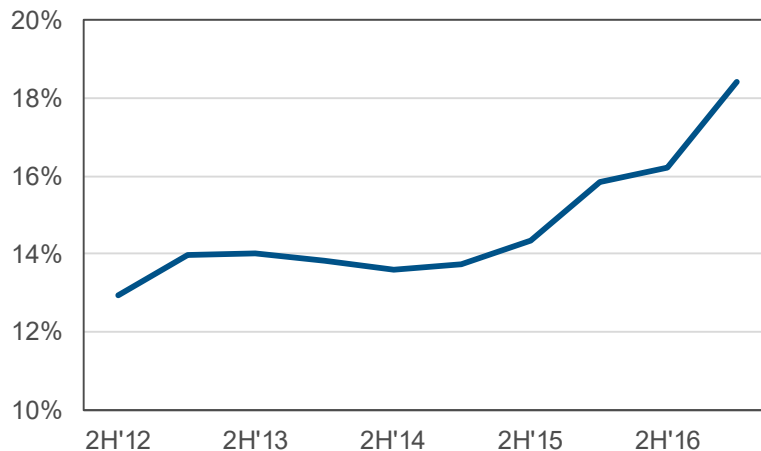
- Software and tech-enabled services account for about 80% of technology deals by count and value
- Software-related tech deals historically (2005-2014) have generated less risk and better returns than non-software tech deals

Notes: Loss rate is the equity capital invested in deals realized below cost, net of any recovered capital, divided by the total invested capital and expressed as a percentage; MOIC-multiple of invested capital Source: CEPRES / Bain Global Private Equity Report 2017

## As a percent of Private Equity deals, Tech continues to grow

### Private Equity Tech Investment

% of All PE Deals: 2H'12-1H'17

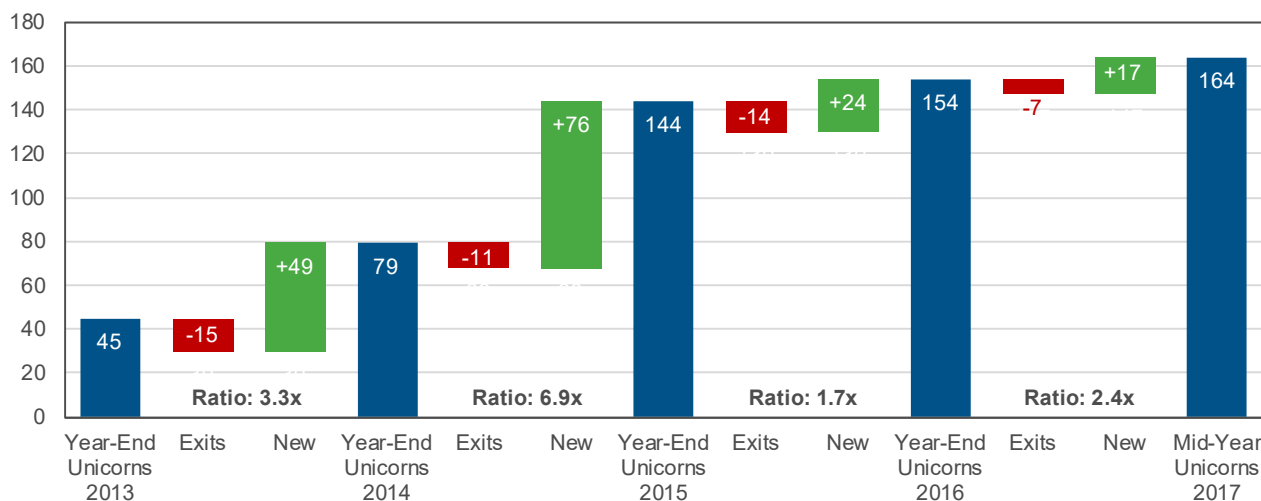


Source: SVB Analytics (Q3 2017) / Pitchbook

- The number of new companies reaching \$1B+ valuations still exceeds the number of exits
- Total “Unicorn” private market value exceeds \$600B (SVB Analytics)

