

# NEPA VENTURE FUND II, L.P.

Financial Reporting Package

**Quarterly Report**

December 31, 2017

**NEPA VENTURE FUND II, L.P.**  
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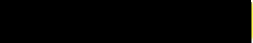
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***SPECIAL REPORTING***

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PSERS Cumulative Statement of Partners' Capital

NEPA VENTURE FUND II, L.P.  
Portfolio Investment Summary  
December 31, 2017

	Investments	Shares	Cost	Fair Value	Unrealized Appreciation (Depreciation)
 Ser A pref stk		1,800,000	\$ 450,000	\$ 2,822,500	\$ 2,372,500
Total			<u>\$ 450,000</u>	<u>\$ 2,822,500</u>	<u>\$ 2,372,500</u>

**NEPA VENTURE FUND II, L.P.**  
**Statement of Assets and Liabilities**

	<u>3/31/2017</u>	<u>6/30/2017</u>	<u>9/30/2017</u>	<u>12/31/2017</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>ASSETS:</b>				
Investments in securities of portfolio companies,	\$ 5,172,000	\$ 5,172,000	\$ 2,586,000	\$ 2,822,500
Cash & cash equivalents	5,991	4,090	2,592	1,642
Interest receivable	-	-	-	-
Escrowed funds-net of allowance	-	-	-	-
Tax Deposit	6,760	6,760	6,760	6,760
Due from Partners'	-	-	-	-
Organization costs, net of accumulated accumulated amortization	114,324 <u>(114,324)</u>	114,324 <u>(114,324)</u>	114,324 <u>(114,324)</u>	114,324 <u>(114,324)</u>
Total Assets	<u>5,184,751</u>	<u>5,182,850</u>	<u>2,595,352</u>	<u>2,830,902</u>
<b>LIABILITIES:</b>				
Commitments	-	-	-	-
Other current liabilities	-	-	-	-
Due to affiliate line of credit - SVB	10,000 -	10,000 -	10,000 -	10,000 -
Accrued expenses	<u>29,188</u>	<u>29,947</u>	<u>29,572</u>	<u>29,372</u>
Total Liabilities	<u>39,188</u>	<u>39,947</u>	<u>39,572</u>	<u>39,372</u>
Net Assets	<u>\$ 5,145,563</u>	<u>\$ 5,142,903</u>	<u>\$ 2,555,780</u>	<u>\$ 2,791,530</u>
<b>PARTNERS' CAPITAL</b>				
Contributed capital (net of syndication fees)	19,975,000	19,975,000	19,975,000	19,975,000
Syndication fees	(10,668)	(10,668)	(10,668)	(10,668)
Cummulative investment performance:				
Net operating income(loss)	(2,326,778)	(2,329,438)	(2,330,561)	(2,331,311)
Net realized gain(loss) on portfolio investments	92,910,785	92,910,785	92,910,785	92,910,785
Net unrealized appreciation (depreciation) of investme	<u>4,737,123</u>	<u>4,737,123</u>	<u>2,151,123</u>	<u>2,387,623</u>
Increase in net assets resulting from operations	<u>95,321,131</u>	<u>95,318,471</u>	<u>92,731,348</u>	<u>92,967,098</u>
Total contributed capital and investment performance	115,285,463	115,282,803	112,695,680	112,931,430
Cummulative distributions to partners:				
Stock distributions	(69,800,288)	(69,800,288)	(69,800,288)	(69,800,288)
Cash distributions	<u>(40,339,612)</u>	<u>(40,339,612)</u>	<u>(40,339,612)</u>	<u>(40,339,612)</u>
	(110,139,900)	(110,139,900)	(110,139,900)	(110,139,900)
Net Assets represented by Partner's Capital	<u>\$ 5,145,563</u>	<u>\$ 5,142,903</u>	<u>\$ 2,555,780</u>	<u>\$ 2,791,530</u>

**NEPA VENTURE FUND II, L.P.**  
**Statement of Operations**

**(UNAUDITED)**

INVESTMENT INCOME:	<u>1Q17</u>	<u>2Q17</u>	<u>3Q17</u>	<u>4Q17</u>	<u>YEAR-TO-DATE 2017</u>
Investment Income - Portfolio Companies	\$ -	\$ -	\$ -	\$ -	\$ -
Director fees - value of options	-	-	-	-	-
Short-term investment income	<u>-</u>	<u>-</u>	<u>3</u>	<u>2</u>	<u>5</u>
	<u>-</u>	<u>-</u>	<u>3</u>	<u>2</u>	<u>5</u>
<b>EXPENSES:</b>					
Write-off - Escrow receivable	-	-	-	-	-
Management fees	-	-	-	-	-
Amortization	-	-	-	-	-
Professional fees and other expenses	<u>1,612</u>	<u>2,660</u>	<u>1,127</u>	<u>752</u>	<u>6,151</u>
	1,612	2,660	1,127	752	6,151
Interest Expense	-	-	-	-	-
Net Operating Income (Loss)	(1,612)	(2,660)	(1,124)	(750)	(6,146)
Net realized gain (loss) on portfolio investments	-	-	-	-	-
Change in net unrealized appreciation (depreciation) of inve	<u>-</u>	<u>-</u>	<u>(2,586,000)</u>	<u>236,500</u>	<u>(2,349,500)</u>
<b>NET INCREASE (DECREASE) IN PARTNERS' CAPITAL</b>	<u>\$ (1,612)</u>	<u>\$ (2,660)</u>	<u>\$ (2,587,124)</u>	<u>\$ 235,750</u>	<u>\$ (2,355,646)</u>

