UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

Commission File Number 814-00710

PRINCETON CAPITAL CORPORATION
(Exact name of Registrant as specified in its charter)

Maryland	46-3516073
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
800 Turnpike Street Suite 300 North Andover, Massachusetts	01845
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (978) 794-3366

Securities registered pursuant to Section 12(b) of the Act:
NONE

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value $.001 per share

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one.)

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
	(do not check if a smaller reporting company)	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was approximately $950,329.46 based on the closing price of $0.19 on the over-the-counter pink sheet market (OTC Pink Sheets) on June 29, 2018, the last business day of the Registrant's most recently completed second fiscal quarter.

As of November 30, 2018, there were 120,486,061 shares of common stock, $.001 par value, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2018 Annual Meeting of Stockholders are incorporated by reference into Part III, Items 10 through 14 herein. The definitive proxy statement was filed on April 20, 2018 (within 120 days after our fiscal year ended December 31, 2017).

Certain exhibits previously filed with the Securities and Exchange Commission are incorporated by reference into Part IV of this report.

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PART I

In this Annual Report on Form 10-K, except as otherwise indicated, the terms "we," "us," "our," and the "Company" refer to Princeton Capital Corporation;"Princeton Advisory Group" refers to our former investment adviser Princeton Advisory Group, Inc.; and "House Hanover" refers to our current investment adviser House Hanover, LLC. Some of the statements in this Annual Report on Form 10-K constitute forward-looking statements, which relate to future events, future performance or financial condition. These forward-looking statements involve risks and uncertainties and actual results could differ materially from those projected in the forward-looking statements for any reason, including those factors discussed in "Item 1A. Risk Factors" and elsewhere in the report.

Item 1. DESCRIPTION OF BUSINESS

Overview and Background

Princeton Capital Corporation's predecessor was initially incorporated in Florida in 1959 as Electro-Mechanical Services, Inc. In 1998, it changed its name from Electro-Mechanical Services, Inc. to Regal One Corporation ("Regal One"). In 2005, the then board of directors of Regal One determined it would be in the best interest of shareholders to change the focus of Regal One's operations to providing financial services through a network of advisors and professionals.

On July 14, 2014, Regal One, the Company (then a wholly-owned subsidiary of Regal One), Capital Point Partners, LP, a Delaware limited partnership ("CPP"), and Capital Point Partners II, LP, a Delaware limited partnership ("CPPII" and, together with CPP, the "Partnerships"), entered into an Asset Purchase Agreement (the "Purchase Agreement") pursuant to which we would acquire certain equity and debt investments of the Partnerships in exchange for shares of common stock. In addition to the customary conditions to closing the transactions contemplated by the Purchase Agreement, Regal One was required to (i) effect a reverse stock split of its then outstanding common stock at a ratio of 1-for-2, (ii) reincorporate from Florida to Maryland by merging with and into the Company with the Company continuing as the surviving corporation (the "Reincorporation") and (iii) become an externally managed business development company ("BDC") by entering into an external investment advisory agreement with Princeton Investment Advisors, LLC, a Delaware limited liability company.

On March 13, 2015, following the reverse stock split and the Reincorporation, we completed our previously announced acquisition in the approximate amounts of $11.2 million in cash, $43.5 million in equity & debt investments, and $1.9 million in restricted cash escrow deposits of the Partnerships with an aggregate value of approximately $56.6 million and issued approximately 115.5 million shares of our common stock to the Partnerships. The shares issued were based on a pre-valuation presumed fair value of $60.9 million.

On January 18, 2016, the Board of Directors of the Company (the "Board") conditionally approved the investment advisory agreement with Princeton Advisory Group, Inc., a New Jersey corporation ("Princeton Advisory Group" or the "Former Investment Advisor") (the "PAG Investment Advisory Agreement"), subject to the approval of the Company's stockholders at the 2016 Annual Meeting of Stockholders. At the 2016 Annual Meeting of Stockholders held on June 9, 2016, the Company's stockholders approved the PAG Investment Advisory Agreement, effective June 9, 2016. On June 27, 2017, the Board approved an annual renewal of the PAG Investment Advisory Agreement in accordance with the terms of the Investment Company Act of 1940 (the "1940 Act") and the PAG Investment Advisory Agreement. Since June 9, 2016 and through the date covered by this Annual Report on Form 10-K, Princeton Advisory Group acted as the Company's investment advisor pursuant to the terms of the PAG Investment Advisory Agreement (although, as stated herein, Princeton Advisory Group was originally notified of the Company's intent to terminate the Investment Advisory Agreement on September 27, 2017, as further described herein).

As a result of the allegations contained in the complaints filed by the United States of America against Munish Sood, the former President, Chief Executive Officer, and director of the Company, and others captioned *U.S. v. Lamont Evans, et al.* and *U.S. v. James Gotto, et al.*, in the Southern District of New York., on September 27, 2017 and as previously disclosed, the Board authorized and directed its Audit Committee (which consists of the Board's three independent board members) to conduct an independent investigation into whether such events impacted the Company, and the extent to which any officer or employee of the Company may have been involved, and whether any corporate funds may have been utilized in the conduct alleged.

The Audit Committee conducted an independent investigation into this matter with the assistance of outside advisors. The investigation concluded on January 24, 2018. The investigation uncovered (i) no evidence that the allegations contained in the Complaints impacted the Company (other than the resignation of Mr. Sood), (ii) no evidence that any officer or employee of the Company, other than (as has been alleged) Mr. Sood, had any involvement in the allegations contained in the Complaints, and (iii) no evidence that any corporate or portfolio company funds were utilized in the conduct alleged in the Complaints. In respect to Mr. Sood, the Audit Committee did not make any judgment regarding the criminal allegations made by the U.S. Attorney in its Complaints.

On December 27, 2017, the Board determined that it would be in the best interests of the Company and its stockholders to terminate the PAG Investment Advisory Agreement and sent a formal Notice of Termination to Princeton Advisory Group notifying Princeton Advisory Group of its termination as the Company's investment advisor, effective as of December 31, 2017 at 11:59 p.m. Eastern Time. Also on December 27, 2017, the Board approved (specifically in accordance with Rule 15a-4(b)(1)(ii) of the Investment Company Act) and authorized the Company to enter into an Interim Investment Advisory Agreement between the Company and House Hanover, LLC, a Delaware limited liability company ("House Hanover") (the "Interim Investment Advisory Agreement"), in accordance with Rule 15a-4 of the Investment Company Act. The effective date of the Interim Investment Advisory Agreement was January 1, 2018.

On April 5, 2018, the Board, including a majority of the independent directors, conditionally approved the Investment Advisory Agreement between the Company and House Hanover (the "House Hanover Investment Advisory Agreement") subject to the approval of the Company's stockholders at the 2018 Annual Meeting of Stockholders. The House Hanover Investment Advisory Agreement replaced the Interim Investment Advisory Agreement. On May 30, 2018, the Company's stockholders approved the House Hanover Investment Advisory Agreement. The effective date of the House Hanover Investment Advisory Agreement was May 31, 2018.

A summary of the House Hanover Investment Advisory Agreement was included in the Form 8-K filed on March 31, 2018 and the full text of the House Hanover Investment Advisory Agreement is attached as Exhibit 10.1 thereto and incorporated by reference therein.

The following discussion describes the Company as of December 31, 2017 as it relates to the financial statements covered by this Annual Report on Form 10-K and as of the latest practicable date for other information about the Company.

General

We are an externally managed, non-diversified, closed-end investment company that has elected to be treated as a BDC under the 1940 Act. We originate and invest primarily in private small and lower middle-market companies (typically those with less than $20.0 million of EBITDA) through first lien loans, second lien loans, unsecured loans, unitranche and mezzanine debt financing, often times with a corresponding equity investment. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and related equity investments in private small and lower middle-market companies. Since June 9, 2016 and until December 31, 2017, we were managed by Princeton Advisory Group, who also provided the administrative services necessary for us to operate. Since January 1, 2018, we have been managed by House Hanover, LLC, who also provides some of the administrative services necessary for us to operate.

As a BDC, we must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in "eligible portfolio companies." Under the relevant Securities and Exchange Commission ("SEC") rules, the term "eligible portfolio company" includes all private companies, companies whose securities are not listed on a national securities exchange, and certain public companies that have listed their securities on a national securities exchange and have a market capitalization of less than $250 million, in each case organized in the United States.

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation by:

- accessing the extensive origination channels that have been developed and established by our investment advisor that include long-standing relationships with private equity firms, commercial banks, investment banks and other financial services firms;

- investing in what we believe to be companies with strong business fundamentals, generally within our core small and lower middle-market company focus;

- focusing on a variety of industry sectors, including business services, energy, general industrial, government services, healthcare, software and specialty finance;

- directly originating transactions rather than participating in broadly syndicated financings;

- applying the disciplined underwriting standards that our investment advisor has developed over their extensive investing careers; and

- capitalizing upon the experience and resources of our investment advisor to monitor our investments.

As a BDC, we are required to comply with regulatory requirements, including limitations on our use of debt. We are permitted to, and expect to continue to, finance our investments through borrowings. However, as a BDC, we are only generally allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowing. The amount of leverage that we employ will depend on our assessment of market conditions and other factors at the time of any proposed borrowing, such as the maturity, covenant package and rate structure of the proposed borrowings, our ability to raise funds through the issuance of our securities and the risks of such borrowings within the context of our investment outlook. Ultimately, we only intend to use leverage if the expected returns from borrowing to make investments will exceed the cost of such borrowings.

The Company will be taxed as a C corporation and subject to federal and state corporation income taxes for its 2017 and 2016 taxable years.

Our principal executive office as of December 31, 2017 was located at 700 Alexander Park, Suite 103, Princeton, NJ 08540, and our telephone number as of such date was (609) 514-9200. Our principal executive office is currently located at 800 Turnpike Street, Suite 300, North Andover Massachusetts 01845, and our telephone number is (978) 794-3366. We maintain a website on the Internet at www.princetoncapitalcorp.com. Information contained on our website is not incorporated by reference into this annual report on Form 10-K and you should not consider information contained on our website to be part of this annual report on Form 10-K.

Princeton Advisory Group

From June 9, 2016 to December 31, 2017, Princeton Advisory Group managed our investment activities and was responsible for analyzing investment opportunities, conducting research and performing due diligence on potential investments, negotiating and structuring our investments, originating prospective investments and monitoring our investments and portfolio companies on an ongoing basis. Princeton Advisory Group was founded in 2002 and specializes in providing fixed income portfolio management services. The senior investment professionals of Princeton Advisory Group have an average of over twenty years of experience in the investment industry including experience in small to middle-market investing, including originating, structuring and managing loans and debt securities through market cycles.

Princeton Advisory Group is headquartered in Princeton, New Jersey.

House Hanover

Since January 1, 2018, House Hanover manages our investment activities and is responsible for analyzing investment opportunities, conducting research and performing due diligence on potential investments, negotiating and structuring our investments, originating prospective investments and monitoring our investments and portfolio companies on an ongoing basis. House Hanover is a registered investment adviser and is wholly owned by Sema4, Inc.

House Hanover is headquartered in North Andover, Massachusetts.

Managerial Assistance

As a BDC, we offer, and must provide upon request, managerial assistance to our portfolio companies. This assistance could involve monitoring the operations of our portfolio companies, participating in board of directors and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. House Hanover will provide such managerial assistance on our behalf to portfolio companies that request this assistance. We may receive fees for these services and will reimburse House Hanover for its allocated costs in providing such assistance, subject to the review by our board of directors, including our independent directors.

Competition

Our primary competitors in providing financing to small and lower middle-market companies include public and private funds, other BDC's, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or to the distribution and other requirements we must satisfy to qualify as a regulated investment company or "RIC". We did not meet the qualifications of a RIC for the 2016 or 2017 tax years.

Employees

We do not have any direct employees, and our day-to-day investment operations are managed by House Hanover. We have a chief executive officer and president, chief financial officer and chief compliance officer. To the extent necessary, our board of directors may hire additional personnel going forward. Our officers are employees of our investment advisor and our allocable portion of the cost of our chief executive officer and president, chief financial officer and chief compliance officer and their respective staffs is paid by us pursuant to the House Hanover Investment Advisory Agreement.

Management Agreements

Effective as of January 1, 2018, House Hanover serves as our investment advisor and is registered as an investment advisor under the 1940 Act. Prior to January 1, 2018, Princeton Advisory Group served as our investment advisor.

Material Changes in Investment Advisory Agreements

The terms and conditions of the House Hanover Investment Advisory Agreement and the PAG Investment Advisory Agreement are substantially similar, including all management fees payable by the Company. Neither the House Hanover Investment Advisory Agreement nor the PAG Investment Advisory Agreement, contain an incentive fee component, as would be typical of many external investment advisory agreements.

The terms and conditions of the House Hanover Investment Advisory Agreement and the Interim Investment Advisory Agreement are substantially similar, except that (i) the Interim Investment Advisory Agreement did not require approval in accordance with Rule 15a-4 of the 1940 Act and (ii) the duration of the House Hanover Investment Advisory Agreement is one year from the effective date (May 31, 2018) and thereafter shall continue automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (a) the vote of the Board, or by the vote of a majority of the outstanding voting securities of the Company and (b) the vote of a majority of the members of the Board who are not parties to the House Hanover Investment Advisory Agreement or "interested persons" (as such term is defined in Section 2(a)(19) of the 1940 Act) of any such party, in accordance with the requirements of the 1940 Act, as opposed to a 150-day limitation on the term, as set forth in the Interim Investment Advisory Agreement.

Summary of House Hanover Investment Advisory Agreement

Advisory Services

House Hanover is registered as an investment adviser under the 1940 Act and serves as the Company's investment advisor pursuant to the House Hanover Investment Advisory Agreement in accordance with the 1940 Act. House Hanover is owned by and an affiliate of Mr. Mark DiSalvo, the Company's Interim President, Interim Chief Executive Officer, and a director of the Company.

Subject to supervision by the Company's Board, House Hanover oversees the Company's day-to-day operations and provide the Company with investment advisory services. Under the terms of the House Hanover Investment Advisory Agreement, House Hanover, among other things: (i) determines the composition and allocation of the portfolio of the Company, the nature and timing of the changes therein and the manner of implementing such changes; (ii) identifies, evaluates and negotiates the structure of the investments made by the Company; (iii) executes, closes, services and monitors the Company's investments; (iv) determines the securities and other assets that the Company shall purchase, retain, or sell; (v) performs due diligence on prospective portfolio companies; (vi) provides the Company with such other investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its funds; and (vii) if directed by the Board, assists in the execution and closing of the sale of the Company's assets or a sale of the equity of the Company in one or more transactions. House Hanover's services under the House Hanover Investment Advisory Agreement may not be exclusive and it is free to furnish similar services to other entities so long as its services to the Company are not impaired. At the request of the Company, House Hanover, upon any transition of the Company's investment advisory relationship to another investment advisor or upon any internalization, shall provide reasonable transition assistance to the Company and any successor investment advisor.

Advisory Fee

Pursuant to the House Hanover Investment Advisory Agreement, the Company pays House Hanover a base management fee for investment advisory and management services. The cost of the base management fee is ultimately borne by the Company's stockholders. The House Hanover Investment Advisory Agreement does not contain an incentive fee component.

The base management fee is calculated at an annual rate of 1.00% of the Company's gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents net of all indebtedness of the Company for borrowed money and other liabilities of the Company. The base management fee is payable quarterly in arrears, and determined as set forth in the preceding sentence at the end of the two most recently completed calendar quarters. The Board may retroactively adjust the valuation of the Company's assets and the resulting calculation of the base management fee in the event the Company or any of its assets are sold or transferred to an independent third party or the Company or House Hanover receives an audit report or other independent third party valuation of the Company. To the extent that any such adjustment increases or decreases the base management fee of any prior period, the Company will be obligated to pay the amount of increase to House Hanover or House Hanover will be obligated to refund the decreased amount, as applicable.

Payment of Expenses

House Hanover bears all compensation expense (including health insurance, pension benefits, payroll taxes and other compensation related matters) of its employees and bear the costs of any salaries or directors' fees of any officers or directors of the Company who are affiliated persons (as defined in the 1940 Act) of House Hanover. However, House Hanover, subject to approval by the Board of the Company, is entitled to reimbursement for the portion of any compensation expense and the costs of any salaries of any such employees to the extent attributable to services performed by such employees for the Company. During the term of the House Hanover Investment Advisory Agreement, House Hanover will also bear all of its costs and expenses for office space rental, office equipment, utilities and other non-compensation related overhead allocable to performance of its obligations under the House Hanover Investment Advisory Agreement.

Except as provided in the preceding paragraph the Company reimburses House Hanover all direct and indirect costs and expenses incurred by it during the term of the House Hanover Investment Advisory Agreement for: (i) due diligence of potential investments of the Company, (ii) monitoring performance of the Company's investments, (iii) serving as officers of the Company, (iv) serving as directors and officers of portfolio companies of the Company, (v) providing managerial assistance to portfolio companies of the Company, and (vi) enforcing the Company's rights in respect of its investments and disposing of its investments; provided, however, that, any third party expenses incurred by House Hanover in excess of $50,000 in the aggregate in any calendar quarter will require advance approval by the Board of the Company.

In addition to the foregoing, the Company will also be responsible for the payment of all of the Company's other expenses, including the payment of the following fees and expenses:

- organizational and offering expenses;
- expenses incurred in valuing the Company's assets and computing its net asset value per share (including the cost and expenses of any independent valuation firm);
- subject to the guidelines approved by the Board, expenses incurred by House Hanover that are payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for the Company and in monitoring the Company's investments and performing due diligence on the Company's prospective portfolio companies or otherwise related to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance the Company's investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of the Company's common stock and other securities;
- administration fees;
- transfer agent and custody fees and expenses;
- U.S. federal and state registration fees of the Company (but not House Hanover);
- all costs of registration and listing the Company's shares on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required of the Company (but not House Hanover) by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- the costs associated with individual or group stockholders;
- the Company's allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration and operation of the Company, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs; and
- all other non-investment advisory expenses incurred by the Company in connection with administering the Company's business.

Duration and Termination

Unless terminated earlier as described below, the House Hanover Investment Advisory Agreement will continue in effect for a period of one (1) year from its effective date. It will remain in effect from year to year thereafter if approved annually by the Company's Board or by the affirmative vote of the holders of a majority of the Company's outstanding voting securities, and, in either case, if also approved by a majority of Company's directors who are neither parties to the House Hanover Investment Advisory Agreement nor "interested persons" (as defined under the 1940 Act) of any such party. The House Hanover Investment Advisory Agreement may be terminated at any time, without the payment of any penalty, (i) upon written notice, effective on the date set forth in such notice, by the vote of a majority of the outstanding voting securities of the Company or by the vote of the Company's directors, or (ii) upon 60 days' written notice, by House Hanover. The House Hanover Investment Advisory Agreement automatically terminates in the event of its "assignment," as defined in the 1940 Act.

Indemnification

The House Hanover Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of their duties, or by reason of the material breach or reckless disregard of their duties and obligations under the House Hanover Investment Advisory Agreement, House Hanover and its officers, managers, employees and members are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of House Hanover's services under the House Hanover Investment Advisory Agreement or otherwise as the Company's investment advisor. The amounts payable for indemnification will be calculated net of payments recovered by the indemnified party under any insurance policy with respect to such losses.

At all times during the term of the House Hanover Investment Advisory Agreement and for one year thereafter, House Hanover is obligated to maintain directors and officers/errors and omission liability insurance in an amount and with a provider reasonably acceptable to the Board of the Company.

Regulation as a BDC

We are a BDC under the 1940 Act and intend, as soon as we become eligible, to elect to be treated as a RIC under Subchapter M of the Internal Revenue Code of 1986 (the "Code".) The 1940 Act contains prohibitions and restrictions relating to transactions between BDC's and their affiliates (including any investment advisors), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by a majority of our outstanding voting securities.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act. Our intention is to not write (sell) or buy put or call options to manage risks associated with the publicly traded securities of our portfolio companies, except that we may enter into hedging transactions to manage the risks associated with interest rate fluctuations. However, we may purchase or otherwise receive warrants to purchase the common stock of our portfolio companies in connection with acquisition financing or other investments. Similarly, in connection with an acquisition, we may acquire rights to require the issuers of acquired securities or their affiliates to repurchase them under certain circumstances. We also do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, we generally cannot acquire more than 3% of the voting stock of any registered investment company, invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of more than one investment company. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses. None of these policies is fundamental and may be changed without stockholder approval upon 60 days' prior written notice to stockholders.

Qualifying Assets

Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in section 55(a) of the 1940 Act, which are referred to as "qualifying assets," unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our proposed business are the following:

(1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. Under the 1940 Act and the rules thereunder, "eligible portfolio companies" include (1) private domestic operating companies, (2) public domestic operating companies whose securities are not listed on a national securities exchange (*e.g.*, the New York Stock Exchange) or registered under the Exchange Act, and (3) public domestic operating companies having a market capitalization of less than $250 million. Public domestic operating companies whose securities are quoted on the over-the-counter bulletin board or through Pink Sheets LLC are not listed on a national securities exchange and therefore are eligible portfolio companies.

(2) Securities of any eligible portfolio company which we control.

(3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from a person who is or has been, within the past 13 months, an affiliated person of the issuer, or in transactions incident to such a private transaction, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities, was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.

(4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.

(5) Securities received in exchange for or distributed on or with respect to securities described above, or pursuant to the exercise of warrants or rights relating to such securities.

(6) Cash, cash equivalents, U.S. government securities or high-quality debt securities that mature in one year or less from the date of investment.

The regulations defining qualifying assets may change over time. We may adjust our investment focus as needed to comply with and/or take advantage of any regulatory, legislative, administrative or judicial actions in this area.

Managerial Assistance to Portfolio Companies

In order to count portfolio securities as qualifying assets for the purpose of the 70% test, a BDC must either control the issuer of the securities or must offer to make available to the issuer of the securities significant managerial assistance. However, when the BDC purchases securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance. Making available managerial assistance means any arrangement whereby the BDC, through its directors, officers, employees or agents, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company. House Hanover will provide such managerial assistance on our behalf to portfolio companies that request this assistance.

Temporary Investments

Pending investment in other types of qualifying assets, as described above, our investments may consist of cash, cash equivalents, U.S. government securities, repurchase agreements and high-quality debt investments that mature in one year or less from the date of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets or temporary investments. Typically, we will invest in U.S. Treasury bills or in repurchase agreements, so long as the agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price that is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we would not meet the Diversification Tests in order to qualify as a RIC for U.S. federal income tax purposes. Accordingly, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit.

Senior Securities

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. A loan will be considered temporary if it is repaid within sixty days and is not extended or renewed.

Common Stock

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock at a price below the current net asset value of the common stock if our board of directors determines that such sale is in our best interests and that of our stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount).

Other

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

House Hanover and we will each be required to adopt and implement written policies and procedures reasonably designed to prevent violation of relevant federal securities laws, review these policies and procedures annually for their adequacy and the effectiveness of their implementation, and designate a chief compliance officer to be responsible for administering the policies and procedures.

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our board of directors who are not interested persons and, in some cases, prior approval by the SEC. The SEC has interpreted the BDC prohibition on transactions with affiliates to prohibit all "joint transactions" between, among other things, entities that share a common investment advisor. The staff of the SEC has granted no-action relief permitting purchases of a single class of privately placed securities provided that the advisor negotiates no term other than price and certain other conditions are met.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act imposes a wide variety of regulatory requirements on publicly held companies and their insiders. Many of these requirements affect us. For example:

- pursuant to Rule 13a-14 under the Exchange Act, our principal executive officer and principal financial officer must certify the accuracy of the financial statements contained in our periodic reports;

- pursuant to Item 307 under Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;

- pursuant to Rule 13a-15 under the Exchange Act, our management must prepare an annual report regarding its assessment of our internal control over financial reporting; and

- pursuant to Item 308 of Regulation S-K and Rule 13a-15 under the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any remedial actions with regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated under such act. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance with that act.

Item 1A. RISK FACTORS

Investing in our securities involves a number of significant risks. Before you invest in our securities, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this annual report on Form 10-K, before you decide whether to make an investment in our securities. The risks set out below are the principal risks with respect to an investment in our securities generally and with respect to a BDC with investment objectives, investment policies, capital structures or trading markets similar to ours. However, they may not be the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also impair our operations and performance. If any of the following events occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected. In such case, our net asset value and the trading price of our securities could decline, and you may lose all or part of your investment.

Risks Relating to our Business and Structure

We are dependent upon key personnel of House Hanover for our future success. If House Hanover were to lose any of its key personnel, our ability to achieve our investment objective could be significantly harmed.

We will depend on the diligence, skill and network of business contacts of the investment professionals of House Hanover to achieve our investment objective. We expect that House Hanover's investment team will evaluate, negotiate, structure, close and monitor our investments in accordance with the terms of the House Hanover Investment Advisory Agreement. We can offer no assurance, however, that House Hanover's investment team will continue to provide investment advice to us.

Our business model depends to a significant extent upon strong referral relationships. Any inability of House Hanover to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business.

We depend upon House Hanover to maintain its relationships with private equity sponsors, placement agents, investment banks, management groups, financial institutions and other service providers, and we expect to rely to a significant extent upon these relationships to provide us with potential investment opportunities. If House Hanover fails to maintain such relationships, or to develop new relationships with other sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom House Hanover has relationships are not obligated to provide us with investment opportunities, and we can offer no assurance that these relationships will generate investment opportunities for us in the future.

Our financial condition, results of operations and cash flows will depend on our ability to manage our business effectively.

For the years ended December 31, 2017, December 31, 2016 and December 31, 2015, we had total operating expenses of $1,606,486, $2,743,306 and $4,320,992, respectively. Consequently, in 2015, prior to the March 13, 2015 transaction, we were required to sell shares of common stock of Neuralstem, one of our portfolio companies, to raise the cash necessary to pay ongoing expenses. We sold 115,000 shares of Neuralstem common stock in 2015 to finance our operating costs, which resulted in proceeds of $251,324. After March 13, 2015, we have relied upon interest and principal payments from investments to support operating expenses.

Our ability to achieve our investment objective will depend on our ability to manage our business and to grow our investments and earnings. This will depend, in turn, on House Hanover ability to identify, invest in and monitor portfolio companies that meet our investment criteria. The achievement of our investment objective on a cost-effective basis will depend upon House Hanover execution of our investment process, its ability to provide competent, attentive and efficient services to us and, to a lesser extent, our access to financing on acceptable terms. House Hanover's investment team may have responsibilities in connection with the management of other investment funds, accounts and investment vehicles. The personnel of House Hanover may be called upon to provide managerial assistance to our portfolio companies. These activities may distract them from servicing new investment opportunities for us or slow our rate of investment. Any failure to manage our business and our future growth effectively could have a material adverse effect on our business, financial condition, results of operations and cash flows. We have limited capital on hand by which we can make new investments, thereby making it difficult to grow our investments.

There are significant potential conflicts of interest that could negatively affect our investment returns.

The investment professionals of House Hanover serve, or may serve, as officers, directors, members, or principals of entities that operate in the same or a related line of business as we do, or of investment funds, accounts, or investment vehicles managed by House Hanover. Similarly, House Hanover may have other clients with similar, different or competing investment objectives. In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interests of us or our stockholders.

The senior investment team and other investment professionals of House Hanover may, from time to time, possess material non-public information, limiting our investment discretion.

The senior investment team and other investment professionals of House Hanover may serve as directors of, or in a similar capacity with portfolio companies in which we invest, the securities of which are purchased or sold on our behalf. In the event that material nonpublic information is obtained with respect to such companies, or we become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us.

The management fee structure we have with House Hanover may create incentives that are not fully aligned with the interests of our stockholders.

In the course of our investing activities, we will pay management fees to House Hanover. We have entered into an investment advisory agreement with House Hanover that provides that these fees will be based on the value of our net assets. As a result, investors in our common stock will invest on a gross basis and receive distributions on a net basis after expenses, resulting in a lower rate of return than one might achieve through direct investments.

Our board of directors is charged with protecting our interests by monitoring how House Hanover addresses these and other conflicts of interests associated with its management services and compensation. While our board of directors is not expected to review or approve each investment decision, borrowing or incurrence of leverage, our independent directors will periodically review House Hanover's services and fees as well as its portfolio management decisions and performance of our portfolio. In connection with these reviews, our independent directors will consider whether our fees and expenses (including those related to leverage) remain appropriate. As a result of this arrangement, House Hanover may from time to time have interests that differ from those of our stockholders, giving rise to a conflict.

The involvement of our interested directors in the valuation process may create conflicts of interest.

We expect to make many of our portfolio investments in the form of loans and securities that are not publicly traded and for which no market based price quotation is available. As a result, our board of directors will determine the fair value of these loans and securities in good faith as described below in "— Our portfolio investments will be recorded at fair value as determined in good faith by our board of directors and, as a result, there may be uncertainty as to the value of our portfolio investments." In connection with that determination, investment professionals from House Hanover may provide our board of directors with valuations based upon the most recent portfolio company financial statements available and projected financial results of each portfolio company. While the valuation for most portfolio investments will be prepared quarterly by an independent valuation firm, the ultimate determination of fair value will be made by our board of directors, including our interested directors, and not by such third-party valuation firm. In addition, Mr. Mark DiSalvo, an interested member of our board of directors, has a direct pecuniary interest in House Hanover. The participation of House Hanover's investment professionals in our valuation process, and the pecuniary interest in House Hanover by certain members of our board of directors, could result in a conflict of interest as House Hanover's management fee is based, in part, on the value of our gross assets.

The time and resources that House Hanover devote to us may be diverted, and we may face additional competition due to the fact that House Hanover and its affiliates are not prohibited from raising money for, or managing, another entity that makes the same types of investments that we target.

House Hanover and some of its affiliates, including our officers and our non-independent directors, are not prohibited from raising money for, or managing, another investment entity that makes the same types of investments as those we target. For example, House Hanover could seek to raise capital for a private credit fund that will have an investment strategy that is identical to our investment strategy. House Hanover and we intend to seek exemptive relief from the SEC that would establish a co-investment program with investment funds, accounts and investment vehicles managed by House Hanover; however, there can be no assurance if and when the SEC would grant such relief. In addition, we may compete with any such investment entity for the same investors and investment opportunities.

House Hanover's liability is limited under the House Hanover Investment Advisory Agreement and we have agreed to indemnify House Hanover against certain liabilities, which may lead House Hanover to act in a riskier manner on our behalf than it would when acting for its own account.

Under the House Hanover Investment Advisory Agreement, House Hanover has not assumed any responsibility to us other than to render the services called for under that agreement. It will not be responsible for any action of our board of directors by following or declining to follow House Hanover's advice or recommendations. Under the House Hanover Investment Advisory Agreement, House Hanover, its officers, members and personnel, and any person controlling or controlled by House Hanover will not be liable to us, any subsidiary of ours, our directors, our stockholders or any subsidiary's stockholders or partners for acts or omissions performed in accordance with and pursuant to the House Hanover Investment Advisory Agreement, except those resulting from acts constituting gross negligence, willful misfeasance, bad faith or reckless disregard of the duties that House Hanover owes to us under the House Hanover Investment Advisory Agreement. In addition, as part of the House Hanover Investment Advisory Agreement, we have agreed to indemnify House Hanover and each of its officers, directors, members, managers and employees from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted on our behalf pursuant to authority granted by the House Hanover Investment Advisory Agreement, except where attributable to gross negligence, willful misfeasance, bad faith or reckless disregard of such person's duties under the House Hanover Investment Advisory Agreement. These protections may lead House Hanover to act in a riskier manner when acting on our behalf than it would when acting for its own account.

Our ability to enter into transactions with our affiliates will be restricted, which may limit the scope of investments available to us.

We are prohibited under the 1940 Act from participating in certain transactions with our affiliates without the prior approval of our independent directors and, in some cases, the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act, and we are generally prohibited from buying or selling any security from or to such affiliate without the prior approval of our independent directors. The 1940 Act also prohibits certain "joint" transactions with certain of our affiliates, which could include concurrent investments in the same portfolio company, without prior approval of our independent directors and, in some cases, of the SEC. We are prohibited from buying or selling any security from or to any person that controls us or who owns more than 25% of our voting securities or certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC. As a result of these restrictions, we may be prohibited from buying or selling any security (other than any security of which we are the issuer) from or to any portfolio company of a private fund managed by House Hanover or its affiliates without the prior approval of the SEC, which may limit the scope of investment opportunities that would otherwise be available to us.

We may, however, invest alongside House Hanover's investment funds, accounts and investment vehicles in certain circumstances where doing so is consistent with our investment strategy as well as applicable law and SEC staff interpretations. For example, we may invest alongside such investment funds, accounts and investment vehicles consistent with guidance promulgated by the SEC staff to purchase interests in a single class of privately placed securities so long as certain conditions are met, including that House Hanover, acting on our behalf and on behalf of such investment funds, accounts and investment vehicles, negotiates no term other than price. We may also invest alongside House Hanover's investment funds, accounts and investment vehicles as otherwise permissible under regulatory guidance, applicable regulations and House Hanover's allocation policy. This allocation policy provides that allocations among us and investment funds, accounts and investment vehicles managed by House Hanover and its affiliates will generally be made pro rata based on capital available for investment, as determined, in our case, by our board of directors as well as the terms of our governing documents and those of such investment funds, accounts and investment vehicles. It is our policy to base our determinations on such factors as the amount of cash on-hand, existing commitments and reserves, if any, our targeted leverage level, our targeted asset mix and diversification requirements and other investment policies and restrictions set by our board of directors or imposed by applicable laws, rules, regulations or interpretations. We expect that these determinations will be made similarly for investment funds, accounts and investment vehicles managed by House Hanover. However, we can offer no assurance that investment opportunities will be allocated to us fairly or equitably in the short-term or over time.

In situations where co-investment with investment funds, accounts and investment vehicles managed by House Hanover, prior to receiving exemptive relief, is not permitted or appropriate, such as when there is an opportunity to invest concurrently in different securities of the same issuer or where the different investments could be expected to result in a conflict between our interests and those of House Hanover's clients, subject to the limitations described in the preceding paragraph, House Hanover will need to decide which client will proceed with the investment. House Hanover will make these determinations based on its policies and procedures, which generally require that such opportunities be offered to eligible accounts on an alternating basis that will be fair and equitable over time. Moreover, except in certain circumstances, we will be unable to invest in any issuer in which an investment fund, account or investment vehicle managed by House Hanover has previously invested.

