November 5, 2018

Mr. Patrick E. Fuller
Assembly Chief Clerk
17 W. Main Street, Room 401
Madison, WI 53707

Mr. Jeff Renk
Senate Chief Clerk
Room B20 Southeast
State Capitol

Dear Chief Clerks:

Pursuant to Section 16.295(7)(b), Wisconsin Statues, please find attached the annual report for the Badger Fund of Funds I ("Fund"). This annual report has been prepared by Sun Mountain Kegonsa, LLC, as Investment Manager for the Fund, and provides a summary of activities as of June 30, 2018.

The attached report highlights the seven commitments made by the Fund in the past year, including but not limited to the following:

- Two seed funds have successfully raised private capital and held final closings at larger fund sizes than initially anticipated. As of June 30, 2018, these funds had made investments in five Wisconsin-based companies and were actively evaluating other investment opportunities.

- One growth fund held an initial closing for a significantly larger fund size than initially anticipated and the final close was scheduled for October 31, 2018. This fund is actively evaluating investments.

- For the above three funds that have held final or initial closings, the Fund has made aggregate commitments of $16.6 million. When combined with the required capital fundraising, approximately $45.2 million is available from the above three funds for investment in Wisconsin-based companies.

- Two additional seed funds have received commitments and are actively fundraising towards an initial close.

- Two additional funds, one seed fund and one growth fund, have received contingent commitments from the Fund and are in the process of completing legal agreements.

- Additional aggregate Fund commitments of approximately $13.4 million are expected for the above four funds that are actively fundraising or in receipt of contingent commitments. Fundraising at the fund level will increase the amount available for investment in Wisconsin-based companies.

- The Investment Manager provides quarterly reports on progress achieved by the Fund. These quarterly reports are posted on the DOA Capital Finance Office website; doa.wi.gov/CapitalFinance.

Please contact me at (608) 267-0374 or david.erdman@wisconsin.gov with any questions regarding the attached annual report.

Sincerely,

David R. Erdman
Capital Finance Director

Badger
Fund of Funds

To: Limited Partners of Badger Fund of Funds I, L.P.

Date: October 24, 2018

Re: Badger Fund of Funds I Report for the Fiscal Year Ended June 30, 2018

Dear Limited Partners,

We are pleased to report on the progress achieved by the Badger Fund of Funds (the "Badger Fund") during the fiscal year ended June 30, 2018. In accordance with Section 7(c)(iv) of the Limited Partnership Agreement of the Badger Fund, Sun Mountain Kegonsa is required to provide a report after the end of each fiscal year. This report includes the attached audited financial statements with an opinion from an independent accounting firm of certified public accountants, BDO USA LLP. Below please find an update on the Badger Fund's operations, investment activity and investment due diligence work.

Investment Activity

The Badger Fund has made commitments to seven funds to date, including both seed stage funds as well as growth stage funds.

- Two seed funds have successfully raised private capital and held final closings at a larger fund size than initially anticipated. As of fiscal year-end, these funds had made investments in five Wisconsin-based companies in the first year of their investment period.
- One growth fund held an initial closing and has targeted a final close in October 2018. This fund is actively evaluating investments.
- Two seed funds are actively fundraising towards an initial close.
- Two additional funds, one seed fund and one growth fund, have received contingent commitments from the Badger Fund and are in the process of completing legal agreements.

The Badger Fund commitment period ended in the fourth fiscal quarter of 2018. As a result, the Badger Fund will not make any new commitments to funds beyond the ones mentioned above. The commitments made to date are consistent with the investment plan outlined in the Badger Fund offering documents, and Sun Mountain Kegonsa expects that the Badger Fund's total investable capital will be deployed once all of the portfolio fund managers complete their fundraising processes.

Additional detail on each portfolio fund is provided below.