### Net Change in Global Unicorns by Year

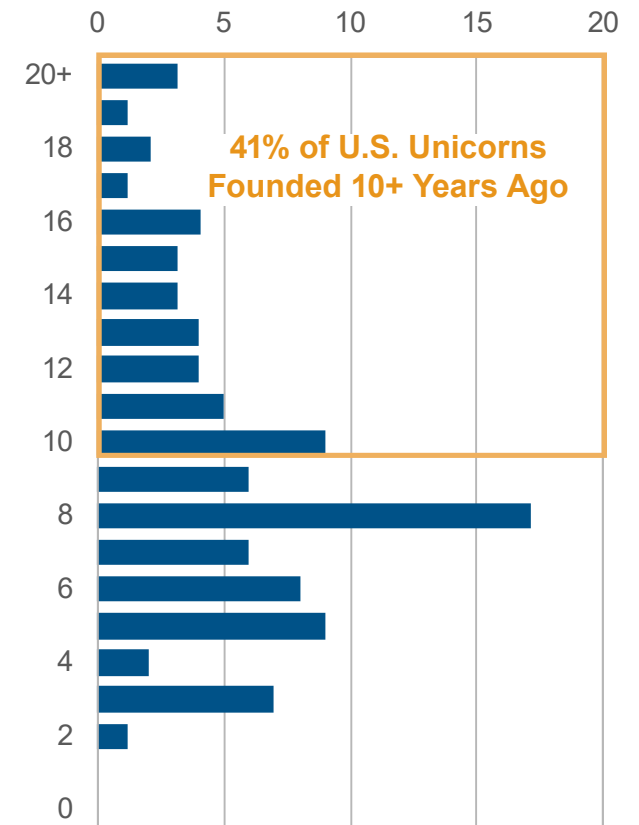
2014-1H'17



Source: SVB Analytics (Q3 2017) / The Wall Street Journal and S&P Capital IQ

### U.S. Unicorns

Count by Age: Q2 2017



Source: SVB Analytics (Q3 2017) / Dr. Jay Ritter, University of Florida; The Wall Street Journal; S&P Capital IQ

- Unicorns driving specialized investment opportunities:
  - TPG Adjacencies Fund
  - Sequoia Global Growth
  - Softbank Vision

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## Appendix A:

### Glossary of Terms



**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.

**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.



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## Appendix B:

### Disclosure Statements

Non-public information contained in this report is confidential and intended solely for dissemination to Silver State Opportunities Fund LLC and/or its Affiliates. Hamilton Lane has prepared this report to enable Silver State Opportunities 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.



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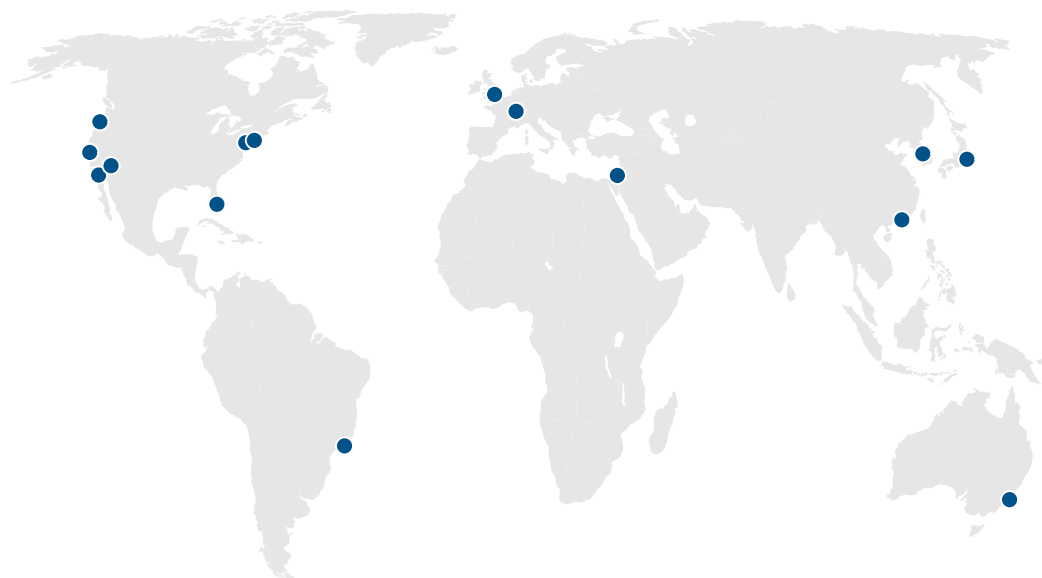
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**Nevada  
Capital  
Investment  
Corporation**

**MEMO**

TO: NCIC Board Members

FROM: Tara Hagan, Chief Deputy Treasurer

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

DATE: April 19, 2018

**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 in July of the interest rate consistent with the Internal Revenue Service (IRS) Section 1274D published rates. The Board unanimously voted to approve this investment option.

On April 5, 2018, the Permanent School Fund received the first interest payment from this investment in the amount of \$8,493 for the partial 2017 calendar year. The annual interest rate was 2.6% and the effective rate was 2.5% after reimbursements for all reasonable expenses incurred in management.

**Reports**

Accion has provided staff with the attached report which provides the Board with the following loan demographic information as of December 31, 2017:

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

In addition, Staff and Accion have also provided the 2017 third and fourth quarter financial statements for Accion Non Profit, attached.