We and House Hanover may seek exemptive relief from the SEC to permit greater flexibility to negotiate the terms of co-investments if our board of directors determines that it would be advantageous for us to co-invest with investment funds, accounts and investment vehicles managed by House Hanover in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. We believe that co-investment by us and investment funds, accounts and investment vehicles managed by House Hanover may afford us additional investment opportunities and an ability to achieve greater diversification. Accordingly, if we make an application for exemptive relief, we will seek an exemptive order permitting us to invest with investment funds, accounts and investment vehicles managed by House Hanover in the same portfolio companies under circumstances in which such investments would otherwise not be permitted by the 1940 Act. We expect that such exemptive relief permitting co-investments, if granted, would not require review and approval of each co-investment by our independent directors. There can be no assurance if and when the SEC would grant such relief.

We operate in a highly competitive market for investment opportunities, which could reduce returns and result in losses.

A number of entities compete with us to make the types of investments that we plan to make. We will compete with public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, we believe some of our competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or the source-of-income, asset diversification and distribution requirements we must satisfy to achieve RIC qualification. The competitive pressures we face may have a material adverse effect on our business, financial condition, results of operations and cash flows. As a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we may not be able to identify and make investments that are consistent with our investment objective.

With respect to the investments we make, we will not seek to compete based primarily on the interest rates we will offer, and we believe that some of our competitors may make loans with interest rates that will be lower than the rates we offer. With respect to all investments, we may lose some investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net interest income, lower yields and increased risk of credit loss. We may also compete for investment opportunities with investment funds, accounts and investment vehicles managed by House Hanover. Although House Hanover will allocate opportunities in accordance with its policies and procedures, allocations to such investment funds, accounts and investment vehicles will reduce the amount and frequency of opportunities available to us and may not be in the best interests of us and our stockholders. See "Risk Factor — Risks Relating to Our Business and Structure — There are significant potential conflicts of interest that could negatively affect our investment returns."

We will be subject to corporate-level income tax if we are unable to qualify or maintain our qualification as a RIC under Subchapter M of the Code.

To qualify as a RIC under Subchapter M of the Code, we must meet certain source-of-income, asset diversification and distribution requirements. The distribution requirement for a RIC is satisfied if we distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders on an annual basis. If we incur debt, we will be subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to qualify as a RIC. If we are unable to obtain cash from other sources, we may fail to qualify as a RIC and, thus, may be subject to corporate-level income tax. To qualify as a RIC, we must also meet certain asset diversification requirements at the end of each calendar quarter. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of our qualification as a RIC. Because most of our investments will be in private or thinly-traded public companies, any such dispositions may be made at disadvantageous prices and may result in substantial losses. If we fail to qualify as a RIC for any reason and become subject to corporate income tax, the resulting corporate income taxes could substantially reduce our net assets, the amount of income available for distributions to our stockholders and the amount of funds available for new investments. Such a failure would have a material adverse effect on us and our stockholders.

We may need to raise additional capital to grow because we must distribute most of our income.

We may need additional capital to fund new investments and grow our portfolio of investments. We intend to access the capital markets periodically to issue debt or equity securities or borrow from financial institutions in order to obtain such additional capital. Unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. A reduction in the availability of new capital could limit our ability to grow. In addition, we will be required to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders to achieve qualification as a RIC. As a result, these earnings will not be available to fund new investments. An inability on our part to access the capital markets successfully could limit our ability to grow our business and execute our business strategy fully and could decrease our earnings, if any, which would have an adverse effect on the value of our securities.

You may not receive distributions, or our distributions may not grow over time.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. To date, we have not made any distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this filing. Due to the asset coverage test applicable to us under the 1940 Act as a BDC, we may be limited in our ability to make distributions. All distributions will be made at the discretion of our board of directors and will depend on our earnings, financial condition, maintenance of RIC status, compliance with applicable BDC, and such other factors as our board of directors may deem relative from time to time. We cannot assure you that we will make distributions to our stockholders in the future.

We may have difficulty paying required distributions to qualify as a RIC if we recognize income before, or without, receiving cash representing such income.

For U.S. federal income tax purposes, we will include in income certain amounts that we have not yet received in cash, such as the accrual of original issue discount. This may arise if we receive warrants in connection with the making of a loan and in other circumstances, or through contracted PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. Such original issue discount, which could be significant relative to our overall investment activities, and increases in loan balances as a result of contracted PIK arrangements will be included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we will not receive in cash.

Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to achieve qualification as a RIC. In such a case, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain such cash from other sources, we may continue to fail to qualify as a RIC and thus be subject to corporate-level income tax.

PIK interest payments we receive will increase our assets under management and, as a result, will increase the amount of base management fees payable by us to House Hanover.

Certain of our debt investments may contain provisions providing for the payment of PIK interest. Because PIK interest results in an increase in the size of the loan balance of the underlying loan, the receipt by us of PIK interest will have the effect of increasing our assets under management. As a result, because the base management fee that we pay to House Hanover is based on the value of our gross assets, the receipt by us of PIK interest will result in an increase in the amount of the base management fee payable by us.

Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as "senior securities," up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we will be permitted as a BDC to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 200% of our gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments at a time when such sales may be disadvantageous to us in order to repay a portion of our indebtedness. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. If we issue senior securities, we will be exposed to typical risks associated with leverage, including an increased risk of loss.

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below then current net asset value per share of our common stock if our board of directors determines that such sale is in our best interests and if our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount). If we raise additional funds by issuing common stock or senior securities convertible into, or exchangeable for, our common stock, then the percentage ownership of our stockholders at that time will decrease, and you may experience dilution.

We may finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.

We may finance our investments with borrowed money when we expect the return on our investment to exceed the cost of borrowing. The use of leverage magnifies the potential for gain or loss on amounts invested. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities. However, we may borrow from, and may in the future issue debt securities to, banks, insurance companies and other lenders. Lenders of these funds will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. We may pledge up to 100% of our assets and may grant a security interest in all of our assets under the terms of any debt instruments we may enter into with lenders. In addition, under the terms of any borrowing facility or other debt instrument we may enter into, we are likely to be required to use the net proceeds of any investments that we sell to repay a portion of the amount borrowed under such facility or instrument before applying such net proceeds to any other uses. If the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged, thereby magnifying losses or eliminating our stake in a leveraged investment. Similarly, any decrease in our revenue or income will cause our net income to decline more sharply than it would have had we not borrowed. Such a decline would also negatively affect our ability to make distributions with respect to our common stock or preferred stock. Our ability to service any debt will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Moreover, as the base management fee payable to House Hanover will be payable based on the value of our gross assets, including those assets acquired through the use of leverage, House Hanover will have a financial incentive to incur leverage, which may not be consistent with our stockholders' interests. In addition, our stockholders will bear the burden of any increase in our expenses as a result of our use of leverage, including interest expenses and any increase in the base management fee payable to House Hanover.

As a BDC, we generally are required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings (other than potential leverage in future SBIC subsidiaries, should we apply for and receive an SBIC license(s), subject to exemptive relief) and any preferred stock that we may issue in the future, of at least 200%. If this ratio declines below 200%, we will not be able to incur additional debt and could be required to sell a portion of our investments to repay some debt when it is otherwise disadvantageous for us to do so. This could have a material adverse effect on our operations, and we may not be able to make distributions. The amount of leverage that we employ will depend on House Hanover's and our board of directors' assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

We may default under or any future borrowing facility we enter into or be unable to amend, repay or refinance any such facility on commercially reasonable terms, or at all, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In the event we default under any future borrowing facility, our business could be adversely affected as we may be forced to sell a portion of our investments quickly and prematurely at what may be disadvantageous prices to us in order to meet our outstanding payment obligations and/or support working capital requirements under such future borrowing facility, any of which would have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, following any such default, the agent for the lenders under such future borrowing facility could assume control of the disposition of any or all of our assets, including the selection of such assets to be disposed and the timing of such disposition, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

Because we may use debt to finance our investments, if market interest rates were to increase, our cost of capital could increase, which could reduce our net investment income.

Because we may borrow money to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates would not have a material adverse effect on our net investment income in the event we use debt to finance our investments. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates to the extent permitted by the 1940 Act.

Provisions in any future borrowing facility may limit our discretion in operating our business.

Any future borrowing facility may be backed by all or a portion of our loans and securities on which the lenders may have a security interest. We may pledge up to 100% of our assets and may grant a security interest in all of our assets under the terms of any debt instrument we enter into with lenders. We expect that any security interests we grant will be set forth in a pledge and security agreement and evidenced by the filing of financing statements by the agent for the lenders. In addition, we expect that the custodian for our securities serving as collateral for such loan would include in its electronic systems notices indicating the existence of such security interests and, following notice of occurrence of an event of default, if any, and during its continuance, will only accept transfer instructions with respect to any such securities from the lender or its designee. If we were to default under the terms of any debt instrument, the agent for the applicable lenders would be able to assume control of the timing of disposition of any or all of our assets securing such debt, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, any security interests as well as negative covenants in any borrowing facility may limit our ability to create liens on assets to secure additional debt and may make it difficult for us to restructure or refinance indebtedness at or prior to maturity or obtain additional debt or equity financing. In addition, if our borrowing base under any other borrowing facility were to decrease, we would be required to secure additional assets in an amount equal to any borrowing base deficiency. In the event that all of our assets are secured at the time of such a borrowing base deficiency, we could be required to repay advances under the borrowing facility or make deposits to a collection account, either of which could have a material adverse impact on our ability to fund future investments and to make stockholder distributions.

In addition, under any future borrowing facility we may be subject to limitations as to how borrowed funds may be used, which may include restrictions on geographic and industry concentrations, loan size, payment frequency and status, average life, collateral interests and investment ratings, as well as regulatory restrictions on leverage which may affect the amount of funding that may be obtained. There may also be certain requirements relating to portfolio performance, including required minimum portfolio yield and limitations on delinquencies and charge-offs, a violation of which could limit further advances and, in some cases, result in an event of default. An event of default under any borrowing facility could result in an accelerated maturity date for all amounts outstanding thereunder, which could have a material adverse effect on our business and financial condition. This could reduce our revenues and, by delaying any cash payment allowed to us under the borrowing facility until the lenders have been paid in full, reduce our liquidity and cash flow and impair our ability to grow our business and to qualify as a RIC.

Adverse developments in the credit markets may impair our ability to enter into any other future borrowing facility.

During the economic downturn in the United States that began in mid-2007, many commercial banks and other financial institutions stopped lending or significantly curtailed their lending activity. In addition, in an effort to stem losses and reduce their exposure to segments of the economy deemed to be high risk, some financial institutions limited refinancing and loan modification transactions and reviewed the terms of existing facilities to identify bases for accelerating the maturity of existing lending facilities. If these conditions recur, it may be difficult for us to enter into a borrowing facility, obtain financing for growth of our investments, or refinance any outstanding indebtedness on acceptable economic terms, or at all.

If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a BDC or be precluded from investing according to our current business strategy.

As a BDC, we are required to invest at least 70% of our total assets in “qualifying assets” as defined under the 1940 Act. See “Business – Regulation as a BDC.” We believe that most of the investments that we may acquire in the future will constitute qualifying assets. However, we may be precluded from investing in what we believe to be attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could violate the 1940 Act provisions applicable to BDC’s. As a result of such violation, specific rules under the 1940 Act could prevent us, for example, from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inappropriate times in order to come into compliance with the 1940 Act. If we need to dispose of such investments quickly, it could be difficult to dispose of such investments on favorable terms. We may not be able to find a buyer for such investments and, even if we do find a buyer, we may have to sell the investments at a substantial loss. Any such outcomes would have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we do not maintain our status as a BDC, we would be subject to regulation as a registered closed-end investment company under the 1940 Act. As a registered closed-end investment company, we would be subject to substantially more regulatory restrictions under the 1940 Act, which would significantly decrease our operating flexibility.

Our portfolio investments will be recorded at fair value as determined in good faith by our board of directors and, as a result, there may be uncertainty as to the value of our portfolio investments.

We expect that most of our portfolio investments will take the form of securities that are not publicly traded. The fair value of loans, securities and other investments that are not publicly traded may not be readily determinable, and we will value these investments at fair value as determined in good faith by our board of directors, including to reflect significant events affecting the value of our investments. Most, if not all, of our investments (other than cash and cash equivalents) will be classified as Level 3 under Financial Accounting Standards Board Accounting Standards Codification "Fair Value Measurements and Disclosures", or ASC 820. This means that our portfolio valuations will be based on unobservable inputs and our own assumptions about how market participants would price the asset or liability in question. We expect that inputs into the determination of fair value of our portfolio investments will require significant management judgment or estimation. Even if observable market data are available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimers materially reduces the reliability of such information. We expect to retain the services of one or more independent service providers to review the valuation of these loans and securities. The types of factors that the board of directors may take into account in determining the fair value of our investments generally include, as appropriate, comparison to publicly traded securities including such factors as yield, maturity and measures of credit quality, the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these loans and securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such loans and securities.

We will adjust the valuation of our portfolio quarterly to reflect our board of directors' determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded in our statement of operations as net change in unrealized gain or loss.

We may experience fluctuations in our quarterly operating results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate payable on the loans and debt securities we acquire, the default rate on such loans and securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. In light of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm (when undertaken, as noted below), may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

We will be required to disclose changes made in our internal control and procedures on a quarterly basis and our management will be required to assess the effectiveness of these controls annually. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation.

Our common stock is traded on the Over-the-Counter Bulletin Board "Pink Sheet" market, which may make it more difficult for investors to resell their shares due to suitability requirements.

Our common stock is currently traded on the Over the Counter Bulletin Board under the symbol "PIAC" where we expect it to remain in the foreseeable future. Broker-dealers often decline to trade in OTC Pink Sheet stocks given the markets for such securities are often limited, the stocks are more volatile, and the risk to investors is greater. These factors may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to sell shares to third parties or to otherwise dispose of their shares. This could cause our stock price to decline.

New or modified laws or regulations governing our operations may adversely affect our business.

We and our portfolio companies will be subject to regulation by laws at the U.S. federal, state and local levels. These laws and regulations, as well as their interpretation, may change from time to time, and new laws, regulations and interpretations may also come into effect. Any such new or changed laws or regulations could have a material adverse effect on our business.

Additionally, changes to the laws and regulations governing our operations related to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth in this filing and may shift our investment focus from the areas of expertise of House Hanover to other types of investments in which House Hanover may have little or no expertise or experience. Any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment.

Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval.

Our board of directors has the authority, except as otherwise provided in the 1940 Act, to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and the market price of our common stock. Nevertheless, any such changes could adversely affect our business and impair our ability to make distributions to our stockholders.

Recently passed legislation may allow us to incur additional leverage.

Historically a BDC, under the 1940 Act generally were not permitted to incur indebtedness unless immediately after such borrowing we had an asset coverage for total borrowings of at least 200% (i.e., the amount of debt could not exceed 50% of the value of our total assets). The Small Business Credit Availability Act, which was signed into law in March 2018, modifies this section of the 1940 Act and decreases this percentage from 200% to 150% (subject to either stockholder approval or approval of both a majority of the board of directors and a majority of directors who are not interested persons). As a result of this new law, we may be able to incur additional indebtedness subject to relevant approval and disclosure requirements and therefore your risk of an investment in us may increase. In addition, since our management fee is calculated as a percentage of the value of our gross assets, which includes any borrowings for investment purposes, the management fee expenses will increase if we incur additional indebtedness.

Our board of directors is authorized to reclassify any unissued shares of common stock into one or more series of preferred stock, which could convey special rights and privileges to its owners.

Under Maryland General Corporation Law and our charter, our board of directors is authorized to classify and reclassify any authorized but unissued shares of stock into one or more classes or series of stock, including preferred stock of one or more series. Prior to the issuance of shares of each class or series, the board of directors will be required by Maryland law and our charter to set the preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption for each such class or series. Thus, the board of directors could authorize the issuance of shares of a series of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or that otherwise might be in their best interest. The cost of any such reclassification and issuance would be borne by our common stockholders. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, the 1940 Act provides that holders of preferred stock are entitled to vote separately from holders of common stock to elect two directors. We currently have no plans to issue preferred stock. The issuance of shares of preferred stock convertible into shares of common stock may also reduce the net income and net asset value per share of our common stock upon conversion, provided, that we will only be permitted to issue such convertible preferred stock to the extent we comply with the requirements of Section 61 of the 1940 Act, including obtaining common stockholder approval. These effects, among others, could have an adverse effect on your investment in our common stock.

The foregoing provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our board of directors. However, these provisions may deprive a stockholder of the opportunity to sell such stockholder's shares at a premium to a potential aquiver. We believe that the benefits of these provisions out weight the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms. Our board of directors has considered both the positive and negative effects of the foregoing provisions determined that they are in the best interests of our stockholders.

Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law and our charter and bylaws contain provisions that may discourage, delay or make more difficult a change in control of the Company or the removal of our directors. We are subject to the Maryland Business Combination Act, subject to any applicable requirements of the 1940 Act. Our board of directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our board of directors, including approval by a majority of our independent directors. If the resolution exempting business combinations is repealed or our board of directors does not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of our stock by any person. If we amend our bylaws to repeal the exemption from the Control Share Acquisition Act, the Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such a transaction.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including authorizing our board of directors to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock and to amend our charter without stockholder approval to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

The foregoing provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our board of directors. However, these provisions may deprive a stockholder of the opportunity to sell such stockholder's shares of a premium to a potential acquirer. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms. Our board of directors has considered both the positive and negative effects of the foregoing provisions and determined that they are in the best interests of our stockholders.

House Hanover can resign as our investment advisor and administrator upon 60 days' notice and we may not be able to find suitable replacements within that time, or at all, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

House Hanover has the right under the House Hanover Investment Advisory Agreement to resign as our investment adviser and administrator at any time upon 60 days' written notice, whether we have found a replacement or not. If House Hanover was to resign, we may not be able to find a new investment adviser or administrator or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions to our stockholders are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment or administrative activities, as applicable, is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by House Hanover. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our business, financial condition, results of operations and cash flows.

Recent market conditions materially and adversely affected debt and equity capital markets in the United States and around the world. If these conditions recur, debt capital may not be available to us on favorable terms, or at all, which could negatively affect our financial performance and results.

From 2007 through 2009, the global capital markets experienced a period of disruption resulting in increasing spreads between the yields realized on riskier debt securities and those realized on risk-free securities and a lack of liquidity in parts of the debt capital markets, significant write-offs in the financial services sector relating to subprime mortgages and the re-pricing of credit risk in the broadly syndicated market. These events, along with the deterioration of the housing market, illiquid market conditions, declining business and consumer confidence and the failure of major financial institutions in the United States, led to a decline of general economic conditions. This economic decline materially and adversely affected the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and to financial firms in particular during that time. These conditions may recur, in which case, to the extent that we wish to use debt to fund our investments, the debt capital that will be available to us, if at all, may be at a higher cost, and on terms and conditions that may be less favorable, than what we expect, which could negatively affect our financial performance and results. A prolonged period of market illiquidity may cause us to reduce the volume of loans and debt securities we originate and/or fund and adversely affect the value of our portfolio investments, which could have a material and adverse effect on our business, financial condition, results of operations and cash flows.

Risks Relating to our Investments

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of the portfolio companies in which we expect to make investments, including those currently included in our portfolio, are likely to be susceptible to economic slowdowns or recessions and may be unable to repay our loans during such periods. Therefore, the number of our non-performing assets are likely to increase and the value of our portfolio is likely to decrease during such periods. Adverse economic conditions may decrease the value of collateral securing some of our loans and debt securities and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our investments and harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets, which could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the loans and debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, lenders in certain cases can be subject to lender liability claims for actions taken by them when they become too involved in the borrower's business or exercise control over a borrower. It is possible that we could become subject to a lender's liability claim, including as a result of actions taken if we render significant managerial assistance to the borrower. Furthermore, if one of our portfolio companies were to file for bankruptcy protection, a bankruptcy court might re-characterize our debt holding and subordinate all or a portion of our claim to claims of other creditors, even though we may have structured our investment as senior secured debt. The likelihood of such a re-characterization would depend on the facts and circumstances, including the extent to which we provided managerial assistance to that portfolio company.

Our investments in leveraged portfolio companies may be risky, and we could lose all or part of our investment.

Investments in leveraged companies involve a number of significant risks. Leveraged companies in which we invest may have limited financial resources and may be unable to meet their obligations under their loans and debt securities that we hold. Such developments may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees that we may have obtained in connection with our investment. Smaller leveraged companies also may have less predictable operating results and may require substantial additional capital to support their operations, finance their expansion or maintain their competitive position.

We may hold the loans and debt securities of leveraged companies that may, due to the significant operating volatility typical of such companies, enter into bankruptcy proceedings.

Leveraged companies may experience bankruptcy or similar financial distress. The bankruptcy process has a number of significant inherent risks. Many events in a bankruptcy proceeding are the product of contested matters and adversary proceedings and are beyond the control of the creditors. A bankruptcy filing by a portfolio company may adversely and permanently affect that company. If the proceeding is converted to a liquidation, the value of the portfolio company may not equal the liquidation value that was believed to exist at the time of the investment. The duration of a bankruptcy proceeding is also difficult to predict, and a creditor's return on investment can be adversely affected by delays until the plan of reorganization or liquidation ultimately becomes effective. The administrative costs in connection with a bankruptcy proceeding are frequently high and would be paid out of the debtor's estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, our influence with respect to the class of securities or other obligations we own may be lost by increases in the number and amount of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain claims that have priority by law (for example, claims for taxes) may be substantial.

Our investments in private and small and lower middle-market portfolio companies are risky, and we could lose all or part of our investment.

Investments in private and small and lower middle-market companies involve a number of significant risks. Generally, little public information exists about these companies, and we will rely on the ability of House Hanover's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Small and lower middle-market companies may have limited financial resources and may be unable to meet their obligations under their loans and debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees we may have obtained in connection with our investment. In addition, such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and adverse market conditions, as well as general economic downturns. Additionally, middle-market companies are more likely to depend on the management talents and efforts of a small group of persons. Therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on one or more of the portfolio companies we invest in and, in turn, on us. Small and lower middle-market companies also may be parties to litigation and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence. In addition, our executive officers, directors and investment advisor may, in the ordinary course of business, be named as defendants in litigation arising from our investments in portfolio companies.

The lack of liquidity in our investments may adversely affect our business.

All of our assets may be invested in illiquid loans and securities, and a substantial portion of our investments in leveraged companies will be subject to legal and other restrictions on resale or will otherwise be less liquid than more broadly traded public securities. The illiquidity of these investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. Also, as noted above, we may be limited or prohibited in our ability to sell or otherwise exit certain positions in our initial portfolio as such a transaction could be considered a joint transaction prohibited by the 1940 Act.

Price declines and illiquidity in the corporate debt markets may adversely affect the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by our board of directors. As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments:

- Available current market data, including relevant and applicable market trading and transaction comparables;
- applicable market yields and multiples;
- security covenants;
- call protection provisions;
- information rights;
- the nature and realizable value of any collateral;
- the portfolio company's ability to make payments, earnings, discounted cash flows and the markets in which it does business;
- comparisons of financial ratios of peer companies that are public;
- comparable merger and acquisition transactions; and
- the principal market and enterprise values.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we use the pricing indicated by the external event to corroborate our valuation. We record decreases in the market values or fair values of our investments as unrealized depreciation. Declines in prices and liquidity in the corporate debt markets may result in significant net unrealized depreciation in our portfolio. The effect of all of these factors on our portfolio may reduce our net asset value by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are a non-diversified investment company as defined under the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

We are classified as a non-diversified investment company as defined under the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. Beyond the asset diversification requirements associated with our qualification as a RIC under the Code, we do not have fixed guidelines for diversification. To the extent that we assume large positions in the securities of a small number of issuers or our investments are concentrated in relatively few industries, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company.

Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments, in seeking to:

- increase or maintain in whole or in part our position as a creditor or equity ownership percentage in a portfolio company;
- exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or
- preserve or enhance the value of our investment.

We have discretion to make follow-on investments, subject to the availability of capital resources. Failure on our part to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our level of risk, because we prefer other opportunities or because we are inhibited by compliance with BDC requirements of the 1940 Act or the desire to maintain our qualification as a RIC. Our ability to make follow-on investments may also be limited by House Hanover's allocation policy.

Because we generally do not hold controlling equity interests in our portfolio companies, we may not be able to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

If we do not hold controlling equity positions the portfolio companies included in our portfolio, we will be subject to the risk that a portfolio company may make business decisions with which we disagree, and that the management and/or stockholders of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity of the debt and equity investments that we expect to hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our investments.

Defaults by our portfolio companies will harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets. This could trigger cross-defaults under other agreements and jeopardize such portfolio company's ability to meet its obligations under the loans or debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Because we rely on the interest income from our portfolio companies to fund operating expenses, payment defaults of our portfolio companies could have an adverse effect on our operations. Our interest income may not exceed our operating expenses which could affect our financial condition, results of operations and cash flow.

Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and ability to make stockholder distributions and result in a decline in the market price of our shares.

We will be subject to the risk that the debt investments we make in our portfolio companies may be repaid prior to maturity. We expect that our investments will generally allow for repayment at any time subject to certain penalties. When this occurs, we intend to generally reinvest these proceeds in temporary investments, pending their future investment in accordance with our investment strategy. These temporary investments will typically have substantially lower yields than the debt being prepaid, and we could experience significant delays in reinvesting these amounts. Any future investment may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elects to repay amounts owed to us prior to maturity. Additionally, prepayments could negatively impact our ability to make, or the amount of, distributions with respect to our common stock, which could result in a decline in the market price of our shares.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We intend to invest a portion of our capital in second lien and subordinated loans issued by our portfolio companies. The portfolio companies usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the loans in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the loans in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying senior creditors, a portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with loans in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Additionally, certain loans that we may make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any.

We may also make unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on such portfolio companies' collateral, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured loan obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of such senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens:

- the ability to cause the commencement of enforcement proceedings against the collateral;
- the ability to control the conduct of such proceedings;
- the approval of amendments to collateral documents;
- releases of liens on the collateral; and
- waivers of past defaults under collateral documents.

We may not have the ability to control or direct such actions, even if our rights are adversely affected.

If we make subordinated investments, the obligors or the portfolio companies may not generate sufficient cash flow to service their debt obligations to us.

We may make subordinated investments that rank below other obligations of the obligor in right of payment. Subordinated investments are subject to greater risk of default than senior obligations as a result of adverse changes in the financial condition of the obligor or economic conditions in general. If we make a subordinated investment in a portfolio company, the portfolio company may be highly leveraged, and its relatively high debt-to-equity ratio may create increased risks that its operations might not generate sufficient cash flow to service all of its debt obligations.

The disposition of our investments may result in contingent liabilities.

We currently expect that substantially all of our investments will involve loans and private securities. In connection with the disposition of an investment in loans and private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that we must satisfy through our return of distributions previously made to us.

We may not realize gains from our equity investments.

When we invest in loans and debt securities, we may acquire warrants or other equity securities of portfolio companies as well. We may also invest in equity securities directly. To the extent we hold equity investments, we will attempt to dispose of them and realize gains upon our disposition of them. However, the equity interests we receive may not appreciate in value and, may decline in value. As a result, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

Risks Relating to our Common Stock

Shares of closed-end investment companies, including BDC's, frequently trade at a discount from their net asset value.

Shares of closed-end investment companies, including BDC's, frequently trade at a discount from their net asset value. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share of common stock may decline. We cannot predict whether our common stock will trade at, above or below net asset value. In addition, we cannot issue shares of our common stock below net asset value unless our board of directors determines that it would be in our and our stockholders' best interests to do so. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing out net asset value per share and may reduce our market price per share. In addition, continuous sales of common stock below net asset value may have a negative impact on total returns and could have a negative impact on the market price of our shares of common stock.

Stockholders may experience dilution in their ownership percentage if they do not participate in our dividend reinvestment plan.

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. As a result, stockholders that do not participate in the dividend reinvestment plan may experience dilution over time. Stockholders who receive distributions in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

Our share ownership is concentrated.

As of November 30, 2018 the Partnerships beneficially own approximately 95% of our outstanding common stock. As a result, the Partnerships will exert significant influence over all matters requiring stockholder approval, including the election and removal of directors, any merger, consolidation or sale of all or substantially all of the assets, as well as any charter amendment and other matters requiring stockholder approval. This concentration of ownership may delay or prevent a change in control and may have a negative impact on the market price of our common stock by discouraging third party investors. In addition, the interests of the Partnerships may not always coincide with the interests of our other stockholders.

The Company's common stock may be subject to the penny stock rules which might make it harder for stockholders to sell.

As a result of our stock price, our shares are subject to the penny stock rules. Because a "penny stock" is, generally speaking, one selling for less than $5.00 per share, the Company's common stock may be subject to the foregoing rules. The application of the penny stock rules may affect stockholders' ability to sell their shares because some broker-dealers may not be willing to make a market in the Company's common stock because of the burdens imposed upon them by the penny stock rules which include but are not limited to:

Section 15(g) of the Securities Exchange Act of 1934 and SEC Rules 15g-1 through 15g-6, which impose additional sales practice requirements on broker-dealers who sell Company securities to persons other than established customers and accredited investors.

Rule 15g-2 declares unlawful any broker-dealer transactions in penny stocks unless the broker-dealer has first provided to the customer a standardized disclosure document.

Rule 15g-3 provides that it is unlawful for a broker-dealer to engage in a penny stock transaction unless the broker-dealer first discloses and subsequently confirms to the customer the current quotation prices or similar market information concerning the penny stock in question.

Rule 15g-4 prohibits broker-dealers from completing penny stock transactions for a customer unless the broker-dealer first discloses to the customer the amount of compensation or other remuneration received as a result of the penny stock transaction.

Rule 15g-5 requires that a broker-dealer executing a penny stock transaction, other than one exempt under Rule 15g-1, disclose to its customer, at the time of or prior to the transaction, information about the sales persons compensation.

Potential stockholders of the Company should also be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) "boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (iv) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (v) the wholesale dumping of the same securities by promoters and broker dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 2. PROPERTIES

The Company does not own any real estate or other physical properties materially important to our operation. Our headquarters, as of December 31, 2017, were located at 700 Alexander Park, Suite 103, Princeton, NJ 08540. Our headquarters were provided to us by Princeton Advisory Group, our investment adviser as of December 31, 2017. Our headquarters, since January 1, 2018 and through the date of this filing are located at 800 Turnpike Street, Suite 300, North Andover, Massachusetts 01845. Our headquarters are provided to us by House Hanover, our investment adviser since January 1, 2018. We believe that our office facilities are suitable and adequate for our business as we contemplate conducting it.

Item 3. LEGAL PROCEEDINGS

On September 25, 2017, the United States of America filed Complaints against Mr. Sood (in his individual capacity and not in any capacity as it relates to his former roles with the Company) and others captioned U.S. v. Lamont Evans, et al. and U.S. v. James Gotto, et al., in the Southern District of New York. At the time of the allegations, Mr. Sood was a member of the Board, the Chief Executive Officer of the Company, and the President of the Company. As previously disclosed, as a result of the allegations, Mr. Sood resigned from his positions as a director, Chief Executive Officer, and President, effective September 27, 2017. The Company has been informed that Mr. Sood plead guilty to charges of bribery and fraud in August of 2018.

From time to time, the Company may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of the Company's rights under contracts with its portfolio companies. The Company is not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDERS MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is currently traded on the Over the Counter Pink Sheets under the symbol "PIAC" where we expect it to remain in the foreseeable future. Prior to April 20, 2015, our common stock was traded under the symbol "RONE". Broker-dealers often decline to trade in OTC Pink Sheet stocks given the markets for such securities are often limited, the stocks are more volatile, and the risk to investors is greater. These factors may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to sell shares to third parties or to otherwise dispose of their shares. This could cause our stock price to decline.

Quarter Ending	Quarterly High	Quarterly Low
December 31, 2017	$ 0.30	$ 0.10
September 30, 2017	$ 0.32	$ 0.26
June 30, 2017	$ 0.25	$ 0.15
March 31, 2017	$ 0.30	$ 0.30
December 31, 2016	$ 0.21	$ 0.21
September 30, 2016	$ 0.73	$ 0.10
June 30, 2016	$ 0.35	$ 0.06
March 31, 2016	$ 0.31	$ 0.02

Notwithstanding the forgoing, our common stock is sporadically and thinly trading. Accordingly, although there appears to be quotation information, the Company does not believe that there exists an established public market for our securities. Further, there can be no assurance the current market for the Company's common stock will be sustained or grow in the future.

Holders of record

As of November 19, 2018, there were 35 shareholders of our common stock.

The number of record holders reflects shares held by a broker as one record holder. The underlying shares may be held by one or more beneficial owners.

The Company feels the actual number of common stock holders may be significantly higher as 1,579,452 shares of common stock are held in street name which reflected approximately 1.31% of the outstanding shares of common stock as of November 19, 2018, according to our transfer agent.

Dividends

Our dividends, if any, are determined by our board of directors. The Company will be taxed as a C corporation and subject to federal and state corporation income taxes for its 2016 and 2017 taxable years. We will not qualify for the 2017 tax year to be treated for federal income tax purposes as a RIC under Subchapter M of the Code.

To qualify for RIC tax treatment, we must, among other things, distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. We may, in the future, make actual distributions to our stockholders of our net capital gains. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we may be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

In connection with the transactions with the Partnerships, we adopted an "opt out" dividend reinvestment plan ("DRIP") for our common stockholders. As a result, if we make cash distributions, then stockholders' cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash distributions.