Seed Stage Funds

The Idea Fund of La Crosse and the Winnebago Seed Fund continue to actively evaluate investments, with each fund making a new investment during the fourth quarter. The Idea Fund made an investment in Agrograph, a technology company which provides a global platform for agricultural data. The Winnebago Seed Fund made an investment in American Provenance, a consumer product company that produces hand-crafted and natural personal care products. For additional detail on the companies that have received investments, see Appendix B.

The Bold Coast Capital Fund and the Winnow Fund finalized legal documents during the fourth quarter and are now actively fundraising private capital. The Bold Coast Capital Fund, managed by Ross Leinweber, is based in Milwaukee and is focused on investing in pre-revenue companies. The Winnow Fund, managed by Richelle Martin, is based in Madison and will have a statewide focus on ideas sourced from students at Wisconsin universities.

One additional seed fund received a contingent commitment during the quarter. The fund's manager is currently in the process of completing legal documentation, and therefore the commitment has not yet been publicly disclosed. Once the legal process has been completed, the manager will begin actively fundraising.

Growth Stage Funds

The first growth stage fund in the Badger Fund portfolio, Rock River Capital Partners, held an initial close in June 2018 and raised $21.2 million. The fund is completing its fundraising and anticipates a final close later this month. The managers are currently evaluating investment opportunities and will begin actively investing following the fund's final close.

One additional growth fund received a contingent commitment during the quarter. This fund is currently in the process of finalizing its structure prior to beginning legal document preparation. Once the legal process has been completed, the manager will begin actively fundraising and the commitment will be publicly disclosed.

For additional detail regarding funds that have closed on commitments to date, see Appendix A.

Portfolio Reporting

Please find below reporting information related to investments in Badger Fund portfolio funds as well as investments made by portfolio funds into Wisconsin-based startup companies.

Portfolio Funds

The table below summarizes the commitments made to portfolio funds which have held closings as of June 30, 2018, the amount of the Badger Fund commitment that has been funded as of the quarter end, and the amount that each fund has invested into Wisconsin-based startup companies.

Badger Fund of Funds Portfolio Summary *as of 6/30/18*	**Total Fund Size**	**BFF Commitment**	**Funded To Date**	**Percent Funded**	**Invested to Date[1]**
Seed Stage Funds					
Idea Fund of La Crosse	$ 13,000,000	$ 5,200,000	$ 280,371	5%	$ 900,000
Winnebago Seed Fund	$ 11,000,000	$ 4,400,000	$ 688,390	16%	$ 1,175,000
Total Seed Stage	**$ 24,000,000**	**$ 9,600,000**	**$ 968,761**	**10%**	**$ 2,075,000**
Growth Stage Funds					
Rock River Capital Partners	$ 21,200,000	$ 7,000,000	N/A	N/A	N/A
Total Growth Stage	**$ 21,200,000**	**$ 7,000,000**	**N/A**	**N/A**	**N/A**
Badger Fund Total	**$ 45,200,000**	**$ 16,600,000**	**$ 968,761**	**10%**	**$ 2,075,000**

[1]Invested to Date reflects the total amount invested by a portfolio fund in Wisconsin-based businesses including the Badger Fund commitment as well as private investors in the portfolio fund.

The Badger Fund's Limited Partnership Agreement and Wisconsin Statutes require the Badger Fund to report the average internal rate of return of each portfolio fund investment as well as an accounting of any fee the venture capital fund has paid to itself or any principal or manager of the venture capital fund.

As of June 30, 2018, only one capital call had been made by the Idea Fund and two had been made by Winnebago Seed Fund. Given the very early stage in both of the funds' life and the small portion of committed capital that has been drawn, the information currently available does not meaningfully represent the performance of the funds and is not material enough to report.

Portfolio Companies

The following table summarizes investments made by portfolio funds to date, the amount attributable to the Badger Fund, total capital raised by the companies to date, and the number of Wisconsin employees of each company.