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



Q417 Nevada Loans  
October 2017 - December 2017

Loan #	Contact: Gender	Ethnicity	Application Close Date	New Loan Proceeds	Total Refinance Amount (Actual)	Loan Amount	Business County	Total Jobs	FTE
47421	Female	Hispanic/Latino	10/2/2017	\$ 9,000.00	-	\$ 9,000.00	Clark	1	1.00
47772	Male	White	10/3/2017	6,480.00	-	6,480.00	Clark	1	1.00
47510	Female	White	10/4/2017	9,161.20	\$ 2,838.80	12,000.00	Clark	4	2.50
47728	Male	White	10/6/2017	6,805.18	5,194.82	12,000.00	Clark	9	6.50
46522	Female	White	10/13/2017	31,800.00	-	31,800.00	Clark	1	1.00
47822	Female	African American	10/17/2017	4,427.02	3,572.98	8,000.00	Clark	2	1.50
47858	Male	Hispanic/Latino	10/17/2017	8,000.00	-	8,000.00	Clark	1	1.00
47492	Male	White	10/18/2017	42,707.00	-	42,707.00	Washoe	3	2.00
48051	Male	African American	10/25/2017	10,247.81	752.19	11,000.00	Clark	1	1.00
48217	Male	African American	10/26/2017	4,000.00	-	4,000.00	Clark	1	1.00
48086	Male	Hispanic/Latino	10/27/2017	12,000.00	-	12,000.00	Clark	1	1.00
47969	Male	Asian	10/30/2017	4,320.00	-	4,320.00	Washoe	3	2.50
47961	Male	Hispanic/Latino	10/30/2017	10,000.00	-	10,000.00	Clark	3	2.00
47849	Male	White	10/30/2017	12,840.00	-	12,840.00	Washoe	2	1.50
47216	Male	White	10/30/2017	12,000.00	-	12,000.00	Washoe	1	1.00
47939	Male	Hispanic/Latino	11/1/2017	4,320.00	-	4,320.00	Clark	3	2.50
47987	Male	White	11/2/2017	2,120.00	-	2,120.00	Washoe	2	2.00
48107	Male	Other	11/3/2017	37,800.00	-	37,800.00	Clark	1	0.50
48213	Female	African American	11/14/2017	5,400.00	-	5,400.00	Clark	1	0.50
47810	Male	I choose not to answer	11/16/2017	6,000.00	-	6,000.00	Lyon	1	0.50
48386	Male	African American	11/21/2017	16,050.00	-	16,050.00	Clark	1	1.00
48471	Female	Hispanic/Latino	11/27/2017	10,000.00	-	10,000.00	Washoe	1	0.50
48816	Female	Hispanic/Latino	12/8/2017	7,238.40	4,761.60	12,000.00	Clark	20	12.00
48769	Male	White	12/8/2017	2,500.00	-	2,500.00	Clark	15	15.00
48914	Female	Hispanic/Latino	12/28/2017	21,600.00	-	21,600.00	Clark	4	3.50
48919	Male	Hispanic/Latino	12/29/2017	4,000.00	-	4,000.00	Clark	1	1.00
48802	Male	Hispanic/Latino	12/29/2017	6,375.64	5,624.36	12,000.00	Clark	1	0.50
44931	Male	White	10/10/2017	52,000.00	-	52,000.00	Washoe	1	1.00
28 Loans				\$ 359,192.25	\$ 22,744.75	\$ 381,937.00		86	67.00

Q317 Nevada Loans  
July 2017 - September 2017

Loan #	Gender	Ethnicity	Application Close Date	New Loan Proceeds	Refinance	Total	Business County	Total Jobs	FTE
46889	Male	White	8/22/2017	12,600.00	-	12,600.00	Clark	1	1.00
46718	Male	Hispanic/Latino	8/9/2017	2,700.00	-	2,700.00	Clark	1	0.50
46320	Female	African American	8/7/2017	12,000.00	-	12,000.00	Clark	1	1.00
46527	Male	I choose not to answer	9/1/2017	18,000.00	-	18,000.00	Clark	2	2.00
46668	Female	Hispanic/Latino	8/17/2017	8,576.97	4,023.03	12,600.00	Clark	1	1.00
47555	Male	Hispanic/Latino	9/20/2017	6,000.00	-	6,000.00	Clark	1	1.00
46217	I choose not to answer	White	7/14/2017	804.65	5,340.66	6,145.31	Clark	1	1.00
46328	Female	Hispanic/Latino	7/21/2017	8,000.00	-	8,000.00	Clark	2	1.50
38196	Female	African American	8/3/2017	92,500.00	-	92,500.00	Clark	1	1.00
45828	Female	White	7/3/2017	10,472.32	48,452.10	58,924.42	Clark	11	9.00
44781	Female	White	7/21/2017	21,400.00	-	21,400.00	Clark	3	2.50
46255	Female	African American	8/14/2017	12,000.00	-	12,000.00	Clark	3	2.00
45894	Male	African American	7/13/2017	15,900.00	-	15,900.00	Clark	5	3.50
45997	Male	Hispanic/Latino	8/17/2017	9,000.00	6,237.52	15,237.52	Clark	1	1.00
46832	Male	African American	8/30/2017	9,628.64	2,502.52	12,131.16	Clark	2	2.00
47291	Male	White	9/1/2017	5,836.60	6,163.40	12,000.00	Clark	1	1.00
46788	Female	Hispanic/Latino	8/15/2017	8,480.00	-	8,480.00	Clark	2	1.50
45211	Female	Hispanic/Latino	7/12/2017	5,338.68	2,693.84	8,032.52	Clark	1	1.00
46961	Female	Hispanic/Latino	8/21/2017	8,000.00	-	8,000.00	Clark	2	1.50
46750	Male	Hispanic/Latino	8/21/2017	8,000.00	-	8,000.00	Clark	1	1.00
47011	Female	Hispanic/Latino	9/11/2017	2,996.23	3,703.50	6,699.73	Clark	1	1.00
44680	Female	White	8/25/2017	6,000.00	-	6,000.00	Washoe	1	1.00
46820	Female	White	8/17/2017	1,000.00	4,126.32	5,126.32	Clark	3	2.00
47051	Female	African American	8/25/2017	4,000.00	-	4,000.00	Clark	1	0.50
47018	Female	Hispanic/Latino	8/21/2017	4,000.00	-	4,000.00	Clark	1	1.00
46258	Female	Hispanic/Latino	7/24/2017	3,240.00	-	3,240.00	Clark	2	1.50
46838	Female	White	8/23/2017	1,622.82	1,001.62	2,624.44	Clark	1	1.00
46920	Male	White	8/16/2017	2,500.00	-	2,500.00	Clark	1	1.00
46138	Female	African American	7/26/2017	1,000.00	-	1,000.00	Clark	1	1.00
47639	Female	White	9/28/2017	1,000.00	-	1,000.00	Clark	1	1.00
30 Loans				\$302,596.91	\$84,244.51	\$386,841.42		56	47.00