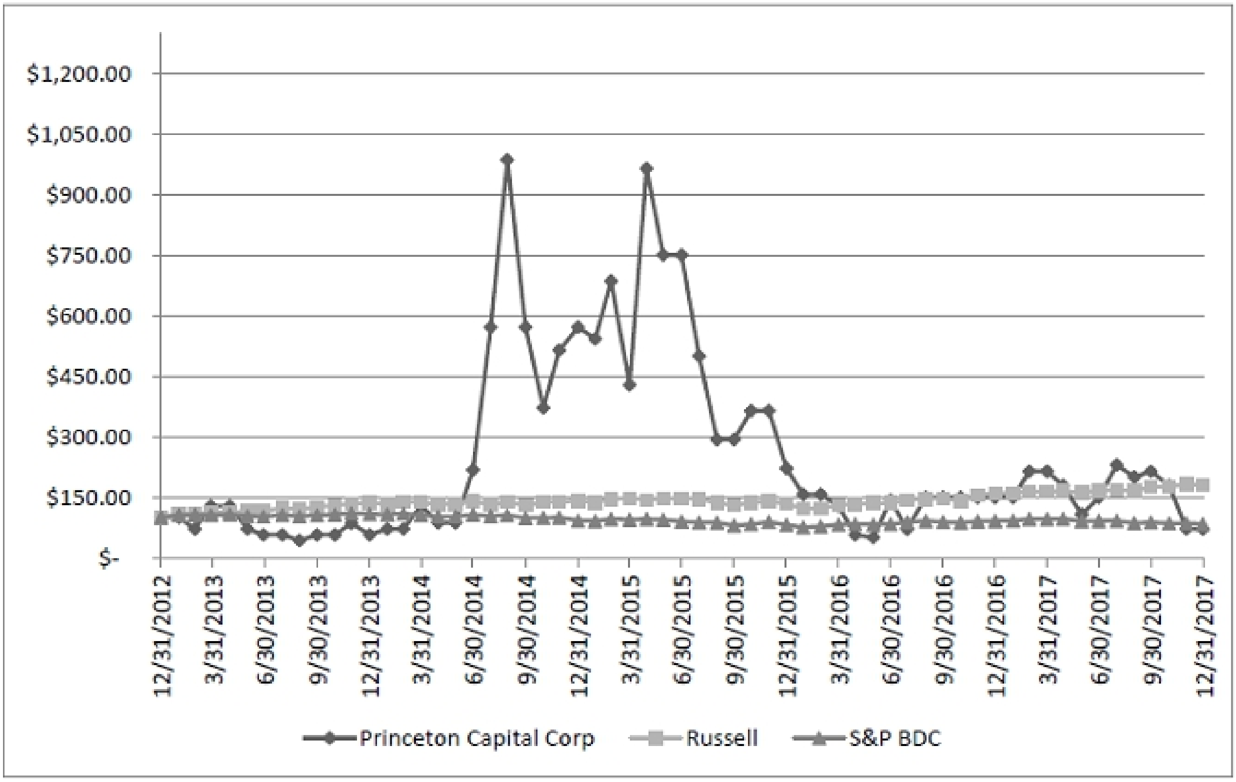
For each of the fiscal years ended December 31, 2017 and December 31, 2016, the Company did not declare any cash dividends on the Company's common stock.

Sale of Unregistered Securities

There were no sales of unregistered securities during the year ended December 31, 2017.

Stock Performance Graph

This graph compares the return on our common stock with that of the S&P BDC Index and the Russell 2000 Index, for the past five fiscal years. The graph assumes that, on December 31, 2012, a person invested $10,000 in each of our common stock, the S&P BDC Index and the Russell 2000 Financial Services Index. The graph measures total shareholder return, which takes into account both changes in stock price and dividends. It assumes that dividends paid are reinvested in like securities. Our Company is quoted on the over-the-counter bulletin board through Pink Sheets and are thus not traded on a public exchange.



The graph and other information furnished under this Part II Item 5 of this Form 10-K shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the 1934 Act. The stock price performance included in the above graph is not necessarily indicative of future stock price performance.

Issuer Purchases of Equity Securities

During the year ended December 31, 2017, there were no purchases made by or on behalf of the issuer of shares of equity securities.

EQUITY COMPENSATION PLAN INFORMATION

1995 Employee & Consultant Incentive Benefit Plan

Our board of directors adopted the 1995 Employee & Consultant Incentive Benefit Plan ("1995 Stock Plan") on May 3, 1995, and it was subsequently approved by our stockholders. The 1995 Stock Plan provided for the grant of stock options or stock to our employees, directors, and consultants. The 1995 Stock Plan originally provided for the issuance of 3,000,000 shares of which 2,019,014 are issued and outstanding. As of December 31, 2017, there were no outstanding options to purchase any additional shares under the plan as the plan has been cancelled. The 1995 Stock Plan was a plan of Regal One.

Item 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with our financial statements and related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this report.

Financial Position as of December 31:

	2017	2016	2015	2014	2013
Total assets	$ 41,948,380	$ 99,819,764	$ 50,018,474	$ 493,272	$ 1,162,686
Total liabilities	540,841	55,834,445	1,792,911	31,250	137,193
Net assets	$ 41,407,539	$ 43,985,319	$ 48,225,563	$ 462,022	$ 1,025,493
Net asset value per outstanding share	0.344	0.365	0.400	0.127	0.282
Common shares outstanding	120,486,061	120,486,061	120,486,061	3,633,067	3,633,067

Operating Data for the last five fiscal years ended December 31:

	2017	2016	2015	2014	2013
Total investment income	$ 2,433,546	$ 2,286,334	$ 3,094,550	$ -	$ -
Net expenses (including taxes)	1,417,992	2,784,429	4,320,992	261,966	111,791
Net investment income (loss)	$ 1,015,554	$ (498,095)	$ (1,226,442)	$ (261,966)	$ (111,791)

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Form 10-K.

References herein to "we", "us" or "our" refer to Princeton Capital Corporation (the "Company" or "Princeton Capital"), unless the context specifically requires otherwise.

Forward-Looking Statements

Some of the statements in this annual report on Form 10-K constitute forward-looking statements, which relate to future events or our future performance or financial condition. Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words "may," "might," "will," "intend," "should," "could," "can," "would," "expect," "believe," "estimate," "anticipate," "predict," "potential," "plan" or similar words. The forward-looking statements contained in this annual report on Form 10-K involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the effect of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with our investment advisor;
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- the use of borrowed money to finance a portion of our investments;
- the adequacy of our financing sources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of our investment advisor to locate suitable investments for us and to monitor and administer our investments;
- the ability of our investment advisor to attract and retain highly talented professionals;
- our ability to qualify and maintain our qualification as a regulated investment company and as a business development company; and
- the effect of future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies.

We have based the forward-looking statements included in this annual report on Form 10-K on information available to us on the date of this annual report on Form 10-K, and we assume no obligation to update any such forward-looking statements. Actual results could differ materially from those anticipated in our forward-looking statements, and future results could differ materially from historical performance. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law or Securities and Exchange Commission ("SEC") rule or regulation. You are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview

We are an externally managed, non-diversified, closed-end investment company that has elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940 (the "1940 Act" or "Investment Company Act"). We originate and invest primarily in private small and lower middle-market companies (typically those with less than $20.0 million of EBITDA) through first lien loans, second lien loans, unsecured loans, unitranche and mezzanine debt financing, often times with a corresponding equity investment. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and related equity investments in private small and lower middle-market companies. Until June 9, 2016, we were managed by Princeton Investment Advisors, LLC, a Delaware limited liability company ("Princeton Investment Advisors"). From June 9, 2016, the date that the Company's stockholders approved the investment advisory agreement with Princeton Advisory Group, Inc. ("Princeton Advisory Group"), through December 31, 2017, we were managed by Princeton Advisory Group, who also provided the administrative services necessary for us to operate. Since January 1, 2018, we have been managed by House Hanover, LLC ("House Hanover").

As a BDC, we must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in "eligible portfolio companies." Under the relevant SEC rules, the term "eligible portfolio company" includes all private companies, companies whose securities are not listed on a national securities exchange, and certain public companies that have listed their securities on a national securities exchange and have a market capitalization of less than $250 million, in each case organized in the United States.

Corporate History

In order to expedite the ramp-up of our investment activities and further our ability to meet our investment objectives on March 13, 2015, we (i) acquired approximately $11.2 million in cash, $43.5 million in equity and debt investments, and $1.9 million in restricted cash escrow deposits of Capital Point Partners, L.P. ("CPP") and Capital Point Partners II, L.P. ("CPPII") (together, the "Partnerships"), (ii) issued approximately 115.5 million shares of our common stock based on a pre-valuation presumed fair value of $60.9 million and on a price of approximately $0.53 per share. We now seek to invest primarily in private small and lower middle market companies in various industries.

On an annual basis, we intend to elect to be treated for tax purposes as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986 (the "Code"). To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements. As a RIC, we generally will not have to pay corporate-level taxes on any income we distribute to our stockholders. We did not meet the qualifications of a RIC for the 2016 or 2017 tax years and will be taxed as a corporation under Subchapter C of the Code.

Portfolio Composition and Investment Activity

Portfolio Composition

We originate and invest primarily in private small and lower middle-market companies through first lien loans, second lien loans, unsecured loans, unitranche and mezzanine debt financing, and corresponding equity investments.

At December 31, 2017, the Company had investments in 9 portfolio companies. The total cost and fair value of the total investments were approximately $52.9 million and $39.0 million, respectively. The composition of our investments by asset class as of December 31, 2017 is as follows:

Investments	Cost	Fair Value	Percentage of Total Portfolio
Portfolio Investments			
First Lien Loans	$ 15,668,076	$ 15,965,218	40.9%
Second Lien Loans	19,326,135	17,665,936	45.4
Unsecured Loans	1,379,147	1,232,812	3.2
Equity	16,483,889	4,086,794	10.5
Total Portfolio Investments	52,857,247	38,950,760	100.0
Total Investments	$ 52,857,247	$ 38,950,760	100.0%

At December 31, 2016, the Company had investments in 9 portfolio companies. The Company also held one U.S. Treasury Bill. The total cost and fair value of the total investments were approximately $107.7 million and $98.0 million, respectively. The composition of our investments by asset class as of December 31, 2016 is as follows:

Investments	Cost	Fair Value	Percentage of Total Portfolio
Portfolio Investments			
First Lien Loans	$ 16,913,465	$ 16,301,261	16.6%
Second Lien Loans	19,326,135	17,250,000	17.6
Unsecured Loans	276,922	276,922	0.3
Equity	18,815,159	11,778,757	12.0
Total Portfolio Investments	55,331,681	45,606,940	46.5
U.S. Treasury Bill	52,398,253	52,398,952	53.5
Total Investments	$ 107,729,934	$ 98,005,892	100.0%

At December 31, 2017, our weighted average yield based upon cost of our portfolio investments was approximately 8.89% of which approximately 8.24% is current cash interest. At December 31, 2016, our weighted average yield based upon cost of our portfolio investments was approximately 11.07% of which approximately 10.16% is current cash interest, all bearing a fixed rate of interest.

At December 31, 2017, we did not hold United States Treasury securities. At December 31, 2016, we held approximately $52.4 million of United States Treasury securities. The United States Treasury securities may be purchased and temporarily held in connection with complying with RIC diversification requirements under Subchapter M of the Code.

Investment Activity

On March 13, 2015, we acquired the equity and debt investments of the Partnerships for shares of our common stock based on a price of $0.53 per share. This portfolio was comprised of equity investments and loans to middle-market companies that were originated over the previous 8 years by certain members of the investment team of Princeton Investment Advisors during their time with the investment advisor to the Partnerships and are similar to the type of investments we originate. These middle-market loans had an internal risk rating of 2 or better (e.g., investments that were performing at or above expectations and whose risks were neutral or favorable compared to the expected risk at the time of the original investment).

Our level of investment activity can vary substantially from period to period depending on many factors, including the amount of debt and equity capital to middle market companies, the level of merger and acquisition activity, the general economic environment and the competitive environment for the types of investments we make.

The primary portfolio investment activities for the year ended December 31, 2017 are as follows:

- On January 18, 2017, the Company amended the RSG Revolver to increase the maximum principal amount to $1,621,000.
- On January 18, 2017, the Company funded $140,000 on the RSG Revolver.
- On February 6, 2017, the Company assigned its notes, liens and security interests in its investment in South Boots Hill, LLC to a wholly owned subsidiary, PCC SBH SUB, Inc. ("PCC SBH"). On February 7, 2017, PCC SBH foreclosed on the real estate collateral assets and other personal property assets of South Boots Hill, LLC.
- On February 15, 2017, the Company made a short term bridge loan to PCC SBH in the amount of $20,000 for working capital needs. This bridge loan will bear an annual interest rate of 12% with all interest and principal due on maturity of February 15, 2018.
- On June 1, 2017, the Company issued notices of default on the Advantis Note and the associated Term Note for payment default. After giving 30 days to cure all defaults, the Company exercised its rights under the corresponding Stock Pledge Agreement to initiate transfer of the pledged stock certificates and warrants into the Company's name on July 3, 2017.
- On June 30, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $89,225 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of October 31, 2017.
- On July 3, 2017, the Company exercised its rights under the corresponding Stock Pledge Agreement to initiate transfer of the pledged stock certificates and warrants of Advantis Certified Staffing Solutions, Inc. into the Company's name.
- On July 12, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $69,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.
- On July 14, 2017, the Company received distributions from the sale of its investment in Spencer Enterprise Holdings, LLC ("Spencer") in the amount of $5,895,860. The Company is also entitled to an additional $203,286 of proceeds held in escrow should they not be used. This is a full exit of the Company's investment in Spencer.

- On July 26, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $125,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.

- On August 11, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $30,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.

- On or about August 18, 2017 the Company participated in a $5 million revolving loan (the "Revolver") from Capital Foundry Funding, LLC, an investment bank headquartered in Pittsburgh, PA, to ECM Energy Services, Inc. ("ECM") headquartered in Waynesburg, PA. The Company's participation interest is in the amount of $1 million for a term of 18 months with minimum annual rate of return of 12.0%. The Company's $1 million participation interest in the Revolver, and the collateral securing same, is subordinate to the payment and performance of the $4 million first-position interest. ECM is an energy services company focused on natural gas and oil trucking and water logistics within the United States.

- On August 22, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $105,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.

- On September 11, 2017, the Company amended the unsecured loan to Dominion Medical Management, Inc., a wholly owned subsidiary of Integrated Medical Partners, LLC and funded an additional $175,000 under the loan. The new note will accrue and pay interest quarterly at an annual rate of 6.0% and have a second lien security interest in the assets of the company. The maturity date was extended to September 30, 2019.

- On September 27, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $200,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.

- On October 25, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $45,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.

- On November 20, 2017, the Company made a short term loan to Dominion Medical Management, Inc., a wholly owned subsidiary of Integrated Medical Partners, LLC in the amount of $100,000 for working capital needs. The note will accrue and pay interest and equal principal payments on a monthly basis at an annual rate of 6.0% and have a second lien security interest in the assets of the company. The maturity date is May 20, 2018.

- On December 13, 2017, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $150,000 for working capital needs. The note will bear an annual interest rate of 5% with all interest and principal due on maturity of December 31, 2017.

Asset Quality

In addition to various risk management and monitoring tools, Princeton Advisory Group used an investment rating system to characterize and monitor the quality of our debt investment portfolio. Equity securities and Treasury Bills are not graded. This debt investment rating system uses a five-level numeric scale. The following is a description of the conditions associated with each investment rating:

Investment Rating	Summary Description
1	Investments that are performing above expectations, and whose risks remain favorable compared to the expected risk at the time of the original investment.
2	Investments that are performing within expectations and whose risks remain neutral compared to the expected risk at the time of the original investment. All new loans will initially be rated 2.
3	Investments that are performing below expectations and that require closer monitoring, but where no loss of return or principal is expected. Portfolio companies with a rating of 3 may be out of compliance with financial covenants.
4	Investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are often in work out. Investments with a rating of 4 will be those for which some loss of return but no loss of principal is expected.
5	Investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments almost always in work out. Investments with a rating of 5 are those for which some loss of return and principal is expected.

The following table shows the investment rankings of our debt investments at fair value as of December 31, 2017 and December 31, 2016:

	As of December 31, 2017			As of December 31, 2016		
Investment Rating	Fair Value	% of Total Portfolio	Number of Portfolio Companies	Fair Value	% of Total Portfolio	Number of Portfolio Companies
1	$ —	—	—	$ —	—	—
2	14,535,933	37.3%	5	13,281,000	13.5%	2
3	—	—	—	4,500,000	4.6%	1
4	20,328,033	52.2%	3	10,047,183	10.3%	3
5	—	—	—	6,000,000	6.1%	1
	$ 34,863,966	89.5%	8	$ 33,828,183	34.5%	7

Loans and Debt Securities on Non-Accrual Status

We will not accrue interest on loans and debt securities if we have reason to doubt our ability to collect such interest. As of December 31, 2017, we had 5 loans on non-accrual status and as of December 31, 2016, we had 5 loans on non-accrual status.

Results of Operations

An important measure of our financial performance is net increase (decrease) in net assets resulting from operations, which includes net investment income (loss), net realized gain (loss) and net change in unrealized gain (loss). Net investment income (loss) is the difference between our income from interest, dividends, fees and other investment income and our operating expenses including interest on borrowed funds. Net realized gain (loss) on investments is the difference between the proceeds received from dispositions of portfolio investments and their amortized cost. Net change in unrealized gain (loss) on investments is the net change in the fair value of our investment portfolio.

Revenues

We generate revenue in the form of interest income on debt investments and capital gains and distributions, if any, on investment securities that we may acquire in portfolio companies. Our debt investments typically have a term of five to seven years and bear interest at a fixed or floating rate. Interest on our debt securities is generally payable quarterly. Payments of principal on our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt investments may pay interest in-kind, or PIK. Any outstanding principal amount of our debt securities and any accrued but unpaid interest will generally become due at the maturity date. The level of interest income we receive is directly related to the balance of interest-bearing investments multiplied by the weighted average yield of our investments. We expect that the dollar amount of interest and any dividend income that we earn to increase as the size of our investment portfolio increases. In addition, we may generate revenue in the form of prepayment fees, commitment, loan origination, structuring or due diligence fees, fees for providing managerial assistance and possibly consulting fees. These fees will be reorganized as they are earned.

Expenses

Our primary operating expenses include the payment of fees to Princeton Advisory Group (and to (i) Princeton Investment Advisors for the period prior to June 9, 2016 and (ii) House Hanover for the period after January 1, 2018) and our allocable portion of overhead expenses under the investment advisory agreements and other operating costs described below. We bear all other out-of-pocket costs and expenses of our operations and transactions, which may include:

- organizational and offering expenses;
- expenses incurred in valuing the Company's assets and computing its net asset value per share (including the cost and expenses of any independent valuation firm);

- subject to the guidelines approved by the Board of Directors, expenses incurred by our investment advisor that are payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for the Company and in monitoring the Company's investments and performing due diligence on the Company's prospective portfolio companies or otherwise related to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance the Company's investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of the Company's common stock and other securities;
- administration fees;
- transfer agent and custody fees and expenses;
- U.S. federal and state registration fees of the Company (but not our investment advisor);
- all costs of registration and listing the Company's shares on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required of the Company (but not our investment advisor) by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- the costs associated with individual or group stockholders;
- the Company's allocable portion of the fidelity bond, directors' and officers'/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration and operation of the Company, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- and all other non-investment advisory expenses incurred by the Company in connection with administering the Company's business.

Comparison of the Years Ended December 31, 2017, 2016, and 2015

	Year Ended December 31, 2017		Year Ended December 31, 2016		Year Ended December 31, 2015	
	Total	**Per Share (1)**	**Total**	**Per Share (1)**	**Total**	**Per Share (1)**
Investment income						
Interest income (2)	$ 1,414,838	$ 0.012	$ 1,489,207	$ 0.012	$ 3,075,642	$ 0.032
Dividend income	-	-	740,741	0.007	-	-
Other income	1,018,708	0.008	56,386	-	18,908	-
Total investment income	2,433,546	0.020	2,286,334	0.019	3,094,550	0.032
Operating expenses						
Management fees	407,609	0.003	641,374	0.005	656,479	0.007
Administration fees	339,647	0.003	396,316	0.003	439,695	0.005
Professional fees	299,370	0.002	925,123	0.008	2,497,435	0.025
Valuation fees	74,200	0.001	283,020	0.002	-	-
Compliance fees	-	-	1,904	-	238,102	0.002
Directors' fees	145,288	0.001	184,871	0.002	87,043	0.001
Consulting fees	30,000	-	-	-	-	-
Accounting fees – related party	-	-	-	-	16,170	-
Bank fees	-	-	25	-	2,050	-
Insurance expense	158,557	0.001	113,698	0.001	78,045	0.001
Interest expense	62,960	0.001	83,200	0.001	4,685	-
Other general and administrative expenses	88,855	0.001	113,775	0.001	301,288	0.003
Total operating expenses	1,606,486	0.013	2,743,306	0.023	4,320,992	0.044
Management fee waiver (3)	(216,559)	(0.002)	-	-	-	-
Total net operating expenses	1,389,927	0.012	2,743,306	0.023	4,320,992	0.044
Net investment income (loss) before tax	**1,043,619**	**0.009**	**(456,972)**	**(0.004)**	**(1,226,442)**	**(0.013)**
Income tax expense	28,065	-	41,123	-	-	-
Net investment income (loss) after tax	**1,015,554**	**0.008**	**(498,095)**	**(0.004)**	**(1,226,442)**	**(0.013)**
Net change in unrealized loss	**(4,182,445)**	**(0.035)**	**(2,280,862)**	**(0.019)**	**(7,857,104)**	**(0.081)**
Net realized gain (loss)	**589,111**	**0.005**	**(1,461,887)**	**(0.012)**	**235,510**	**0.002**
Net increase decrease in net assets resulting from operations	**(2,577,780)**	**(0.021)**	**(4,240,844)**	**(0.035)**	**(8,848,036)**	**(0.091)**

(1) The basic per share figures noted above are based on a weighted average of 120,486,061, 120,486,061 and 97,402,398 shares outstanding for the years ended December 31, 2017, 2016, and 2015, respectively, except where such amounts need to be adjusted to be consistent with what is disclosed in the financial highlights of our financial statements.

(2) Interest income includes PIK interest of $33,717, $473,818, and $983,691, for the years ended December 31, 2017, 2016, and 2015, respectively.

(3) On October 18, 2017, as part of a settlement agreement, $216,559 of previously accrued management fees due to Princeton Investment Advisors were reversed. These are reflected as management fee waiver on the statement of operations.

Operating Expenses

Total net operating expenses decreased from $2,743,306 for the year ended December 31, 2016 to $1,389,927 for the year ended December 31, 2017. The decrease is primarily due to a decrease in management fees, professional fees and valuation fees for the year ended December 31, 2016.

Total net operating expenses per share decreased from $0.023 per share for the year ended December 31, 2016 to $0.012 per share for the year ended December 31, 2017.

Total net operating expenses decreased from $4,320,992 for the year ended December 31, 2015 to $2,743,306 for the year ended December 31, 2016. The decrease is primarily due to a decrease in professional fees for the year ended December 31, 2016.

Total net operating expenses per share decreased from $0.044 per share for the year ended December 31, 2015 to $0.023 per share for the year ended December 31, 2016.

Net Investment Income (Loss)

Net investment income (loss) (after tax) decreased from a loss of $(498,095) for the year ended December 31, 2016 to income of $1,015,554 for the year ended December 31, 2017. This decrease in a loss was primarily due to a decrease in management fees, professional fees, and valuation fees for the year ended December 31, 2016.

Net investment income (loss) (after tax) per share decreased from a loss of $(0.004) per share for the year ended December 31, 2016 to income of $0.008 per share for the year ended December 31, 2017.

Net investment income (loss) (after tax) decreased from a loss of $(1,226,442) for the year ended December 31, 2015 to a loss of $(498,095) for the year ended December 31, 2016. This decrease in a loss was primarily due to an increase in dividend income received from portfolio investments and a decrease in professional fees for the year ended December 31, 2016.

Net investment income (loss) (after tax) per share decreased from a loss of $(0.013) per share for the year ended December 31, 2015 to a loss of $(0.004) per share for the year ended December 31, 2016.

Net Realized Gain (Loss)

We measure realized gains (losses) by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized.

For the year ended December 31, 2017, we recognized $589,111 of realized gain primarily in connection with the sale of Spencer Enterprises, Inc. preferred stock.

For the year ended December 31, 2016, we recognized $(1,461,887) of realized loss primarily in connection with the restructuring of the investment in Advantis Certified Staffing Solutions, Inc. as well as a loss in connection with the expiration of the Neuralstem, Inc. warrant.

For the year ended December 31, 2015, we recognized $235,510 of realized gain primarily in connection with a gain of $246,388 on the sale of the common stock in Neuralstem, Inc.

Net Change in Unrealized Gain (Loss)

Net change in unrealized gain (loss) primarily reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded appreciation or depreciation when gains or losses are realized.

Net change in unrealized gain (loss) on investments totaled a loss of $(4,182,445) for the year ended December 31, 2017 primarily in connection with a loss of $(1,492,923) on Class A preferred membership units in Integrated Medical Partners, LLC, a loss of $(954,726) on the common stock of PCC SBH Sub, Inc., a loss of $(896,779) membership interest – Class A units in Rockfish Holdings, LLC and a loss of $(1,067,615) on the investments held in Advantis Certified Staffing Solutions, Inc., prior to the restructuring.

Net change in unrealized gain (loss) on investments totaled a loss of $(2,280,862) for the year ended December 31, 2016 primarily in connection with a loss of $(4,499,519) on the membership interest – Class B units in Performance Alloys, Inc. due to restructuring and a loss of $(2,076,000) on the second lien loan to Lone Star Brewery Development, Inc. and offset by a gain of $2,539,275 on the second lien loan to Performance Alloys, Inc. and a gain of $1,904,324 on the investments held in Advantis Certified Staffing Solutions, Inc., prior to the restructuring.

Net change in unrealized gain (loss) on investments totaled ($7,857,104) for the year ended December 31, 2015 primarily in connection with a loss of ($2,675,590) on the second lien loan to Performance Alloys, Inc., a loss of ($1,849,276) on the second lien loan to Advantis Certified Staffed Solutions, Inc. and a loss of ($1,865,498) on the membership interest – Class A units in Integrated Medical Partners, LLC.

Financial Condition, Liquidity and Capital Resources

We intend to continue to generate cash from future offerings of securities and cash flows from operations, including earnings on investments in our portfolio and future investments, as well as interest earned from the temporary investment of cash in U.S. government securities and other high-quality debt investments that mature in one year or less. We may, if permitted by regulation, seek various forms of leverage and borrow funds to make investments.

As of December 31, 2017, we had $2,084,262 in cash, and our net assets totaled $41,407,539. We believe that our anticipated cash flows from operations will be adequate to meet our cash needs for our daily operations for at least the next 12 months.

Contractual Obligations

As of December 31, 2017, we did not have any contractual obligations that would trigger the tabular disclosure of contractual obligations under Section 303(a)(5) of Regulation S-K.

We have entered into one contract under which we have material future commitments, the House Hanover Investment Advisory Agreement, pursuant to which House Hanover serves as our investment adviser. Payments under the House Hanover Investment Advisory Agreement in future periods will be equal to a percentage of the value of our net assets.

The House Hanover Investment Advisory Agreement is terminable by either party without penalty upon written notice by the Company or 60 days' written notice by Hanover. If this agreement is terminated, the costs we incur under a new agreement may increase. In addition, we will likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under our investment advisory agreement. Any new investment advisory agreement would also be subject to approval by our stockholders.

Distributions

In order to qualify as a RIC and to avoid U.S. federal corporate level income tax on the income we distribute to our stockholders, we are required to distribute at least 90% of our net ordinary income and our net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders on an annual basis. Additionally, we must distribute an amount at least equal to the sum of 98% of our net ordinary income (during the calendar year) plus 98.2% of our net capital gain income (during each 12-month period ending on October 31) plus any net ordinary income and capital gain net income for preceding years that were not distributed during such years and on which we paid no U.S. federal income tax to avoid a U.S. federal excise tax. To the extent that we have income available, we intend to make quarterly distributions to our stockholders. Our stockholder distributions, if any, will be determined by our board of directors on a quarterly basis. Any distribution to our stockholders will be declared out of assets legally available for distribution. The Company will not meet the requirements to qualify as a RIC for the 2017 tax year.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of our distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage requirements applicable to us as a BDC under the 1940 Act. If we do not distribute a certain percentage of our income annually, we could suffer adverse tax consequences, including the possible loss of any qualification as a RIC. We cannot assure stockholders that they will receive any distributions.

To the extent our taxable earnings fall below the total amount of our distributions for that fiscal year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. Stockholders should read any written disclosure accompanying any stockholder distribution carefully and should not assume that the source of any distribution is our ordinary income or capital gains.

We have adopted an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, the stockholders' cash distributions will be automatically reinvested in additional shares of our common stock unless a stockholder specifically "opts out" of our dividend reinvestment plan. If a stockholder opts out, that stockholder will receive cash distributions. Although distributions paid in the form of additional shares of our common stock will generally be subject to U.S. federal, state and local taxes in the same manner as cash distributions, stockholders participating in our dividend reinvestment plan will not receive any corresponding cash distributions with which to pay any such applicable taxes.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Related Party Transactions

Management Fees

Management fees for the year ended December 31, 2017 were $407,609. Management fees under the PAG Investment Advisory Agreement for the year ended December 31, 2016 were $275,569. Management fees under the PIA Investment Advisory Agreement for the year ended December 31, 2016 were $365,805. As of December 31, 2016, management fees of $194,224 and $341,559 were payable to Princeton Advisory Group and Princeton Investment Advisors, respectively. Management fees for the year ended December 31, 2015 were $656,479. On October 18, 2017, as part of a settlement agreement, $216,559 of previously accrued management fees due to Princeton Investment Advisors were reversed. These are reflected as management fee waiver on the statement of operations.

Incentive Fees

There were no incentive fees earned by Princeton Investment Advisors for the years ended December 31, 2017, 2016 or 2015.

There were no incentive fees earned by Princeton Advisory Group for the year ended December 31, 2017 or 2016 as the PAG Investment Advisory Agreement does not provide for an incentive fee.

Other Related Party Transactions

Gregory J. Cannella served as the Chief Financial Officer of Rockfish Seafood Grill, Inc. ("RSG"), one of the Company's portfolio companies, until September 24, 2015. He had a stock option agreement with RSG, granted on January 28, 2013, with the right to earn up to 103.8961 shares or approximately 8% of RSG. This stock option agreement was canceled on May 12, 2015 with no consideration coming from RSG or the Company.

In May 2015, RSG created a wholly owned subsidiary, Southwest Hospitality Group, LLC ("SHG"), for the purpose of entering into franchise agreement with a new restaurant group. In July 2015, SHG was transferred to Sivco, Inc. and then signed a franchise agreement with this new restaurant group. Sivco, Inc. is majority owned and controlled by Alfred Jackson, a former director of the Company and minority-owned by Munish Sood, a former Director, the former President, and former CEO of the Company.

On March 30, 2016, the Company, as Borrower, entered into a Term Loan in the amount of $1,500,000 with Sema4, Inc. and Princeton Advisory Group, as Lenders in order to purchase certain assets to attempt to qualify as a RIC. Sema4, Inc. committed $1,000,000 and Princeton Advisory Group committed $500,000. The loan was repaid in full with interest at a rate of 10.0% per annum on April 8, 2016. Sema4, Inc. is owned by Mark DiSalvo, the Company's Interim President, Interim Chief Executive Officer, and a director of the Company, and is the general partner of CPP and CPPII, which own approximately 87% and 9% of our common stock, respectively. Princeton Advisory Group is wholly owned by Munish Sood, a former Director, the former President, and former CEO of the Company.

As disclosed in the Company's Form 8-K filed with the SEC on June 30, 2016, on June 28, 2016, the Company, as Borrower, entered into a Term Loan in the amount of $390,000 with Munish Sood, as Lender, in order to purchase certain assets to qualify as a RIC. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan was repaid in full with interest at a rate of 10.0% per annum on July 11, 2016.

As disclosed in the Company's Form 8-K filed with the SEC on September 16, 2016, on September 12, 2016, the Company, as a Borrower, entered into a Term Loan in the amount of $225,000 with Munish Sood, as Lender, in order to fund capital to one of its portfolio companies, Rockfish Seafood Grill, Inc. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan will bear interest at a rate of 10.0% per annum and matures on December 12, 2016. As disclosed in the Company's Form 8-K filed with the SEC on October 27, 2016, on October 21, 2016, Munish Sood lent an additional $140,000 under this Term Loan. On March 29, 2017, Munish Sood, in order to purchase certain assets to attempt to qualify as a RIC, lent an additional $450,000 under this Term Loan and extended the maturity date to June 30, 2017. On April 10, 2017, the Company made a principal and interest payment totaling $450,984 on this Term Loan. The loan was repaid in full with interest on July 17, 2017.

As disclosed in the Company's Form 8-K filed with the SEC on October 5, 2016, on September 29, 2016 the Company, as Borrower, entered into a Term Loan in the amount of $470,000 with Munish Sood, as Lender, in order to purchase certain assets to attempt to qualify as a RIC. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan was repaid in full with interest at a rate of 10.0% per annum on October 7, 2016.

On June 28, 2017, Munish Sood made a non-interest bearing short term loan to Advantis Certified Staffing Solutions, Inc., one of the Company's portfolio companies, in the amount of $89,225 for a short term working capital need. The loan was repaid without interest on July 5, 2017.

Recent Accounting Pronouncements

See Note 2 of the financial statements for a description of recent accounting pronouncements, if any, including the expected dates of adoption and the anticipated impact on the financial statements.

Critical Accounting Policies

The preparation of our financial statements and related disclosures in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. In addition to the discussion below, our significant accounting policies are further described in the notes to the financial statements.