Badger Fund of Funds - Portfolio Funds					
Company Investments *as of 6/30/18*	**Portfolio Fund Investment[1]**	**Badger Fund Amount[1]**	**Total Capital Raised**	**WI Employees At Investment**	**WI Employees Current**
Company A	$ 400,000	$ 160,000	$ 400,000	2	1
Company B	$ 400,000	$ 160,000	$ 400,000	1	1
Company C	$ 400,000	$ 160,000	$ 451,000	3	7
Company D	$ 375,000	$ 150,000	$ 500,000	4	5
Company E	$ 500,000	$ 200,000	$ 500,000	2	3
Total	**$ 2,075,000**	**$ 830,000**	**$ 2,251,000**	**12**	**17**

Note: Companies anonymized in reporting of investment and employment data to protect confidential company-level information.
[1]The Portfolio Fund Investment Amount is inclusive of the Badger Fund Amount. The Badger Fund Amount represents the portion of a portfolio fund's investment that is attributable to the Badger Fund's commitment to that fund.

To date, all company investments have been made by seed stage portfolio funds. All of the investments are in companies which are considered Qualified New Business Ventures (QNBV) per Wisconsin Statutes and are therefore eligible for ACT 255 tax credits. Part of the seed fund investment strategy is to be the first institutional investor in a company, with the intent of securing large ownership positions at attractive valuations. The Badger Fund expects subsequent financing rounds to increasingly leverage external investors who will join the investor syndicate. These companies have the potential for substantial growth in Wisconsin employment, as illustrated by the growth in headcount across the portfolio since inception.

For additional detail on the companies which have received investment from Badger Fund portfolio funds to date, please see Appendix B.

Capital Calls

As of June 30, 2018, the Badger Fund had issued four capital calls to Limited Partners. Subsequent to fiscal year-end, the fifth capital call was issued to Limited Partners. The Badger Fund anticipates making the sixth capital call prior to December 31, 2018.

Ecosystem Events

The Badger Fund team participated in Forward Fest (a weeklong series of events profiling entrepreneurship in Wisconsin) for the third year and hosted a meet and greet with portfolio managers on August 22. Attendance at this event has continued to increase since its inception and the Badger Fund anticipates hosting this event again next year.

The Badger Fund was featured during the annual Wisconsin Entrepreneur's Conference on June 6 in a plenary panel session. The panel consisted of the current portfolio fund managers and a representative of the Badger Fund team and was well received by attendees and the media.

Limited Partner Annual Meeting

The Badger Fund will host its Annual Limited Partner Meeting on November 5, 2018 at the EAA Air Museum in Oshkosh, Wisconsin. Annual Limited Partner Meetings are expected to be hosted in different geographies each year based on the headquarter location of portfolio funds. The inaugural Annual Limited Partner Meeting was held in La Crosse, Wisconsin.

Summary

In summary, the Badger Fund is proud of the activity that has occurred during the fiscal year. All investment commitments from the fund have been made, and portfolio fund managers continue to make investments in Wisconsin-based startup companies. We remain optimistic about the fundraising abilities of the managers and are excited about the newest contingent commitments made by the Badger Fund. If you have any questions or wish to discuss any aspect of this report, please do not hesitate to contact me or Ken Johnson.

Best Regards,

Brian Birk
President
Sun Mountain Kegonsa, LLC
Investment Manager for the Badger Fund of Funds
Brian@Sunmountaincapital.com

Kenneth U. Johnson
Partner
Sun Mountain Kegonsa, LLC
Investment Manager for the Badger Fund of Funds
Kujohns@Badgerfundoffunds.com

Appendix A – Portfolio Fund Summaries

Seed Stage Funds

Fund Name	Summary
Idea Fund of La Crosse *102 Jay Street, Suite 400* *La Crosse, Wisconsin* ***ideafundvc.com***	**Idea Fund of La Crosse** focuses on seed stage startup companies in Western Wisconsin. The fund is based in La Crosse, Wisconsin. The fund is managed by Jonathon Horne, a La Crosse native with professional experience in the financial services industry.
Winnebago Seed Fund *124 W. Wisconsin Ave, Suite 240F* *Neenah, Wisconsin* ***winnebagoseedfund.com***	**Winnebago Seed Fund** focuses on seed stage startup companies in the Fox Valley region. The fund is based in Neenah, Wisconsin. The fund is managed by David Trotter, a native of the Fox Valley with investment management experience.