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**Consolidated Balance Sheet**

December 2017

	CURRENT MONTH CHANGE			LAST 12 MONTHS	
	Current Month	Prior Month	Change from Prior Month	Prior Year	Change from Prior Year
<b>ASSETS</b>					
Cash - Operations	5,338,829	4,889,859	448,969	3,934,977	1,403,852
Cash - Lending	1,546,849	1,406,157	140,691	546,015	1,000,833
Cash - Endowment	32,728	31,958	770	31,641	1,087
Investments - Operations	-	-	-	-	-
Investments - Lending	-	-	-	-	-
Investments - Endowment	1,131,148	1,123,832	7,316	977,632	153,516
Accounts Receivable	195,451	324,409	(128,958)	796,693	(601,242)
Contributions Receivable, net of allowance & discount	1,329,321	1,558,260	(228,939)	2,351,199	(1,021,879)
Loans Receivable, net of unapplied payments	42,273,716	42,570,666	(296,950)	36,097,877	6,175,839
Allowance for Loan Losses	(3,638,204)	(4,138,022)	499,818	(2,996,662)	(641,541)
Derivative Instrument	189,106	195,590	(6,484)	229,381	(40,275)
Prepaid & Other Assets	15,822	24,317	(8,495)	11,166	4,655
Equipment and Building, less accum depreciation	1,942,382	1,951,832	(9,450)	2,043,036	(100,654)
Land	1,003,216	1,003,216	-	1,003,216	-
<b>TOTAL ASSETS</b>	<b>51,360,363</b>	<b>50,942,074</b>	<b>418,289</b>	<b>45,026,171</b>	<b>6,334,193</b>
<b>LIABILITIES &amp; NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts Payable	137,679	29,415	108,264	51,444	86,234
Accrued Payroll	132,415	201,410	(68,994)	251,420	(119,004)
Other Accrued Liabilities	293,431	173,247	120,184	81,004	212,427
SBIC Participation - Secured Debt	7,306,941	7,458,309	(151,368)	6,889,593	417,348
ACA Participation - Secured Debt	25,712	30,603	(4,890)	53,986	(28,274)
PCDIC Participation - Secured Debt	-	-	-	-	-
Lines of Credit Outstanding	6,600,000	6,600,000	-	2,600,000	4,000,000
Notes Payable	15,090,203	15,090,113	91	14,589,113	501,090
<b>TOTAL LIABILITIES</b>	<b>29,586,382</b>	<b>29,583,096</b>	<b>3,285</b>	<b>24,516,561</b>	<b>5,069,821</b>
<b>CONSOLIDATED NET ASSETS</b>					
Unrestricted					
Unrestricted	10,968,237	9,397,880	1,570,357	10,782,455	185,783
LLC Investments	8,169,074	8,157,267	11,807	7,145,380	1,023,694
Temporarily Restricted	435,000	1,602,160	(1,167,160)	417,104	17,895
Permanently Restricted	2,201,671	2,201,671	-	2,164,671	37,000
<b>TOTAL CONSOLIDATED NET ASSETS</b>	<b>21,773,982</b>	<b>21,358,978</b>	<b>415,004</b>	<b>20,509,610</b>	<b>1,264,372</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>51,360,363</b>	<b>50,942,074</b>	<b>418,289</b>	<b>45,026,171</b>	<b>6,334,193</b>

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**Income Statement by Restriction**