Valuation of Portfolio Investments

As a BDC, we generally invest in illiquid loans and securities including debt and equity securities of middle-market companies. Under procedures established by our board of directors, we value investments for which market quotations are readily available at such market quotations. We obtain these market values from an independent pricing service or at the mean between the bid and ask prices obtained from at least two brokers or dealers (if available, otherwise by a principal market maker or a primary market dealer). Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by our board of directors. Such determination of fair values may involve subjective judgments and estimates, although we engage independent valuation providers to review the valuation of each portfolio investment that does not have a readily available market quotation at least twice annually. Investments purchased within 60 days of maturity are valued at cost plus accreted discount, or minus amortized premium, which approximate fair value. With respect to unquoted securities, our board of directors, together with our independent valuation advisors, values each investment considering, among other measures, discounted cash flow models, comparisons of financial ratios of peer companies that are public and other factors.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, our board of directors uses the pricing indicated by the external event to corroborate and/or assist us in our valuation. Because there is not a readily available market for substantially all of the investments in our portfolio, we value our portfolio investments at fair value as determined in good faith by our board of directors using a documented valuation policy and a consistently applied valuation process. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

With respect to investments for which market quotations are not readily available, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process begins with each portfolio company or investment being initially valued by an independent valuation firm, except for those investments where market quotations are readily available;

- Preliminary valuation conclusions are then documented and discussed with our senior management, our investment advisor, and our auditors;

- The valuation committee of our board of directors then reviews these preliminary valuations and approves them for recommendation to the board of directors;

- The board of directors then discusses valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of our investment advisor, the independent valuation firm and the valuation committee.

Revenue Recognition

Realized gain (loss) on the sale of investments is the difference between the proceeds received from dispositions of portfolio investments and their stated costs. Realized gains or losses on the sale of investments are calculated using the specific identification method.

Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis to the extent that we expect to collect such amounts. For loans and debt securities with contractual PIK interest, which represents contractual interest accrued and added to the loan balance that generally becomes due at maturity, we do not accrue PIK interest if the portfolio company valuation indicates that such PIK interest is not collectible. Generally, we will not accrue interest on loans and debt securities if we have reason to doubt our ability to collect such interest. Loan origination fees, original issue discount and market discount or premium are capitalized, and we then accrete or amortize such amounts using the effective interest method as interest income. Upon the prepayment of a loan or debt security, any unamortized loan origination is recorded as interest income. We record prepayment premiums on loans and debt securities as interest income.

Dividend income, if any, will be recognized on the ex-dividend date.

Generally, when a payment default occurs on a loan in the portfolio, or if the Company otherwise believes that borrower will not be able to make contractual interest payments, the Company may place the loan on non-accrual status and cease recognizing interest income on the loan until all principal and interest is current through payment, or until a restructuring occurs, and the interest income is deemed to be collectible. The Company may make exceptions to this policy if a loan has sufficient collateral value, is in the process of collection or is viewed to be able to pay all amounts due if the loan were to be collected on through an investment in or sale of the business, the sale of the assets of the business, or some portion or combination thereof.

Recent Developments

Portfolio Activity

- On January 1, 2018, the Company consolidated the prior bridge loans to Advantis Certified Staffing Solutions, Inc. into one note in the amount of $813,224.87. The note will bear an annual interest rate of 5% paid quarterly with a maturity of December 31, 2018.

- On January 25, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $90,000 for working capital needs. The note will bear an annual interest rate of 5% paid quarterly with a maturity of December 31, 2018.

- On February 13, 2018, the Company entered into a Forbearance Letter Agreement (the “Forbearance”) with Lone Star Brewery Development, Inc. for a maximum period of two years. During this period, the Company agreed to forbear from exercising and enforcing certain rights and remedies which the Company is entitled to and to accept a payoff equal to $7,500,000 plus 25% of the net sales proceeds/value of the property if by December 31, 2018 or $8,000,000 plus 25% of the net sales proceeds/value if on or after January 1, 2019. In return, Lone Star Brewery Development, Inc. refinanced out the first lien holder with a new lender in the amount of $11,000,000, put $3,248,000 into the project and paid the Company a forbearance fee at closing of $50,000. In connection with this Forbearance, the Company made a partial release of lien on an approximate three acre tract of land to a lender with a lien that was senior to the Company’s lien.

- On February 20, 2018, the Company amended the Rockfish Seafood Grill, Inc. Revolving Line of Credit (“RSG Revolver”) to increase the maximum principal amount to $1,821,000 for restaurant improvements and enhancements. In connection with this amendment, Rockfish Seafood Grill, Inc. agreed to make the RSG Revolver a performing loan on a quarter basis with payments resuming on March 31, 2018.

- On February 26, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $150,000 for working capital needs. The note will bear an annual interest rate of 8% with all interest and principal due on maturity of December 31, 2018.

- On March 22, 2018, the Company made a loan to Dominion Medical Management, Inc. (“Dominion”), a wholly owned subsidiary of Integrated Medical Partners, LLC, in the amount of $600,000 for working capital needs and amended, restated and consolidated the two prior notes. The new consolidated note has a principal balance of $1,085,256 and will accrue and pay interest only on a quarterly basis at an annual rate of 18.0%. Dominion has the option to defer 6.0% of the annual rate of interest which will compound quarterly on the payment date. The maturity date of the new note is March 1, 2019.

- On April 12, 2018, the Company funded $100,000 on the RSG Revolver.

- On April 24, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $110,000 for working capital needs. The note will bear an annual interest rate of 8% with all interest and principal due on maturity of December 31, 2018.

- On June 4, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $175,000 for working capital needs. The note will bear an annual interest rate of 10.75% with all interest and principal due on maturity of December 31, 2018.

- On July 12, 2018, the Company funded $100,000 on the RSG Revolver, making it fully funded.

- Effective July 27, 2018 Rockfish Holdings, LLC and the Company entered into an amendment of its warrant agreement and warrant to extend the expiration of the warrant until July 28, 2028.

- On October 29, 2018, the Company issued a Notice of Default on its loan to Great Value Storage for non-payment of interest due on September 30, 2018.

- On November 15, 2018, the Company received payment in full in the amount of $1,000,000 on its participation in the loan from Capital Foundry Funding, LLC to ECM Energy Services, Inc.

Resignation of Munish Sood as Director, Chief Executive Officer, and President

As set forth in the Company's Form 8-K filed with the SEC on September 28, 2017, on September 27, 2017, Munish Sood, a member of the Board of Directors, the Chief Executive Officer of the Company, and the Company's President, notified the Company of his resignation from his role as a director, as the Company's Chief Executive Officer, and as the Company's President, effective immediately. Mr. Sood did not resign pursuant to any disagreement with the Company.

In connection therewith, Mr. Sood also resigned as a director, officer, or manager, as applicable, of each of the Company's portfolio companies on which he served, effective immediately.

Appointment of Mark S. DiSalvo as Interim Chief Executive Officer

As set forth in the Company's Form 8-K filed with the SEC on September 28, 2017, on September 27, 2017, the Board, with Mr. DiSalvo abstaining, unanimously approved the appointment of Mark S. DiSalvo, currently a director of the Company, to serve as interim chief executive officer of the Company, effective as of that same date. Mr. DiSalvo will also continue to serve in his capacity as a director of the Company. There are no related party transactions involving Mr. DiSalvo that are reportable under Item 404(a) of Regulation S-K.

Mr. DiSalvo will not receive any compensation from the Company at this time.

Investigation

As set forth in the Company's Form 8-K filed with the SEC on September 28, 2017, on September 25, 2017, the United States of America filed Complaints against Munish Sood and others captioned *U.S. v. Lamont Evans, et al.* and *U.S. v. James Gotto, et al.*, in the Southern District of New York. At the time of the allegations, Mr. Sood was a member of the Board, the Chief Executive Officer of the Company, and the President of the Company. As previously disclosed, as a result of the allegations, Mr. Sood resigned from his positions as a director, Chief Executive Officer, and President, effective September 27, 2017. As a result of the allegations contained in the Complaints, also on September 27, 2017 and as previously disclosed, the Board authorized and directed its Audit Committee (which consists of the Board's three independent board members) to conduct an independent investigation into whether such events impacted the Company, and the extent to which any officer or employee of the Company may have been involved, and whether any corporate funds may have been utilized in the conduct alleged.

Results of Investigation

As set forth in the Company's 8-K filed on January 24, 2018, the Audit Committee conducted an independent investigation into this matter with the assistance of outside advisors. The investigation concluded on January 24, 2018. The investigation uncovered (i) no evidence that the allegations contained in the Complaints impacted the Company (other than the resignation of Mr. Sood), (ii) no evidence that any officer or employee of the Company, other than (as has been alleged) Mr. Sood, had any involvement in the allegations contained in the Complaints, and (iii) no evidence that any corporate or portfolio company funds were utilized in the conduct alleged in the Complaints. In respect to Mr. Sood, the Audit Committee did not make any judgment regarding the criminal allegations made by the U.S. Attorney in its Complaints. As a result of this investigation, the Company, its Audit Committee, and its advisors have concluded that the Company's internal controls over financial reporting are effective and do not recommend implementing any additional procedures or controls at this time.

Termination of Investment Advisory Agreement with Princeton Advisory Group and Entry into Interim Investment Advisory Agreement with House Hanover

As set forth in the Company's Form 8-K filed on September 28, 2017, on September 27, 2017, the Board determined that it would be in the best interests of the Company to terminate the PAG Investment Advisory Agreement between the Company and Princeton Advisory Group. The Board further determined that it would send a formal notice of termination to Princeton Advisory Group to take effect at such time as the Board could adopt a responsible transition plan to replace Princeton Advisory Group.

As set forth in the Company's Form 8-K filed on January 2, 2018, on December 27, 2017, the Board determined that it would be in the best interests of the Company and its stockholders to terminate the PAG Investment Advisory Agreement and sent a formal Notice of Termination to Princeton Advisory Group notifying Princeton Advisory Group of its termination as the Company's investment advisor, effective as of December 31, 2017 at 11:59 p.m. Eastern Time. Also on December 27, 2017, the Board approved (specifically in accordance with Rule 15a-4(b)(1)(ii) of the Investment Company Act and authorized the Company to enter into an Interim Investment Advisory Agreement between the Company and House Hanover, LLC, a Delaware limited liability company ("House Hanover") (the "Interim Investment Advisory Agreement"), in accordance with Rule 15a-4 of the Investment Company Act. The effective date of the Interim Investment Advisory Agreement was January 1, 2018.

In accordance with Rule 15a-4(a)(2), the Interim Investment Advisory Agreement does not need to be approved by the Company's stockholders and the duration of the interim contract may not be greater than 150 days following the date on which the New Investment Advisory Agreement terminates.

A summary of the Interim Investment Advisory Agreement was included in the Form 8-K filed on January 2, 2018 and the full text of the Interim Investment Advisory Agreement is attached as Exhibit 10.1 thereto and incorporated by reference therein.

Entry into Long Term Investment Advisory Agreement with House Hanover

As reported in the Company's Preliminary Proxy Statement filed on April 6, 2018 and the Company's Definitive Proxy Statement filed on April 20, 2018, on April 5, 2018, the Company's Board of Directors (the "Board"), including a majority of the independent directors, conditionally approved the Investment Advisory Agreement between the Company and House Hanover, LLC, a Delaware limited liability company ("House Hanover") (the "House Hanover Investment Advisory Agreement"), subject to the approval of the Company's stockholders at the 2018 Annual Meeting of Stockholders. On May 30, 2018, the Company's stockholders approved the House Hanover Investment Advisory Agreement. The effective date of the House Hanover Investment Advisory Agreement was May 31, 2018.

A summary of the House Hanover Investment Advisory Agreement was included in the Form 8-K filed on May 31, 2018 and the full text of the Interim Investment Advisory Agreement is attached as Exhibit 10.1 thereto and incorporated by reference therein.

Resignation of Joy Sheehan as Chief Compliance Officer

As set forth in the Company's Form 8-K filed on January 2, 2018, as of December 31, 2017, Joy Sheehan, the Company's Chief Compliance Officer, notified the Company of her resignation as the Company's Chief Compliance Officer, effective immediately. Ms. Sheehan did not resign pursuant to any disagreement with the Company.

Election of Florina Klingbaum as Chief Compliance Officer

As set forth in the Company's Form 8-K filed on January 2, 2018, on December 30, 2017, the Board, including a majority of the directors who are not "interested persons" (as such term is defined in Section 2(a)(19) of the Investment Company Act of 1940), unanimously approved the election of Florina Klingbaum to serve as the Company's Chief Compliance Officer, effective January 1, 2018. There are no related party transactions involving Ms. Klingbaum that are reportable under Item 404(a) of Regulation S-K.

Pursuant to the Interim Investment Advisory Agreement and the House Hanover Investment Advisory Agreement, the Company is responsible for its allocable portion of Ms. Klingbaum's compensation including, but not limited to, salaries and benefits while performing services to the Company.

Settlement Proceeds

Effective November 27, 2018, the Company entered into a confidential settlement agreement with a former vendor/provider of services in which the Company will receive $1.1 million within 10 days of the effective date. Furthermore, the Company was released of the responsibility of outstanding Accounts Payable and Accrued Expenses totaling approximately $279,172 to this vendor/provider of services, which would also forgive the related receivables Due From Portfolio Companies totaling approximately $84,418.

Late Filings

As set forth in the Company's Form 12b-25 filings on May 16, 2018, August 15, 2018, and November 15, 2018 the Company has not timely made its Form 10-Q filings for the periods ending March 31, 2018, June 30, 2018 and September 30, 2018 due to its inability to do so without undue effort or expense.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments and cash and cash equivalents. As of December 31, 2017, all of our debt investments in our portfolio bore interest at a fixed rate, except 1 debt investment which bore interest at a variable rate, representing approximately $1,000,000 and $1,000,000 in debt at fair value and cost, respectively. The variable interest rate is based on the US Prime Rate.

To illustrate the potential impact of a change in the underlying interest rate on our net investment income, we have assumed a 1%, 2%, and 3% increase along with a 1%, 2%, and 3% decrease in the underlying US Prime Rate, and no other changes in our portfolio as of December 31, 2017. The below table illustrates the effect such assumed rate changes would have on an annual basis.

US Prime Rate Increase (Decrease)	Increase (Decrease) on Net Investment Income [1]	
3.00%	$	30,000
2.00%	$	20,000
1.00%	$	10,000
(1.00)%		-
(2.00)%		-
(3.00)%		-

(1) There is no decrease on Net Investment Income due to a payable rate on our 1 variable rate debt instrument of US Prime Rate plus 1%, with a rate floor on the US Prime Rate of 4.25%.

This analysis does not adjust for changes in the credit quality, size and composition of our portfolio, and other business developments that could affect the net increase or decrease in net assets resulting from operations. Accordingly, no assurances can be given that actual results would not differ materially from the results under this analysis.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS

Board of Directors and Stockholders
Princeton Capital Corporation

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Princeton Capital Corporation (the "Company"), including the schedule of investments, as of December 31, 2017 and 2016, the related statements of operations, changes in net assets and cash flows for each of the three years in the period ended December 31, 2017, and the related notes, schedules and financial highlights (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

The financial highlights for the years ended December 31, 2014 and 2013 were audited by another independent registered public accounting firm whose report, dated April 15, 2015, expressed unqualified opinions on those financial highlights.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included verification by confirmation of securities as of December 31, 2017 and 2016, by correspondence with the portfolio companies and custodians, or by other appropriate auditing procedures where replies were not received. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2015.

/s/ WithumSmith+Brown, PC

Whippany, New Jersey
November 30, 2018

PRINCETON CAPITAL CORPORATION

STATEMENTS OF ASSETS AND LIABILITIES

	December 31, 2017	December 31, 2016
ASSETS		
Control investments at fair value (cost of $25,204,690 and $16,486,985, respectively)	$ 17,273,360	$ 13,059,138
Affiliate investments at fair value (cost of $0 and $5,306,750, respectively)	-	6,386,679
Non-control/non-affiliate investments at fair value (cost of $27,652,557 and $33,537,946, respectively)	21,677,400	26,161,123
Investment in U.S. Treasury Bill (cost of $0 and $52,398,253, respectively)	-	52,398,952
Total investments at fair value (cost of $52,857,247 and $107,729,934, respectively)	38,950,760	98,005,892
Cash	2,084,262	9,942
Restricted cash	-	524,007
Due from portfolio companies	275,829	172,959
Due from affiliates	-	43,940
Note receivable	-	500,000
Interest receivable	270,718	233,906
Tax receivable	314,590	-
Deferred tax asset	-	319,516
Prepaid expenses	52,221	9,602
Total assets	41,948,380	99,819,764
LIABILITIES		
Accrued management fees	94,282	535,783
Accounts payable (Note 2)	239,021	2,088,342
Term loan – related party	-	365,000
Due to affiliates	13,602	86,216
Insurance loan payable	26,806	-
Short term payable for securities purchased	-	52,398,253
Tax expense payable	36,141	42,245
Deferred fee income	23,002	24,107
Accrued expenses and other liabilities	107,987	294,499
Total liabilities	540,841	55,834,445
Net assets	$ 41,407,539	$ 43,985,319
NET ASSETS		
Common Stock, par value $0.001 per share (250,000,000 shares authorized; 120,486,061 shares issued and outstanding at December 31, 2017 and December 31, 2016)	$ 120,486	$ 120,486
Paid-in capital	64,868,884	64,868,884
Accumulated undistributed net realized loss	(637,266)	(1,226,377)
Distributions in excess of net investment income	(9,038,078)	(10,053,632)
Accumulated unrealized gain (loss) on investments	(13,906,487)	(9,724,042)
Total net assets	$ 41,407,539	$ 43,985,319
Net asset value per share	$ 0.344	$ 0.365

See notes to financial statements.

PRINCETON CAPITAL CORPORATION

STATEMENTS OF OPERATIONS

	For the Year Ended December 31, 2017	2016	2015
INVESTMENT INCOME			
Interest income from non-control/non-affiliate investments	$ 1,379,230	$ 1,101,993	$ 2,550,788
Interest income from control investments	35,608	387,214	524,854
Dividend income from affiliate investments	-	740,741	-
Other income from non-control/non-affiliate investments	28,377	9,893	18,908
Other income from affiliate investments	18,882	46,304	-
Other income from non-investment sources (Note 2)	971,449	189	-
Total investment income	2,433,546	2,286,334	3,094,550
OPERATING EXPENSES			
Gross Management fees	407,609	641,374	656,479
Administration fees	339,647	396,316	439,695
Professional fees (Note 2)	299,370	925,123	2,497,435(1)
Valuation fees	74,200	283,020	-
Compliance fees	-	1,904	238,102
Directors' fees	145,288	184,871	87,043
Accounting fees – related party	-	-	16,170
Consulting fees	30,000	-	-
Bank fees	-	25	2,050
Insurance expense	158,557	113,698	78,045
Interest expense	62,960	83,200	4,685
Other general and administrative expenses	88,855	113,775	301,288
Total operating expenses	1,606,486	2,743,306	4,320,992
Management fee waiver	(216,559)	-	-
Total net expenses	1,389,927	2,743,306	4,320,992
Net investment income (loss) before tax	1,043,619	(456,972)	(1,226,442)
Income tax expense	28,065	41,123	-
Net investment income (loss) after taxes	1,015,554	(498,095)	(1,226,442)
Net realized gain (loss) on:			
Non-control/non-affiliate investments	-	4,450,000	246,391
Control investments	-	(5,911,887)	-
Affiliate investments	589,111	-	-
US Treasury Bills	-	-	(533)
Cash	-	-	(10,348)
Net realized gain (loss)	589,111	(1,461,887)	235,510
Net change in unrealized gain (loss) on investments	(4,182,445)	(2,280,862)	(7,857,104)
Net realized and unrealized loss on investments	(3,593,334)	(3,742,749)	(7,621,594)
Net decrease in net assets resulting from operations	$ (2,577,780)	$ (4,240,844)	$ (8,848,036)
Net investment income (loss) per share			
Basic	$ 0.008	$ (0.004)	$ (0.013)
Diluted	$ 0.008	$ (0.004)	$ (0.013)(2)
Net decrease in net assets resulting from operations per share			
Basic	$ (0.021)	$ (0.035)	$ (0.091)
Diluted	$ (0.021)	$ (0.035)	$ (0.091)(2)
Weighted average shares of common stock outstanding			
Basic	120,486,061	120,486,061	97,402,398(3)
Diluted	120,486,061	120,486,061	98,375,001(3)

(1) Includes $935,161 of legal and accounting fees related to the transaction that occurred on March 13, 2015. See Note 1 of the Notes to Financial Statements.

(2) Includes Series B Preferred Shares convertible at 100 for 1 through March 12, 2015 but is excluded from the diluted calculation for net increase (decrease) in net assets resulting from operations per share for the year ended December 31, 2015 due to it being anti-dilutive. Includes Series B Preferred Shares convertible at 100 for 1 through March 12, 2015 but is excluded from the diluted calculation for net investment income (loss) per share for the years ended December 31, 2015 due to it being anti-dilutive.

(3) Includes retroactive application of 2 for 1 stock split.

See notes to financial statements.

PRINCETON CAPITAL CORPORATION

STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended December 31, 2017	2016	2015
Increase (decrease) in net assets resulting from operations:			
Net investment income (loss)	$ 1,015,554	$ (498,095)	$ (1,226,442)
Net realized gain (loss) on investments	589,111	(1,461,887)	235,510
Net change in unrealized loss on investments	(4,182,445)	(2,280,862)	(7,857,104)
Net decrease in net assets resulting from operations	(2,577,780)	(4,240,844)	(8,848,036)
Capital share transactions:			
Unpaid dividend written off	-	600	-
Issued common stock	-	-	56,611,577
Net increase in net assets resulting from capital share transactions	-	600	56,611,577
Total increase (decrease) in net assets	(2,577,780)	(4,240,244)	47,763,541
Net assets at beginning of year	43,985,319	48,225,563	462,022
Net assets at end of year	$ 41,407,539	$ 43,985,319	$ 48,225,563
Capital share activity:			
Common stock			
Reverse stock split	-	-	(1,816,534)
Conversion of Regal One Corporation common and preferred shares for Princeton Capital Corporation common shares	-	-	3,185,201
Issuance of common stock	-	-	115,484,327[1]
Common stock outstanding at the beginning of year	120,486,061	120,486,061	3,633,067
Common stock outstanding at the end of year	120,486,061	120,486,061	120,486,061
Preferred stock - Series B			
Conversion of Regal One Corporation common and preferred shares for Princeton Capital Corporation common shares	-	-	(100,000)
Preferred stock outstanding at the beginning of year	-	-	100,000
Preferred stock outstanding at the end of year	-	-	-

(1) The shares issued were based on a pre-valuation presumed fair value of $60.9 million.

See notes to financial statements.

PRINCETON CAPITAL CORPORATION

STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,		
	2017	**2016**	**2015**
Cash flows from operating activities:			
Net decrease in net assets resulting from operations	$ (2,577,780)	$ (4,240,844)	$ (8,848,036)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by (used in) operating activities:			
Purchases of investments in:			
Portfolio investments	(3,102,148)	(743,211)	(11,646,000)
U.S. Treasury Bills	(45,998,007)	(192,398,344)	(97,005,333)
Proceeds from sales, repayments, or maturity of investments in:			
Portfolio investments	6,178,782	550,000	274,615
U.S. Treasury Bills	98,396,260	140,000,000	97,004,800
Net change in unrealized (gain) loss on investments	4,182,445	2,280,862	7,857,104
Net realized (gain) loss on investments	(589,111)	1,461,887	(245,854)
Increase in investments due to PIK	(33,717)	(473,818)	(983,691)
Amortization of fixed income premium or discounts	20,628	16,252	22,307
Write-off of accrued legal fees	(968,256)	-	-
Changes in other assets and liabilities:			
Due from portfolio companies	(102,870)	(88,541)	(84,418)
Due from affiliates	43,940	(11,592)	(32,348)
Interest receivable	(36,812)	(102,539)	(131,367)
Prepaid expenses	(42,619)	38,709	(48,311)
Note receivable	500,000	(500,000)	-
Deferred tax asset	4,926	(319,516)	-
Accrued management fees	(441,501)	360,029	175,754
Accounts payable	(881,065)	692,745	1,383,447
Accounts payable – related party	-	-	(18,500)
Due to affiliates	(72,614)	74,267	11,949
Tax expense payable	(6,104)	42,245	-
Deferred fee income	(1,105)	24,107	-
Accrued expenses and other liabilities	(186,512)	85,488	209,011
Net cash provided by (used in) operating activities	54,286,760	(53,251,814)	(12,104,871)
Cash flows from financing activities:			
Insurance loan payable	26,806	-	-
Short term payable for securities purchased	(52,398,253)	52,398,253	-
Term loan – related party	(365,000)	365,000	-
Net cash received from common shares issued	-	-	13,104,382
Net cash provided by (used in) financing activities	(52,736,447)	52,763,253	13,104,382
Net increase (decrease) in cash and restricted cash	1,550,313	(488,561)	999,511
Cash and restricted cash at beginning of year	533,949	1,022,510	22,999
Cash and restricted cash at end of year	$ 2,084,262	$ 533,949	$ 1,022,510
Supplemental disclosure of non-cash financing activities:			
Common stock issued in exchange for investments	$ -	$ -	$ 43,507,195
Dividends payable to stockholders	$ -	$ (600)	$ -
Unpaid dividend written off	$ -	$ 600	$ -
Dividends declared, but not yet paid	$ -	$ -	$ 600
Transfer due to restructuring of investments in Rockfish Seafood Grill, Inc.	$ -	$ -	$ 3,250,850
Supplemental disclosure of cash flow financing activities:			
Interest expense paid	$ 75,044	$ 89,948	$ 26,992
Income tax paid	$ 34,169	$ 302,265	$ -

See notes to financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2017

Investments	Headquarters / Industry	Principal Amount/ Shares/ % Ownership	Amortized Cost	Fair Value (1)	% of Net Assets
Portfolio Investments [(6)]					
Control investments					
Advantis Certified Staffing Solutions, Inc.	Houston, TX				
Second Lien Loan, 6.0% Cash, due 11/30/2021 [(2) (5)]	Staffing	$ 4,500,000	4,500,000	$ 3,826,477	9.24%
Unsecured loan, 5%, due 10/31/2017		$ 89,225	89,225	76,839	0.19%
Unsecured loan, 5%, due 12/31/2017		$ 69,000	69,000	59,422	0.14%
Unsecured loan, 5%, due 12/31/2017		$ 125,000	125,000	107,648	0.26%
Unsecured loan, 5%, due 12/31/2017		$ 30,000	30,000	25,836	0.06%
Unsecured loan, 5%, due 12/31/2017		$ 105,000	105,000	90,425	0.22%
Unsecured loan, 5%, due 12/31/2017		$ 200,000	200,000	172,237	0.42%
Unsecured loan, 5%, due 12/31/2017		$ 150,000	150,000	129,178	0.31%
Unsecured loan, 5%, due 12/31/2017		$ 45,000	45,000	38,753	0.09%
Common Stock – Series A [(5)]		$ 225,000	10,150	3,713	0.01%
Common Stock – Series B [(5)]		$ 9,500,000	428,571	156,757	0.38%
Warrant for 250,000 Shares of Series A Common Stock, exercise price $0.01 per share, expires 1/1/2027 [(5)]		1	11,278	4,125	0.01%
Warrant for 700,000 Shares of Series A Common Stock, exercise price $0.01 per share, expires 1/1/2027 [(5)]		1	-	11,551	0.03%
Total			5,763,224	4,702,961	11.36%
Rockfish Seafood Grill, Inc.	Richardson, TX				
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018 [(2), (3), (5)]	Casual Dining	$ 6,352,944	$ 6,352,944	6,637,883	16.03%
Revolving Loan, 8% Cash, due 6/29/2017 [(2), (5), (7)]		$ 1,621,000	1,621,000	1,663,335	4.02%
Rockfish Holdings, LLC					
Warrant for Membership Interest, exercise price $0.001 per 1% membership interest, expires 7/28/2018 [(5)]		10.000%	414,960	257,647	0.62%
Membership Interest – Class A[(5)]		89.400%	3,734,636	28,628	0.07%
Total			12,123,540	8,587,493	20.74%
PCC SBH Sub, Inc.	Karnes City, TX				
Unsecured loan, 12% Cash, due 2/15/2018	Energy Services	$ 14,000	14,000	14,000	0.03%
Common stock [(5)]		100	2,525,481	1,570,755	3.79%
Total			2,539,481	1,584,755	3.82%
Integrated Medical Partners, LLC	Milwaukee, WI				
Unsecured Loan, 6.0% Cash, due 9/30/2019 [(8)]	Medical Business	$ 451,922	451,922	437,085	1.06%
Unsecured Loan, 6.0% Cash, due 5/20/2018 [(8)]	Services	100,000	100,000	81,389	0.19%
Preferred Membership, Class A units [(5)]		800	4,196,937	1,844,856	4.46%
Preferred Membership, Class B units [(5)]		760	29,586	34,514	0.08%
Common Units [(5)]		14,082	-	307	0.00%
Total			4,778,445	2,398,151	5.79%
Total control investments			25,204,690	17,273,360	41.71%
Non-control/non-affiliate investments					
Performance Alloys, LLC	Houston, TX				
Second Lien Loan, 6.0% cash, due 5/31/2020	Nickel Pipe, Fittings & Flanges	$ 6,750,000	6,750,000	6,339,459	15.31%
Membership Interest – Class B [(5)]		25.97%	5,131,090	172,741	0.42%
Total			11,881,090	6,512,200	15.73%

See notes to financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2017 (Continued)

Investments	Headquarters / Industry		Principal Amount/Shares/% Ownership		Amortized Cost		Fair Value (1)	% of Net Assets
Non-control/non-affiliate investments (continued)								
Lone Star Brewery Development, Inc.	Houston, TX							
Second Lien Loan, 12.0% in cash, 2.0% PIK, due 4/10/2018 (2), (3), (5)	Real Estate Development	$	8,076,135	$	8,076,135	$	7,500,000	18.11%
Great Value Storage, LLC	Austin, TX							
First Lien Loan, 12.0% cash, 2.0% PIK, due 12/31/2018 (3)	Storage Company Property Management	$	6,664,416		6,694,132		6,664,000	16.09%
ECM Energy Services, Inc.	Waynesburg, PA							
Revolving Loan, US Prime Rate + 1%, (5.25% floor) and 7.2% collateral management fee, overall floor of 12.0%, due 2/11/2019 (9)	Energy Services	$	1,000,000		1,000,000		1,000,000	2.42%
Rampart Detection Systems, Ltd.	British Columbia, Canada							
Common Stock Shares (4), (5)	Security		600,000		1,200		1,200	0.00%
Total non-control/non-affiliate investments					27,652,557		21,677,400	52.35%
Total Portfolio Investments					52,857,247		38,950,760	94.06%
Total Investments				**$**	**52,857,247**	**$**	**38,950,760**	**94.06%**

(1) See Note 5 of the Notes to Financial Statements for a discussion of the methodologies used to value securities in the portfolio.
(2) Investment is on non-accrual status.
(3) Represents a security with a payment-in-kind component ("PIK"). At the option of the issuer, interest can be paid in cash or cash and PIK. The percentage of PIK shown is the maximum PIK that can be elected by the portfolio company.
(4) The investment in Rampart Detection Systems, Ltd does not represent a "qualifying asset" under Section 55(a) of the 1940 Act as the principal place of business is in British Columbia, Canada. As of December 31, 2017, less than 1% of the total fair value of investments represents non-qualifying assets.
(5) Investment is non-income producing as of December 31, 2017.
(6) Represents an illiquid investment. At December 31, 2017, 100% of the total fair value of portfolio investments are illiquid.
(7) On June 29, 2015, the Company entered into a revolving loan commitment with Rockfish Seafood Grill, Inc. This revolving loan commitment was increased in January 2017 by $140,000. As of December 31, 2017, the commitment was fully funded.
(8) Represents investment in Dominion Medical Management, Inc., a wholly owned subsidiary of Integrated Medical Partners, LLC.
(9) Represents a participation in a revolving loan from Capital Foundry Funding, LLC to ECM Energy Services, Inc. This participation revolving loan commitment is $1,000,000 and as of December 31, 2017, the commitment was fully funded.

See notes to financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2017 (Continued)

The following tables show the fair value of our portfolio of investments (excluding U.S. Treasury Bills) by geography and industry as of December 31, 2017.