Growth Stage Funds

Fund Name	Summary
Rock River Capital Partners *821 East Washington Ave* *Madison, Wisconsin* ***rockrivercapital.com***	**Rock River Capital Partners** focuses on growth stage startup companies across Wisconsin. The fund is based in Madison, Wisconsin. The fund is managed by Andrew Walker and Christopher Eckstrom, Wisconsin natives. Andrew Walker has experience successfully managing startup companies. Christopher Eckstrom has experience in institutional investment management.

Badger
Fund of Funds

Appendix B – Company Summaries

Company Name	Summary
The 3rd Element *124 W. Wisconsin Ave, Suite 240F* *Neenah, Wisconsin*	**The 3rd Element** provides a training system to young athletes combining personality assessment and video-based training content to teach soft skills and develop leadership abilities.
Agrograph *3830 Council Crest* *Madison, Wisconsin*	**Agrograph** provides a platform that delivers accurate and timely information on crop yields, land sustainability, risk assessment and other agricultural information and field scale.
American Provenance *9873 Blue Valley Rd* *Mt. Horeb, Wisconsin*	**American Provenance** is a consumer products company which provides hand-crafted natural personal care and wellness products.
Curate Solutions *326 W. Gorham Street* *Madison, Wisconsin*	**Curate Solutions** provides a SaaS platform which combines web-scraping and artificial intelligence to scan public municipality meeting minutes and agendas to find upcoming projects for general contractors and vendors.
Sift Medical Data *3268 N. Hacket Ave* *Milwaukee, Wisconsin*	**Sift Medical Data** is a healthcare analytics platform that leverages data sources to reduce claims denials, increase patient collection rates and capture clinical insights for clients.

Badger Fund of Funds I, L.P.

(a Delaware limited partnership)

Audited Financial Statements

June 30, 2018

BDO

Tel: 608-831-8500
Fax: 608-831-8519
www.bdo.com

One Erdman Place, Suite 404
Madison, WI 53717

Independent Auditor's Report

To the General Partner
Badger Fund of Funds I, L.P.
Madison, WI

We have audited the accompanying financial statements of Badger Fund of Funds I, L.P., which comprise the statement of assets, liabilities and partners' capital, including the schedule of investments, as of June 30, 2018 and the related statement of operations, changes in partners' capital, and cash flows for the year ended June 30, 2018 and the related notes to the financial statements.

The General Partner's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Badger Fund of Funds I, L.P. as of June 30, 2018 and the results of its operations, the change in its partners' capital and its cash flows for the year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

October 19, 2018

Badger Fund of Funds I, L.P.
(A Delaware Limited Partnership)

Statement of Assets, Liabilities and Partners' Capital

June 30, 2018

Assets:

Cash	$ 6,159
Collective investment vehicles (cost $968,761)	604,380
Total assets	610,539

Liabilities and Partners' Capital:

Liabilities

Line of credit (Note 6)	483,913
Accrued expenses	18,469
Due to Sun Mountain Capital, L.L.C.	4,268
Accrued interest payable	2,282
Total liabilities	508,932
Net assets	$ 101,607

Partners' Capital

Cumulative contributed capital	$ 2,080,625
Cumulative syndication costs	(115,085)
Cumulative investment performance:	
Net loss from investment operations	(1,499,552)
Net unrealized appreciation (depreciation) of investments	(364,381)
Total partners' capital	$ 101,607

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

Badger Fund of Funds I, L.P.
(A Delaware Limited Partnership)

Schedule of Investments

June 30, 2018

	Cost	Fair Value	Fair Value as a Percentage of Partners' Capital
Collective Investment Vehicles, at fair value			
Collective Investment Vehicles:			
Idea Fund of La Crosse I, L.P.	$ 280,371	$ 58,261	57.3%
Winnebago Seed Fund I, L.P.	688,390	546,119	537.5%
Rock River Capital Partners Fund I, LP	-	-	0.0%
Total Collective Investment Vehicles, at fair value	$ 968,761	$ 604,380	594.8%