December 2017

	CURRENT MONTH				YEAR TO DATE			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES</b>								
Support and revenue:								
Support - contributions	77,809	98,123	-	175,932	518,177	2,635,028	37,000	3,190,205
In Kind Contributions	14,758	-	-	14,758	211,712	-	-	211,712
Discount for future year pledges	-	-	-	-	-	-	-	-
Allowance for Uncollectible Contributions	-	1,608	-	1,608	-	(38,566)	-	(38,566)
Total Contributions, Net of Allowance	92,567	99,731	-	192,298	729,890	2,596,461	37,000	3,363,351
Other Operating Income								
Interest and Dividend Income on Investments	4,952	-	-	4,952	30,525	-	-	30,525
Gain or Loss on Contributed Stock	4,087	-	-	4,087	134,062	-	-	134,062
Unrealized Investment losses	-	-	-	-	-	-	-	-
Total Other Operating Income	9,039	-	-	9,039	164,586	-	-	164,586
Program Revenue								
Portfolio Interest	345,466	-	-	345,466	3,845,859	-	-	3,845,859
Application Fees	74,446	-	-	74,446	1,041,646	-	-	1,041,646
Other (Late, NSF, Chg requests)	7,417	-	-	7,417	59,133	-	-	59,133
Event Revenue	-	-	-	-	-	-	-	-
Total Program Revenue	427,329	-	-	427,329	4,946,637	-	-	4,946,637
Subtotal - support and revenue	528,935	99,731	-	628,667	5,841,113	2,596,461	37,000	8,474,574
Net assets released from restrictions	1,266,891	(1,266,891)	-	-	2,578,566	(2,578,566)	-	-
Total Support and Revenues	1,795,826	(1,167,160)	-	628,667	8,419,679	17,895	37,000	8,474,574
<b>EXPENSES</b>								
Staffing Costs								
Payroll Expenses	169,685	-	-	169,685	2,882,126	-	-	2,882,126
Payroll Taxes	13,397	-	-	13,397	218,254	-	-	218,254
Benefits	21,370	-	-	21,370	227,802	-	-	227,802
Accounting, IT, Payroll Fees	5,341	-	-	5,341	33,718	-	-	33,718
Temporary Services	13,692	-	-	13,692	80,406	-	-	80,406
Consultants	38,318	-	-	38,318	132,912	-	-	132,912
Employee Travel	7,886	-	-	7,886	170,739	-	-	170,739
Conferences/Training	477	-	-	477	26,634	-	-	26,634
Hiring Fees	1,332	-	-	1,332	44,103	-	-	44,103
Board & Team Recognition & Development	2,003	-	-	2,003	16,062	-	-	16,062
Total Staffing Costs	273,501	-	-	273,501	3,832,756	-	-	3,832,756
Facilities Costs								
Rent	663	-	-	663	5,057	-	-	5,057
Telecommunications	10,232	-	-	10,232	138,908	-	-	138,908
Office Supplies & Equipment	3,832	-	-	3,832	70,658	-	-	70,658
Software license fees	13,083	-	-	13,083	106,611	-	-	106,611
Postage & Shipping	2,662	-	-	2,662	26,961	-	-	26,961
Printing & Reproduction	1,357	-	-	1,357	21,940	-	-	21,940
Other dues/fees	(347)	-	-	(347)	24,106	-	-	24,106
Other Office Expense	4,292	-	-	4,292	85,262	-	-	85,262
Total Facilities Costs	35,774	-	-	35,774	479,502	-	-	479,502
Loan Initiation & Collections								
Outreach Marketing	24,291	-	-	24,291	161,899	-	-	161,899
Loan statements/Client Mailings	340	-	-	340	25,824	-	-	25,824
Bad Debt Expense	(280,904)	-	-	(280,904)	2,158,307	-	-	2,158,307
Derivative Inc (SBIC portion bad debt)	266	-	-	266	(30,828)	-	-	(30,828)
Credit Reporting	10,222	-	-	10,222	101,228	-	-	101,228
Legal & Collections Costs	51,382	-	-	51,382	227,636	-	-	227,636
Underwriting Expense	-	-	-	-	-	-	-	-
Other Loan Costs	(350)	-	-	(350)	40,739	-	-	40,739
Total Loan Initiation & Collections	(204,754)	-	-	(204,754)	2,684,805	-	-	2,684,805
Other Business Costs								
Audit & Tax Preparation Fees	-	-	-	-	41,016	-	-	41,016
Insurance	1,310	-	-	1,310	23,422	-	-	23,422
Legal Fees - Operations	668	-	-	668	9,637	-	-	9,637
Investment Fees	910	-	-	910	10,669	-	-	10,669
Strategic Planning Retreats	-	-	-	-	7,374	-	-	7,374
Business Taxes & Fees	14,711	-	-	14,711	42,049	-	-	42,049
Total Other Business Costs	17,599	-	-	17,599	134,167	-	-	134,167
Total Donor Development Costs	1,030	-	-	1,030	21,245	-	-	21,245
Interest Expense (imputed)	12,662	-	-	12,662	151,894	-	-	151,894
Interest Expense - Actual non-SBIC	61,066	-	-	61,066	607,814	-	-	607,814
Interest Expense - SBIC	19,141	-	-	19,141	218,327	-	-	218,327
Depreciation & Amortization	9,450	-	-	9,450	103,387	-	-	103,387
TOTAL EXPENSES	225,469	-	-	225,469	8,233,896	-	-	8,233,896
CHANGE IN NET ASSETS FROM OPERATIONS	1,570,357	(1,167,160)	-	403,197	185,783	17,895	37,000	240,679
<b>CHANGES IN NET ASSETS FROM LLC ACTIVITY</b>								
Proceeds from LLC Investment	-	-	-	-	1,000,000	-	-	1,000,000
LLC Net Earnings	11,807	-	-	11,807	118,858	-	-	118,858
LLC Distribution	-	-	-	-	(95,164)	-	-	(95,164)
NET ASSETS, BEGINNING	17,555,147	1,602,160	2,201,671	21,358,978	17,927,834	417,104	2,164,671	20,509,610
NET ASSETS, ENDING	19,137,311	435,000	2,201,671	21,773,982	19,137,311	435,000	2,201,671	21,773,982