Geography	December 31, 2017 Investments at Fair Value	December 31, 2017 Percentage of Net Assets
United States	$ 38,949,560	94.06%
Canada	1,200	0.00
Total	$ 38,950,760	94.06%

Industry	December 31, 2017 Investments at Fair Value	December 31, 2017 Percentage of Net Assets
Casual Dining	$ 8,587,493	20.74%
Real Estate Development	7,500,000	18.11
Storage Company Property Management	6,664,000	16.09
Nickel Pipe, Fittings & Flanges	6,512,200	15.73
Staffing	4,702,961	11.36
Energy Services	2,584,755	6.24
Medical Business Services	2,398,151	5.79
Security	1,200	0.00
Total	$ 38,950,760	94.06%

See notes to financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2016

Investments	Headquarters / Industry	Principal Amount/ Shares/ % Ownership	Amortized Cost	Fair Value (1)	% of Net Assets
Portfolio Investments (6)					
Control investments					
Rockfish Seafood Grill, Inc.	Richardson, TX				
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018 (2), (3), (5)	Casual Dining	$ 6,352,944	$ 6,352,944	$ 6,549,261	14.89%
Revolving Loan, 8% Cash, due 6/29/2017 (2), (5), (7)		$ 1,481,000	1,481,000	1,481,000	3.37%
Rockfish Holdings, LLC					
Warrant for Membership Interest, exercise price $0.001 per 1% membership interest, expires 7/28/2018 (5)		10.000%	414,960	102,826	0.23%
Membership Interest – Class A(5)		99.997%	3,734,636	925,407	2.10%
Total			11,983,540	9,058,494	20.59%
Dominion Medical Management, Inc.	Milwaukee, WI				
Unsecured Loan, 2.0% cash, due 3/1/2018 (2), (5)	Medical Business Services	$ 276,922	276,922	276,922	0.63%
Integrated Medical Partners, LLC					
Preferred Membership, Class A units (5)		800	4,196,937	3,337,779	7.59%
Preferred Membership, Class B units (5)		760	29,586	365,884	0.83%
Common Units (5)		14,082	-	20,059	0.05%
Total			4,503,445	4,000,644	9.10%
Total control investments			16,486,985	13,059,138	29.69%
Affiliate investments					
Spencer Enterprises Holdings, LLC	City of Industry, CA				
Preferred Membership, Class AA units (5)	Home Furnishings	500,000	2,391,001	2,705,363	6.15%
Preferred Membership, Class BB units (5)	Manufacturing	500,000	2,915,749	3,681,316	8.37%
Total			5,306,750	6,386,679	14.52%
Total affiliate investments			5,306,750	6,386,679	14.52%
Non-control/non-affiliate investments					
Advantis Certified Staffing Solutions, Inc.	Austin, TX				
Second Lien Loan, 6.0% Cash, due 11/30/2021	Staffing	$ 4,500,000	4,500,000	4,500,000	10.23%
Warrant for 700,000 Common Stock, exercise price $0.01 per share, expires 1/1/2027 (5)		1	-	7,352	0.02%
Total			4,500,000	4,507,352	10.25%
Performance Alloys, LLC	Houston, TX				
Second Lien Loan, 6.0% cash, due 3/31/2018	Nickel Pipe, Fittings & Flanges	$ 6,750,000	6,750,000	6,750,000	15.35%
Membership Interest – Class B (5)		25.97%	5,131,090	631,571	1.43%
Total			11,881,090	7,381,571	16.78%
Lone Star Brewery Development, Inc.	San Marcos, TX				
Second Lien Loan, 12.0% in cash, 2.0% PIK, due 4/10/2018 (2), (3), (5)	Real Estate Development	$ 8,076,135	8,076,135	6,000,000	13.64%
Great Value Storage, LLC	Austin, TX				
First Lien Loan, 12.0% cash, 2.0% PIK, due 12/31/2018 (3)	Storage Company Property Management	$ 6,530,972	6,554,040	6,531,000	14.85%
South Boots Hill, LLC	San Marcos, TX				
First Lien Loan, 12.0% cash, 2.0% PIK, due 3/31/2018 (2), (3), (5)	Energy Services	$ 2,525,481	2,525,481	1,740,000	3.96%

See notes to financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2016 (Continued)

Investments	Headquarters / Industry	Principal Amount/Shares/% Ownership	Amortized Cost	Fair Value (1)	% of Net Assets
Non-control/non-affiliate investments (continued)					
Rampart Detection Systems, Ltd.	British Columbia, Canada				
Common Stock Shares (4), (5)	Security	600,000	$ 1,200	$ 1,200	0.00%
Total non-control/non-affiliate investments			33,537,946	26,161,123	59.48%
Total Portfolio Investments			55,331,681	45,606,940	103.69%
United States Treasury					
U. S. Treasury Bill 0.0% 1/5/2017		$ 52,400,000	52,398,253	52,398,952	119.13%
Total Investments			**$107,729,934**	**$ 98,005,892**	**222.82%**

(1) See Note 5 of the Notes to Financial Statements for a discussion of the methodologies used to value securities in the portfolio.
(2) Investment is on non-accrual status.
(3) Represents a payment-in-kind security ("PIK"). At the option of the issuer, interest can be paid in cash or cash and PIK. The percentage of PIK shown is the maximum PIK that can be elected by the portfolio company.
(4) The investment in Rampart Detection Systems, Ltd does not represent a "qualifying asset" under Section 55(a) of the 1940 Act as the principal place of business is in British Columbia, Canada. As of December 31, 2016, less than 1% of the total fair value of investments represents non-qualifying assets.
(5) Investment is non-income producing as of December 31, 2016.
(6) Represents an illiquid investment. At December 31, 2016, 100% of the total fair value of portfolio investments are illiquid.
(7) On June 29, 2015, the Company entered into a revolving loan commitment with Rockfish Seafood Grill, Inc. As of December 31, 2016, $10,000 remains unfunded.

See notes to financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2016 (Continued)

The following tables show the fair value of our portfolio of investments (excluding U.S. Treasury Bills) by geography and industry as of December 31, 2016.

	December 31, 2016	
Geography	**Investments at Fair Value**	**Percentage of Net Assets**
Canada	$ 1,200	0.00%
United States	45,605,740	103.69
Total	$ 45,606,940	103.69%

	December 31, 2016	
Industry	**Investments at Fair Value**	**Percentage of Net Assets**
Casual Dining	$ 9,058,494	20.59%
Nickel Pipe, Fittings and Flanges	7,381,571	16.78
Storage Company Property Management	6,531,000	14.85
Home Furnishings Manufacturing	6,386,679	14.52
Real Estate Development	6,000,000	13.64
Staffing	4,507,352	10.25
Medical Business Services	4,000,644	9.10
Energy Services	1,740,000	3.96
Security	1,200	0.00
Total	$ 45,606,940	103.69%

See notes to financial statements.

NOTE 1 – NATURE OF OPERATIONS

References herein to “we”, “us” or “our” refer to Princeton Capital Corporation (the “Company” or “Princeton Capital”), unless the context specifically requires otherwise.

Princeton Capital Corporation, a Maryland corporation, was incorporated under the general laws of the State of Maryland on July 25, 2013, with its principal office located in Princeton, New Jersey. We are a non-diversified, closed-end investment company that has filed an election to be regulated as a business development company (“BDC”), under the Investment Company Act of 1940, as amended (the “1940 Act”). As a BDC, we expect to annually qualify and elect to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). The Company did not meet the requirements to qualify as a RIC for the 2015, 2016 and 2017 tax years and expects to be taxed as a corporation under Subchapter C of the Code. We invest primarily in private small and lower middle-market companies through first lien loans, second lien loans, unsecured loans, unitranche and mezzanine debt financing, often times with a corresponding equity investment. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and related equity investments.

Prior to March 13, 2015, Princeton Capital’s predecessor operated under the name Regal One Corporation (“Regal One”). Regal One had been located in Scottsdale, Arizona, and was a Florida corporation initially incorporated in 1959 as Electro-Mechanical Services Inc. Since inception, Regal One had been involved in several industries. In 1998, Electro-Mechanical Services Inc. changed its name to Regal One Corporation.

On March 7, 2005, Regal One’s board of directors determined it was in the shareholders’ best interest to change the focus of its operations to providing financial consulting services through its network of advisors and professionals, and to be regulated as a BDC under the 1940 Act. On September 16, 2005, Regal One filed a Form N54A (Notification of Election by Business Development Companies) with the Securities and Exchange Commission (“SEC”), which transformed Regal One into a BDC in accordance with sections 55 through 65 of the 1940 Act. Regal One reported as an operating BDC from March 31, 2006 until March 13, 2015 and since March 13, 2015 (following the Reincorporation described below) Princeton Capital has reported as an operating BDC.

On July 9, 2014, Regal One acquired Princeton Capital as a wholly owned subsidiary. On July 14, 2014, Regal One, Princeton Capital, Capital Point Partners, LP, a Delaware limited partnership (“CPP”), and Capital Point Partners II, LP, a Delaware limited partnership (“CPPII” and, together with CPP, the “Partnerships”), entered into an Asset Purchase Agreement (the “Purchase Agreement”). Pursuant to the Purchase Agreement, Regal One would acquire cash, equity and debt investments of the Partnerships in exchange for shares of common stock of Regal One. In addition to the customary conditions to closing the transactions contemplated by the Purchase Agreement, Regal One was required to (i) to effect a reverse stock split of Regal One’s outstanding common stock at a ratio of 1-for-2 (the “Reverse Stock Split”), (ii) reincorporate from Florida to Maryland by merging into Princeton Capital (the “Reincorporation”) and (iii) become an externally managed BDC by entering into an external investment advisory agreement with Princeton Investment Advisors, LLC, (“Princeton Investment Advisors”) a Delaware limited liability company.

On March 13, 2015, following the Reverse Stock Split and the Reincorporation, we completed our previously announced acquisition in the approximate amounts of $11.2 million in cash, $43.5 million in equity & debt investments, and $1.9 million in restricted cash escrow deposits of the Partnerships with an aggregate value of approximately $56.6 million and issued approximately 115.5 million shares of our common stock to the Partnerships. The shares issued were based on a pre-valuation presumed fair value of $60.9 million. We also entered into an investment advisory agreement with Princeton Investment Advisors, which subsequently was terminated by the Company’s Board of Directors on January 18, 2016, effective as of June 9, 2016.

On January 18, 2016, the Board of Directors of the Company conditionally approved the investment advisory agreement with Princeton Advisory Group, Inc., a New Jersey corporation (“Princeton Advisory Group”) (the “PAG Investment Advisory Agreement”), subject to the approval of the Company’s stockholders at the 2016 Annual Meeting of Stockholders. At the 2016 Annual Meeting of Stockholders held on June 9, 2016, the Company’s stockholders approved the PAG Investment Advisory Agreement, effective June 9, 2016. From June 9, 2016 until December 31, 2017, Princeton Advisory Group acted as the Company’s investment advisor pursuant to the terms of the PAG Investment Advisory Agreement.

On December 27, 2017, the Board determined that it would be in the best interests of the Company and its stockholders to terminate the PAG Investment Advisory Agreement and sent a formal Notice of Termination to Princeton Advisory Group notifying Princeton Advisory Group of its termination as the Company's investment advisor, effective as of December 31, 2017 at 11:59 p.m. Eastern Time. Also on December 27, 2017, the Board approved (specifically in accordance with Rule 15a-4(b)(1)(ii) of the Investment Company Act) and authorized the Company to enter into an Interim Investment Advisory Agreement between the Company and House Hanover, LLC, a Delaware limited liability company ("House Hanover") (the "Interim Investment Advisory Agreement"), in accordance with Rule 15a-4 of the Investment Company Act. The effective date of the Interim Investment Advisory Agreement was January 1, 2018.

On April 5, 2018, the Board, including a majority of the independent directors, conditionally approved the Investment Advisory Agreement between the Company and House Hanover (the "House Hanover Investment Advisory Agreement") subject to the approval of the Company's stockholders at the 2018 Annual Meeting of Stockholders. The House Hanover Investment Advisory Agreement replaced the Interim Investment Advisory Agreement. On May 30, 2018, the Company's stockholders approved the House Hanover Investment Advisory Agreement. The effective date of the House Hanover Investment Advisory Agreement was May 31, 2018.

Since January 1, 2018, House Hanover has acted as our investment advisor under the Interim Investment Advisory Agreement (from January 1, 2018 until May 31, 2018) and the House Hanover Investment Advisory Agreement (since May 31, 2018).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, ("U.S. GAAP"). In accordance with Regulation S-X under the Securities Act of 1933 and Securities Exchange Act of 1934, the Company does not consolidate portfolio company investments. The accounting records of the Company are maintained in U.S. dollars. As an investment company, as defined by the 1940 Act, the Company follows investment company accounting and reporting guidance of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946 – Financial Services - Investment Companies, which is U.S. GAAP.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Changes in the economic environment, financial markets, creditworthiness of our portfolio companies and any other parameters used in determining these estimates could cause actual results to differ.

Portfolio Investment Classification

The Company classifies its investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, "Control Investments" are defined as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation. Under the 1940 Act, "Affiliated Investments" are defined as those non-control investments in companies in which the Company owns between 5% and 25% of the voting securities. Under the 1940 Act, "Non-affiliated Investments" are defined as investments that are neither Control Investments nor Affiliated Investments. As of December 31, 2017, the Company had control investments in Advantis Certified Staffing Solutions, Inc., PCC SBH Sub, Inc., Rockfish Seafood Grill, Inc., Rockfish Holdings, LLC and Integrated Medical Partners, LLC as defined under the 1940 Act. As of December 31, 2016, the Company had control investments in Rockfish Seafood Grill, Inc., Rockfish Holdings, LLC and Integrated Medical Partners, LLC, and Dominion Medical Management, Inc. and affiliated investments in Spencer Enterprises Holdings, LLC, as defined under the 1940 Act.

Investments are recognized when we assume an obligation to acquire a financial instrument and assume the risks for gains or losses related to that instrument. Investments are derecognized when we assume an obligation to sell a financial instrument and forgo the risks for gains and losses related to that instrument. Specifically, we record all security transactions on a trade date basis. Investments in other non-security financial instruments, such as limited partnerships or private companies, are recorded on the basis of subscription date or redemption date, as applicable. Amounts for investments recognized or derecognized but not yet settled are reported as receivables for investments sold or payable for investments acquired, respectively, in the Statements of Assets and Liabilities.

Valuation of Investments

In accordance with U.S. GAAP, 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, our board of directors uses various valuation approaches. In accordance with U.S. GAAP, ASC 820 establishes a fair value hierarchy for inputs and 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 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 board of directors. Unobservable inputs reflect our board of director'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.

With respect to investments for which market quotations are not readily available, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process begins with each portfolio company or investment being initially valued by an independent valuation firm, except for those investments where market quotations are readily available;

- Preliminary valuation conclusions are then documented and discussed with our senior management and our investment advisor (our investment advisor, as disclosed in various public filings, in Note 1, and elsewhere in this Form 10-K, changed on June 9, 2016 from Princeton Investment Advisors to Princeton Advisory Group, and on January 1, 2018 from Princeton Advisory Group to House Hanover);

- The valuation committee of our board of directors then reviews these preliminary valuations and approves them for recommendation to the board of directors;

- The board of directors then discusses valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of our investment advisor (our investment advisor, as disclosed in various public filings, in Note 1, and elsewhere in this Form 10-K, changed on June 9, 2016 from Princeton Investment Advisors to Princeton Advisory Group, and on January 1, 2018 from Princeton Advisory Group to House Hanover), the independent valuation firm and the valuation committee.

U.S. GAAP establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

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

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.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the board of directors in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

Valuation Processes

The Company establishes valuation processes and procedures to ensure that the valuation techniques for investments that are categorized within Level 3 of the fair value hierarchy are fair, consistent, and verifiable. The Company's board of directors designates a Valuation Committee (the "Committee") to oversee the entire valuation process of the Company's Level 3 investments. The Committee is comprised of independent directors and reports to the Company's board of directors. The Committee is responsible for developing the Company's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies.

The Committee meets on a quarterly basis, or more frequently as needed, to determine the valuations of the Company's Level 3 investments. Valuations determined by the Committee are required to be supported by market data, third-party pricing sources, industry accepted pricing models, counterparty prices, or other methods that the Committee deems to be appropriate.

The Company will periodically test its valuations of Level 3 investments through performing back testing of the sales of such investments by comparing the amounts realized against the most recent fair values reported, and if necessary, uses the findings to recalibrate its valuation procedures. On a quarterly basis, the Company engages the services of a nationally recognized third-party valuation firm to perform an independent valuation of the Company's Level 3 investments.

Investment Valuation

We expect that most of our portfolio investments will take the form of securities that are not publicly traded. The fair value of loans, securities and other investments that are not publicly traded may not be readily determinable, and we will value these investments at fair value as determined in good faith by our board of directors, including reflecting significant events affecting the value of our investments. Most, if not all, of our investments (other than cash and cash equivalents) will be classified as Level 3 under Financial Accounting Standards Board Accounting Standards Codification “Fair Value Measurements and Disclosures”, or ASC 820. This means that our portfolio valuations will be based on unobservable inputs and our own assumptions about how market participants would price the asset or liability in question. We expect that inputs into the determination of fair value of our portfolio investments will require significant management judgment or estimation. Even if observable market data are available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimers materially reduces the reliability of such information. We expect to retain the services of one or more independent service providers to review the valuation of these loans and securities. The types of factors that the board of directors may take into account in determining the fair value of our investments generally include, as appropriate, comparison to publicly traded securities including such factors as yield, maturity and measures of credit quality, the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company’s ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these loans and securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such loans and securities.

We will adjust the valuation of our portfolio quarterly to reflect our board of directors’ determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded in our statement of operations as net change in unrealized gain or loss.

Debt Securities

The Company’s portfolio consists primarily of first lien loans, second lien loans, and unsecured loans. Investments for which market quotations are readily available (“Level 2 Loans”) are generally valued using market quotations, which are generally obtained from an independent pricing service or broker-dealers. For other debt investments (“Level 3 Loans”), market quotations are not available and other techniques are used to determine fair value. The Company considers its Level 3 Loans to be performing if the borrower is not in default, the borrower is remitting payments in a timely manner, the loan is in covenant compliance or is otherwise not deemed to be impaired. In determining the fair value of the performing Level 3 Loans, the Board considers fluctuations in current interest rates, the trends in yields of debt instruments with similar credit ratings, financial condition of the borrower, economic conditions, success and prepayment fees, and other relevant factors, both qualitative and quantitative. In the event that a Level 3 Loan instrument is not performing, as defined above, the Board may evaluate the value of the collateral utilizing the same framework described above for a performing loan to determine the value of the Level 3 Loan instrument.

Equity Investments

Our equity investments, including common stock, membership interests, and warrants, are generally valued using a market approach and income approach. The income approach utilizes primarily the discount rate to value the investment whereas the primary inputs for the market approach are the earnings before interest, taxes, depreciation and amortization (“EBITDA”) multiple and revenue multiples. The Black-Scholes Option Pricing Model, a valuation technique that follows the income approach, is used to allocate the value of the equity to the investment. The pricing model takes into account the contract terms (including maturity) as well as multiple inputs, including time value, implied volatility, equity prices, risk free rates, and interest rates.

Valuation of Other Financial Instruments

The carrying amounts of the Company's other, non-investment, financial instruments, consisting of cash, receivables, accounts payable, and accrued expenses, approximate fair value due to their short-term nature.

Cash and Restricted Cash

The Company deposits its cash and restricted cash in financial institutions and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insured limit; however, management does not believe it is exposed to any significant credit risk.

The following table provides a reconciliation of cash and restricted cash reporting within the statements of assets and liabilities that sum to the total of the same such amounts shown in the statements of cash flows:

	December 31, 2017	December 31, 2016
Cash	$ 2,084,282	$ 9,942
Restricted Cash	-	524,007
Total Cash and Restricted Cash	$ 2,084,282	$ 533,949

As of December 31, 2017, there was no restricted cash for purpose of purchasing U.S. Treasury Bills on margin. As of December 31, 2016, restricted cash consisted of cash held at Jefferies for purpose of purchasing U.S. Treasury Bills on margin.

Notes Receivable

Effective December 31, 2017, there were no notes receivable. Effective December 31, 2016, the Company had $500,000 in receivables relating to the sale of its equity investment in Advantis Certified Staffing Solutions, Inc.

U.S. Treasury Bills

At the end of each fiscal quarter, we may take proactive steps to be in compliance with the RIC diversification requirements under Subchapter M of the Code, which are dependent upon the composition of our total assets at quarter end. We may accomplish this in several ways, including purchasing U.S. Treasury Bills and closing out positions after quarter-end.

Revenue Recognition

Realized gains or losses on the sale of investments are calculated using the specific identification method. The Company measures realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees and prepayment penalties.

Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. Origination, closing and/or commitment fees associated with senior and subordinated secured loans are accreted into interest income over the respective terms of the applicable loans. Upon the prepayment of a senior or subordinated secured loan, any prepayment penalties and unamortized loan origination, closing and commitment fees are recorded as interest income. Generally, when a payment default occurs on a loan in the portfolio, or if the Company otherwise believes that borrower will not be able to make contractual interest payments, the Company may place the loan on non-accrual status and cease recognizing interest income on the loan until all principal and interest is current through payment, or until a restructuring occurs, and the interest income is deemed to be collectible. The Company may make exceptions to this policy if a loan has sufficient collateral value, is in the process of collection or is viewed to be able to pay all amounts due if the loan were to be collected on through an investment in or sale of the business, the sale of the assets of the business, or some portion or combination thereof.

Dividend income is recorded on the ex-dividend date.

Structuring fees, excess deal deposits, prepayment fees and similar fees are recognized as income as earned, usually when paid. Other fee income, including annual fees and monitoring fees are included in Other Income. Income from such sources was $47,259, $56,197 and $18,908 for the years ended December 31, 2017, 2016 and 2015, respectively. Other income from non-investment sources is generally comprised of interest income earned on cash in the Company's bank account. Income earned on cash in the Company's bank account was $3,193 and $189 for the years ended December 31, 2017, and 2016. There was no interest income earned on cash in the Company's bank account for the year ended December 31, 2015. For the year ended December 31, 2017, $968,256 was booked as other income resulting from the reversal of previously accrued legal invoices related to the Settlement Agreement with the law firms described in "Note 2 – Significant Accounting Policies – Legal Fees" and is included in Other income from non-investment sources.

Payment-in-Kind Interest ("PIK")

We have investments in our portfolio that contain a PIK interest provision. Any PIK interest is added to the principal balance of such investments and is recorded as income, if the portfolio company valuation indicates that such PIK interest is collectible. In order to qualify as a RIC, substantially all of this income must be paid out to stockholders in the form of dividends, even if we have not collected any cash. For the years ended December 31, 2016 and December 31, 2017 and through the date of issuance of this report, no dividends have been paid out to stockholders.

Net Change in Unrealized Gain or Loss

Net change in unrealized gain or loss will reflect the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

Legal Fees

The Company incurred legal fees related to the lawsuit captioned *Capital Link Fund I, LLC, et al. v. Capital Point Management, LP, et al.* as disclosed in Note 9. Through December 31, 2016, it was undeterminable the ultimate responsibility for amounts invoiced to the Company by two law firms that provided services, as these invoices were for all of such law firm's fees even though they represented multiple parties and the Company believed that some of these services rendered were provided solely or primarily for the benefit of other represented parties. For the year ended December 31, 2017, the Company was not invoiced any legal fees by these two law firms related to this lawsuit. For the years ended December 31, 2016 and 2015, the Company was invoiced legal fees by these two law firms related to this lawsuit in the amount of $351,513 and $1,241,863, respectively, which are included in professional fees on the Statements of Operations. As of December 31, 2016, $1,390,039 of these fees are included in accounts payable on the Statements of Assets and Liabilities. As of December 31, 2017, the Company reached an agreement with the two law firms and paid them $330,000 to settle all outstanding invoices. As a result of settling all outstanding amounts, for the year ended December 31, 2017, the Company increased other income by $968,256, to account for legal fees previously included in professional fees. In addition, as of December 31, 2017, the Company reduced accounts payable by $968,256 as a result of the settlements.

Other legal fees invoiced to the Company for the years ended December 31, 2016 and December 31, 2017, were incurred in the normal operating course of business and are included in professional fees on the Statements of Operations.

Federal and State Income Taxes

The Company was taxed as a regular corporation (a "C corporation") under subchapter C of the Internal Revenue Code of 1986, as amended, for its 2017, 2016 and 2015 taxable years. The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded for tax loss carryforwards and temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company did not meet the qualifications of RIC for the 2017, 2016 and 2015 tax years and will be taxed as a corporation under Subchapter C of the Code. The Company expects to meet the qualifications of a RIC for the 2018 tax year. If the Company were unable to meet the qualifications of a RIC for the 2018 tax year, it would be taxed as a corporation under Subchapter C of the Code. In order to qualify as a RIC, among other things, the Company is required to distribute to its stockholders on a timely basis at least 90% of investment company taxable income, as defined by the Code, for each year. So long as the Company achieves its status as a RIC, it generally will not pay corporate-level U.S. federal and state income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. Rather, any tax liability related to income earned by the Company will represent obligations of the Company's investors and will not be reflected in the financial statements of the Company.

The Company evaluates tax positions taken or expected to be taken while preparing its financial statements to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. The Company recognizes the tax benefits of uncertain tax positions only where the position has met the "more-likely-than-not" threshold. The Company classifies penalties and interest associated with income taxes, if any, as income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analyses of tax laws, regulations and interpretations thereof.

Dividends and Distributions

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount, if any, to be paid as a dividend is approved by our board of directors each quarter and is generally based upon our management's estimate of our earnings for the quarter. For the years ended December 31, 2017, 2016 and 2015 and through the date of issuance of this report, no dividends have been declared or distributed to stockholders.

Per Share Information

Basic and diluted earnings (loss) per common share is calculated using the weighted average number of common shares outstanding for the period presented.

Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net loss per share by the weighted average number of shares outstanding, plus, any potentially dilutive shares outstanding during the period. The Company had 100,000 Series B Preferred Shares convertible at 100 for 1 outstanding through March 12, 2015, but were excluded from the calculation of diluted loss per share of common stock because their inclusion would have been antidilutive. Therefore, dilutive loss per share of common stock was equal to basic loss per share of common stock for the years ended December 31, 2015. For the years ended December 31, 2017 and 2016, basic and diluted earnings (loss) per share were the same, since there were no potentially dilutive securities outstanding.

Transactional Expenses

A portion of the assets acquired on March 13, 2015 from the Partnerships were used for legal and accounting fees related to the acquisition transaction and were expensed as professional fees. The Company incurred $935,161 of professional fees related to the transaction for the year ended December 31, 2015. There were no professional fees related to the transaction for the years ended December 31, 2016 or 2017.

Capital Accounts

Certain capital accounts including undistributed net investment income, accumulated net realized gain or loss, accumulated net unrealized gain or loss, and paid-in capital in excess of par, are adjusted, at least annually, for permanent differences between book and tax. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from U.S. GAAP.

Recent Accounting Pronouncements

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). ASU 2014-15 requires management to evaluate relevant conditions or events that are known or reasonably knowable as of the evaluation date when determining whether substantial doubt about an entity's ability to continue as a going concern exists. If management concludes that substantial doubt about an entity's ability to continue as a going concern is not alleviated by its plans, the notes to the financial statements are required to include a statement that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued, when applicable). ASU 2014-15 is effective for annual periods ending after December 15, 2016 and for annual periods and interim periods thereafter. Adoption of ASU 2014-15 did not have a material effect on its financial position or results of operations.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"). ASU 2015-17 requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. As a result, each jurisdiction will now only have one net noncurrent deferred tax asset or liability. ASU 2015-17 is effective for public business entities in fiscal years beginning after December 15, 2016, including interim periods within those years. Adoption of ASU 2015-17 did not have a material impact on the Company's consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash ("ASU 2016-18"). ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for public business entities in fiscal years beginning after December 15, 2017, including interim periods within those years. The Company early adopted ASU 2016-18 as shown on the Statement of Cash Flows.

In May 2014, the FASB issued a converged standard to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of goods or services to customers in an amount that the entity expects to be entitled to in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606) –Deferral of the Effective Date, formally amending the effective date of the new revenue recognition guidance. The amended guidance defers the effective date of the new guidance to interim reporting periods within annual reporting periods beginning after December 15, 2017. Public business entities are permitted to apply the new guidance early, but not before the original effective date (*i.e*., interim periods within annual periods beginning after December 15, 2016). Adoption of ASU 2015-14 did not have a material impact on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers (Topic 606) –Principal versus Agent Considerations (Reporting Revenue Gross Versus Net) ("ASU 2016-08"). The amended guidance affects entities that enter into contracts with customers to transfer goods or services in exchange for consideration. Under ASU 2016-08, when another party is involved in providing goods or services to a customer, an entity must determine whether the nature of its promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for the good or service to be provided by the other party (that is, the entity is an agent). An entity is a principal if it controls the specified good or service before that good or service is transferred to a customer. The amended guidance includes indicators to assist an entity in determining whether it controls a specified good or service before it is transferred to the customer. ASU 2016-08 affects the guidance in the new revenue standard issued in May 2014 and has the same effective date which is described above. Adoption of ASU 2016-08 did not have a material impact on the Company's consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities," to generally require equity investments be measured at fair value with changes in fair value recognized in net income, simplify the impairment assessment of equity investments without readily-determinable fair value, and change disclosure and presentation requirements regarding financial instruments and other comprehensive income, and clarify that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. In February 2018, the FASB issued ASU 2018-03, Technical Corrections and Improvements to Financial Instruments – Overall (Subtopic 825-10). The amendments in ASU 2018-03 make technical corrections to certain aspects of ASU 2016-01 on recognition of financial assets and financial liabilities. For public entities, the guidance in ASU 2016-01 and amendments in ASU 2018-03 are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Management is evaluating the new guidance, but does not expect the adoption of this guidance to have a material impact on the Company's consolidated financial statements.

In March 2018, the FASB issued ASU 2018-05, "Income Taxes (Topic 740); Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118". This ASU provides accounting and disclosure guidance relating to the Tax Cuts and Jobs Act pursuant to the issuance of SEC Staff Accounting Bulletin No. 118. The guidance allows a company to report provisional amounts when reasonable estimates are determinable for certain income tax effects relating to the Act. These provisional amounts may give rise to new current or deferred taxes based on certain provisions within the Act, as well as adjustments to existing current or deferred taxes that existed prior to the Act's enactment date. Adoption of ASU 2018-05 did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13 ("ASU 2018-13"), Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in ASU 2018-13 on this update eliminate, add and modify certain disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The amendments are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted upon issuance of this update. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this update and delay adoption of the additional disclosures until their effective date. Management of the Company does not expect that the adoption of ASU 2018-13 will have a material impact on the Company's consolidated financial statements.

NOTE 3 – CONCENTRATION OF CREDIT RISK

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

NOTE 4 – NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE

The following information sets forth the computation of basic and diluted net increase (decrease) in net assets resulting from operations per common share for the years ended December 31, 2017, 2016, and 2015.

	For the Year Ended December 31,		
	2017	**2016**	**2015**
Per Share Data (1):			
Net increase (decrease) in net assets resulting from operations	$ (2,577,780)	$ (4,240,844)	$ (8,848,036)
Weighted average shares outstanding for year			
Basic	120,486,061	120,486,061	97,402,398(2)
Diluted	120,486,061	120,486,061	98,375,001(2),(3)
Basic and diluted net increase (decrease) in net assets resulting from operations per common share			
Basic	$ (0.021)	$ (0.035)	$ (0.091)
Diluted	$ (0.021)	$ (0.035)	$ (0.091)

(1) Per share data based on weighted average shares outstanding.
(2) Includes retroactive application of 2 for 1 stock split.
(3) Includes Series B Preferred Shares convertible at 100 for 1 through March 12, 2015, but is excluded from the diluted calculation for net increase (decrease) in net assets resulting from operations per share for the year ended December 31, 2015 due to it being anti-dilutive.

NOTE 5 – FAIR VALUE OF INVESTMENTS

The Company's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC Topic 820 – Fair Value Measurements and Disclosures ("ASC 820"). See Note 2 for a discussion of the Company's policies.

The following table presents information about the Company's assets measured at fair value as of December 31, 2017 and December 31, 2016, respectively:

	As of December 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Portfolio Investments				
First Lien Loans	$ -	$ -	$ 15,965,218	$ 15,965,218
Second Lien Loans	-	-	17,665,936	17,665,936
Unsecured Loans	-	-	1,232,812	1,232,812
Equity	-	-	4,086,794	4,086,794
Total Portfolio Investments	-	-	38,950,760	38,950,760
Total Investments	$ -	$ -	$ 38,950,760	$ 38,950,760

	As of December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Portfolio Investments				
First Lien Loans	$ -	$ -	$ 16,301,261	$ 16,301,261
Second Lien Loans	-	-	17,250,000	17,250,000
Unsecured Loans	-	-	276,922	276,922
Equity	-	-	11,778,757	11,778,757
Total Portfolio Investments	-	-	45,606,940	45,606,940
U.S. Treasury Bill	52,398,952	-	-	52,398,952
Total Investments	$ 52,398,952	$ -	$ 45,606,940	$ 98,005,892

During the years ended December 31, 2017 and 2016, there were no transfers between Level, 1, Level 2 or Level 3.

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Company has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

Changes in Level 3 assets measured at fair value for the year ended December 31, 2017 are as follows:

	First Lien Loans	**Second Lien Loans**	**Unsecured Loans**	**Equity**	**Total**
Fair value at beginning of year	$ 16,301,261	$ 17,250,000	$ 276,922	$ 11,778,757	$ 45,606,940
Amortization	(20,628)	-	-	-	(20,628)
Purchases of investments	1,267,000	-	1,385,147	450,001	3,102,148
Sales of investments	-	-	(282,922)	(5,895,860)	(6,178,782)
Payment-in-kind interest	33,717	-	-	-	33,717
Realized gain (loss)	-	-	-	589,111	589,111
Change in unrealized gain (loss) on investments	909,349	415,936	(146,335)	(5,360,696)	(4,181,746)
Transfer due to restructuring	(2,525,481)	-	-	2,525,481	-
Fair value at end of year	$ 15,965,218	$ 17,665,936	$ 1,232,812	$ 4,086,794	$ 38,950,760
Change in unrealized gain (loss) on Level 3 investments still held as of December 31, 2017	$ 123,865	$ 415,936	$ (146,335)	$ (4,280,765)	$ (3,887,299)

Changes in Level 3 assets measured at fair value for the year ended December 31, 2016 are as follows:

	First Lien Loans	Second Lien Loans	Unsecured Loans	Equity	Total
Fair value at beginning of year	$ 16,064,535	$ 21,386,494	$ 371,922	$ 10,876,569	$ 48,699,520
Amortization	(16,161)	-	-	-	(16,161)
Purchases of investments	463,211	-	280,000	-	743,211
Sales of investments	(50,000)	-	-	(500,000)	(550,000)
Payment-in-kind interest	473,818	-	-	-	473,818
Realized gain (loss)	-	(1,454,270)	(375,000)	367,383	(1,461,887)
Change in unrealized gain (loss) on investments	(634,142)	2,448,866	-	(4,096,285)	(2,281,561)
Transfer due to restructuring	-	(5,131,090)	-	5,131,090	-
Fair value at end of year	$ 16,301,261	$ 17,250,000	$ 276,922	$ 11,778,757	$ 45,606,940
Change in unrealized gain (loss) on Level 3 investments still held as of December 31, 2016	$ (634,141)	$ 463,275	$ -	$ (4,197,583)	$ (4,368,449)

The following table provides quantitative information regarding Level 3 fair value measurements as of December 31, 2017:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Average)
First Lien Loans	$ 7,664,000	Discounted Cash Flow	Discount Rate	11.80% - 13.80% (12.80%)
	8,301,218	Discounted Cash Flow	Discount Rate	12.20%
		Market Approach	Enterprise Value/Revenue Multiple	0.6x-0.9x (0.75x)
		Market Approach	Real Estate Appraisal Values	N/A
Total	**15,965,218**			
Second Lien Loans	7,500,000	Market Approach	Real Estate Appraisal Values	N/A
	3,826,477	Discounted Cash Flow	Discount Rate	14.90%
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.2x
	6,339,459	Discounted Cash Flow	Discount Rate	10.10%
		Market Approach	Enterprise Value/Revenue Multiple	8.5x
Total	**17,665,936**			
Unsecured Loans	1,218,812	Discounted Cash Flow	Discount Rate	11.60-14.90% (13.25%)
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.20x - 19.10x (9.65x)
	14,000	Market Approach	Real Estate Appraisal Values	N/A
Total	**1,232,812**			
Equity	2,516,039	Black-Scholes Option Pricing Model	Volatility	22.40% - 32.80% (27.60%)
			Discount for lack of marketability	5.00% - 30.00% (17.50%)
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.20x - 19.10x (9.65x)
		Income Approach	Discount Rate	10.10% - 14.9% (12.50%)
	1,570,755	Market Approach	Real Estate Appraisal Values	N/A
Total	**4,086,794**			
Total Level 3 Investments	$ **38,950,760**			

The following table provides quantitative information regarding Level 3 fair value measurements as of December 31, 2016:

Description	**Fair Value**	**Valuation Technique**	**Unobservable Inputs**	**Range (Average)**
First Lien Loans	$ 6,531,000	Discounted Cash Flow	Discount Rate	14.00%
	8,030,261	Discounted Cash Flow	Discount Rate	12.20%
		Market Approach	Enterprise Value/Revenue Multiple	0.6x-0.9x (0.75x)
	1,740,000	Market Approach	Real Estate Appraisal Values	N/A
Total	**16,301,261**			
Second Lien Loans	6,000,000	Discounted Cash Flow	Discount Rate	68.00%
	4,500,000	Discounted Cash Flow	Discount Rate	14.10%
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.6x
	6,750,000	Discounted Cash Flow	Discount Rate	9.00%
		Market Approach	Enterprise Value/Revenue Multiple	8.6x
Total	**17,250,000**			
Unsecured Loans	276,922	Discounted Cash Flow	Discount Rate	12.60%
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	1.10x- 20.60x (10.85x)
Total	**276,922**			
Equity	11,778,757	Black-Scholes Option Pricing Model	Volatility	22.50%-39.50% (31.00%)
			Discount for lack of marketability	5.00%-32.00% (18.50%)
		Market Approach	Enterprise Value / Revenue & EBITDA Multiples	0.4x - 20.6x (10.5x)
		Income Approach	Discount Rate	9.4% - 14.1% (11.75%)
Total	**11,778,757**			
Total Level 3 Investments	**$ 45,606,940**			

The primary significant unobservable input used in the fair value measurement of the Company's debt securities (first lien loans, second lien loans and unsecured loans), including income-producing investments in funds, is the discount rate. Significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value measurement. In determining the discount rate, for the income (discounted cash flow) or yield approach, the Company considers current market yields and multiples, portfolio company performance, leverage levels and credit quality, among other factors in its analysis. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate discount rate to use in the income approach.