* - As of June 30, 2018, Idea Fund of La Crosse I, L.P. owns common stock in the following companies:

Company Name & Description	Proportionate Share of Partners Capital of the Partnership
Agrograph, Inc. is a US company that provides enterprise software to the agriculture industry.	196.8%
Curate Solutions, Inc. is a US company that provides enterprise software to the construction industry.	157.5%

* - As of June 30, 2018, Winnebago Seed Fund I, L.P. owns common stock in the following companies:

Company Name & Description	Proportionate Share of Partners Capital of the Partnership
Sift Medical Data, Inc. is a US company that provides healthcare data analytics services to the healthcare billing industry.	157.5%
The 3rd Element, Inc. is a US company that provides a training program to high school and college athletes via app-based software.	157.5%
American Provenance II, Inc. is a US company that sells hand-crafted natural personal care and wellness products.	147.6%

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

Badger Fund of Funds I, L.P.
(A Delaware Limited Partnership)

Statement of Operations

Year Ended June 30, 2018

Income:		
Total income	$	-
Expenses:		
Management fee		334,048
Professional fees		53,857
Due diligence and monitoring		38,650
Line of credit interest expense		9,273
Banking fees		490
Line of credit renewal fee		323
Total expenses		436,641
Net loss from investment operations		(436,641)
Unrealized appreciation / (depreciation) of collective investment vehicles:		
Balance at beginning of year		(62,070)
Balance at end of year		(364,381)
Change in unrealized appreciation / (depreciation)		(302,311)
Net decrease in partners' capital resulting from operations	$	(738,952)

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

Badger Fund of Funds I, L.P.
(A Delaware Limited Partnership)

Statement of Changes in Partners' Capital

Year Ended June 30, 2018

	Limited Partners	General Partner	Total
Partners' capital at June 30, 2017	$ (547,735)	$ 2,669	$ (545,066)
Capital contributions	1,365,470	20,155	1,385,625
Net decrease in partners' capital resulting from operations	(717,679)	(21,273)	(738,952)
Partners' capital at June 30, 2018	$ 100,056	$ 1,551	$ 101,607

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

Badger Fund of Funds I, L.P.
(A Delaware Limited Partnership)

Statement of Cash Flows

Year Ended June 30, 2018

Cash flows used in operating activities:	
Net decrease in partners' capital resulting from operations	$ (738,952)
Adjustments to reconcile net decrease in partners' capital from operations to net cash used in operating activities:	
Change in unrealized (appreciation) depreciation of Collective Investment Vehicles	302,311
(Increase) decrease in due from Collective Investment Vehicles	3,530
Increase (decrease) in due to Sun Mountain Capital, L.L.C.	(145,930)
Increase (decrease) in accrued interest	1,219
Increase (decrease) in accrued expenses	(2,301)
Contributions into Collective Investment Vehicles	(968,761)
Net cash used in operating activities	(1,548,884)
Cash flows provided by financing activities:	
Capital contributions	1,385,625
Line of credit drawdowns	782,413
Line of credit payments	(614,777)
Net cash provided by financing activities	1,553,261
Net increase in cash	4,377
Cash at beginning of the year	1,782
Cash at end of the year	$ 6,159

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

1. Nature of operations and summary of significant accounting policies:

Nature of Operations

Badger Fund of Funds I, L.P. (the "Partnership") is a Delaware limited partnership formed on April 27, 2015. The General Partner of the Partnership is Sun Mountain Kegonsa L.L.C. ("General Partner"). The primary purpose of the Partnership is to make investments in accordance with the Limited Partnership Agreement (the "Agreement") dated June 3, 2015, and Section 16.295 of the Wisconsin Statutes. Any capitalized terms used but not defined herein have the meanings assigned to them in the Agreement.