NEPA VENTURE FUND II, L.P.  
Statement of Changes in Partners' Capital  
September 30, 2016

(UNAUDITED)

	General Partner	Limited Partners'	Special Limited Partners'	Subscriptions Receivable	Total
BALANCE, DECEMBER 31, 2016	\$ 1,011,474	\$ 729,325	\$ 3,406,375	\$ -	\$ 5,147,174
Net operating income(loss)	(322)	(474)	(816)	-	(1,612)
Special allocation of mgmt fees	-	-	-	-	-
Net realized gain(loss) on	-	-	-	-	-
Net unrealized gain(loss)	-	-	-	-	-
Capital contributions	-	-	-	-	-
Distributions <sup>1</sup>	-	-	-	-	-
BALANCE, MARCH 31, 2017	\$ 1,011,152	\$ 728,851	\$ 3,405,559	\$ -	\$ 5,145,562
Net operating income(loss)	(532)	(783)	(1,345)	-	(2,660)
Special allocation of mgmt fees	-	-	-	-	-
Net realized gain(loss) on	-	-	-	-	-
Net unrealized gain(loss)	-	-	-	-	-
Capital contributions	-	-	-	-	-
Distributions <sup>1</sup>	-	-	-	-	-
BALANCE, JUNE 30, 2017	\$ 1,010,620	\$ 728,068	\$ 3,404,214	\$ -	\$ 5,142,902
Net operating income(loss)	(225)	(331)	(567)	-	(1,123)
Special allocation of mgmt fees	-	-	-	-	-
Net realized gain(loss) on	-	-	-	-	-
Net unrealized gain(loss)	(517,200)	-	(2,068,800)	-	(2,586,000)
Capital contributions	-	-	-	-	-
Distributions <sup>1</sup>	-	-	-	-	-
BALANCE, SEPTEMBER 30, 2017	\$ 493,195	\$ 727,737	\$ 1,334,847	\$ -	\$ 2,555,779
Net operating income(loss)	(150)	(221)	(379)	-	(750)
Special allocation of mgmt fees	-	-	-	-	-
Net realized gain(loss) on	-	-	-	-	-
Net unrealized gain(loss)	47,300	-	189,200	-	236,500
Capital contributions	-	-	-	-	-
Distributions <sup>1</sup>	-	-	-	-	-
BALANCE, DECEMBER 31, 2017	\$ 540,345	\$ 727,516	\$ 1,523,668	\$ -	\$ 2,791,529

**NEPA VENTURE FUND II, L.P.**  
**Statement of Cash Flows**

**(UNAUDITED)**

	3/31/2016	6/30/2016	9/30/2016	12/31/2016	YEAR-TO-DATE 12/31/2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Increase(Decrease) in partners' capital	\$ (1,611)	\$ (2,660)	\$ (2,587,124)	\$ 235,750	\$ (2,355,645)
Net realized (gain) loss	-	-	-	-	-
Unrealized (gain) loss	-	-	2,586,000	(236,500)	2,349,500
Amortization	-	-	-	-	-
Capitalized investment interest/Director options	-	-	-	-	-
Adjustments to reconcile net increase in partners' capital to net cash provided by (used in) operating activities:					
(Increase) decrease in current assets	-	-	-	-	-
Increase (decrease) in current liabilities	3,968	759	(375)	(200)	4,152
	<u>2,357</u>	<u>(1,901)</u>	<u>(1,499)</u>	<u>(950)</u>	<u>(1,993)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from sales of securities	-	-	-	-	-
Funds released from escrow	-	-	-	-	-
Proceeds from repayment of debt securities	-	-	-	-	-
Investment in portfolio companies	-	-	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Cash Distributions to partners	-	-	-	-	-
Proceeds(Payment) Line of Credit	-	-	-	-	-
Contributions from partners	-	-	-	-	-
<b>NET INCREASE (DECREASE) IN CASH</b>	2,357	(1,901)	(1,499)	(950)	(1,993)
<b>CASH, BEGINNING OF PERIOD</b>	<u>3,635</u>	<u>5,992</u>	<u>4,091</u>	<u>2,592</u>	<u>3,635</u>
<b>CASH, END OF PERIOD</b>	<u>\$ 5,992</u>	<u>\$ 4,091</u>	<u>\$ 2,592</u>	<u>\$ 1,642</u>	<u>\$ 1,642</u>

NEPA VENTURE FUND II, L.P.  
 Schedule of Capital Gains and Losses  
 12/31/17

	Shs	Proceeds	Basis	Gain/ Loss
Year-to-date		\$ -	\$ -	\$ -
1Q16		\$ -	\$ -	\$ -
2Q16		\$ -	\$ -	\$ -
3Q16		\$ -	\$ -	\$ -
4Q16		\$ -	\$ -	\$ -
Year-to-date		\$ -	\$ -	\$ -
1Q17		\$ -	\$ -	\$ -
2Q17		\$ -	\$ -	\$ -
3Q17		\$ -	\$ -	\$ -
4Q17		\$ -	\$ -	\$ -
Year-to-date		\$ -	\$ -	\$ -



**SUPPLEMENTAL SCHEDULES**

NEPA Venture Fund II, L.P.  
 Portfolio Investment Summary  
 Quarter Ending December 31, 2017

Portfolio Company	Investment	Investments	Write-offs	Return of Capital	Capital Gain/(Loss)	Investment Balance 12/31/2017	Valuation 12/31/2017	Change in Valuation <sup>1</sup>
	Balance 9/30/2017							
	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ 450,000	\$ 2,822,500	(2,349,500)
	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ 2,822,500</u>	

<sup>1</sup> Changes in valuation are not computed for any securities sold or redeemed during the quarter, but rather only for securities held at the end of both quarters.