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**Statement of Cash Flows**

	December 2017	Year-to-date 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 403,197	\$ 240,679
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized loss on investments	(4,087)	(134,062)
Earnings of Noncontrolling LLC interests	11,807	118,858
Loss on disposal of assets	-	-
Depreciation and amortization	9,450	103,387
Amortization of note payable closing fee	91	1,090
Loan loss provision	(290,904)	2,158,307
Uncollectible contribution allowance (reversal)	1,608	(38,566)
Donated stock	-	(20,233)
Change in fair value of derivative instrument	6,484	40,275
Change in other assets and liabilities:		
Accounts receivable	128,958	601,242
Contributions receivable	227,331	1,060,445
Prepaid expenses	8,495	(4,655)
Accounts payable	108,264	86,234
Accrued payroll	(68,994)	(119,004)
Other accrued liabilities	120,184	212,427
Net cash provided by operating activities	661,883	4,306,422
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sales/purchases of investments	(3,229)	779
Purchase of property and equipment	-	(2,733)
Investment of small business loans	(1,484,313)	(21,530,574)
Repayments and recoveries of small business loans	1,572,349	13,837,968
Net cash used in investing activities	84,807	(7,694,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from NM SBIC	311,689	3,801,593
Repayment of NM SBIC	(463,058)	(3,384,246)
Proceeds from (payments to) ACA Participation	(4,890)	(28,274)
Proceeds for PCDIC Participation	-	-
Proceeds from (payments to) line-of-credit	-	4,000,000
Proceeds from notes payable	-	1,000,000
Repayment of notes payable	-	(500,000)
Proceeds from LLC Investment	-	1,000,000
LLC Distributions	-	(95,164)
Net cash provided by financing activities	(156,259)	5,793,909
NET CHANGE IN CASH AND CASH EQUIVALENTS	590,431	2,405,772
Cash and cash equivalents, beginning	6,327,974	4,512,633
Cash and cash equivalents, ending	\$ 6,918,405	\$ 6,918,405



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**Income Statement by Restriction**