Each fiscal year of the Partnership will commence on July 1 and end on June 30, or in the case of the first and last fiscal years, a fraction thereof commencing on the Closing Date or ending on the date on which the Partnership is terminated. The Partnership will continue for ten years from the Closing Date or Subsequent Closing Date, unless extended or terminated earlier pursuant to the terms of the Agreement. The General Partner may extend the Partnership for up to two successive one-year periods if prior notice of such extension is given to the Limited Partners.

Basis of Presentation

The Partnership has determined it is an investment company in accordance with *Financial Accounting Standards Board (FASB) ASC Topic 946, Financial Services – Investment Companies*. For the year ended June 30, 2018, the Partnership made cash investments of $1.0 million in Collective Investment Vehicles. The details of all the Partnership's investments have been disclosed on the Schedule of Investments.

These financial statements represent the financial position, results of operations, statement of changes in partners' capital and cash flows of the Partnership. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as detailed in the Financial Accounting Standards Board's Accounting Standards Codification (ASC).

Fair Value - Definition and Hierarchy

In accordance with ASC 820, Fair Value Measurement, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, a fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Partnership. Unobservable inputs reflect the Partnership's assumptions about the inputs market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

> Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access. Valuation adjustments are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments does not entail a significant degree of judgment.

1. Nature of operations and summary of significant accounting policies, continued:

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Partnership's own assumptions are set to reflect those that market participants would use in pricing the asset at the measurement date.

Level 3 investments may include partnership interests and other privately issued securities. When observable prices are not available, the General Partner uses one or more valuation techniques for which sufficient and reliable data is available. The selection of appropriate valuation techniques may be affected by the availability of relevant inputs as well as the relative reliability of the inputs. In some cases, one valuation technique may provide the best indication of fair value while in other circumstances, multiple valuation techniques may be appropriate. The results of the application of the various techniques may not be equally representative of fair value, due to factors such as assumptions made in the valuation. In some situations, the General Partner may determine it appropriate to evaluate and weigh the results, as appropriate, to develop a range of possible values, with the fair value based on the General Partner's assessment of the most representative point within the range.

The General Partner will determine the valuations of the Partnership’s Level 3 investments quarterly. Assumptions used by the General Partner due to the lack of observable inputs may significantly impact the resulting fair value measurements and therefore, the Partnership’s results of operations.

<u>Collective Investment Vehicles (CIV)</u>

Accounting Standards Update (ASU) 2015-07, issued in May 2015, amended ASC 820 by eliminating the requirement to categorize within the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient (the “NAV practical expedient”). Investments in CIV are valued at their respective NAV practical expedient, utilizing the net asset valuations provided by the CIV, without adjustment, when the net asset valuations of the investments are calculated in a manner consistent with GAAP for investment companies. The Partnership applies the practical expedient to its investments in the CIV on an investment-by-investment basis, and consistently with the Partnership’s entire position in a particular investment, unless it is probable that the Partnership will sell a portion of an investment at an amount different from the net asset valuation. If it is probable that the Partnership will sell an investment at an amount different from the net asset valuation or in other situations where the practical expedient is not available, the Partnership considers other factors in addition to the net asset valuation, such as features of the investment, including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers, and overall market conditions in its determination of fair value.

<u>Use of Estimates</u>

The preparation of financial statements in conformity with GAAP requires the Partnership’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

1. Nature of operations and summary of significant accounting policies, continued:

Income and Expense Recognition

Interest income is recognized on the accrual basis as earned. Expenses are accrued as incurred.

Income Taxes

The Partnership does not record a provision for U.S. federal, state, or local income taxes because the Partners report their share of the Partnership's income or loss on their income tax returns. In accordance with GAAP, the Partnership is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. The tax benefit or liability recognized is measured as the largest amount of benefit or liability that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. Based on its analysis, the Partnership has determined that it has not incurred any unrecognized tax benefits or liabilities as of June 30, 2018. The Partnership does not expect that its assessment regarding unrecognized tax benefits or liabilities will materially change over the next twelve months. However, the Partnership's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with U.S. federal and state tax laws, and changes in the administrative practices and precedents of the relevant taxing authorities.