NEPA VENTURE FUND L.L.P.  
Statement of Individual Partners' Capital

For The Three Months Ended  
December 31, 2017

General Partner:  
NEPA II Management Partners, L.P.  
Limited Partners:

Committed Capital	Profit/Loss Allocation %	Post Carry Allocation %	Beginning Partners' Capital	Transfer	Capital Cont.	Net Operating Inc. (Loss)	Net realized Gain/(loss)	Distributions	Special Allocation	Unrealized gain/(loss)	Ending Partners' Capital	Informational Management less	Total expenses
200,000	1.00150%	20.00000%	483,196	-	-	(150)	-	-	-	47,300	540,346	-	150
25,000	0.12520%	0.10120%	2,092	-	-	(1)	-	-	-	239	2,330	-	1
25,000	0.12520%	0.10120%	2,092	-	-	(1)	-	-	-	239	2,330	-	1
25,000	0.12520%	0.10120%	2,092	-	-	(1)	-	-	-	239	2,330	-	1
25,000	0.12520%	0.10120%	2,092	-	-	(1)	-	-	-	239	2,330	-	1
0	0.00000%	0.00000%	0	-	-	-	-	-	-	-	-	-	-
25,000	0.12520%	0.10120%	2,092	-	-	(1)	-	-	-	239	2,330	-	1
0	0.00000%	0.00000%	0	-	-	-	-	-	-	-	-	-	-
50,000	0.25030%	0.20230%	4,183	-	-	(2)	-	-	-	478	4,669	-	2
50,000	0.25030%	0.20230%	4,183	-	-	(2)	-	-	-	478	4,669	-	2
50,000	0.25030%	0.20230%	4,183	-	-	(2)	-	-	-	478	4,669	-	2
50,000	0.25030%	0.20230%	4,183	-	-	(2)	-	-	-	478	4,669	-	2
50,000	0.25030%	0.20230%	4,183	-	-	(2)	-	-	-	478	4,669	-	2
50,000	0.25030%	0.20230%	4,183	-	-	(2)	-	-	-	478	4,669	-	2
50,000	0.25030%	0.20230%	4,183	-	-	(2)	-	-	-	478	4,669	-	2
50,000	0.25030%	0.20230%	4,183	-	-	(2)	-	-	-	478	4,669	-	2
50,000	0.25030%	0.20230%	4,183	-	-	(2)	-	-	-	478	4,669	-	2
0	0.00000%	0.00000%	0	-	-	-	-	-	-	-	-	-	-
12,500	0.06265%	0.05060%	2,554	-	-	-	-	-	-	100	2,674	-	-
12,500	0.06265%	0.05060%	2,554	-	-	-	-	-	-	120	2,675	-	-
50,000	0.25030%	0.20230%	4,183	-	-	(2)	-	-	-	478	4,669	-	2
50,000	0.25030%	0.20230%	4,183	-	-	(2)	-	-	-	478	4,669	-	2
70,000	0.35040%	0.28330%	8,477	-	-	(3)	-	-	-	957	9,431	-	3
70,000	0.35040%	0.28330%	8,477	-	-	(3)	-	-	-	957	9,431	-	3
75,000	0.37545%	0.30060%	10,538	-	-	(4)	-	-	-	1,148	11,730	-	4
0	0.00000%	0.00000%	0	-	-	-	-	-	-	0	0	-	-
100,000	0.50060%	0.40450%	8,446	-	-	(3)	-	-	-	957	9,400	-	3
100,000	0.50060%	0.40450%	8,446	-	-	(3)	-	-	-	957	9,400	-	3
100,000	0.50060%	0.40450%	8,446	-	-	(3)	-	-	-	957	9,400	-	3
100,000	0.50060%	0.40450%	8,446	-	-	(3)	-	-	-	957	9,400	-	3
25,000	0.12516%	0.10110%	2,114	-	-	(1)	-	-	-	239	2,352	-	1
25,000	0.12516%	0.10110%	2,114	-	-	(1)	-	-	-	239	2,352	-	1
25,000	0.12516%	0.10110%	2,114	-	-	(1)	-	-	-	239	2,352	-	1
25,000	0.12516%	0.10120%	2,108	-	-	(1)	-	-	-	239	2,346	-	1
100,000	0.50060%	0.40450%	8,446	-	-	(3)	-	-	-	957	9,400	-	3
25,000	0.12515%	0.10110%	2,112	-	-	(1)	-	-	-	239	2,350	-	1
25,000	0.12515%	0.10110%	2,112	-	-	(1)	-	-	-	239	2,350	-	1
25,000	0.12515%	0.10110%	2,113	-	-	(1)	-	-	-	239	2,351	-	1
25,000	0.12515%	0.10110%	2,113	-	-	(1)	-	-	-	239	2,351	-	1
100,000	0.50060%	0.40450%	8,447	-	-	(3)	-	-	-	957	9,401	-	3
1,125,000	5.62210%	4.55220%	94,726	-	-	(4)	-	-	-	10,784	105,466	-	34
125,000	0.62680%	0.50720%	10,597	-	-	(4)	-	-	-	1,196	11,699	-	4
250,000	1.25160%	1.01140%	21,056	-	-	(6)	-	-	-	2,392	23,440	-	8
250,000	1.25160%	1.01140%	21,056	-	-	(6)	-	-	-	2,392	23,440	-	8
300,000	0.00000%	0.00000%	0	-	-	-	-	-	-	-	-	-	-
300,000	0.12510%	0.10110%	2,056	-	-	(1)	-	-	-	239	2,294	-	1
300,000	0.12510%	0.10110%	2,056	-	-	(1)	-	-	-	239	2,294	-	1
405,000	0.20040%	0.20230%	4,258	-	-	(2)	-	-	-	478	4,734	-	2
405,000	0.20040%	0.20230%	4,258	-	-	(2)	-	-	-	478	4,734	-	2
0	0.00000%	0.00000%	0	-	-	-	-	-	-	0	0	-	-
500,000	2.50310%	2.02270%	42,089	-	-	(15)	-	-	-	4,784	46,888	-	15
500,000	2.50310%	2.02270%	42,089	-	-	(15)	-	-	-	4,784	46,888	-	15
2,000,000	10.01250%	8.09060%	168,453	-	-	(61)	-	-	-	19,135	187,527	-	61
5,000,000	25.03130%	20.22730%	579,158	-	-	(152)	-	-	-	47,838	626,844	-	152
7,500,000	37.54690%	30.34160%	857,508	-	-	(218)	-	-	-	71,751	939,451	-	220
15,975,000	100.00000%	100.00000%	2,555,779	-	-	(750)	-	-	-	236,500	2,791,529	-	752