The primary significant unobservable inputs used in the fair value measurement of the Company's equity investments are the EBITDA multiple and revenue multiple, which is used to determine the Enterprise Value. Significant increases (decreases) in the Enterprise Value in isolation would result in a significantly higher (lower) fair value measurement. To determine the Enterprise Value for the market approach, the Company considers current market trading and/or transaction multiples, portfolio company performance (financial ratios) relative to public and private peer companies and leverage levels, among other factors. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate multiple to use in the market approach.

The primary unobservable inputs used in the fair value measurement of the Company's equity investments, when using an option pricing model to allocate the equity value to the investment, are the discount rate for lack of marketability and volatility. Significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in the volatility in isolation would result in a significantly higher (lower) fair value measurement. Changes in one or more factors can have a similar directional change on other factors in determining the appropriate discount rate or volatility to use in the valuation of equity using an option pricing model.

NOTE 6 – INCOME TAX

The Company is currently taxable as a C corporation and subject to federal and state corporate income taxes. The Company recorded a provision as follows:

	2017	2016
Current expense (benefit)	$ 28,065	$ 41,123
Deferred expense (benefit)	-	-
Total expense (benefit)	$ 28,065	$ 41,123

The components of deferred tax assets and liabilities at December 31, 2017 and 2016 were as follows:

Deferred tax assets:	**2017**	**2016**
Net operating loss carryforward	$ 494,161	$ 390,881
Net capital loss carryforwards	1,384,133	2,553,820
Basis differences in investments	3,402,760	2,503,655
Total gross deferred tax assets	5,281,054	5,448,355
Less: Valuation allowance	(5,281,054)	(5,128,839)
Net deferred tax assets	$ -	$ 319,516

As of December 31, 2017 and 2016, the total amount of federal net operating loss carryforwards was $1,819,548 and $212,862, respectively. The federal net operating loss carryforwards will begin to expire in 2036. As of December 31, 2017 and 2016, the total amount of federal capital loss carryforwards was $5,096,508 and $6,190,524, respectively. The federal capital loss carryforwards will expire in 2021.

The recognition of a valuation allowance for deferred taxes requires management to make estimates and judgments about the Company's future profitability which are inherently uncertain. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of all of the deferred tax assets will not be realized. Management believes that the likelihood of realizing the benefits of these deductible differences at December 31, 2017, does not meet the "more likely than not threshold" as defined in ASC 740 – Income Taxes and thus management has recorded a full valuation allowance.

For federal and state purposes, a portion of the Company's net operating loss carryforwards and basis differences may be subject to limitations on annual utilization in case of a change in ownership, as defined by federal and state law. The amount of such limitations, if any, has not been determined. Accordingly, the amount of such tax attributes available to offset future profits may be significantly less than the actual amounts of the tax attributes.

The difference between the tax provision (benefit) at the statutory federal income tax rate and the tax provision (benefit) was as follows:

	2017	2016
Federal statutory tax rate	34.0%	34.0%
State taxes, net of federal tax benefit	(1.1)	6.4
Permanent items	20.7	-
True-up	21.0	(74.3)
Rate change	(88.9)	-
Increase/(decrease) in valuation allowance	14.8	24.9
Other	(1.6)	-
Effective tax rate	(1.1)%	(9.0)%

The Company did not meet the qualifications of a RIC for the 2017 tax year and will be taxed as a corporation under Subchapter C of the Code. The Company expects that it will meet the qualifications of a RIC for the 2018 tax year. If the Company is unable to meet the qualifications of a RIC for the 2018 tax year, it will be taxed as a corporation under Subchapter C of the Code. As a RIC, the Company generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that the Company distributes to its stockholders as dividends and claims dividends paid deductions to compute taxable income. A RIC will not be eligible to utilize net operating losses. However, the net operating losses may become available should the Company disqualify as a RIC and become a C corporation in the future. In the event that the Company qualifies as a RIC, the Company itself will no longer be required to recognize deferred tax assets or liabilities.

In addition to meeting other requirements, the Company must generally distribute at least 90% of its investment company taxable income to qualify for the special treatment accorded to a RIC and maintain its RIC status. As part of maintaining RIC status, undistributed taxable income (subject to a 4% excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the later of (1) the fifteenth day of the ninth month following the close of that fiscal year or (2) the extended due date for filing the federal income tax return for that fiscal year.

The Company did not have any unrecognized tax benefits as of the period presented herein. The Company identified its major tax jurisdictions as U.S. federal and New Jersey. For the years ended December 31, 2017, 2016, and 2015, no income tax expenses or related liabilities for uncertain tax positions were recognized for the Company's open tax years from inception through the present. The Company is not aware of any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will change significantly in the next 12 months.

The Tax Cuts and Jobs Act was enacted on December 22, 2017. A key provision of the act was the reduction in the corporate tax rate to 21% for tax years beginning January 1, 2018. The Company has re-measured its deferred tax assets and liabilities and this re-measurement will be offset by a change in the valuation allowance during the corresponding period.

NOTE 7 – RELATED PARTY TRANSACTIONS

Transition of Investment Advisory Agreements

On January 18, 2016, the Board of Directors of the Company conditionally approved the Investment Advisory Agreement between the Company and Princeton Advisory Group, subject to the approval of the Company's stockholders at the 2016 Annual Meeting of Stockholders. On June 9, 2016, the Company's stockholders approved the PAG Investment Advisory Agreement (the "PIA Investment Advisory Agreement"). The effective date of the PAG Investment Advisory Agreement was June 9, 2016. The Board of Directors of the Company previously approved the termination of the investment advisory agreement between the Company and Princeton Investment Advisors, LLC (the "PIA Investment Advisory Agreement"), such termination becoming effective on June 9, 2016, the date the PAG Investment Advisory Agreement was approved and adopted by the stockholders of the Company. Since the transition of investment advisors occurred during the periods covered under the financial statements included in this Form 10-K, we have disclosed below the material terms of both the PAG Investment Advisory Agreement and the PIA Advisory Agreement below, beginning with the PIA Investment Advisory Agreement.

As disclosed elsewhere in this 10-K (including Note 1), House Hanover has served as the Company's investment advisor since January 1, 2018 pursuant to the Interim Investment Advisory Agreement and the House Hanover Investment Advisory Agreement. We have not disclosed the material terms of the House Hanover Investment Advisory Agreement below because House Hanover began serving as the Company's investment advisor after the periods covered by the financial statements in this Form 10-K. However, a description of the material terms of the House Hanover Investment Advisory Agreement is included under Part I of this Form 10-K.

PIA Investment Advisory Agreement with Princeton Investment Advisors

Our board of directors, including a majority of our independent directors, approved the PIA Investment Advisory Agreement at its meeting held on March 13, 2015. Subject to the overall supervision of our board of directors and in accordance with the 1940 Act, Princeton Investment Advisors managed our day-to-day operations and provided investment advisory services to us. Under the terms of the PIA Investment Advisory Agreement, Princeton Investment Advisors was responsible for the following:

- determining the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identifying, evaluating and negotiating the structure of the investments we make;
- executing, closing, servicing and monitoring the investments we make;
- determining the securities and other assets that we purchase, retain or sell;
- performing due diligence on prospective portfolio companies; and
- providing us with such other investment advisory, research and related services as we may, from time to time, reasonably require for the investment of our funds.

Pursuant to the PIA Investment Advisory Agreement, the Company agreed to pay Princeton Investment Advisors a fee for investment advisory and management services consisting of two components — a base management fee and an incentive fee. The cost of both the base management fee and the incentive fee will ultimately be borne by our stockholders.

Management Fee

The base management fee is calculated at an annual rate of 1.75% of our gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents, U.S. Treasury Bills, and deposits. For services rendered under the PIA Investment Advisory Agreement, the base management fee is payable quarterly in arrears. The base management fee is calculated based on the average value of our gross assets, as adjusted, at the end of the finalized prior quarter and the estimated current quarter. The management fee shown on the statement of operations includes the estimated management fee for the current period as well as a true-up for the prior quarter. Base management fees for any partial month or quarter will be appropriately pro-rated.

For the year ended December 31, 2017 there were no management fees incurred under the PIA Investment Advisory Agreement. Management fees under the PIA Investment Advisory Agreement for the year ended December 31, 2016 and 2015 were $365,805 and $656,479, respectively. As of December 31, 2016 and 2015, management fees of $341,559 and $175,754, respectively, were payable to Princeton Investment Advisors. On October 18, 2017, as part of the Settlement Agreement with Princeton Investment Advisors, $216,559 of previously accrued management fees due to Princeton Investment Advisors were reversed. These are reflected as management fee waiver on the statement of operations.

Incentive Fee

The Company pays Princeton Investment Advisors an incentive fee. The incentive fee consists of two components that are independent of each other, with the result that one component may be payable even if the other is not.

The first component, which is income-based, will be calculated and payable quarterly in arrears, commencing with the quarter beginning April 1, 2015, based on our pre-incentive fee net investment income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net investment income means interest income, distribution income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies) accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under the administration agreement, any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

The operation of the first component of the incentive fee for each quarter is as follows:

- no incentive fee is payable to Princeton Investment Advisors in any calendar quarter in which our pre-incentive fee net investment income does not exceed the hurdle rate of 2.00% (8.00% annualized);

- 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.50% in any calendar quarter (10.00% annualized) is payable to Princeton Investment Advisors. We refer to this portion of our pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 2.50%) as the “catch-up.” The effect of the “catch-up” provision is that, if such pre-incentive fee net investment income exceeds 2.50% in any calendar quarter, Princeton Investment Advisors will receive 20% of such pre-incentive fee net investment income as if the hurdle rate did not apply; and

- 20% of the amount of such pre-incentive fee net investment income, if any, that exceeds 2.50% in any calendar quarter (10.00% annualized) is payable to Princeton Investment Advisors (once the hurdle rate is reached and the catch-up is achieved).

The portion of such incentive fee that is attributable to deferred interest (such as PIK interest or original issue discount) will be paid to Princeton Investment Advisors, together with interest from the date of deferral to the date of payment, only if and to the extent we actually receive such interest in cash, and any accrual will be reversed if and to the extent such interest is reversed in connection with any write-off or similar treatment of the investment giving rise to any deferred interest accrual. Any reversal of such amounts would reduce net income for the quarter by the net amount of the reversal (after taking into account the reversal of incentive fees payable) and would result in a reduction and possibly elimination of the incentive fees for such quarter.

There is no accumulation of amounts on the hurdle rate from quarter to quarter and, accordingly, there is no clawback of amounts previously paid if subsequent quarters are below the quarterly hurdle rate and there is no delay of payment if prior quarters are below the quarterly hurdle rate. Since the hurdle rate is fixed, as interest rates rise, it will be easier for Princeton Investment Advisors to surpass the hurdle rate and receive an incentive fee based on pre-incentive fee net investment income.

Our net investment income used to calculate this component of the incentive fee is also included in the amount of our gross assets used to calculate the 1.75% base management fee. These calculations will be appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the current quarter.

The second component, the capital gains component of the incentive fee, will be determined and payable in arrears as of the end of each calendar year (or upon termination of the PIA Investment Advisory Agreement, which occurred on June 9, 2016, as of the termination date of June 9, 2016), commencing on December 31, 2015, and will equal 20% of our cumulative aggregate realized capital gains from January 1st through the end of that calendar year, computed net of our aggregate cumulative realized capital losses and our aggregate cumulative unrealized capital depreciation through the end of such year, less the aggregate amount of any previously paid capital gains incentive fees. If such amount is negative, then no capital gains incentive fee will be payable for such year. Additionally, if the PIA Investment Advisory Agreement is terminated as of a date that is not a calendar year end (as is the case with the termination having become effective as of June 9, 2016), the termination date will be treated as though it were a calendar year end for purposes of calculating and paying the capital gains incentive fee. The capital gains component of the incentive fee is not subject to any minimum return to stockholders.

Because of the structure of the incentive fee, it is possible that we may pay an incentive fee in a quarter where we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the hurdle rate, we will pay the applicable incentive fee even if we have incurred a loss in that quarter due to realized and unrealized capital losses.

There were no incentive fees earned by Princeton Investment Advisors for the years ended December 31, 2017, 2016, or 2015.

Payment of Our Expenses

All investment professionals of Princeton Investment Advisors, when and to the extent engaged in providing investment advisory services to us, and the compensation and routine overhead expenses of personnel allocable to these services to us, will be provided and paid for by Princeton Investment Advisors and not by us. We will bear all other out-of-pocket costs and expenses of our operations and transactions, including, without limitation, those relating to:

- calculating our net asset value (including the cost and expenses of any third party independent valuation firm);
- fees and expenses payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for us and in monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance our investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of our common stock and other securities;
- base management and incentive fees;
- administration fees and expenses, if any, payable under the administration agreement (including our allocable portion of Princeton Investment Advisors' overhead in performing its obligations under the administration agreement, including rent and the allocable portion of the cost of our chief compliance officer, chief financial officer and their respective staffs);
- transfer agent, dividend agent and custodial fees and expenses;
- U.S. federal and state registration fees;

- all costs of registration and listing our stock on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- Costs of preparing and filing report or other documents required by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- costs and fees associated with any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- proxy voting expenses; and
- all other expenses incurred by us or Princeton Investment Advisors in connection with administering our business.

Duration and Termination

The PIA Investment Advisory Agreement was to continue in effect for a period of two years from its effective date. It was to remain in effect from year to year thereafter if approved annually by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, and, in either case, if also approved by a majority of our directors who are not "interested persons." The PIA Investment Advisory Agreement was to automatically terminate in the event of its assignment, as defined in the 1940 Act, by Princeton Investment Advisors and may be terminated by either party without penalty upon 60 days' written notice to the other. The holders of a majority of our outstanding voting securities could also terminate the investment advisory agreement without penalty upon 60 days' written notice. As described elsewhere in this 10-K, on January 18, 2016 the Board of Directors of the Company approved the termination of the PIA Investment Advisory Agreement, such termination becoming effective on June 9, 2016, the date the PAG Investment Advisory Agreement was approved and adopted by the Company's stockholders. The Company did not pay any early termination penalties as a result of the termination of the PIA Investment Advisory Agreement.

Indemnification

The PIA Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of their duties or by reason of the reckless disregard of their duties and obligations under the PIA Investment Advisory Agreement, Princeton Investment Advisors and its officers, managers, partners, agents, employees, controlling persons and members, and any other person or entity affiliated with it, are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Princeton Investment Advisors' services under the PIA Investment Advisory Agreement or otherwise as our investment advisor.

PAG Investment Advisory Agreement with Princeton Advisory Group

Unlike the separate administration agreement that covered administrative services while Princeton Investment Advisors served as the investment advisor to the Company (as described below), under the PAG Investment Advisory Agreement, the administrative services of the Company were provided by Princeton Advisory Group. Inc. and subject to reimbursement of administrative related expenses under the PAG Investment Advisory Agreement.

Advisory Services

Princeton Advisory Group is registered as an investment adviser under the 1940 Act, and from June 9, 2016 until December 31, 2017, served as the Company's investment advisor pursuant to the PAG Investment Advisory Agreement in accordance with the 1940 Act. Princeton Advisory Group is owned by and an affiliate of Mr. Munish Sood, the Company's former President and former Chief Executive Officer.

Subject to supervision by the Company's Board of Directors, Princeton Advisory Group oversees the Company's day-to-day operations and provides the Company with investment advisory services. Under the terms of the PAG Investment Advisory Agreement, Princeton Advisory Group, among other things: (i) determines the composition and allocation of the portfolio of the Company, the nature and timing of the changes therein and the manner of implementing such changes; (ii) identifies, evaluates and negotiates the structure of the investments made by the Company; (iii) executes, monitors and services the Company's investments; (iv) determines the securities and other assets that the Company shall purchase, retain, or sell; (v) performs due diligence on prospective portfolio companies; (vi) provides the Company with such other investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its funds; and (vii) if directed by the Board, will assist in the execution and closing of the sale of the Company's assets or a sale of the equity of the Company in one or more transactions. Princeton Advisory Group's services under the PAG Investment Advisory Agreement may not be exclusive and it is free to furnish similar services to other entities so long as its services to the Company are not impaired.

Management Fee

Pursuant to the PAG Investment Advisory Agreement, the Company pays Princeton Advisory Group a base management fee for investment advisory and management services. The cost of the base management fee will ultimately be borne by the Company's stockholders. The PAG Investment Advisory Agreement does not include an incentive fee to Princeton Advisory Group.

The base management fee is calculated at an annual rate of 1.00% of the Company's gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents net of all indebtedness of the Company for borrowed money and other liabilities of the Company. The base management fee is payable quarterly in arrears, and determined as set forth in the preceding sentence at the end of the two most recently completed calendar quarters prior to the quarter for which such fees are being calculated. The Board of Directors may retroactively adjust the valuation of the Company's assets and the resulting calculation of the base management fee in the event the Company or any of its assets are sold or transferred to an independent third party or the Company or Princeton Advisory Group receives an audit report or other independent third party valuation of the Company. To the extent that any such adjustment increases or decreases the base management fee of any prior period, the Company will be obligated to pay the amount of increase to Princeton Advisory Group or Princeton Advisory Group will be obligated to refund the decreased amount, as applicable.

Management fees under the PAG Investment Advisory Agreement for the year ended December 31, 2017 were $407,609. Management fees under the PAG Investment Advisory Agreement for the year ended December 31, 2016 were $275,569. As of December 31, 2016, management fees of $194,224 were payable to Princeton Advisory Group. As of December 31, 2017, management fees of $94,282 were payable to Princeton Advisory Group.

Incentive Fee

The Company will not pay Princeton Advisory Group an incentive fee.

Payment of Expenses

Princeton Advisory Group will bear all compensation expense (including health insurance, pension benefits, payroll taxes and other compensation related matters) of its employees and bear the costs of any salaries or directors' fees of any officers or directors of the Company who are affiliated persons (as defined in the 1940 Act) of Princeton Advisory Group. However, Princeton Advisory Group, subject to approval by the Board of Directors of the Company, will be entitled to reimbursement for the portion of any compensation expense and the costs of any salaries of any such employees to the extent attributable to services performed by such employees for the Company. During the term of the PAG Investment Advisory Agreement, Princeton Advisory Group will also bear all of its costs and expenses for office space rental, office equipment, utilities and other non-compensation related overhead allocable to performance of its obligations under the PAG Investment Advisory Agreement.

Except as provided in the preceding paragraph the Company will reimburse Princeton Advisory Group all direct and indirect costs and expenses incurred by it during the term of the PAG Investment Advisory Agreement for: (i) due diligence of potential investments of the Company, (ii) monitoring performance of the Company's investments, (iii) serving as officers of the Company, (iv) serving as directors and officers of portfolio companies of the Company, (v) providing managerial assistance to portfolio companies of the Company, and (vi) enforcing the Company's rights in respect of its investments and disposing of its investments; provided, however, that, any third party expenses incurred by Princeton Advisory Group in excess of $50,000 in the aggregate in any calendar quarter will require advance approval by the Board of Directors of the Company.

In addition to the foregoing, the Company will also be responsible for the payment of all of the Company's other expenses, including the payment of the following fees and expenses:

- organizational and offering expenses;
- expenses incurred in valuing the Company's assets and computing its net asset value per share (including the cost and expenses of any independent valuation firm);
- subject to the guidelines approved by the Board of Directors, expenses incurred by Princeton Advisory Group that are payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for the Company and in monitoring the Company's investments and performing due diligence on the Company's prospective portfolio companies or otherwise related to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance the Company's investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of the Company's common stock and other securities;
- administration fees;
- transfer agent and custody fees and expenses;
- U.S. federal and state registration fees of the Company (but not Princeton Advisory Group);
- all costs of registration and listing the Company's shares on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required of the Company (but not Princeton Advisory Group) by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- the costs associated with individual or group stockholders;
- the Company's allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;

- direct costs and expenses of administration and operation of the Company, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs; and

- all other non-investment advisory expenses incurred by the Company regarding administering the Company's business.

Duration and Termination

Unless terminated earlier as described below, the PAG Investment Advisory Agreement will continue in effect for a period of one (1) year from its effective date. It will remain in effect from year to year thereafter if approved annually by the Company's Board or by the affirmative vote of the holders of a majority of the Company's outstanding voting securities, and, in either case, if also approved by a majority of the of Company's directors who are neither parties to the PAG Investment Advisory Agreement nor "interested persons" (as defined under the 1940 Act) of any such party. The PAG Investment Advisory Agreement may be terminated at any time, without the payment of any penalty, (i) upon written notice, effective on the date set forth in such notice, by the vote of a majority of the outstanding voting securities of the Company or by the vote of the Company's directors, or (ii) upon 60 days' written notice, by Princeton Group. The PAG Investment Advisory Agreement automatically terminates in the event of its "assignment," as defined in the 1940 Act. As disclosed elsewhere in this Form 10-K (including Note 1), the PAG Investment Advisory Agreement was terminated as of December 31, 2017.

Indemnification

The PAG Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of their duties, or by reason of the material breach or reckless disregard of their duties and obligations under the PAG Investment Advisory Agreement (and to the extent specified in Section 36(b) of the Investment Company Act concerning loss resulting from a breach of fiduciary duty (as the same is finally determined by judicial proceedings) with respect to the receipt of compensation for services), Princeton Advisory Group and its officers, managers, employees and members are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Princeton Advisory Group's services under the PAG Investment Advisory Agreement or otherwise as the Company's investment advisor. The amounts payable for indemnification will be calculated net of payments recovered by the indemnified party under any insurance policy with respect to such losses.

At all times during the term of the PAG Investment Advisory Agreement and for one year thereafter, Princeton Advisory Group is obligated to maintain directors and officers/errors and omission liability insurance in an amount and with a provider reasonably acceptable to the Board of Directors of the Company.

Administration Services

Princeton Advisory Group is entitled to reimbursement of expenses under the PAG Investment Advisory Agreement for administrative services performed for the Company.

On March 13, 2015, the Company entered into an administration agreement (the "Administration Agreement") with PCC Administrator LLC (the "Administrator"), a wholly owned subsidiary of Princeton Investment Advisors. This agreement effectively terminated on June 9, 2016 with the PIA Investment Advisory Agreement. The Administration Agreement provides that our Administrator furnishes us with office facilities and equipment and provide us with clerical, bookkeeping, recordkeeping and other administrative services at such facilities. Under the Administration Agreement, our Administrator performs, or oversees the performance of, our required administrative services, which include being responsible for the financial and other records that we are required to maintain and preparing reports to our stockholders and reports and other materials filed with the SEC. In addition, our Administrator assists us in determining and publishing our net asset value, oversees the preparation and filing of our tax returns and the printing and dissemination of reports and other materials to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. Under the Administration Agreement, our Administrator will also provide managerial assistance on our behalf to those portfolio companies that have accepted our offer to provide such assistance.

Payments under the Administration Agreement will be equal to an amount based upon our allocable portion (subject to the review of our board of directors) of our Administrator's overhead in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs. In addition, if requested to provide significant managerial assistance to our portfolio companies, our Administrator will be paid an additional amount based on the services provided, which shall not exceed the amount we receive from such portfolio companies for providing this assistance. The Administration Agreement will have an initial term of two years and may be renewed with the approval of our board of directors. The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party. To the extent that our Administrator outsources any of its functions, we will pay the fees associated with such functions on a direct basis without any incremental profit to our Administrator. Stockholder approval is not required to amend the Administration Agreement.

Sub-Administration Agreement

Princeton Advisory Group has engaged Conifer Asset Solutions LLC (the "Sub-Administrator") to provide certain administrative services to us. As of December 15, 2016, Conifer Asset Solutions LLC's parent company, Conifer Financial Services, LLC, was acquired by SS&C Technologies Holdings, Inc. In exchange for provided services, the Administrator pays the Sub-Administrator an asset-based fee with a $200,000 annual minimum as adjusted for any reimbursement of expenses. This asset-based fee will vary depending upon our gross assets, as adjusted, as follows:

Gross Assets	**Fee**
first $150 million of gross assets	20 basis points (0.20%)
next $150 million of gross assets	15 basis points (0.15%)
next $200 million of gross assets	10 basis points (0.10%)
in excess of $500 million of gross assets	5 basis points (0.05%)

Included under Administration Fees on the Statements of Operations for the year ended December 31, 2017, are sub-administration fees of $139,354 and $200,293 of CCO and CFO fees. Administration fees were $238,143 for the year ended December 31, 2016, and sub-administration fees were $158,173 as shown on the Statements of Operations under administration fees. Administration fees were $268,139 for the year ended December 31, 2015, and sub-administration fees were $171,556 as shown on the Statements of Operations under administration fees.

Indemnification

The Administration Agreement provides that, absent criminal conduct, willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, our Administrator, its affiliates and their respective directors, officers, managers, partners, agents, employees, controlling persons and members, and any other person or entity affiliated with it, are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of our Administrator's services under the Administration Agreement or otherwise as our administrator.

Managerial Assistance

As a BDC, we offer, and must provide upon request, managerial assistance to our portfolio companies. This assistance could involve monitoring the operations of our portfolio companies, participating in board of directors and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. As of December 31, 2017, none of the portfolio companies had accepted our offer for such services.

Other Related Party Transactions

Gregory J. Cannella served as the Chief Financial Officer of Rockfish Seafood Grill, Inc. ("RSG"), one of the Company's portfolio companies, until September 24, 2015. He had a stock option agreement with RSG, granted on January 28, 2013, with the right to earn up to 103.8961 shares or approximately 8% of RSG. This stock option agreement was canceled on May 12, 2015 with no consideration coming from RSG or the Company.

In May 2015, RSG created a wholly owned subsidiary, Southwest Hospitality Group, LLC ("SHG"), for the purpose of entering into franchise agreement with a new restaurant group. In July 2015, SHG was transferred to Sivco, Inc. and then signed a franchise agreement with this new restaurant group. Sivco, Inc. is majority owned and controlled by Alfred Jackson, a former director of the Company and minority-owned by Munish Sood, a former Director, the former President, and former CEO of the Company.

On March 30, 2016, the Company, as Borrower, entered into a Term Loan in the amount of $1,500,000 with Sema4, Inc. and Princeton Advisory Group, as Lenders in order to purchase certain assets to attempt to qualify as a RIC. Sema4, Inc. committed $1,000,000 and Princeton Advisory Group committed $500,000. The loan was repaid in full with interest at a rate of 10.0% per annum on April 8, 2016. Sema4, Inc. is owned by Mark DiSalvo, the Company's Interim President, Interim Chief Executive Officer, and a director of the Company, and is the general partner of CPP and CPPII, which own approximately 87% and 9% of our common stock, respectively. Princeton Advisory Group is wholly owned by Munish Sood, a former Director, former President, and former CEO of the Company.

As disclosed in the Company's Form 8-K filed with the SEC on June 30, 2016, on June 28, 2016, the Company, as Borrower, entered into a Term Loan in the amount of $390,000 with Munish Sood, as Lender, in order to purchase certain assets to attempt to qualify as a RIC. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan was repaid in full with interest at a rate of 10.0% per annum on July 11, 2016.

As disclosed in the Company's Form 8-K filed with the SEC on September 16, 2016, on September 12, 2016, the Company, as a Borrower, entered into a Term Loan in the amount of $225,000 with Munish Sood, as Lender, in order to fund capital to one of its portfolio companies, Rockfish Seafood Grill, Inc. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan will bear interest at a rate of 10.0% per annum and matures on December 12, 2016. As disclosed in the Company's Form 8-K filed with the SEC on October 27, 2016, on October 21, 2016, Munish Sood lent an additional $140,000 under this Term Loan. On March 29, 2017, Munish Sood, in order to purchase certain assets to qualify as a RIC, lent an additional $450,000 under this Term Loan and extended the maturity date to June 30, 2017. On April 10, 2017, the Company made a principal and interest payment totaling $450,984 on this Term Loan. The loan was repaid in full with interest on July 17, 2017.

As disclosed in the Company's Form 8-K filed with the SEC on October 5, 2016, on September 29, 2016 the Company, as Borrower, entered into a Term Loan in the amount of $470,000 with Munish Sood, as Lender, in order to purchase certain assets to attempt to qualify as a RIC. The board of directors of the Company, by unanimous written consent, authorized and approved that the Company enter into the Loan Agreement. The loan was repaid in full with interest at a rate of 10.0% per annum on October 7, 2016.

On June 28, 2017, Munish Sood made a non-interest bearing short term loan to Advantis Certified Staffing Solutions, Inc., one of the Company's portfolio companies, in the amount of $89,225 for a short term working capital need. The loan was repaid without interest on July 5, 2017.

NOTE 8 – FINANCIAL HIGHLIGHTS

	Year Ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
Per Share Data (1):					
Net asset value at beginning of period	$ 0.365	$ 0.400	$ 0.254	$ 0.564	$ 0.174
Net investment income (loss)	0.008	(0.004)	(0.013)	(0.144)	(0.062)
Change in unrealized gain (loss)	(0.035)	(0.019)	(0.081)	(0.358)	0.388
Realized gain	0.006	(0.012)	0.002	0.192	0.064
Change in capital share transactions	-	-	0.238	-	-
Net asset value at end of period	$ 0.344	$ 0.365	$ 0.400	$ 0.254	$ 0.564
Total return based on net asset value (2)	(5.8)%	(8.8)%	(36.2)%	(55.0)%	224.1%
Weighted average shares outstanding for period, basic	120,486,061	120,486,061	97,402,398	1,816,534	1,816,534
Raito/Supplemental Data:					
Net assets at end of period	$ 41,407,539	$ 43,985,319	$ 48,225,563	$ 462,022	$ 1,025,493
Average net assets	$ 42,634,685	$ 46,991,446	$ 45,472,971	$ 743,758	$ 671,498
Annualized ratio of net operating expenses to average net assets	3.4%	5.8%	9.5%	35.2%	16.6%
Annualized ratio of net investment income (loss) to average net assets	2.4%	(1.1)%	(2.7)%	(35.2)%	(16.6)%
Annualized ratio of net operating expenses excluding management fees, incentive fees, and interest expense to average net assets	2.8%	4.3%	8.0%	35.2%	16.2%
Annualized ratio of net increase (decrease) in net assets resulting from operations to average net assets	(6.0)%	(9.0)%	(19.5)%	(75.8)(3)%	105.4(3)%
Portfolio Turnover	7.0%	1.1%	0.7%	31.2(3) %	14.7(3)%

(1) Financial highlights are based on weighted average shares outstanding.
(2) Total return based on net asset value is based upon the change in net asset value per share between the opening and ending net asset values per share in the period. The total returns are not annualized.
(3) Unaudited

NOTE 9 – COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company may enter into investment agreements under which it commits to make an investment in a portfolio company at some future date or over a specified period of time. The Company maintains sufficient assets to provide adequate cover to allow it to satisfy its unfunded commitment amount as of December 31, 2017. The unfunded commitment is accounted for under ASC 820. As of the date of this report, all commitments have been funded.

On June 2, 2015, the Company entered into a Lease Guaranty Agreement to guaranty a portion of a lease entered into by Rockfish Seafood Grill, Inc. The Company's guaranty is limited to the total tenant improvement allowance and the total amount of commissions that the landlord provided in connection with the lease. The total guaranteed amount by the Company is approximately $292,701 and reduces proportionally after each of the first sixty months of the lease, which commenced in November 2015, so long as no uncured event of default exists. Through the date of filing, the guaranteed amount has reduced to approximately $117,000.

On or around September 8, 2015, a lawsuit was filed captioned *Capital Link Fund I, LLC, et al. v. Capital Point Management, LP, et al.*, C.A. No. 11483-VCN in the Delaware Court of Chancery.

The following description of the settlement agreement is qualified in its entirety by reference to the full text of the Settlement Agreement, which is attached as Exhibit 99.1 to the 8-K filed on January 22, 2016:

On January 19, 2016, the Company, Princeton Advisory Group, Inc., Gregory J. Cannella, Munish Sood, Thomas Jones, Jr. and Trennis L. Jones (together the "Independent Directors" and the Independent Directors together with the Company, Princeton Advisory Group, Inc., Cannella and Sood, the "Settling Defendants") on the one hand, entered into a settlement agreement ("Settlement Agreement") with Capital Link Fund I, LLC ("Capital Link"), CT Horizon Legacy Fund, LP ("CT Horizon"), CPP, and Sema4, Inc. ("Semaphore" and together with Capital Link, CT Horizon and CPP I, the "Plaintiffs" or the "Capital Point Parties") on the other hand. CPP I is the Company's largest stockholder.

