

EXHIBIT G2



August 10, 2018

Attn: Barbara Brown

For Reporting Purposes To:

Senator Ronald Caldwell,
Chair Senate Subcommittee on Agriculture, Forestry and Economic Development

Rep. Dan Douglas,
Chair House Committee on Agriculture, Forestry and Economic Development

Room 315, State Capitol
Little Rock AR 72201

Dear Senator Caldwell and Representative Douglas:

Attached for disbursement as required by A.C.A. §15-5-1608, is the annual report of the Arkansas Venture Capital Investment Trust ("AVCIT") and the Arkansas Risk Capital Matching Fund ("ARCMF"). This report is to document and review the progress of the trustees of the AVCIT and the review committee in implementing the investment and financial assistance activities as set forth by A.C.A. §15-5-1601 *et seq.*

The AVCIT was created pursuant to the provisions of A.C.A. §28-72-2. The purpose of the AVCIT and the Arkansas Risk Capital Matching Fund is to provide financial investment and assistance to aid early stage technology-based enterprises in Arkansas so as to create jobs paying in excess of county and state average wages. ADFA administers the programs of the AVCIT which operates five programs that are intended to stimulate venture capital investments in Arkansas. Those programs are the Arkansas Institutional Fund ("AIF"), the ARCMF, the ADFA Co-Investment Fund ("ACIF"), Seed and Angel Capital Network ("SACN") and the Arkansas Venture Development Fund ("AVDF").

During FY 2017 the AVCIT programs invested a total of \$650,000 in four Arkansas companies. Since 2003, the AIF has helped cause over \$26,981,125 investment in thirty-seven (37) Arkansas companies. Since 2009, the other AVCIT programs have invested \$20,802,115 in forty-three (43) Arkansas companies. These investments helped leverage over \$100 million in private investment for these eighty (80) Arkansas companies.

Please feel free to contact me directly at 682-5905 if you have any questions or would like to learn more about any of these investment programs or ADFA.

Sincerely,

A handwritten signature in blue ink that reads "Brad Henry" with "by Davis" written below it.

Brad Henry
Vice President Development Finance

Venture Capital Investment Trust
Statement of Net Position - UNAUDITED
6/30/2017

Assets

| | |
|------------------------------|--------------------------|
| Cash and cash equivalents | 2,480,649 |
| Accounts Receivable | 180,324 |
| Accrued interest receivable: | |
| Investment | 426 |
| Loan | 1,961 |
| Investments | 36,947,915 |
| Loans | <u>1,080,050</u> |
| Total Assets | <u><u>40,691,325</u></u> |

Liabilities

| | |
|-------------------------------|--------------------------|
| Note Payable | 25,282,156 |
| Interest Payable | 3,668 |
| Accounts payable | 41,886 |
| Deferred Inflows of Resources | <u>488,700</u> |
| Total Liabilities | <u><u>25,816,410</u></u> |

Net Position

| | |
|---|--------------------------|
| Restricted by program requirements | 14,752,384 |
| Restricted nonexpendable, minority interest | <u>122,531</u> |
| Total Net Position | <u><u>14,874,915</u></u> |

Venture Capital Investment Trust
Statement of Revenue, Expenses, and Change in Net Position - UNAUDITED
6/30/2017

Operating Revenues

| | |
|---|---------------|
| Investment income, Interest and Dividends | 1,887,563 |
| Loan Interest | 45,161 |
| Financing fee Income | <u>39,285</u> |

Total operating revenues 1,972,009

Operating Expenses

| | |
|------------------------|----------------|
| Interest Expense | 749,811 |
| Professional Fees | 159,912 |
| Program administration | <u>753,314</u> |

Total operating expenses 1,663,037

Operating Income 308,972

Transfers In 1,594,917

Change in Net Position 1,903,889

Net Position

| | |
|-------------------------|------------------|
| Beginning of year | 13,100,383 |
| Distributions to member | <u>(129,357)</u> |

End of year 14,874,915

**Arkansas Credit Reserve Program
Statement of Net Position - UNAUDITED
June 30, 2017**

ASSETS

| | |
|------------------------------|-----------------------|
| Cash and cash equivalents | 106,322 |
| Accrued interest receivable: | |
| Investment | <u>-</u> |
| Total Assets | <u><u>106,322</u></u> |

LIABILITIES

| | |
|--------------------------|----------|
| Other payables | <u>-</u> |
| Total Liabilities | <u>-</u> |

NET POSITION

| | |
|------------------------------------|-----------------------|
| Restricted by program requirements | <u><u>106,322</u></u> |
|------------------------------------|-----------------------|

Arakansas Credit Reserve Program
Statement of Revenues, Expenses and Changes in Net Position - UNAUDITED
For the Year Ended June 30, 2017

OPERATING REVENUES:

| | |
|----------------------------------|---------------|
| Interest income: | |
| Investment Interest Income | 103 |
| Reserve Fees | <u>35,876</u> |
| Total operating revenues: | 35,979 |

OPERATING EXPENSES:

| | |
|------------------------|----------|
| Program administration | <u>-</u> |
|------------------------|----------|

OPERATING INCOME 35,979

CHANGE IN NET POSITION 35,979

NET POSITION:

| | |
|-------------------|----------------|
| Beginning of year | <u>70,343</u> |
| End of year | <u>106,322</u> |

Arkansas Capital Access Program
Statement of Net Position - UNAUDITED
June 30, 2017

ASSETS

| | |
|------------------------------|----------------|
| Cash and cash equivalents | 373,631 |
| Accrued interest receivable: | |
| Investment | <u>29</u> |
| Total Assets | <u>373,660</u> |

LIABILITIES

| | |
|--------------------------|----------|
| Other payables | <u>-</u> |
| Total Liabilities | <u>-</u> |

NET POSITION

| | |
|------------------------------------|----------------|
| Restricted by program requirements | <u>373,660</u> |
|------------------------------------|----------------|

**Arkansas Capital Access Program
Statement of Revenues, Expenses and Changes in Net Position - UNAUDITED
For the Year Ended June 30, 2017**

OPERATING REVENUES:

| | |
|----------------------------------|---------------|
| Interest income: | |
| Investment Interest Income | 754 |
| Reserve Fees | <u>56,400</u> |
| Total operating revenues: | 57,154 |

OPERATING EXPENSES:

| | |
|------------------------|---------------|
| Program administration | <u>18,196</u> |
|------------------------|---------------|

| | |
|-------------------------|---------------|
| OPERATING INCOME | <u>38,958</u> |
|-------------------------|---------------|

| | |
|---------------------|-----------------|
| Transfer Out | <u>(35,999)</u> |
|---------------------|-----------------|

| | |
|-------------------------------|-------|
| CHANGE IN NET POSITION | 2,959 |
|-------------------------------|-------|

NET POSITION:

| | |
|-------------------|----------------|
| Beginning of year | <u>370,701</u> |
|-------------------|----------------|

| | |
|-------------|-----------------------|
| End of year | <u><u>373,660</u></u> |
|-------------|-----------------------|