PSERS  
SERS  
Total

NEPA VENTURE FUND II, L.P.  
Statement of Individual Partners' Capital

For The Three Months Ended  
December 31, 2017  
General Partner:

NEPA II Management Partners, L.P.

Committed Capital	Profit/Loss Allocation %	Post-Curry Allocations	Beginning Partners' Capital	Transfer	Capital Contr.	Net Operating Inc. (Loss)	Net realized Gain/(loss)	Distributions	Special1 Allocation	Unrealized gain/(loss)	Ending Partners' Capital	Management fees	Intentional Management fees	Total expenses
200,000	1.00130%	20.00000%	1,011,475	-	-	(1,229)	-	-	-	(469,900)	540,348	-	-	1,229
25,000	0.12520%	0.10120%	4,716	-	-	(7)	-	-	-	(2,378)	2,300	-	-	0
25,000	0.12520%	0.10120%	4,715	-	-	(7)	-	-	-	(2,378)	2,300	-	-	7
25,000	0.12520%	0.10120%	4,715	-	-	(7)	-	-	-	(2,378)	2,300	-	-	7
25,000	0.12520%	0.10120%	4,715	-	-	(7)	-	-	-	(2,378)	2,300	-	-	7
0	0.00000%	0.00000%	-	0	-	-	-	-	-	-	-	-	-	-
25,000	0.12520%	0.10120%	4,715	0	-	(7)	-	-	-	(2,378)	2,300	-	-	7
0	0.00000%	0.00000%	0	-	-	-	-	-	-	-	0	-	-	-
50,000	0.25030%	0.20230%	9,434	-	-	(12)	-	-	-	(4,753)	4,669	-	-	12
50,000	0.25030%	0.20230%	9,434	-	-	(12)	-	-	-	(4,753)	4,669	-	-	12
50,000	0.25030%	0.20230%	9,434	-	-	(12)	-	-	-	(4,753)	4,669	-	-	12
50,000	0.25030%	0.20230%	9,434	-	-	(12)	-	-	-	(4,753)	4,669	-	-	12
50,000	0.25030%	0.20230%	9,434	-	-	(12)	-	-	-	(4,753)	4,669	-	-	12
50,000	0.25030%	0.20230%	9,434	-	-	(12)	-	-	-	(4,753)	4,669	-	-	12
50,000	0.25030%	0.20230%	9,434	-	-	(12)	-	-	-	(4,753)	4,669	-	-	12
50,000	0.25030%	0.20230%	9,434	-	-	(12)	-	-	-	(4,753)	4,669	-	-	12
50,000	0.25030%	0.20230%	9,434	-	-	(12)	-	-	-	(4,753)	4,669	-	-	12
50,000	0.25030%	0.20230%	9,434	-	-	(12)	-	-	-	(4,753)	4,669	-	-	12
12,500	0.06260%	0.05060%	3,866	-	-	(3)	-	-	-	(1,981)	2,574	-	-	3
12,500	0.06260%	0.05060%	3,865	-	-	(3)	-	-	-	(1,981)	2,573	-	-	3
50,000	0.25030%	0.20230%	9,434	-	-	(12)	-	-	-	(4,753)	4,669	-	-	12
50,000	0.00070%	0.00070%	18,953	-	-	(26)	-	-	-	(8,506)	9,431	-	-	26
70,000	0.00050%	0.00050%	22,540	-	-	(30)	-	-	-	(11,402)	11,108	-	-	30
75,000	0.62950%	0.50580%	23,645	-	-	(31)	-	-	-	(11,984)	11,730	-	-	31
100,000	0.50060%	0.40450%	18,929	-	-	(26)	-	-	-	(8,503)	9,400	-	-	26
100,000	0.50060%	0.40450%	18,929	-	-	(26)	-	-	-	(8,503)	9,400	-	-	26
100,000	0.50060%	0.40450%	18,929	-	-	(26)	-	-	-	(8,503)	9,400	-	-	26
100,000	0.50060%	0.40450%	18,929	-	-	(26)	-	-	-	(8,503)	9,400	-	-	26
25,000	0.12516%	0.10110%	4,734	-	-	(7)	-	-	-	(2,375)	2,352	-	-	7
25,000	0.12516%	0.10110%	4,734	-	-	(7)	-	-	-	(2,375)	2,352	-	-	7
25,000	0.12516%	0.10110%	4,734	-	-	(7)	-	-	-	(2,375)	2,352	-	-	7
25,000	0.12516%	0.10110%	4,734	-	-	(7)	-	-	-	(2,375)	2,352	-	-	7
100,000	0.50060%	0.40450%	18,929	-	-	(26)	-	-	-	(8,503)	9,400	-	-	26
25,000	0.12516%	0.10110%	4,732	-	-	(7)	-	-	-	(2,375)	2,350	-	-	7
25,000	0.12516%	0.10110%	4,732	-	-	(7)	-	-	-	(2,375)	2,350	-	-	7
25,000	0.12516%	0.10110%	4,732	-	-	(7)	-	-	-	(2,375)	2,351	-	-	7
25,000	0.12516%	0.10110%	4,730	-	-	(7)	-	-	-	(2,375)	2,351	-	-	7
100,000	0.50060%	0.40450%	18,930	0	-	(26)	-	-	-	(8,503)	9,401	-	-	26
1,250,000	5.63210%	4.55720%	212,885	-	-	(219)	-	-	-	(106,930)	105,468	-	-	219
125,000	0.62980%	0.50270%	23,611	-	-	(31)	-	-	-	(11,981)	11,899	-	-	31
250,000	1.25160%	1.01140%	47,265	-	0	(62)	-	0	-	(23,763)	23,440	-	-	62
250,000	1.25160%	1.01140%	47,265	0	0	(62)	-	0	-	(23,763)	23,440	-	-	62
300,000	0.00000%	0.00000%	47,265	-	-	(62)	-	-	-	(23,763)	23,440	-	-	62
300,000	0.12510%	0.10110%	4,676	-	-	(7)	-	-	-	(2,375)	2,284	-	-	7
300,000	0.12510%	0.10110%	4,676	-	-	(7)	-	-	-	(2,375)	2,284	-	-	7
405,000	2.02750%	1.63840%	76,534	-	-	(100)	-	-	-	(4,734)	37,940	-	-	100
0	0.00000%	0.00000%	0	-	-	-	-	-	-	(38,494)	0	-	-	12
500,000	2.50310%	2.02270%	94,516	-	-	(125)	-	-	-	(47,523)	46,669	-	-	125
500,000	2.50310%	2.02270%	94,516	-	-	(125)	-	-	-	(47,523)	46,669	-	-	125
2,000,000	10.01250%	8.09590%	378,120	-	-	(497)	-	-	-	(190,096)	187,527	-	-	497
5,000,000	25.03130%	20.22730%	1,103,327	-	-	(1,243)	-	-	-	(475,240)	606,844	-	-	1,244
7,500,000	37.54690%	30.34160%	1,654,184	-	-	(1,847)	-	-	-	(711,965)	959,451	-	-	1,852
19,975,000	100.0000%	100.0000%	5,147,174	-	-	(6,145)	-	-	-	(2,346,500)	2,791,528	-	-	6,151