Realized Gains or Losses and Change in Net Unrealized Appreciation or Depreciation of Investments

Realized gains or losses on investments are measured by the difference between distributions and the cost basis of the investment using the specific identification method. Distributions received from CIV are recorded as a reduction of such CIV's cost basis. Then, once the cost basis of the Partnership's investment in the CIV has been reduced to zero, all future proceeds received from the CIV are recorded as a realized gain. As a result of the varying level of information disclosed to the Partnership by CIV regarding their distributions, the Partnership's cost basis as calculated for book purposes may differ from the Partnership's cost basis as calculated for tax purposes. Realized gain or loss on investments is included in partners' capital and is recorded without regard to unrealized appreciation or depreciation previously recognized.

Change in net unrealized appreciation or depreciation of investments primarily reflects the change in collective investment vehicles' values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized. Unrealized appreciation or depreciation of investments is included in partners' capital.

Organization and Syndication Costs

Organizational and syndication costs are expenses attributable to the organization of the Partnership and the marketing and offering of interests therein, including without limitation any related legal and accounting fees and expenses, travel expenses and filing fees. Organizational costs are charged to expense when incurred and syndication costs are deducted from partners' capital.

2. Fair value measurements:

The Partnership's assets recorded at fair value have been categorized as described in the Partnership's significant accounting policies in Note 1. All investments of the Partnership are Level 3 investments or are not included in the fair value hierarchy because they are valued using the NAV practical expedient. Both observable and unobservable inputs may be used to determine the fair value of investments that the Partnership has classified within the Level 3 category. As a result, the unrealized gains and losses for the assets within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs. For the year ended June 30, 2018, the Partnership had two investments for which the NAV practical expedient was used.

The fair value of the Collective Investment Vehicles for which the Partnership utilized the NAV practical expedient was $604,380 at June 30, 2018, and the cumulative unfunded commitments were $15.6 million. The Partnership does not have any redemption rights in these investments, which have indeterminate remaining lives. For the year ended June 30, 2018, the Partnership had no realized gains or losses on investments.

3. Concentration of credit risk:

In the normal course of business, the Partnership maintains its cash balances in a financial institution, which at times may exceed federally insured limits. The Partnership is subject to credit risk to the extent the financial institution with which it conducts business is unable to fulfill contracted obligations on its behalf. Management monitors the financial condition of this financial institution and does not anticipate any losses from this counterparty.

4. Committed capital:

The total committed capital to the Partnership as of June 30, 2018, was $32.8 million, of which 6.4% had been drawn as of June 30, 2018. The Commitment Period ended June 3, 2018, as defined in the Agreement. The General Partner may call commitments to enable the Partnership to make investments committed by it (including contingent commitments that ultimately become committed investments), to pay fees and expenses, or provide reserves. No limited partner is required to fund an amount in excess of its uncalled commitment.

5. Allocations and distribution of profits and losses:

Profits and losses will be allocated among the Partners in a manner such that, the Capital Account of each Partner, immediately after making such allocation, is as nearly as possible equal to the distributions that would be made if the Partnership were dissolved, its affairs wound up, its assets sold for cash equal to their Carrying Value, its liabilities were satisfied, and the net assets of the Partnership were distributed. Distributions are prioritized as follows: (1) 100% to the Limited Partners and General Partner until they have received distributions in an amount equal to their capital contributions to date, and (2) thereafter, 90% to the Limited Partners and 10% (the Carried Interest) to the General Partner, subject to a clawback provision.