September 2017

	CURRENT MONTH				YEAR TO DATE			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES</b>								
Support and revenue:								
Support - contributions	17,047	1,077,778	37,000	1,131,825	346,521	2,197,145	37,000	2,580,665
In Kind Contributions	18,056	-	-	18,056	169,218	-	-	169,218
Discount for future year pledges	-	-	-	-	-	-	-	-
Allowance for Uncollectible Contributions	-	1,026	-	1,026	-	(40,983)	-	(40,983)
Total Contributions, Net of Allowance	35,103	1,078,804	37,000	1,150,907	515,739	2,156,162	37,000	2,708,901
Other Operating Income								
Interest and Dividend Income on Investments	2,627	-	-	2,627	21,526	-	-	21,526
Gain or Loss on Contributed Stock	11,462	-	-	11,462	101,855	-	-	101,855
Unrealized Investment losses	-	-	-	-	-	-	-	-
Total Other Operating Income	14,089	-	-	14,089	123,380	-	-	123,380
Program Revenue								
Portfolio Interest	312,972	-	-	312,972	2,859,449	-	-	2,859,449
Application Fees	89,477	-	-	89,477	787,040	-	-	787,040
Other (Late, NSF, Chg requests)	1,517	-	-	1,517	25,508	-	-	25,508
Event Revenue	-	-	-	-	-	-	-	-
Total Program Revenue	403,967	-	-	403,967	3,671,997	-	-	3,671,997
Subtotal - support and revenue	453,159	1,078,804	37,000	1,568,962	4,311,116	2,156,162	37,000	6,504,278
Net assets released from restrictions	261,222	(261,222)	-	-	1,136,309	(1,136,309)	-	-
<b>Total Support and Revenues</b>	<b>714,380</b>	<b>817,582</b>	<b>37,000</b>	<b>1,568,962</b>	<b>5,447,425</b>	<b>1,019,853</b>	<b>37,000</b>	<b>6,504,278</b>
<b>EXPENSES</b>								
Staffing Costs								
Payroll Expenses	249,308	-	-	249,308	2,334,522	-	-	2,334,522
Payroll Taxes	18,947	-	-	18,947	178,094	-	-	178,094
Benefits	18,509	-	-	18,509	169,809	-	-	169,809
Accounting, IT, Payroll Fees	2,140	-	-	2,140	22,881	-	-	22,881
Temporary Services	4,602	-	-	4,602	44,783	-	-	44,783
Consultants	200	-	-	200	81,218	-	-	81,218
Employee Travel	11,101	-	-	11,101	143,446	-	-	143,446
Conferences/Training	792	-	-	792	23,917	-	-	23,917
Hiring Fees	22,399	-	-	22,399	41,515	-	-	41,515
Board & Team Recognition & Development	813	-	-	813	11,341	-	-	11,341
Total Staffing Costs	328,811	-	-	328,811	3,051,526	-	-	3,051,526
Facilities Costs								
Rent	-	-	-	-	3,405	-	-	3,405
Telecommunications	9,408	-	-	9,408	102,831	-	-	102,831
Office Supplies & Equipment	2,904	-	-	2,904	61,397	-	-	61,397
Software license fees	952	-	-	952	91,595	-	-	91,595
Postage & Shipping	2,343	-	-	2,343	20,963	-	-	20,963
Printing & Reproduction	-	-	-	-	19,464	-	-	19,464
Other dues/fees	1,638	-	-	1,638	23,305	-	-	23,305
Other Office Expense	4,519	-	-	4,519	70,494	-	-	70,494
Total Facilities Costs	21,764	-	-	21,764	393,454	-	-	393,454
Loan Initiation & Collections								
Outreach Marketing	14,950	-	-	14,950	126,417	-	-	126,417
Loan statements/Client Mailings	2,512	-	-	2,512	19,908	-	-	19,908
Bad Debt Expense	423,714	-	-	423,714	1,946,633	-	-	1,946,633
Derivative Inc (SBIC portion bad debt)	(32,219)	-	-	(32,219)	(70,731)	-	-	(70,731)
Credit Reporting	-	-	-	-	72,904	-	-	72,904
Legal & Collections Costs	10,941	-	-	10,941	154,160	-	-	154,160
Underwriting Expense	-	-	-	-	-	-	-	-
Other Loan Costs	7,886	-	-	7,886	35,430	-	-	35,430
Total Loan Initiation & Collections	427,784	-	-	427,784	2,284,721	-	-	2,284,721
Other Business Costs								
Audit & Tax Preparation Fees	3,993	-	-	3,993	41,016	-	-	41,016
Insurance	2,184	-	-	2,184	18,882	-	-	18,882
Legal Fees - Operations	-	-	-	-	4,426	-	-	4,426
Investment Fees	874	-	-	874	7,979	-	-	7,979
Strategic Planning Retreats	-	-	-	-	7,374	-	-	7,374
Business Taxes & Fees	18	-	-	18	27,292	-	-	27,292
Total Other Business Costs	7,068	-	-	7,068	106,969	-	-	106,969
Total Donor Development Costs	1,264	-	-	1,264	17,732	-	-	17,732
Interest Expense (imputed)	17,371	-	-	17,371	113,962	-	-	113,962
Interest Expense - Actual non-SBIC	55,845	-	-	55,845	431,960	-	-	431,960
Interest Expense - SBIC	18,324	-	-	18,324	161,506	-	-	161,506
Depreciation & Amortization	10,450	-	-	10,450	73,038	-	-	73,038
<b>TOTAL EXPENSES</b>	<b>888,680</b>	<b>-</b>	<b>-</b>	<b>888,680</b>	<b>6,634,869</b>	<b>-</b>	<b>-</b>	<b>6,634,869</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(174,300)</b>	<b>817,582</b>	<b>37,000</b>	<b>680,282</b>	<b>(1,187,444)</b>	<b>1,019,853</b>	<b>37,000</b>	<b>(130,591)</b>
<b>CHANGES IN NET ASSETS FROM LLC ACTIVITY</b>								
Proceeds from LLC Investment	-	-	-	-	1,000,000	-	-	1,000,000
LLC Net Earnings	11,026	-	-	11,026	84,218	-	-	84,218
LLC Distribution	-	-	-	-	(95,164)	-	-	(95,164)
<b>NET ASSETS, BEGINNING</b>	<b>17,892,718</b>	<b>619,375</b>	<b>2,164,671</b>	<b>20,676,764</b>	<b>17,927,834</b>	<b>417,104</b>	<b>2,164,671</b>	<b>20,509,610</b>
<b>NET ASSETS, ENDING</b>	<b>17,729,444</b>	<b>1,436,957</b>	<b>2,201,671</b>	<b>21,368,073</b>	<b>17,729,444</b>	<b>1,436,957</b>	<b>2,201,671</b>	<b>21,368,073</b>

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**Consolidated Balance Sheet**