PSERS  
SEFS  
Total

NEPA VENTURE FUND II, L.P.  
Distributions By Partner

Partner	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Total
1 NEPA II Management Partners, L.P.	478	203	-	5,001	-	\$ 5,188,853	\$ 5,126,732	3,162,110	1,937,734	120,185	121,301	1,849,980	314,804	265,380	56,025	18,174,906
2	60	25	-	626	-	49,926	25,942	15,987	9,804	649	614	9,361	1,592	1,444	278	116,308
3	25	25	-	626	-	49,926	25,942	15,987	9,804	649	614	9,361	1,592	1,444	278	116,308
4	60	25	-	626	-	49,926	25,942	15,987	9,804	649	614	9,361	1,592	1,444	278	116,308
5	60	25	-	626	-	49,926	25,942	15,987	9,804	649	614	9,361	1,592	1,444	278	116,308
6	60	25	-	626	-	49,926	25,942	15,987	9,804	649	614	9,361	1,592	1,444	278	116,308
7	60	25	-	626	-	49,926	25,942	15,987	9,804	649	614	9,361	1,592	1,444	278	116,308
8	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
9	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
10	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
11	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
12	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
13	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
14	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
15	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
16	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
17	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
18	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
19	60	25	-	626	-	49,926	25,942	15,987	9,804	649	614	9,361	1,592	1,444	278	116,308
20	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
21	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
22	167	71	-	1,752	-	289,528	103,714	63,946	39,191	2,593	2,453	37,414	6,361	5,772	1,113	464,999
23	179	76	-	1,878	-	289,528	103,714	63,946	39,191	2,593	2,453	37,414	6,361	5,772	1,113	464,999
24	239	101	-	2,503	-	289,528	103,714	63,946	39,191	2,593	2,453	37,414	6,361	5,772	1,113	464,999
25	239	101	-	2,503	-	289,528	103,714	63,946	39,191	2,593	2,453	37,414	6,361	5,772	1,113	464,999
26	239	101	-	2,503	-	289,528	103,714	63,946	39,191	2,593	2,453	37,414	6,361	5,772	1,113	464,999
27	239	101	-	2,503	-	289,528	103,714	63,946	39,191	2,593	2,453	37,414	6,361	5,772	1,113	464,999
28	239	101	-	2,503	-	289,528	103,714	63,946	39,191	2,593	2,453	37,414	6,361	5,772	1,113	464,999
29	239	101	-	2,503	-	289,528	103,714	63,946	39,191	2,593	2,453	37,414	6,361	5,772	1,113	464,999
30	239	101	-	2,503	-	289,528	103,714	63,946	39,191	2,593	2,453	37,414	6,361	5,772	1,113	464,999
31	239	101	-	2,503	-	289,528	103,714	63,946	39,191	2,593	2,453	37,414	6,361	5,772	1,113	464,999
32	239	101	-	2,503	-	289,528	103,714	63,946	39,191	2,593	2,453	37,414	6,361	5,772	1,113	464,999
33	2,890	1,142	-	28,161	-	2,245,944	1,166,639	719,556	440,940	29,171	27,684	420,954	71,988	64,940	12,522	5,231,632
34	299	127	-	3,179	-	249,552	129,629	79,965	48,995	3,241	3,067	46,775	7,216	6,432	1,391	581,338
35	598	254	-	6,258	-	499,104	259,259	169,886	97,981	6,483	6,134	93,550	15,905	14,432	2,783	1,162,549
36	598	254	-	6,258	-	499,104	259,259	169,886	97,981	6,483	6,134	93,550	15,905	14,432	2,783	1,162,549
37	717	305	-	7,510	-	499,104	259,259	169,886	97,981	6,483	6,134	93,550	15,905	14,432	2,783	1,162,549
38	60	25	-	626	-	49,926	25,942	15,987	9,804	649	614	9,361	1,592	1,444	278	116,308
39	60	25	-	626	-	49,926	25,942	15,987	9,804	649	614	9,361	1,592	1,444	278	116,308
40	120	51	-	1,252	-	99,826	51,857	31,974	19,600	1,297	1,227	18,712	3,181	2,898	557	232,540
41	968	411	-	10,138	-	808,533	419,982	259,047	158,730	10,502	9,937	161,544	25,764	23,378	4,508	1,883,451
42	1,195	508	-	12,516	-	998,184	518,483	319,766	195,973	12,965	12,268	187,090	31,807	28,862	5,665	2,325,222
43	1,195	508	-	12,516	-	998,184	518,483	319,766	195,973	12,965	12,268	187,090	31,807	28,862	5,665	2,325,222
44	4,782	2,090	-	50,083	-	3,997,759	2,073,993	1,279,214	783,301	51,861	49,074	748,369	127,232	115,449	22,261	9,300,966
45 Pennsylvania Public School Employees Retirement System	11,955	5,075	-	125,157	-	9,961,908	5,184,997	3,199,052	1,969,754	129,651	122,685	1,870,924	318,079	288,622	55,653	23,252,512
46 Pennsylvania State Employees Retirement System	17,934	7,612	-	187,724	-	14,973,039	7,777,682	4,797,483	2,939,995	194,480	184,031	2,806,449	477,130	432,943	83,481	34,879,683
TOTAL	48,006	20,373	-	489,994	-	\$ 44,667,078	\$ 25,633,680	\$ 15,810,651	\$ 9,688,656	640,970	606,521	9,249,511	1,572,530	1,426,953	275,138	\$ 110,139,899

***SPECIAL PARTNER REPORTING***

NEPA VENTURE FUND II, L.P.

STATEMENT OF PARTNERS CAPITAL - SERS

FOR QUARTER ENDED 12/31/17

(Unaudited)