Subject to the terms and conditions contained therein, the Settlement Agreement settles between the Plaintiffs and the Settling Defendants the disputes described in the lawsuit. No monies were paid or exchanged by any of the parties as a part of the settlement and none of the parties admitted any wrongdoing. For the avoidance of doubt, none of the following is a party to the Settlement Agreement: Alfred Jackson ("Jackson"), Martin Tuchman ("Tuchman"), Capital Point Management, LP ("CPM"), Capital Point Advisors, LP ("CPA") or Princeton Investment Advisors, LLC ("PIA," and, together with Jackson, Tuchman, CPM and CPA, collectively the "Non-Settling Defendants"). As part of the terms of the Settlement Agreement, Sood and Cannella waived any rights to indemnification they may have had against the Company as it relates to the lawsuit. Subsequently, pursuant to a written agreement among the Company, Jackson, CPM, CPA, and PIA, Jackson waived any rights to indemnification that he may have had against the Company.

On June 17, 2016, a Stipulation and Order of Dismissal of Claims (the "Dismissal Order") against the Settling Defendants (which includes the Company) and Tuchman (collectively, the "Dismissed Defendants") was entered in the Delaware Court of Chancery. The Dismissal Order, which was dated June 10, 2016, dismissed with prejudice the claims brought by the Plaintiffs against the Dismissed Defendants. The Dismissal Order did not dismiss the claims against Jackson, CPM, CPA or PIA.

On February 24, 2017, a Stipulation and Order of Dismissal of Claims (the "Dismissal Order II") against Jackson, CPM, CPA and PIA was entered in the Delaware Court of Chancery. The Dismissal Order II, which was dated February 24, 2017, dismissed with prejudice the claims brought by the Plaintiffs against Jackson, CPM, CPA and PIA. Terms of any settlement were not disclosed and all claims with respect to the lawsuit have now been dismissed, signifying that the status quo order that included the Company has now been lifted.

As a result of the allegations contained in the complaints filed by the United States of America against Munish Sood, the former President, Chief Executive Officer, and director of the Company, and others captioned *U.S. v. Lamont Evans, et al.* and *U.S. v. James Gotto, et al.*, in the Southern District of New York., on September 27, 2017 and as previously disclosed, the Board authorized and directed its Audit Committee (which consists of the Board's three independent board members) to conduct an independent investigation into whether such events impacted the Company, and the extent to which any officer or employee of the Company may have been involved, and whether any corporate funds may have been utilized in the conduct alleged.

Mr. Sood resigned from his positions as a director, Chief Executive Officer, and President, effective September 27, 2017. The Company has been informed that Mr. Sood plead guilty to charges of bribery and fraud in August of 2018.

From time to time, the Company may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of the Company's rights under contracts with its portfolio companies. The Company is not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us.

NOTE 10 – UNCONSOLIDATED SIGNIFICANT SUBSIDIARIES

The Company's investments are primarily in private small and lower middle-market companies. In accordance with Rules 3.09 and 4.08(g) of Regulation S-X, the Company must determine which of its unconsolidated controlled portfolio companies are considered "significant subsidiaries", if any. In evaluating these investments, there are three tests utilized to determine if any of the Company's control investments are considered significant subsidiaries; the investment test, the asset test, and the income test. Rule 3.09 of Regulation S-X, as interpreted by the SEC, requires the Company to include separate audited financial statements of any unconsolidated majority-owned subsidiary in an annual report if any of the three tests exceed 20% of the Company's total investments at fair value, total assets or total income. Rule 4-08(g) of Regulation S-X requires summarized financial information of an unconsolidated subsidiary in an annual report if any of the three tests exceeds 10% of the Company's total investments at fair value, total assets or total income and summarized financial information in a quarterly report if any of the three tests exceeds 20% of the Company's total amounts.

The Company has determined that Rockfish Seafood Grill, Inc., Advantis Certified Staffing Solutions, Inc., and PCC SBH Sub, Inc. three of its majority owned control investments were considered significant subsidiaries at the 20% level at December 31, 2017 as prescribed under Rule 3-09 of Regulation S-X. The Company has included the audited financial statements of Rockfish Seafood Grill, Inc. and Advantis Certified Staffing Solutions, Inc. for the years ended December 31, 2017, 2016 and 2015 as exhibits to the Company's consolidated financial statements. See "Item 15. Exhibits And Financial Statement Schedules." PCC SBH Sub, Inc. did not exceed 10% of the Company's total investments at fair value, total assets or total income, and therefore has not included its audited financial statements as exhibits.

Additionally, Integrated Medical Partners, LLC, an unconsolidated portfolio company that was a control investment, but which was not majority-owned by the Company was also considered a significant subsidiary at the 10% level at December 31, 2017, as prescribed under Rule 4-08 (g) of Regulation S-X. The following tables show the summarized financial information for Integrated Medical Partners, LLC (numbers in thousands):

Integrated Medical Partners, LLC

	As of December 31, 2017 (unaudited)	As of December 31, 2016 (unaudited)
Balance Sheet		
Current Assets	$ 411	$ 2,695
Noncurrent Assets	6,838	597
Current Liabilities	3,298	4,030
Noncurrent Liabilities	722	537

	Year Ended December 31, 2017 (unaudited)	Year Ended December 31, 2016 (unaudited)	Year Ended December 31, 2015 (unaudited)
Income Statement			
Net Revenue (Loss)	$ 14,473	$ 14,738	$ 11,842
Gross Profit	4,600	(290)	5,542
Net Income (Loss)	(513)	(541)	(468)

NOTE 11 – SELECTED QUARTERLY FINANCIAL DATA

	Quarter Ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Total Investment Income	$ 1,364,965	$ 370,660	$ 344,787	$ 353,134
Total Operating Expenses/(Reversal of Operating Expenses)	32,542	424,750	380,104	552,531
Income tax expense	2,267	7,684	7,684	10,430
Net Investment Income (Loss)	1,330,156	(61,774)	(43,001)	(209,827)
Net Realized Gain/(Loss) on Investments	-	589,111	-	-
Net Change in Unrealized Appreciation/(Depreciation)	(2,811,935)	449,691	128,650	(1,948,851)
Net Increase (Decrease) in Net Assets Resulting from Operations	$ (1,481,779)	$ 977,028	$ 85,649	$ (2,158,678)
Net Increase (Decrease) in Net Assets from Operations per Common Share:				
Basic	$ (0.012)	$ 0.008	$ 0.001	$ (0.018)
Diluted	$ (0.012)	$ 0.008	$ 0.001	$ (0.018)
Weighted Average Common Shares Outstanding - Basic	120,486,061	120,486,061	120,486,061	120,486,061
Weighted Average Common Shares Outstanding - Diluted	120,486,061	120,486,061	120,486,061	120,486,061

	Quarter Ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Total Investment Income	$ 1,002,619	$ 345,210	$ 474,488	$ 464,017
Total Operating Expenses	493,740	550,802	739,286	959,478
Income tax (benefit) expense	(296,572)	8,689	9,006	320,000
Net Investment Income (Loss)	805,451	(214,281)	(273,804)	(815,461)
Net Realized Gain/(Loss) on Investments	(1,411,757)	(49,958)	(172)	-
Net Change in Unrealized Appreciation/(Depreciation)	437,527	(919,686)	(4,700,868)	2,902,165
Net Increase (Decrease) in Net Assets Resulting from Operations	$ (168,779)	$ (1,183,925)	$ (4,974,844)	$ 2,086,704
Net Increase (Decrease) in Net Assets from Operations per Common Share:				
Basic	$ (0.001)	$ (0.010)	$ (0.041)	$ 0.0170
Diluted	$ (0.001)	$ (0.010)	$ (0.041)	$ 0.0170
Weighted Average Common Shares Outstanding - Basic	120,486,061	120,486,061	120,486,061	120,486,061
Weighted Average Common Shares Outstanding - Diluted	120,486,061	120,486,061	120,486,061	120,486,061

	Quarter Ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Total Investment Income	$ 722,586	$ 1,227,715	$ 1,022,753	$ 121,496
Total Operating Expenses	1,509,380	1,047,143	707,954	1,056,515
Income tax (benefit) expense	-	-	-	-
Net Investment Income (Loss)	(786,794)	180,572	314,799	(935,019)
Net Realized Gain/(Loss) on Investments	-	142,351	(10,881)	104,040
Net Change in Unrealized Appreciation/(Depreciation)	(550,416)	(5,617,533)	(1,567,726)	(121,429)
Net Increase (Decrease) in Net Assets Resulting from Operations	$ (1,337,210)	$ (5,294,610)	$ (1,263,808)	$ (952,408)
Net Increase (Decrease) in Net Assets from Operations per Common Share:				
Basic	$ (0.011)	$ (0.044)	$ (0.010)	$ (0.035)
Diluted	$ (0.011)	$ (0.044)	$ (0.010)	$ (0.031)
Weighted Average Common Shares Outstanding - Basic	120,486,061	120,486,061	120,486,061	26,868,987
Weighted Average Common Shares Outstanding - Diluted	120,486,061	120,486,061	120,486,061	30,813,432

NOTE 12 – SUBSEQUENT EVENTS

Portfolio Activity

- On January 1, 2018, the Company consolidated the prior bridge loans to Advantis Certified Staffing Solutions, Inc. into one note in the amount of $813,225. The note will bear an annual interest rate of 5% paid quarterly with a maturity of December 31, 2018.

- On January 25, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $90,000 for working capital needs. The note will bear an annual interest rate of 5% paid quarterly with a maturity of December 31, 2018.

- On February 13, 2018, the Company entered into a Forbearance Letter Agreement (the “Forbearance”) with Lone Star Brewery Development, Inc. for a maximum period of two years. During this period, the Company agreed to forbear from exercising and enforcing certain rights and remedies which the Company is entitled to and to accept a payoff equal to $7,500,000 plus 25% of the net sales proceeds/value of the property if by December 31, 2018 or $8,000,000 plus 25% of the net sales proceeds/value if on or after January 1, 2019. In return, Lone Star Brewery Development, Inc. refinanced out the first lien holder with a new lender in the amount of $11,000,000, put $3,248,000 into the project and paid the Company a forbearance fee at closing of $50,000. In connection with this Forbearance, the Company made a partial release of lien on an approximate three acre tract of land to a lender with a lien that was senior to the Company’s lien.

- On February 20, 2018, the Company amended the Rockfish Seafood Grill, Inc. Revolving Line of Credit (“RSG Revolver”) to increase the maximum principal amount to $1,821,000 for restaurant improvements and enhancements. In connection with this amendment, Rockfish Seafood Grill, Inc. agreed to make the RSG Revolver a performing loan on a quarter basis with payments resuming on March 31, 2018.

- On February 26, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $150,000 for working capital needs. The note will bear an annual interest rate of 8% with all interest and principal due on maturity of December 31, 2018.

- On March 22, 2018, the Company made a loan to Dominion Medical Management, Inc. ("Dominion"), a wholly owned subsidiary of Integrated Medical Partners, LLC, in the amount of $600,000 for working capital needs and amended, restated and consolidated the two prior notes. The new consolidated note has a principal balance of $1,085,256 and will accrue and pay interest only on a quarterly basis at an annual rate of 18.0%. Dominion has the option to defer 6.0% of the annual rate of interest which will compound quarterly on the payment date. The maturity date of the new note is March 1, 2019.

- On April 12, 2018, the Company funded $100,000 on the RSG Revolver.

- On April 24, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $110,000 for working capital needs. The note will bear an annual interest rate of 8% with all interest and principal due on maturity of December 31, 2018.

- On June 4, 2018, the Company made a short term bridge loan to Advantis Certified Staffing Solutions, Inc. in the amount of $175,000 for working capital needs. The note will bear an annual interest rate of 10.75% with all interest and principal due on maturity of December 31, 2018.

- On July 12, 2018, the Company funded $100,000 on the RSG Revolver, making it fully funded.

- Effective July 27, 2018 Rockfish Holdings, LLC and the Company entered into an amendment of its warrant agreement and warrant to extend the expiration of the warrant until July 28, 2028.

- On October 29, 2018, the Company issued a Notice of Default on its loan to Great Value Storage for non-payment of interest due on September 30, 2018.

- On November 15, 2018, the Company received payment in full in the amount of $1,000,000 on its participation in the loan from Capital Foundry Funding, LLC to ECM Energy Services, Inc.

Additional Subsequent Events

As of December 31, 2017 and 2016, the total amount of federal net operating loss carryforwards was $1,819,548 and $212,862, respectively as shown in "Note 6 – Income Tax". On August 8, 2018, the Company elected to carryback $753,827 of net operating loss carryforwards to the Company's 2015 tax return. As of the date of this filing, the Company has federal net operating loss carryforwards available of $212,862 which can be used to offset taxable income for the 2016 and 2017 tax years at the Company's discretion.

As of December 31, 2017 and 2016, the total amount of federal capital losses of $5,096,508 and $6,190,524, respectively as shown in "Note 6 – Income Tax". On August 8, 2018, the Company elected to carryback $125,340 of net capital loss carryforwards to the Company's 2015 tax return.

In connection with the Company's 2015 amended tax return, the Company received a check in September of 2018 for $287,404 which resulted in the extinguishment of $298,917 of the Deferred Tax Asset as shown on the Company's Statement of Assets and Liabilities as of December 31, 2017. The Company will record a loss of $11,513 for the fiscal year ended December 31, 2018 as a result of difference between the tax refund and the Deferred Tax Asset.

Effective November 27, 2018, the Company entered into a confidential settlement agreement with a former vendor/provider of services in which the Company will receive $1.1 million within 10 days of the effective date. Furthermore, the Company was released of the responsibility of outstanding Accounts Payable and Accrued Expenses totaling approximately $279,172 to this vendor/provider of services, which would also forgive the related receivables Due From Portfolio Companies totaling approximately $84,418.

As a result of the allegations contained in the Complaints filed by the United States of America filed Complaints against Munish Sood and others captioned *U.S. v. Lamont Evans, et al.* and *U.S. v. James Gotto, et al.*, in the Southern District of New York., on September 27, 2017 and as previously disclosed, the Board authorized and directed its Audit Committee (which consists of the Board's three independent board members) to conduct an independent investigation into whether such events impacted the Company, and the extent to which any officer or employee of the Company may have been involved, and whether any corporate funds may have been utilized in the conduct alleged.

As set forth in the Company's 8-K filed on January 24, 2018, the Audit Committee conducted an independent investigation into this matter with the assistance of outside advisors. The investigation concluded on January 24, 2018. The investigation uncovered (i) no evidence that the allegations contained in the Complaints impacted the Company (other than the resignation of Mr. Sood), (ii) no evidence that any officer or employee of the Company, other than (as has been alleged) Mr. Sood, had any involvement in the allegations contained in the Complaints, and (iii) no evidence that any corporate or portfolio company funds were utilized in the conduct alleged in the Complaints. In respect to Mr. Sood, the Audit Committee did not make any judgment regarding the criminal allegations made by the U.S. Attorney in its Complaints. As a result of this investigation, the Company, its Audit Committee, and its advisors have concluded that the Company's internal controls over financial reporting are effective and do not recommend implementing any additional procedures or controls at this time.

Entry into Interim Investment Advisory Agreement with House Hanover

On December 27, 2017, the Board approved (specifically in accordance with Rule 15a-4(b)(1)(ii) of the Investment Company Act and authorized the Company to enter into an Interim Investment Advisory Agreement between the Company and House Hanover, LLC, a Delaware limited liability company ("House Hanover") (the "Interim Investment Advisory Agreement"), in accordance with Rule 15a-4 of the Investment Company Act. The effective date of the Interim Investment Advisory Agreement was January 1, 2018.

In accordance with Rule 15a-4(a)(2), the Interim Investment Advisory Agreement does not need to be approved by the Company's stockholders and the duration of the interim contract may not be greater than 150 days following the date on which the PAG Investment Advisory Agreement terminates.

A summary of the Interim Investment Advisory Agreement was included in the Form 8-K filed on January 2, 2018 and the full text of the Interim Investment Advisory Agreement is attached as Exhibit 10.1 thereto and incorporated by reference therein.

As reported in the Company's Form 8-K filed on May 31, 2018, on April 5, 2018, the Board, including a majority of the independent directors, conditionally approved the Investment Advisory Agreement between the Company and House Hanover (the "House Hanover Investment Advisory Agreement") subject to the approval of the Company's stockholders at the 2018 Annual Meeting of Stockholders. On May 30, 2018, the Company's stockholders approved the House Hanover Investment Advisory Agreement. The effective date of the New Advisory Agreement is May 31, 2018.

A summary of the House Hanover Investment Advisory Agreement was included in the Form 8-K filed on March 31, 2018 and the full text of the House Hanover Investment Advisory Agreement is attached as Exhibit 10.1 thereto and incorporated by reference therein.

Election of Florina Klingbaum as Chief Compliance Officer

As set forth in the Company's Form 8-K filed on January 2, 2018, on December 30, 2017, the Board, including a majority of the directors who are not "interested persons" (as such term is defined in Section 2(a)(19) of the Investment Company Act of 1940), unanimously approved the election of Florina Klingbaum to serve as the Company's Chief Compliance Officer, effective January 1, 2018. There are no related party transactions involving Ms. Klingbaum that are reportable under Item 404(a) of Regulation S-K.

Pursuant to the Interim Investment Advisory Agreement and the House Hanover Investment Advisory Agreement, the Company is responsible for its allocable portion of Ms. Klingbaum's compensation including, but not limited to, salaries and benefits while performing services to the Company.

Late Filings

As set forth in the Company's Form 12b-25 filings on May 16, 2018, August 15, 2018 and November 15, 2018, the Company has not timely made its Form 10-Q filings for the periods ending March 31, 2018, June 30, 2018 and September 30, 2018 due to its inability to do so without undue effort or expense.

Schedule 12-14

The table below represents the fair value of control and affiliate investments at December 31, 2016 and any amortization, purchases, sales, and realized and change in unrealized gain (loss) made to such investments, as well as the ending fair value as of December 31, 2017.

Portfolio Company/Type of Investment	Principal Amount/Shares/ Ownership % at December 31, 2017	Amount of Interest and Dividends Credited in Income	Fair Value at December 31, 2016	Purchases (2)	Sales	Transfers from Restructuring/ Transfers into Control Investments	Change in Unrealized Gains/Losses	Fair Value at December 31, 2017
Control Investments								
Advantis Certified Staffing Solutions, Inc.								
Second Lien Loan	$	$ -	$ -	$ -	$ -	$ 4,500,000	$ (673,523)	$3,826,477
Unsecured Loan	$ 813,225	12,412	-	813,225	-	-	(112,887)	700,338
Common Stock – Series A	225,000	-	-	10,150	-	-	(6,437)	3,713
Common Stock – Series B	9,500,000	-	-	428,571	-	-	(271,814)	156,757
Warrants	2	-	-	11,278	-	-	4,398	15,676
Rockfish Seafood Grill, Inc.								
First Lien Loan (1)	$ 6,352,944	-	6,549,261	-	-	-	88,622	6,637,883
Revolving Loan (1)	$ 1,621,000	-	1,481,000	140,000	-	-	42,335	1,663,335
Rockfish Holdings, LLC								
Warrant (1)	10%	-	102,826	-	-	-	154,821	257,647
Membership Interest (1)	89.400%	-	925,407	-	-	-	(896,779)	28,628
Integrated Medical Partners, LLC								
Unsecured Loan (1)	$ 551,922	21,475	276,922	551,922	(276,922)	-	(33,448)	518,474
Preferred Membership – Class A (1)	800	-	3,337,779	-	-	-	(1,492,923)	1,844,856
Preferred Membership – Class B (1)	760	-	365,884	-	-	-	(331,370)	34,514
Common Stock (1)	14,082	-	20,059	-	-	-	(19,752)	307
PCC SBH Sub, Inc.								
Common Stock	100	-	-	-	-	2,525,481	(954,726)	1,570,755
Unsecured Loan (1)	$ 14,000	1,721	-	20,000	(6,000)	-	-	14,000
Total Control Investments		$ 35,608	$ 13,059,138	$1,975,146	$ (282,922)	$ 7,025,481	$ (4,503,483)	$17,273,360
Affiliate Investments								

Spencer Enterprises Holdings, LLC								
Preferred Membership, Class AA units [1]	-	$ -	$ 2,705,363	$ -	$(2,071,043)	$ -	$ (634,320)	$ -
Preferred Membership, Class BB units [1]	-	-	3,681,316	-	(3,824,818)	-	143,501	-
Total Affiliate Investments		$ -	$ 6,386,679	$ -	$(5,895,861)	$ -	$ (490,819)	$ -

(1) Non-income producing security.
(2) Includes PIK interest and common stock issued in exchange for investments.

PRINCETON CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

The table below represents the fair value of control and affiliate investments at December 31, 2015 and any amortization, purchases, sales, and realized and change in unrealized gain (loss) made to such investments, as well as the ending fair value as of December 31, 2016.

Portfolio Company/Type of Investment	Principal Amount/Shares/ Ownership % at December 31, 2016	Amount of Interest and Dividends Credited in Income	Fair Value at December 31, 2015	Purchases (2)	Sales	Realized and Change in Unrealized Gains/Losses	Fair Value at December 31, 2016
Control Investments							
Rockfish Seafood Grill, Inc.							
First Lien Loan (1)	$ 6,352,944	$ 387,214	$ 6,164,535	$ 188,409	$ -	$ 196,317	$ 6,549,261
Revolving Loan (1)	$ 1,481,000	-	1,051,000	430,000	-	-	1,481,000
Rockfish Holdings, LLC							
Warrant (1)	10%	-	316,531	-	-	(213,705)	102,826
Membership Interest (1)	99.997%	-	2,848,693	-	-	(1,923,286)	925,407
Integrated Medical Partners, LLC							
Unsecured Loan (1)	$ 276,922	-	276,922	-	-	-	276,922
Preferred Membership – Class A (1)	800	-	2,331,439	-	-	1,006,340	3,337,779
Preferred Membership – Class B (1)	760	-	32,923	-	-	332,961	365,884
Common Stock (1)	14,082	-	65	-	-	19,994	20,059
Advantis Certified Staffing Solutions, Inc.							
Second Lien Loan (1)	$ -	-	4,104,994	-	-	(4,104,994)	-
Unsecured Loan (due 3/31/2018) (1)	$ -	-	95,000	-	-	(95,000)	-
Unsecured Loan (due 3/31/2020) (1)	$ -	-	-	195,000	-	(195,000)	-
Unsecured Loan (due 3/31/2018) (1)	$ -	-	-	85,000	-	(85,000)	-
Warrant (1)	-	-	691	-	(12,534)	11,843	-
Common Stock – Series A (1)	-	-	622	-	(11,281)	10,659	-
Common Stock – Series B (1)	-	-	26,256	-	(476,185)	449,929	-
Total Control Investments		$ 387,214	$ 17,249,671	$ 898,409	$ (500,000)	$ (4,588,942)	$ 13,059,138
Affiliate Investments							
Spencer Enterprises Holdings, LLC							
Preferred Membership, Class AA units (1)	500,000	$ 740,741	$ 2,353,965	$ -	$ -	$ 351,398	$ 2,705,363
Preferred Membership, Class BB units (1)	500,000	-	2,960,434	-	-	720,882	3,681,316
Total Affiliate Investments		$ 740,741	$ 5,314,399	$ -	$ -	$ 1,072,280	$ 6,386,679

(1) Non-income producing security.
(2) Includes PIK interest and common stock issued in exchange for investments.
(3) Represents the sale of the equity investments in Advantis Certified Staffing Solutions, Inc. due to the restructuring on December 31, 2016. Due to the restructuring, two new positions in Advantis Certified Staffing Solutions, Inc. are held at December 31, 2016 and Advantis Certified Staffing Solutions, Inc. is no longer considered a control investment and thus these positions are excluded from the table above.

End of notes to financial statements.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, under the direction, supervision, and involvement of the Interim Chief Executive Officer and Chief Financial Officer, has carried out an evaluation, as of the end of the period covered by this report, of the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) of the Company. Based on this evaluation, the Interim Chief Executive Officer has concluded that disclosure controls and procedures in place at the Company are effective to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) and 15d-15(e) under the Exchange Act.

(b) Management's Report on Internal Control Over Financial Reporting.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Under the direction, supervision and participation of the Company's management, including our Interim Chief Executive Officer and principal financial officer, the Company's management conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) ("COSO-Framework"). Based upon that evaluation, the Company's Interim CEO and CFO have concluded that except for the late filing of the Form 10-K due to the investigation of the Company's former CEO disclosed elsewhere in this Form 10-K, the Company's disclosure controls and procedures are effective as of the end of the period covered by this report.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules for non-accelerated filers by the Securities and Exchange Commission permitting the company to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

No changes to our internal control over financial reporting occurred during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act.

However, on September 27, 3017, as previously disclosed, Mr. Munish Sood, the Company's former president, chief executive officer, and a former director of the Company, resigned from each of those positions and Mr. Mark DiSalvo, a director of the Company, was appointed as the Company's Interim Chief Executive Officer and President.

Item 9B. OTHER INFORMATION

Departure of Directors or Certain Officers

As set forth in the Company's Form 8-K filed on January 2, 2018, as of December 31, 2017, Joy Sheehan, the Company's Chief Compliance Officer, notified the Company of her resignation as the Company's Chief Compliance Officer, effective immediately. Ms. Sheehan did not resign pursuant to any disagreement with the Company.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We hereby incorporate by reference the information required by Item 10 of Form 10-K from the information appearing in our definitive Proxy Statement relating to our 2018 annual meeting of stockholders, which was filed on April 20, 2018 (within 120 days after our fiscal year ended December 31, 2017).

Code of Ethics

Our code of ethics, which is signed by directors and executive officers of the Company, requires that directors and executive officers avoid any conflict, or the appearance of a conflict, between an individual's personal interests and the interests of the Company. Pursuant to the code of ethics, ratified and confirmed as of December 6, 2016, which is available on our website under the "Corporate Governance" link under the "Princeton Capital Corporation" link at *www.princetoncapitalcorp.com*, each director and executive officer must disclose any conflicts of interest, or actions or relationships that might give rise to a conflict, to the audit committee. Certain actions or relationships that might give rise to a conflict of interest are reviewed and approved by the board of directors.

Item 11. EXECUTIVE AND DIRECTOR COMPENSATION

We hereby incorporate by reference the information required by Item 10 of Form 10-K from the information appearing in our definitive Proxy Statement relating to our 2018 annual meeting of stockholders, which was filed on April 20, 2018 (within 120 days after our fiscal year ended December 31, 2017).

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

We hereby incorporate by reference the information required by Item 10 of Form 10-K from the information appearing in our definitive Proxy Statement relating to our 2018 annual meeting of stockholders, which was filed on April 20, 2018 (within 120 days after our fiscal year ended December 31, 2017).

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We hereby incorporate by reference the information required by Item 10 of Form 10-K from the information appearing in our definitive Proxy Statement relating to our 2018 annual meeting of stockholders, which was filed on April 20, 2018 (within 120 days after our fiscal year ended December 31, 2017).

Item 14. PRINCIPAL ACCOUNTANTS FEES AND SERVICES

We hereby incorporate by reference the information required by Item 10 of Form 10-K from the information appearing in our definitive Proxy Statement relating to our 2018 annual meeting of stockholders, which was filed on April 20, 2018 (within 120 days after our fiscal year ended December 31, 2017).

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a. Documents Filed as Part of this Report

The following financial statements are set forth in Item 8:

b. Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

Exhibit	Description
2.1	Agreement and Plan of Merger between Regal One Corporation and Princeton Capital Corporation (Incorporated by reference from Exhibit 2.1 of the Registrant's Current Report on Form 8-K, filed on March 19, 2015).
3.1	Articles of Amendment and Restatement (Incorporated by reference from Exhibit 3.2 of the Registrant's Current Report on Form 8-K, filed on March 19, 2015).
3.2	Articles of Amendment of Princeton Capital Corporation (Incorporated by reference from Exhibit 3.2 of Registrant's Annual Report on Form 10-K, filed on December 14, 2016).
3.3	Bylaws (Incorporated by reference from Exhibit 3.3 of the Registrant's Current Report on Form 8-K, filed on March 19, 2015).
3.4	Second Amendment to Bylaws (Incorporated by reference from Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed on February 27, 2018).
4.1	Form of Stock Certificate (Incorporated by reference from Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed on March 19, 2015).
10.1	Investment Advisory Agreement between Registrant and Princeton Investment Advisors, LLC (Incorporated by reference from Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed on March 19, 2015).
10.2	Custody Agreement between Registrant and U.S. Bank, N.A. (Incorporated by reference from Exhibit 10.2 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.3	Administration Agreement between Registrant and PCC Administrator LLC (Incorporated by reference from Exhibit 10.3 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.4	Dividend Reinvestment Plan (Incorporated by reference from Exhibit 10.4 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.5	License Agreement between the Registrant and Princeton Investment Advisors, LLC (Incorporated by reference from Exhibit 10.5 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.6	Form of Indemnification Agreement between the Registrant and the executive officers and directors. (Incorporated by reference from Exhibit 10.6 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.7	Amended and Restated Indemnification Agreement between the Registrant and Mark DiSalvo, dated as of September 27, 2017 (Incorporated by reference from Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q, filed on August 28, 2018).
10.8	Investment Advisory Agreement between Registrant and Princeton Advisory Group, Inc. (Incorporated by reference from Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q, filed on July 12, 2017)
10.9	Investment Advisory Agreement between Registrant and House Hanover, LLC (Incorporated by reference from Exhibit 10.1 of Registrant's Current Report on Form 8-K, filed on May 31, 2018)
14.1	Code of Ethics (Incorporated by reference from Exhibit 14.1 of Registrant's Annual Report on Form 10-K, filed on December 14, 2016).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.
32*	Certification of Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
99.1*	Audited Financial Statements of Rockfish Seafood Grill, Inc.as of and for the years ended December 27, 2017 and December 28, 2016.
99.2*	Audited Financial Statements of Advantis Certified Staffing Solutions, Inc. as of and for the year ended December 31, 2017.
99.3*	Audited Financial Statements of Advantis Certified Staffing Solutions, Inc. as of and for the year ended December 31, 2016.
99.4	Audited Financial Statements of Rockfish Seafood Grill, Inc.as of and for the years ended December 28, 2016 and December 30, 2015 (Incorporated by reference from Exhibit 99.1 of Registrant's Annual Report on Form 10-K, filed on April 6, 2018).
99.5	Audited Financial Statements of Advantis Certified Staffing Solutions, Inc. as of and for the year ended December 31, 2015. (Incorporated by reference from Exhibit 99.2 of Registrant's Annual Report on Form 10-K, filed on December 14, 2016).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Princeton Capital Corporation

By: /s/ Mark S. DiSalvo
Mark S. DiSalvo
Interim Chief Executive Officer

Dated: November 30, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

NAME	TITLE	DATE
/s/ Mark S. DiSalvo Mark S. DiSalvo	Interim Chief Executive Officer and Director, (Principal Executive Officer)	November 30, 2018
/s/ Gregory J. Cannella Gregory J. Cannella	Chief Financial Officer (Principal Financial and Accounting Officer)	November 30, 2018
/s/ Darren Stainrod Darren Stainrod	Director	November 30, 2018
/s/ Martin Laidlaw Martin Laidlaw	Director	November 30, 2018
/s/ Greg Bennett Greg Bennett	Director	November 30, 2018

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Mark S. DiSalvo, certify that:

1. I have reviewed this Annual Report on Form 10-K of Princeton Capital Corporation (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 30, 2018

/s/ Mark S. DiSalvo
Mark S. DiSalvo
Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Gregory J. Cannella, certify that:

1. I have reviewed this Annual Report on Form 10-K of Princeton Capital Corporation (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 30, 2018

/s/ Gregory J. Cannella
Gregory J. Cannella
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, who are the Interim Chief Executive Officer and Chief Financial Officer of Princeton Capital Corporation (the "Company"), each hereby certify that to the best of his knowledge (1) this Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 30, 2018

/s/ Mark S. DiSalvo
Mark S. DiSalvo
Interim Chief Executive Officer
(Principal Executive Officer)

Date: November 30, 2018

/s/ Gregory J. Cannella
Gregory J. Cannella
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 99.1

Rockfish Seafood Grill, Inc.