6. Bank line of credit:

The Partnership has a $1,000,000 line of credit which is secured by all capital contributions, capital contribution proceeds, capital calls and all other proceeds and rights to payment from the Partners in the Partnership. Borrowings under this arrangement currently bear interest at a fixed rate of 4.0%. There is also an unused commitment facility fee of 0.1% paid on the difference between the line of credit and actual borrowings. For the year ended June 30, 2018, the average borrowings were $223,700, and the average interest rate was 3.8%. The maximum borrowing for the year ended June 30, 2018 was $483,913. The maturity date for the line of credit was November 1, 2018, which was extended to December 1, 2019 in October 2018 at a fixed interest rate of 4.75%. The Partnership is in compliance with all covenants associated with the line of credit.

7. Management fee:

The General Partner entered into an agreement with Sun Mountain Capital, L.L.C. ("SMC") to provide management and administrative services on behalf of the General Partner in connection with the Partnership. SMC provides management services to the Partnership for a fee that is due at the beginning of each quarter. For each quarter during the first four years of the Partnership (beginning June 3, 2015), the Management Fee is based on the capital commitment of the Limited Partners of the Partnership multiplied by 0.25%. Beginning on the fourth anniversary of the Partnership's existence, a Monitoring Charge will be paid to SMC quarterly in advance. Such Monitoring Charge is calculated based on the capital commitment of the Limited Partners of the Partnership multiplied by a percentage starting at 0.225% on the fourth anniversary and descending to 0.125% on the tenth anniversary, at which point the fee will remain at 0.125% through the dissolution of the Partnership. The Management Fee and Monitoring Charge for the Partnership's initial and final fiscal quarters, respectively, if less than a calendar quarter, is prorated based on the days the Partnership existed during that quarter to the number of days in the quarter. The Management Fee for the Partnership for the year ended June 30, 2018 was $334,048, as disclosed in the Statement of Operations.

8. Related-party transactions:

SMC will periodically fund Partnership expenses, as provided for in the Agreement, and the Partnership reimburses SMC for such amounts. For the year ended June 30, 2018, $43,606 was reimbursed to SMC. Within the Statement of Assets, Liabilities and Partners' Capital at June 30, 2018, there were payables to SMC of $4,268. Included in the Statement of Operations, and as provided for in an Administrative Services Agreement between the Partnership and SMC, are expenses of $12,000 paid to SMC for financial reporting services.

9. Indemnification:

The Agreement obligates the Partnership to indemnify the General Partner, the partners, managers, members and affiliates of the General Partner, the Tax Matters Partner and their agents for losses they incur in connection with the Partnership, its properties, business or affairs. This indemnity does not extend to any conduct which constitutes recklessness, willful misconduct or gross negligence as determined by a court of competent jurisdiction following the expiration of all appeals. The Partnership's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership that have not yet occurred. However, the Partnership expects the risk of having to make any payments under these general business indemnifications to be remote.

10. Risks associated with certain financial investments:

Management of the Partnership seeks investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the Partnership invests, as well as general economic and political conditions, may have a significant negative impact on the investee's operations and profitability. In addition, the Partnership is subject to changing regulatory and tax environments. Such events are beyond the Partnership's control, and the likelihood that they may occur cannot be predicted. The Partnership's ability to liquidate its investments and realize value is subject to significant limitations and uncertainties.

11. Commitments and contingencies:

As of June 30, 2018, the Partnership had made contingent commitments to four CIVs for up to $19.8 million. The investment closings are subject to change and is contingent on each CIV's ability to raise specified capital requirements.

12. Financial highlights:

The Partnership is required to disclose financial highlights for the common interest in the Partnership (i.e. the limited partners' interest). These financial highlights consist of the expense and net investment loss ratios for the year ended June 30, 2018, and the internal rate of return since inception ("IRR") of the limited partners, net of all fees, through June 30, 2018. The General Partner has reviewed returns as of June 30, 2018 based on guidance set forth under GAAP. Because of the limited operating activity and capital calls during the year, there are no meaningful financial highlights for the period from inception through June 30, 2018.

13. Subsequent events:

Subsequent events were evaluated by the Partnership through October 19, 2018, which is the date the Partnership's financial statements were available to be issued.