Period	Beginning Capital	Capital Contr.	Net invest inc (loss)	Net realized gain(loss)	Distributions	Other <sup>1</sup> increase (decrease)	Partns Cap	Cumm	Partners' Capital	Informational	
							Before Unrealized Gain(loss)	Unrealized gain(loss)		Management fees	Total expenses
2011	(381,379)	-	(4,223)	-	-	-	(385,602)	2,155,425	1,769,823	-	-
3/31/2012	(385,602)	-	(997)	-	-	-	(386,599)	2,155,425	1,768,826	-	1,004
6/30/2012	(386,599)	-	(1,991)	-	-	-	(388,590)	2,315,631	1,927,041	-	1,994
9/30/2012	(388,590)	-	240	-	-	-	(388,350)	2,315,631	1,927,281	-	(301)
12/31/2012	(388,350)	-	(3,570)	-	-	-	(391,920)	2,576,566	2,184,646	-	(3,571)
2012	(385,602)	-	(6,318)	-	-	-	(391,920)	2,576,566	2,184,646	-	(874)
3/31/2013	(391,920)	-	(875)	-	-	-	(392,795)	2,576,566	2,183,771	-	876
6/30/2013	(392,795)	-	(966)	-	-	-	(393,761)	2,576,566	2,182,805	-	968
9/30/2013	(393,761)	-	(546)	-	-	-	(394,307)	2,576,566	2,182,259	-	547
12/31/2013	(394,307)	-	(3,288)	-	-	-	(397,595)	2,576,566	2,178,971	-	3,288
2013	(391,920)	-	(5,675)	-	-	-	(397,595)	2,576,566	2,178,971	-	5,679
3/31/2014	(397,595)	-	(461)	-	-	-	(398,056)	2,576,566	2,178,510	-	461
6/30/2014	(398,056)	-	(595)	-	-	-	(398,651)	1,884,775	1,486,124	-	598
9/30/2014	(398,651)	-	25	-	-	-	(398,626)	1,884,775	1,486,149	-	23
12/31/2014	(398,626)	-	176,979	-	-	-	(221,647)	1,884,775	1,663,128	-	(2,635)
2014	(397,595)	-	175,948	-	-	-	(221,647)	1,884,775	1,663,128	-	(1,553)
3/31/2015	(221,647)	-	(643)	-	-	-	(222,290)	1,884,775	1,662,485	-	644
6/30/2015	(222,290)	-	(1,153)	-	-	-	(223,443)	1,884,775	1,661,332	-	1,152
9/30/2015	(223,443)	-	(445)	-	-	-	(223,888)	1,884,775	1,660,887	-	445
12/31/2015	(223,888)	-	(2,441)	-	-	-	(226,329)	1,884,775	1,658,446	-	2,442
2015	(221,647)	-	(4,682)	-	-	-	(226,329)	1,884,775	1,658,446	-	4,683
3/31/2016	(226,329)	-	(592)	-	-	-	(226,921)	1,884,775	1,657,854	-	590
6/30/2016	(226,921)	-	(743)	-	-	-	(227,664)	1,884,775	1,657,111	-	741
9/30/2016	(227,664)	-	(417)	-	-	-	(228,081)	1,884,775	1,656,694	-	417
12/31/2016	(228,081)	-	(2,510)	-	-	-	(230,591)	1,884,775	1,654,184	-	2,510
2016	(226,329)	-	(4,262)	-	-	-	(230,591)	1,884,775	1,654,184	-	4,258
3/31/2017	(230,591)	-	(483)	-	-	-	(231,074)	1,884,775	1,653,701	-	483
6/30/2017	(231,074)	-	(805)	-	-	-	(231,879)	1,884,775	1,652,896	-	805
9/30/2017	(231,879)	-	(341)	-	-	-	(232,220)	1,100,128	867,908	-	344
12/31/2017	(232,220)	-	(218)	-	-	-	(232,438)	1,171,889	939,451	-	220
2017	(230,591)	-	(1,847)	-	-	-	(232,438)	1,171,889	939,451	-	1,852

NEPA VENTURE FUND II, L.P.

STATEMENT OF PARTNERS CAPITAL - PSERS