September 2017

	CURRENT MONTH CHANGE			LAST 12 MONTHS	
	Current Month	Prior Month	Change from Prior Month	Prior Year	Change from Prior Year
<b>ASSETS</b>					
Cash - Operations	4,842,602	5,009,757	(167,155)	3,838,663	1,003,939
Cash - Lending	1,920,199	2,160,193	(239,994)	2,027,618	(107,420)
Cash - Endowment	26,560	28,939	(2,379)	34,541	(7,981)
Investments - Operations	-	-	-	-	-
Investments - Lending	-	-	-	-	-
Investments - Endowment	1,098,936	1,083,388	15,548	985,964	112,972
Accounts Receivable	335,577	194,622	140,955	321,174	14,403
Contributions Receivable, net of allowance & discount	1,380,033	567,063	812,970	2,719,632	(1,339,599)
Loans Receivable, net of unapplied payments	42,188,606	41,262,232	926,373	32,723,486	9,465,120
Allowance for Loan Losses	(3,844,251)	(3,547,652)	(296,599)	(2,734,805)	(1,109,447)
Derivative Instrument	249,742	223,746	25,996	230,772	18,970
Prepaid & Other Assets	11,866	17,690	(5,824)	33,664	(21,797)
Equipment and Building, less accum depreciation	1,972,731	1,983,180	(10,450)	2,317,505	(344,774)
Land	1,003,216	1,003,216	-	1,003,216	-
<b>TOTAL ASSETS</b>	<b>51,185,815</b>	<b>49,986,373</b>	<b>1,199,442</b>	<b>43,501,428</b>	<b>7,684,387</b>
<b>LIABILITIES &amp; NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts Payable	24,984	69,983	(44,999)	39,376	(14,392)
Accrued Payroll	330,100	344,761	(14,661)	224,650	105,450
Other Accrued Liabilities	151,835	233,519	(81,684)	72,753	79,082
SBIC Participation - Secured Debt	7,587,864	7,436,080	151,784	6,334,916	1,252,949
ACA Participation - Secured Debt	33,028	35,426	(2,398)	76,766	(43,738)
PCDIC Participation - Secured Debt	-	-	-	16,110	(16,110)
Lines of Credit Outstanding	6,600,000	6,600,000	-	2,600,000	4,000,000
Notes Payable	15,089,931	14,589,840	500,091	14,588,841	501,090
<b>TOTAL LIABILITIES</b>	<b>29,817,743</b>	<b>29,309,609</b>	<b>508,134</b>	<b>23,953,411</b>	<b>5,864,331</b>
<b>CONSOLIDATED NET ASSETS</b>					
Unrestricted					
Unrestricted	9,595,010	9,769,310	(174,300)	8,372,692	1,222,318
LLC Investments	8,134,434	8,123,408	11,026	6,017,504	2,116,931
Temporarily Restricted	1,436,957	619,375	817,582	2,530,149	(1,093,192)
Permanently Restricted	2,201,671	2,164,671	37,000	2,627,671	(426,000)
<b>TOTAL CONSOLIDATED NET ASSETS</b>	<b>21,368,073</b>	<b>20,676,764</b>	<b>691,309</b>	<b>19,548,016</b>	<b>1,820,057</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>51,185,815</b>	<b>49,986,373</b>	<b>1,199,442</b>	<b>43,501,428</b>	<b>7,684,388</b>

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**Statement of Cash Flows**

	<b>September 2017</b>	<b>Year-to-date 2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 680,282	\$ (130,591)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized loss on investments	(11,462)	(101,855)
Earnings of Noncontrolling LLC interests	11,026	84,218
Loss on disposal of assets	-	-
Depreciation and amortization	10,450	73,038
Amortization of note payable closing fee	91	818
Loan loss provision	423,714	1,946,633
Uncollectible contribution allowance (reversal)	1,026	(40,983)
Donated stock	-	(20,233)
Change in fair value of derivative instrument	(25,996)	(20,361)
Change in other assets and liabilities:		
Accounts receivable	(140,955)	461,116
Contributions receivable	(813,996)	1,012,149
Prepaid expenses	5,824	(700)
Accounts payable	(44,999)	(26,460)
Accrued payroll	(14,661)	78,680
Other accrued liabilities	(81,684)	70,831
Net cash provided by operating activities	(1,339)	3,386,300
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net sales/purchases of investments	(4,086)	785
Purchase of property and equipment	-	(2,733)
Investment of small business loans	(2,077,513)	(16,663,842)
Repayments and recoveries of small business loans	1,024,025	9,474,069
Net cash used in investing activities	(1,057,574)	(7,191,722)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from NM SBIC	371,430	2,860,672
Repayment of NM SBIC	(219,646)	(2,162,401)
Proceeds from (payments to) ACA Participation	(2,398)	(20,958)
Proceeds for PCDIC Participation	-	-
Proceeds from (payments to) line-of-credit	-	4,000,000
Proceeds from notes payable	1,000,000	1,000,000
Repayment of notes payable	(500,000)	(500,000)
Proceeds from LLC Investment	-	1,000,000
LLC Distributions	-	(95,164)
Net cash provided by financing activities	649,386	6,082,149
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(409,527)	2,276,727
Cash and cash equivalents, beginning	7,198,888	4,512,633
Cash and cash equivalents, ending	\$ 6,789,360	\$ 6,789,360