FOR QUARTER ENDED 12/31/17

(Unaudited)

Period	Beginning Capital	Capital Contr.	Net invest inc (loss)	Net realized gain(loss)	Distributions	Other <sup>1</sup> increase (decrease)	Prs Capital		Partners' Capital	Informational	
							Before Unrealized Gain(loss)	Cumm Unrealized gain(loss)		Management fees	Total expenses
2011	(253,865)	-	(2,818)	-	-	-	(256,683)	1,437,081	1,180,398	-	-
3/31/2012	(256,683)	-	(665)	-	-	-	(257,348)	1,437,081	1,179,733	-	668
6/30/2012	(257,348)	-	(1,329)	-	-	-	(258,677)	1,543,881	1,285,204	-	1,331
9/30/2012	(258,677)	-	162	-	-	-	(258,515)	1,543,881	1,285,366	-	(201)
12/31/2012	(258,515)	-	(2,383)	-	-	-	(260,898)	1,717,836	1,456,938	-	(2,385)
2012	(256,683)	-	(4,215)	-	-	-	(260,898)	1,717,836	1,456,938	-	(587)
3/31/2013	(260,898)	-	(586)	-	-	-	(261,484)	1,717,836	1,456,352	-	587
6/30/2013	(261,484)	-	(641)	-	-	-	(262,125)	1,717,836	1,455,711	-	641
9/30/2013	(262,125)	-	(367)	-	-	-	(262,492)	1,717,836	1,455,344	-	367
12/31/2013	(262,492)	-	(2,193)	-	-	-	(264,685)	1,717,836	1,453,151	-	2,193
2013	(260,898)	-	(3,787)	-	-	-	(264,685)	1,717,836	1,453,151	-	3,788
3/31/2014	(264,685)	-	(300)	-	-	-	(264,985)	1,717,836	1,452,851	-	300
6/30/2014	(264,985)	-	(397)	-	-	-	(265,382)	1,256,654	991,272	-	397
9/30/2014	(265,382)	-	14	-	-	-	(265,368)	1,256,654	991,286	-	14
12/31/2014	(265,368)	-	117,987	-	-	-	(147,381)	1,256,654	1,109,273	-	(1,759)
2014	(264,685)	-	117,304	-	-	-	(147,381)	1,256,654	1,109,273	-	(1,048)
3/31/2015	(147,381)	-	(428)	-	-	-	(147,809)	1,256,654	1,108,845	-	428
6/30/2015	(147,809)	-	(767)	-	-	-	(148,576)	1,256,654	1,108,078	-	768
9/30/2015	(148,576)	-	(292)	-	-	-	(148,868)	1,256,654	1,107,786	-	292
12/31/2015	(148,868)	-	(1,620)	-	-	-	(150,488)	1,256,654	1,106,166	-	1,620
2015	(147,381)	-	(3,107)	-	-	-	(150,488)	1,256,654	1,106,166	-	3,108
3/31/2016	(150,488)	-	(396)	-	-	-	(150,884)	1,256,654	1,105,770	-	397
6/30/2016	(150,884)	-	(501)	-	-	-	(151,385)	1,256,654	1,105,269	-	502
9/30/2016	(151,385)	-	(273)	-	-	-	(151,658)	1,256,654	1,104,996	-	273
12/31/2016	(151,658)	-	(1,669)	-	-	-	(153,327)	1,256,654	1,103,327	-	1,669
2016	(150,488)	-	(2,839)	-	-	-	(153,327)	1,256,654	1,103,327	-	2,841
3/31/2017	(153,327)	-	(326)	-	-	-	(153,653)	1,256,654	1,103,001	-	326
6/30/2017	(153,653)	-	(538)	-	-	-	(154,191)	1,256,654	1,102,463	-	538
9/30/2017	(154,191)	-	(227)	-	-	-	(154,418)	733,576	579,158	-	228
12/31/2017	(154,418)	-	(152)	-	-	-	(154,570)	781,414	626,844	-	152
2017	(153,327)	-	(1,243)	-	-	-	(154,570)	781,414	626,844	-	1,244



# NEPA II

MID-ATLANTIC VENTURE FUND IV, L.P. • 116 RESEARCH DRIVE • BETHLEHEM, PA 18015 • 610-865-6550  
Ben Franklin Tech Ventures on the Mountain Top Campus of Lehigh University

February 15, 2018

**CONFIDENTIAL**

Dear NEPA Venture Fund II Limited Partners:

See "recent developments" for a possible exit strategy.

## INVESTMENTS THIS QUARTER AND SINCE QUARTER'S END

None

## PORTFOLIO AT DECEMBER 31, 2017

Valuation set by the Staff.

(U) Unaudited financials  
(P) Projected financials  
(E) Estimate  
(®) Revised from last quarter  
N/R No Report  
N/A Not Available/Not Applicable

Montrose/Radnor, PA

**NEPA contact person:** Fred Beste, Director

**CEO:** Carlos Tellez

**Business:** Turnkey management of spare parts inventories and supplies for process industries

**Industry:** Industrial services

**Current stage:** Expansion

**Principal competitors:** Strategic Distribution, Inc., others

**Principal customers:** Various pharmaceutical companies, Mallinckrodt, Columbia University, Covidien, Sealed Air

**Other major institutional investors:** GeoCapital Partners

**Total venture capital raised to date:** \$5,610,694

**Valuation of the company:** \$17,423,000

## Summary Financial Data (\$000) Fiscal year ending December 31

### Quarterly P&L

	<u>Q4-16</u>	<u>Q1-17</u>	<u>Q2-17</u>	<u>Q3-17</u>	<u>Q4-17</u>
Revenue	87,677	86,765	88,536	89,610	92,132
Pre-tax	(1,000)	(317)	227	(759)	(241)

### Annual P&L

	<u>2014(U)</u>	<u>2015</u>	<u>2016(P)®</u>	<u>2017(A)</u>	<u>2018(P)</u>
Revenue	267,425	303,512	359,374	357,043	377,403
Pre-tax	(204)	2,316	9,537®	(1,090)	4,588

## Business Description

██████████ was incorporated in October 1986, and actually incubated in NEPA's offices while its founder conducted market research and sought a CEO and/or joint venture partner. As neither of the two was found, the company was sold to international engineering firm ██████████ in exchange for a royalty on revenues. We participated in the financing to purchase the company from ██████████ along with CEO Larry Newhart, who had been our preferred CEO at start-up, but who took a job at ██████████ instead. The company provides professional management of the maintenance, repair and operating supplies (spare parts rooms) of manufacturing plants and colleges/universities.

**Recent developments:** Nothing has come of ██████████ efforts to find a private equity buyer. Their current thinking is that if the company can get back on its feet earnings-wise, then they would have the company tee up the tentative bank financing it lined up, ██████████ would distribute its stock in kind to its limited partners, to be followed immediately by a tender offer from the company. Such a strategy would feature the (hopefully) slight risk that if the company would subsequently get into financial extremis, a court might well regard such a transaction as a "preference," and order it unwound (i.e., money returned).

We're exploring whether or not we could take the same path.

First things first, though, ██████████ has to start making money again.

**Current holdings:**

<u>Date</u>	<u>Security</u>	<u>Common Stock Equivalents</u>	<u>Cost</u>	<u>Previous Quarter Valuation</u>	<u>Current Quarter Valuation</u>
Jan-97	Series A Pref. Stk.	1,800,000	450,000	5,172,000	2,822,500

**Valuation method:** Liquidation value of preference and accrued dividend

**Total common stock equivalents:** 11,106,839

**Fully diluted ownership:** 16.2%

**Number of employees:** 217

**Overall grade:** B+

As always, please call should you have any questions or comments.

Sincerely yours,



Frederick J. Beste III  
Glen R. Bressner  
Marc F. Benson

NEPA Venture Fund II, L.P.  
 Portfolio Investment Summary  
 Quarter Ending December 31, 2017

Portfolio Company	Investment	Investments	Write-offs	Return of Capital	Capital Gain/(Loss)	Investment Balance 12/31/2017	Valuation 12/31/2017	Change in Valuation <sup>1</sup>
	Balance 9/30/2017							
	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ 450,000	\$ 2,822,500	(2,349,500)
	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ 450,000	\$ 2,822,500	

<sup>1</sup> Changes in valuation are not computed for any securities sold or redeemed during the quarter, but rather only for securities held at the end of both quarters.