Independent Auditor's Report and Consolidated Financial Statements

December 27, 2017 and December 28, 2016

BKD LLP

CPAs & Advisors

Rockfish Seafood Grill, Inc.
December 27, 2017 and December 28, 2016

Contents

BKD LLP
CPAs & Advisors

14241 Dallas Parkway, Suite 1100 // Dallas, TX 75254-2961
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Independent Auditor's Report

Board of Directors
Rockfish Seafood Grill, Inc.
Richardson, Texas

We have audited the accompanying consolidated financial statements of Rockfish Seafood Grill, Inc. and its subsidiary (the Company), which comprise the consolidated balance sheets as of December 27, 2017 and December 28, 2016, and the related consolidated statements of operations, changes in stockholder's deficit and cash flows for the years ended December 27, 2017 and December 28, 2016, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rockfish Seafood Grill, Inc. and its subsidiary as of December 27, 2017 and December 28, 2016, and the results of their operations and their cash flows for the years ended December 27, 2017 and December 28, 2016, in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Dallas, Texas
April 10, 2018

Rockfish Seafood Grill, Inc.
Consolidated Balance Sheets
December 27, 2017 and December 28, 2016

	December 27, 2017	December 28, 2016
Assets		
Current Assets		
Cash	$ 5,102	$ 24,641
Inventories	135,115	129,318
Prepaid expenses and other current assets	49,044	29,656
Total current assets	189,261	183,615
Property and Equipment, Net	2,374,933	3,043,344
Other Assets		
Intangibles, net	408,250	526,250
Deposits	67,888	64,415
Other	56,461	92,500
Total other assets	532,599	683,165
Total assets	$ 3,096,793	$ 3,910,124
Liabilities and Stockholder's Deficit		
Current Liabilities		
Bank overdraft	$ 14,377	$ 205,309
Related party debt	8,577,854	8,027,034
Accounts payable	1,139,485	1,855,450
Accrued expenses	654,102	403,203
Related party accrued interest	1,071,937	529,137
Deferred revenue	36,970	30,687
Total current liabilities	11,494,725	11,050,820
Long-term Liabilities		
Deferred rent	380,530	510,550
Total long-term liabilities	380,530	510,550
Total liabilities	11,875,255	11,561,370
Stockholder's Deficit		
Common stock, $.001 par value; 1,000,000 shares authorized; 1,000 shares issued and outstanding	1	1
Additional paid-in capital	9,029,237	9,029,237
Accumulated deficit	(17,807,700)	(16,680,484)
Total stockholder's deficit	(8,778,462)	(7,651,246)
Total liabilities and stockholder's deficit	$ 3,096,793	$ 3,910,124

See Notes to Consolidated Financial Statements

Rockfish Seafood Grill, Inc.
Consolidated Statements of Operations
Years Ended December 27, 2017 and December 28, 2016

	Year Ended December 27, 2017	Year Ended December 28, 2016
Restaurant Revenue	$ 18,688,916	$ 19,990,193
Cost of Revenues	5,910,225	6,452,953
Gross profit	12,778,691	13,537,240
Operating Costs and Expenses		
Restaurant expenses	10,985,555	11,804,952
Depreciation and amortization of property and equipment and intangibles	840,115	884,322
Impairment loss	-	192,728
General and administrative	1,092,926	1,687,292
Total operating costs and expenses	12,918,596	14,569,294
Operating Loss	(139,905)	(1,032,054)
Related Party Interest Expense	954,279	1,020,910
Provision for State Income Taxes	33,032	38,122
Net Loss	$ (1,127,216)	$ (2,091,086)

See Notes to Consolidated Financial Statements

Rockfish Seafood Grill, Inc.
Consolidated Statements of Changes in Stockholder's Deficit
Years Ended December 27, 2017 and December 28, 2016

	Common Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance, December 24, 2015	1,000	$ 1	$ 9,029,237	$ (14,589,398)	$ (5,560,160)
Net loss	-	-	-	(2,091,086)	(2,091,086)
Balance, December 28, 2016	1,000	1	9,029,237	(16,680,484)	(7,651,246)
Net loss	-	-	-	(1,127,216)	(1,127,216)
Balance, December 27, 2017	1,000	$ 1	$ 9,029,237	$ (17,807,700)	$ (8,778,462)

See Notes to Consolidated Financial Statements

Rockfish Seafood Grill, Inc.
Consolidated Statements of Cash Flows
Years Ended December 27, 2017 and December 28, 2016

	Year Ended December 27, 2017	Year Ended December 28, 2016
Operating Activities		
Net loss	$ (1,127,216)	$ (2,091,086)
Items not requiring cash		
Depreciation and amortization of property and equipment and intangibles	840,114	884,322
Noncash interest expense	-	17,058
Impairment loss	-	192,728
Paid in kind interest on related party debt	410,820	381,500
Changes in		
Inventories	(5,797)	34,203
Prepaid expenses and other current assets	(19,388)	282,184
Deposits	(3,473)	-
Other assets	36,039	(92,500)
Accounts payable	(715,965)	14,121
Accrued expenses	250,240	(378,752)
Deferred revenue	6,283	5,575
Deferred rent	(130,020)	(7,116)
Related party accrued interest	543,459	397,323
Net cash provided by (used in) operating activities	85,096	(360,440)
Investing Activities		
Purchase of property and equipment	(53,703)	(118,019)
Net cash used in investing activities	(53,703)	(118,019)
Financing Activities		
Bank overdraft	(190,932)	73,100
Proceeds from issuance of related party debt	140,000	430,000
Net cash provided by (used in) financing activities	(50,932)	503,100
Increase (Decrease) in Cash	(19,539)	24,641
Cash, Beginning of Year	24,641	-
Cash, End of Year	$ 5,102	$ 24,641
Supplemental Cash Flows Information		
Interest paid	$ -	$ 206,279
State income taxes paid	$ 23,894	$ 57,330

See Notes to Consolidated Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Rockfish Seafood Grill, Inc. is a Delaware Corporation formed on June 18, 2008, for the purpose of acquiring the net assets of Rockfish Seafood Grill, LLC on July 28, 2008. The Company currently operates 11 restaurants in Texas under the name Rockfish Seafood Grill. The Company is 100% owned by Rockfish Holdings, LLC (Parent). Rockfish Seafood Grill, Inc. owns 100% of a subsidiary, Rockfish Beverage Corporation, Inc. (collectively, the Company).

The consolidated financial statements include the accounts of Rockfish Seafood Grill, Inc. and its 100% owned subsidiary. All significant intercompany accounts and transactions have been eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include, but are not limited to the assessment of recoverability of property and equipment and intangible assets.

Fiscal Year

The Company reports on a 52/53 week period. The years ended December 27, 2017, and December 28, 2016, both consisted of 52 weeks.

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less and credit card clearing accounts to be cash equivalents.

Inventory

Inventories consist of food, beverages and alcohol, and are stated at the lower of cost using the first-in, first-out method or net realizable value.

Property and Equipment

Property and equipment are stated at the fair value established at the date the Company acquired the assets in a business combination or cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the expected lease term or their respective estimated useful lives. The estimated lease term is based on the likely period of the leasing arrangement including renewal periods.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Leasehold improvements	11-15 years
Restaurant equipment	5-10 years
Furniture, fixtures and computer equipment	3-7 years

Intangible Assets

Effective June 28, 2012, the beginning of fiscal 2013, the Company began amortizing the tradename and recipes on a straight-line basis over their respective estimated remaining useful lives. The Company assigned a 10-year life for the tradename and a five-year life for the recipes. During the year ended December 28, 2016, because of operating performance indicators, the Company determined that impairment indicators did exist and performed an impairment test for its tradename and recipes. That analysis includes estimates such as projected revenues (Level 3 input), royalty rates and discount rates. Management concluded that these assets were not impaired. Level 3 inputs are unobservable inputs supported by little or no market activity and are significant inputs to the fair value determination of assets or liabilities. For the year ended December 27, 2017, management determined that no impairment indicators existed.

Long-Lived Assets Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. The Company does not perform a periodic assessment of assets for impairment in the absence of such information or indicators. Conditions that would necessitate an impairment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

During the year ended December 28, 2016, the Company determined that impairment indicators for certain restaurant locations indicated that the carrying value of leasehold improvements, equipment and furniture and fixtures may not be recoverable. The impairment indicators resulted from poor operating performance at these locations. An impairment charge of approximately $193,000 was recorded during the year ended December 28, 2016, related to one restaurant location. There were no impairment indicators during the year ended December 27, 2017, and no impairment charge was recorded. Fair value was determined using projected cash flows of the respective discrete locations which are considered to be Level 3 fair value inputs. Level 3 inputs are unobservable inputs supported by little or no market activity and are significant inputs to the fair value determination of assets or liabilities. The impairment losses have been recorded in the accompanying consolidated statements of operations.

Deferred Rent

Certain of the Company's operating leases contain predetermined fixed increases of the minimum rental rate during the lease term. For these leases, the Company recognizes rent expense on a straight-line basis over the minimum lease term plus expected renewals and records the difference between the amounts charged to expense and the rent paid as deferred rent. Any lease incentives or allowances are recorded as deferred rent and amortized on a straight-line basis over the expected life of the lease as a reduction in rent expense.

Revenue Recognition

Revenue from the sale of food, beverage and alcohol is recognized as the products are sold. Proceeds from the sale of gift cards are recorded as deferred revenue and recorded into revenue as redeemed. The Company also records into revenue an estimate of gift cards that are not expected to be redeemed based on historical redemption patterns. Promotions and comps, totaling approximately $944,500 and $960,000 for the years ended December 27, 2017 and December 28, 2016, respectively, are recorded as a reduction to revenues.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes).* The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more-likely-than-not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more-likelythan-not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to the management's judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying consolidated statements of operations on a net basis and accordingly, are not included in revenues.

Advertising

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 27, 2017 and December 28, 2016, totaled approximately $137,000 and $148,000, respectively, and is included in restaurant expenses in the accompanying consolidated statements of operations.

Pre-opening Expenses

Salaries, personnel training costs and other expenses of opening new restaurants are charged to expense as incurred.

Note 2: Liquidity Matters and Management's Plans

The Company incurred a net loss of approximately $1,127,000 during the year ended December 27, 2017. At December 27, 2017, the Company had a working capital deficiency of approximately $11,305,000, including related party debt.

In March 2015, the Company restated its related party notes to increase the face value of the note to $6,517,686, to remove the financial covenants under the agreement and to extend the maturity date of the note to March 31, 2018. In June 2015, the Company restated its related party note with Princeton Capital Corporation (Princeton), the majority owner of Rockfish Holdings, LLC, to reduce the face value of the note to $5,950,000 and amend the interest rate to be 14% payable quarterly with the ability of the Company to pay in kind up to 6% of the interest payments.

Additionally, in June 2015, the Company also entered into a revolving promissory note with Princeton in the amount of $1,250,000. The revolving promissory note has been amended to bring the maximum balance to $1,491,000 at December 28, 2016, and increased to $1,621,000 at December 27, 2017. The note bears interest at 8% and matured June 29, 2017, and was extended to December 31, 2018.

During the years ended December 27, 2017 and December 28, 2016, the Company failed to pay required interest payments on both its notes with Princeton, and the notes are in default.

To address operating performance among other steps, management has continued to reduce operating costs which are expected to further impact the year ended 2018 positively. The Company's ability to service its debt and other obligations as they come due is dependent on continuing to improve its performance, the continued willingness of its majority owner, Princeton, to not require repayments of debt or accrued interest and the continued financial support to provide the necessary funding to support operating cash flow needs. The Company received a written commitment from Princeton to fund operating cash flow needs through April 2019.

Note 3: Property and Equipment

Property and equipment consists of the following:

	December 27, 2017	December 28, 2016
Leasehold improvements	$ 5,968,155	$ 5,950,762
Furniture, fixtures and computer equipment	663,274	642,785
Restaurant equipment	1,564,948	1,549,127
Total	8,196,377	8,142,674
Less accumulated depreciation and amortization	(5,821,444)	(5,099,330)
Property and equipment, net	$ 2,374,933	$ 3,043,344

Depreciation and amortization expense of property and equipment for the years ended December 27, 2017 and December 28, 2016, totaled $722,114 and $736,822, respectively.

Note 4: Intangible Assets

The carrying basis and accumulated amortization of recognized intangible assets were as follows:

	December 27, 2017		
	Gross	Accumulated Amortization	Net
Amortized intangible assets			
Tradename	$ 895,000	$ (486,750)	$ 408,250
Recipes	295,000	(295,000)	-
Intangible assets	$ 1,190,000	$ (781,750)	$ 408,250

	December 28, 2016		
	Gross	Accumulated Amortization	Net
Amortized intangible assets			
Tradename	$ 895,000	$ (398,250)	$ 496,750
Recipes	295,000	(265,500)	29,500
Intangible assets	$ 1,190,000	$ (663,750)	$ 526,250

Amortization expense for the years ended December 27, 2017, was $118,000 and December 28, 2016, was $147,500. At December 27, 2017, and the weighted-average remaining amortization period was 4.51 years.

Estimated future amortization of intangible assets are as follows for the years ending after December 27, 2017:

2018	$ 88,500
2019	88,500
2020	88,500
2021	88,500
2022	54,250
	$ 408,250

Note 5: Related Party Debt and Accrued Interest

In June 2015, the Company restated its related party note with Princeton to reduce the face value of the note to $5,950,000 and amend the interest rate to be 14% payable quarterly with the ability of the Company to pay in kind up to 6% of the interest payments (see *Note 2).*

Additionally, in June 2015, the Company also entered into a revolving promissory note with Princeton in the amount of $1,250,000. The revolving promissory note has been amended to bring the maximum balance to $1,491,000 at December 28, 2016, and increased to $1,621,000 at December 27, 2017. The note bears interest at 8% and matures December 31, 2018.

At December 27, 2017, the remaining outstanding debt with Princeton consists of a $5,950,000 senior secured promissory note plus accrued paid in kind interest of $1,006,854 added into this note balance that matures March 31, 2018, and a senior revolving note with a balance of $1,621,000 that matures December 31, 2018. During the years ended December 27, 2017 and December 28, 2016, the Company failed to pay required interest payments, and both notes are in default. As a result, both promissory notes are due currently and are classified as currently due in the accompanying December 27, 2017 and December 28, 2016, consolidated balance sheets. Management is in the process of extending the senior secured promissory note. The amount due for interest not paid in kind totaled $1,071,937 and $529,137 at December 27, 2017 and December 28, 2016, respectively.

Note 6: Stock Options

The Company issued stock options to executive members of management during the year ended June 26, 2013. The stock options vest over a period of 10 years and expire if unexercised after 10 years. The options have accelerated vesting provisions if certain financial performance measures are met or a change of control event occurs. At December 27, 2017 and December 28, 2016, there were 194.8052 options outstanding, all of which had vested. The value of these options at the grant date was determined to be insignificant.

Note 7: Operating Leases

The Company leases restaurant facilities and office space under operating leases having terms expiring at various dates through December 2027. Generally, the restaurant leases have renewal clauses to extend the terms of the various leases for periods ranging from five to 20 years at the option of the Company. Certain restaurant leases contain provisions for contingent rent based upon a percentage of gross sales, as defined in the lease agreements. Rent expense for the years ended December 27, 2017 and December 28, 2016, was approximately $1,228,000 and $1,890,000, respectively. No contingent rental amounts were incurred during the years ended December 27, 2017 and December 28, 2016.

Future minimum lease payments at December 27, 2017, were as follows:

2018	$ 1,407,073
2019	1,365,457
2020	1,387,937
2021	1,347,956
2022	1,012,735
Thereafter	2,157,997
	$ 8,679,155

Note 8: Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction and two state jurisdictions. Deferred taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The temporary differences that give rise to the Company's deferred tax assets and liabilities at December 27, 2017 and December 28, 2016, are as follows:

	2017	**2016**
Current deferred tax asset (liability)		
Accrued expenses	$ 21,500	$ 32,100
Deferred rent	79,900	173,600
Other	3,100	5,600
Valuation allowance	(104,500)	(211,300)
Total current deferred tax asset	$ -	$ -
Long-term deferred tax asset (liability)		
Property and equipment	$ 172,900	$ 227,400
Related party interest	436,700	312,400
Intangibles	276,100	517,300
Net operating loss carryforward	1,888,900	3,026,500
Valuation allowance	(2,774,600)	(4,083,600)
Total long-term deferred tax asset	$ -	$ -

Differences between statutory income tax rates and the Company's effective income tax rate for the years ended December 27, 2017 and December 28, 2016, were primarily caused by the decrease in the valuation allowance, which at December 27, 2017 and December 28, 2016, totaled approximately $2,879,000 and $4,295,000, respectively, amounts not deductible for income tax purposes and other adjustments. The valuation allowance decreased by approximately $1,416,000 from December 28, 2016 to December 27, 2017, and increased by approximately $1,320,000 from the prior fiscal year-end to December 28, 2016 primarily due to additional losses.

On December 22, 2017, the United States enacted tax reform legislation through the Tax Cuts and Jobs Act, which significantly changes the existing U.S. tax laws, including a reduction in the corporate tax rate from 35% to 21%, as well as other changes. As a result of enactment of the legislation, the Company's net deferred tax assets and valuations were reduced by approximately $1,782,000.

The Company has a federal net operating loss carryforward of approximately $8,995,000 at December 27, 2017, that begins to expire in 2029. The net operating loss carryforward may be limited because of ownership changes as defined in Section 382 of the Internal Revenue Code.

Note 9: Accrued Expenses

Accrued expenses consist of the following:

	December 27, 2017	December 28, 2016
Payroll and payroll related	$ 392,550	$ 157,375
Property taxes	74,411	91,299
Sales and use taxes	118,902	112,668
Other	68,239	41,861
Total	$ 654,102	$ 403,203

Note 10: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

Vendor Concentrations

Purchases from two vendors represented approximately 78% and 67% of the Company's cost of revenues for the years ended December 27, 2017 and December 28, 2016, respectively.

Note 11: Subsequent Events

Subsequent events have been evaluated through April 10, 2018, which is the date the consolidated financial statements were available to be issued.

Exhibit 99.2

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

CONSOLIDATED FINANCIAL STATEMENT

DECEMBER 31, 2017

(With Independent Auditor's Report Thereon)

Insight. Oversight. Foresight.SM

DoerenMayhew
CPAs AND ADVISORS

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

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DoerenMayhew
CPAs AND ADVISORS

One Riverway, Ste. 1200
Houston, Texas 77056
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INDEPENDENT AUDITOR'S REPORT

To Board of Directors
of **Advantis Certified Staffing Solutions, Inc.**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Advantis Certified Staffing Solutions, Inc., which comprise the consolidated balance sheet as of December 31, 2017, and the related statements of operations, stockholders' deficit and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 the consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

DoerenMayhew

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements referred to above presents fairly, in all material respects, the financial position of Advantis Certified Staffing Solutions, Inc. as of December 31, 2017, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Doeren Mayhew

Houston, Texas
July 9, 2018

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2017

Assets	
Current assets:	
Cash	$ 112,711
Accounts receivable	2,354,858
Accrued receivables	424,019
Prepaid expense and other assets	54,583
Total current assets	2,946,171
Property and equipment, net (note 3)	-
Goodwill (note 10)	1,895,425
Total assets	$ 4,841,596
Liabilities and Stockholders' Deficit	
Current liabilities:	
Accounts payable	$ 401,794
Advance facility (note 4)	1,915,021
Related party notes payable (note 5)	813,225
Capital lease payable, current (note 7)	8,499
Accrued liabilities:	
Federal payroll taxes, penalties and interest (note 2)	2,675,892
State payroll taxes, penalties and interest (note 2)	114,793
Interest	408,850
Other	235,676
Total current liabilities	6,573,750
Long term debt (note 6)	2,065,607
Capital lease obligation, net of current (note 7)	2,243
Related party notes payable (note 5)	4,500,000
Total liabilities	13,141,600
Stockholders' equity (deficit):	
Capital stock (note 11):	
Series A common stock - par value $.01 per share; authorized 90,000,000 shares, issued and outstanding 750,000 shares	7,500
Series B common stock - par value $.01 per share; authorized 10,000,000 shares, issued and outstanding 9,500,000 shares	95,000
Additional paid in capital	16,193,712
Retained earnings (deficit)	(24,596,216)
Total stockholders' deficit	(8,300,004)
Total liabilities and stockholders' deficit	$ 4,841,596

See accompanying notes to consolidated financial statements.

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017

Sales	$ 14,695,110
Direct cost	
Payroll taxes, benefits and workers' compensation costs	11,081,546
Gross profit	3,613,564
Selling, general and administrative	4,258,977
Loss from operations	(645,413)
Other income (expense):	
Interest expense	(744,949)
Loss on disposal of assets	(50,633)
Other income	147,494
Total other income (expense)	(648,088)
Net loss	$ (1,293,501)

See accompanying notes to consolidated financial statements.

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
YEAR ENDED DECEMBER 31, 2017

	Common Stock	Additional Paid In Capital	Retained Earnings (Deficit)	Total
Balance December 31, 2016	$ 102,500	$ 16,193,712	$ (23,302,715)	$ (7,006,503)
Net loss	-	-	(1,293,501)	(1,293,501)
Balance, December 31, 2017	$ 102,500	$ 16,193,712	$ (24,596,216)	$ (8,300,004)

See accompanying notes to consolidated financial statements.

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities:	
Net loss	$ (1,293,501)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	323,727
Realized losses on disposal of equipment	50,634
Change in operating assets and liabilities:	
Accounts receivable	178,804
Accrued receivables	(269,437)
Prepaid and other assets	22,757
Accounts payable	132,279
State payroll taxes, penalties and interest	(56,431)
Accrued interest	382,636
Other	(41,230)
Net cash used in operating activities	(569,762)
Cash flows from financing activities:	
Proceeds from related party notes payable	813,225
Net repayments of line of credit	(168,421)
Payments on capital lease obligations	(6,892)
Net cash provided by financing activities	637,912
Net increase in cash	68,150
Cash and cash equivalents, beginning of year	44,561
Cash and cash equivalents, end of year	$ 112,711
Supplemental disclosure of cash flow information:	
Cash paid for taxes	$ 47,088
Cash paid for interest	$ 514,559

See accompanying notes to consolidated financial statements.

Note 1 - Nature of Operations

Advantis Certified Staffing Solutions, Inc. (the Company) was incorporated in the state of Texas in December 2007. The principal business of the Company is to provide contract, temporary and direct hire staffing solutions in the healthcare, clerical, construction, light industrial, medical, and professional industries. The Company has locations in Texas and Michigan.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements is as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Advantis Certified Staffing Solutions, Inc. and its wholly-owned subsidiaries: Advantis Managed Solutions, LLC, Advantis Occupational Health, LLC, and Advantis Certified Companies, LLC. All material intercompany accounts, transactions, and earnings have been eliminated in the accompanying consolidated financial statements.

Revenue Recognition

The Company recognizes revenue based on the applicable billable rate for the number of hours worked during a pay period obtained from time cards that are provided and approved by the customer for contract and temporary employees. At December 31, 2017 the Company had $135,816 of accrued receivables representing hours worked that had not been billed to customers. Revenue is recognized upon hiring for employees directly hired by customers.

Accounts Receivable

Accounts receivable are carried at invoiced amounts due from customers. An allowance for doubtful accounts is established based on a specific assessment of all balances that remain unpaid following normal payment periods. Amounts deemed uncollectible are written-off in the period that determination is made. There was no allowance for doubtful accounts at December 31, 2017.

Property and Equipment

Property and equipment are stated at cost and are depreciated using straight-line depreciation methods. Depreciation is provided over the estimated useful lives of 5-7 years of the related assets.

Expenditures for additions, major renewal, and betterments are capitalized. Expenditures for maintenance and repairs are charged against income as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income.

Continued

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statement and consist of taxes currently due, plus deferred taxes related to differences between the financial and income tax reporting basis of the Company's assets and liabilities. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred income taxes are also recognized for operating losses that are available to offset future taxable income and tax credits that are available to offset future federal income taxes. The effect on deferred taxes of a change in tax rates is recognized in income or expense in the period that includes the enacted rate. All deferred tax assets have been fully allowed for at December 31, 2017.

The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Company had no material uncertain tax positions as of December 31, 2017.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2014.

Included in accrued liabilities are amounts owed for delinquent federal and state payroll taxes totaling $2,790,685. Included in this number are penalties of $717,053 and interest of $785,624. The Company is currently in forbearance with the federal government and is in negotiation with each of the taxing authorities to structure a payback through various programs. As none of the agreements are finalized all of the amounts are shown as current liabilities.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, receivables, and accounts payable. Management believes the carrying amounts of these financial instruments approximate their fair values due to their short-term nature.

Employee Benefit Plan

The Company maintains a 401(k) plan whereby eligible employees may make voluntary contributions through payroll deductions not to exceed the maximum contribution established by the Internal Revenue Service. For those employees making voluntary contributions, the Company has the option to make discretionary matching and profit sharing contributions. No matching payments were made by the Company for the year ended December 31, 2017.

Continued

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at December 31, 2017, and revenues and expenses during the year then ended. Actual results could differ from those estimates.

Note 3 - Property and Equipment

Property and equipment consist of the following at December 31, 2017:

Computer equipment	$ 21,857
Less accumulated depreciation	(21,857)
Property and equipment, net	$ -

Depreciation expense for the year ended December 31, 2017 amounted to $34,569

Note 4 - Advance Facility

The Company's arrangement with its lending institution includes an accounts receivable advance facility agreement. Through this agreement the Company receives and advance of 85% of accounts receivable delivered for advance. The agreement makes the advance on invoiced amounts, less a funding fee of prime plus 2.50% with a floor of 5.75%. In addition, the agreement provides for a fee of .70% for the first 30 days that an account is unpaid with an additional .12% fee every 5 days thereafter that the account remains unpaid. The facility limit was $5,000,000 with $1,915,021 outstanding at December 31, 2017. Interest charged on this facility amounted to $354,714 for the year ended December 31, 2017.

Note 5 - Related Party Transactions/Uncertainty

In 2007, the Company borrowed $5,250,000 under the terms of a senior subordinated shareholder note. The note has a stated interest rate of 12.5% per annum which is applied to unpaid principal. The note also has an additional 5.5% per annum default rate. The Company was in default under the terms of the agreement beginning in March 2009. In August 2015 the note was amended to remove the financial covenants entirely.

In December 2016, the note was amended and restated to forgive all outstanding interest and reduce the principle of the note. The amended and restated note has a principle amount of $4,500,000, interest rate of 6.0% and is due in full with all outstanding and payable interest on November 30, 2021. As such, the principle amount is shown as long-term. The balance outstanding on the note at December 31, 2017 was $4,500,000.

Continued

Note 5 - Related Party Transactions/Uncertainty (Continued)

Accrued interest expense related to this note amounted to $270,000 at December 31, 2017.

Interest expense for the year ended December 31, 2017 amounted to $270,000.

During 2017, the Company borrowed $813,225 under the terms of majority shareholder bridge loans. The loans have a stated interest rate of 5% per annum, which is applied to unpaid principal. On January 1, 2018, these loans were consolidated into one bridge loan which is due in full, with all outstanding and payable interest, on December 31, 2018. The balance outstanding on the loans at December 31, 2017 was $813,225.

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. The Company has accumulated net losses and a working capital deficit. The Company has been dependent on the majority shareholder in funding operations.

In view of these matters, realization of a major portion of the assets in the accompanying consolidated balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the majority shareholder not calling the note payable and related accrued interest due. In addition, the Company is dependent on its majority shareholder to fund the payoff of the outstanding delinquent federal and state payroll tax. Management believes that the majority shareholder will not call these amounts due and will continue to fund the Company including the payoff of the delinquent taxes, which will provide the opportunity for the Company to continue as a going concern.

Note 6 - Notes Payable

The following is a summary of notes payable outstanding at December 31, 2017:

	Amount
Note payable to various third parties of $765,607, unsecured, bearing interest rates varying from 4.75% to 10%. There are currently no specific repayment terms.	$ 765,607
Note payable to former shareholder of $1,300,000, bearing interest at 8.00% secured by specific guarantee of majority shareholder. Note provides for quarterly principal payments of $108,333 starting January 2017 through October 2019, limited by cash flow requirements.	1,300,000
Total long-term debt	2,065,607
Less: current portion of notes payable	-
Total long-term portion of notes payable	$ 2,065,607

Continued

Note 6 - Notes Payable (Continued)

The aggregate maturities of notes payable are as follows:

Years Ending December 31:	Amount
2019	$ 1,300,000
Thereafter	765,607
Total	$ 2,065,607

Interest expense relating to these notes amounted to $130,214 for the year ended December 31, 2017.

Note 7 - Capital Lease Obligation

The Company has a capital lease obligations for equipment that was acquired. The capital lease obligations require forty-eight payments of $611 per month at an interest rate of 8.44% and $148 per month at an interest rate of 10.08%. The equipment leases expire in March 2019 at which time the Company can purchase the equipment for $1. As of December 31, 2017, the total amount due under the capital lease obligations amount to $10,742 and the net book value of the equipment amounted to $-0-.

As of December 31, 2017, the future principal payments on capital lease obligations are as follows:

Years Ending December 31,	Amount
2018	$ 8,499
2019	2,243
Total	$ 10,742

Continued

Note 8 - Operating Leases

The Company leases its office facilities and some equipment under non-cancellable agreements which expire at various times through May 2020, and require monthly rentals of varying amounts plus the payment of property taxes, insurance, repairs and utilities. The company also rents office facilities under a month to month lease.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of December 31, 2017.

Years Ending December 31,	Amount
2018	$ 41,320
2019	1,643
2020	684
Total	$ 43,647

Rent expense amount to $194,655 for the year ended December 31, 2017.

Note 9 - Risks

Credit Risk

The Company maintains cash balances at several financial institutions, which from time to time may exceed federally insured limits. Accounts are guaranteed by the FDIC up to $250,000 per depositor. Management believes that the credit risk exposure is mitigated by the financial strength of the banking institutions in which the deposits are held.

Approximately 65% of the Company's sales for the year ended December 31, 2017 were from one customer. Approximately 72% of total accounts receivable at December 31, 2017 were from one customer.

Note 10 - Goodwill

The excess of purchase price over the fair value of identifiable net assets acquired in business combinations is recorded as goodwill. The Company is amortizing goodwill over ten years. At December 31, 2017, the accumulated amortization is $1,123,793 and the net value of goodwill is $1,895,425. Amortization expense for the year ended December 31, 2017 amounted to $289,151.

Continued

Note 11 - Capital Stock

At December 31, 2017, the Company had common stock reserved for the following reasons:

Exercise of stock warrants	$ 300,000

The stock warrants provide for 250,000 shares of series A shares to be purchased for par value. In addition, warrants exist that provide the holder with series A shares equal to 5% of the total number of fully diluted shares at the time of exercise. At December 31, 2017, this would have represented 50,000 shares of series A stock. These warrants all expire in January 2027.

Note 12 - Subsequent Events

Subsequent to year end, the company settled an on-going lawsuit in the amount of $100,000, payable during 2018.

Management has evaluated subsequent events through July 9, 2018, the date which the Company's consolidated financial statements were available to be issued. Management has determined that no other subsequent events require recognition or disclosure in the consolidated financial statements.

*** * * End of Notes * * ***

Exhibit 99.3

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

CONSOLIDATED FINANCIAL STATEMENT

DECEMBER 31, 2016

(With Independent Auditor's Report Thereon)

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DoerenMayhew CPAs AND ADVISORS

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

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DoerenMayhew
CPAs AND ADVISORS

One Riverway, Ste. 1200
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INDEPENDENT AUDITOR'S REPORT

To Board of Directors
of **Advantis Certified Staffing Solutions, Inc.**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Advantis Certified Staffing Solutions, Inc., which comprise the consolidated balance sheet as of December 31, 2016, and the related statements of operations, stockholders' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 the consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

DoerenMayhew

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements referred to above presents fairly, in all material respects, the financial position of Advantis Certified Staffing Solutions, Inc. as of December 31, 2016, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Doeren Mayhew

Houston, Texas
March 22, 2018

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2016

Assets	
Current assets:	
Cash	$ 44,561
Accounts receivable	2,533,669
Accrued receivables	154,582
Prepaid expense and other assets	77,340
Total current assets	2,810,152
Property and equipment, net (note 3)	85,203
Goodwill (note 10)	2,184,576
Total assets	$ 5,079,931
Liabilities and Stockholders' Deficit	
Current liabilities:	
Accounts payable	$ 269,515
Advance facility (note 4)	2,083,442
Notes payable, current (note 6)	433,333
Capital lease payable, current (note 7)	7,789
Accrued liabilities:	
Federal payroll taxes, penalties and interest (note 2)	2,675,891
State payroll taxes, penalties and interest (note 2)	171,225
Interest	26,214
Other	276,906
Total current liabilities	5,944,315
Long term debt, net of current (note 6)	1,632,274
Capital lease obligation (note 7)	9,845
Related party note payable (note 5)	4,500,000
Total liabilities	12,086,434
Stockholders' equity (deficit):	
Capital stock (note 11):	
Series A common stock - par value $.01 per share; authorized 90,000,000 shares, issued and outstanding 750,000 shares	7,500
Series B common stock - par value $.01 per share; authorized 10,000,000 shares, issued and outstanding 9,500,000 shares	95,000
Additional paid in capital	16,193,712
Retained earnings (deficit)	(23,302,715)
Total stockholders' deficit	(7,006,503)
Total liabilities and stockholders' deficit	$ 5,079,931

See accompanying notes to consolidated financial statements.

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

Sales	$ 17,244,646
Direct cost -	
Payroll taxes, benefits and workers' compensation costs	12,840,173
Gross profit	4,404,473
Selling, general and administrative	4,742,786
Loss from operations	(338,313)
Other income (expense):	
Interest expense	(375,264)
Other income	581,618
Total other income (expense)	206,354
Net loss	$ (131,959)

See accompanying notes to consolidated financial statements.

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) YEAR ENDED DECEMBER 31, 2016

	Common Stock	Additional Paid In Capital	Retained Earnings (Deficit)	Total
Balance December 31, 2015	$ 102,500	$ 7,704,250	$ (23,170,756)	$ (15,364,006)
Related party payable and interest contributed to equity	-	8,489,462	-	8,489,462
Net loss	-	-	(131,959)	(131,959)
Balance, December 31, 2016	$ 102,500	$ 16,193,712	$ (23,302,715)	$ (7,006,503)

See accompanying notes to consolidated financial statements.

ADVANTIS CERTIFIED STAFFING SOLUTIONS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:		
Net loss	$	(131,959)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Bad debt expense		43
Forgiveness of accounts payable		(367,453)
Depreciation and amortization		335,034
Change in operating assets and liabilities:		
Accounts receivable		101,080
Accrued receivables		(1,407)
Prepaid and other assets		59,654
Accounts payable		68,381
Federal payroll taxes, penalties and interest		68,759
State payroll taxes, penalties and interest		(247,617)
Accrued interest		(4,844)
Other		(49,318)
Net cash used in operating activities		(169,647)
Cash flows from investing activities:		
Purchases of property and equipment		(2,965)
Cash flows from financing activities:		
Payments on related party notes payable		(95,000)
Net proceeds from line of credit		248,061
Payments on capital lease obligations		(7,209)
Net cash provided by financing activities		145,852
Net decrease in cash		(26,760)
Cash and cash equivalents, beginning of year		71,321
Cash and cash equivalents, end of year	$	44,561
Supplemental disclosure of cash flow information:		
Cash paid for taxes	$	47,088
Cash paid for interest	$	514,559
Schedule of noncash transactions:		
Related party payable and interest contributed to equity	$	8,489,462

See accompanying notes to consolidated financial statements

Note 1 - Nature of Operations

Advantis Certified Staffing Solutions, Inc. (the Company) was incorporated in the state of Texas in December 2007. The principal business of the Company is to provide contract, temporary and direct hire staffing solutions in the healthcare, clerical, construction, light industrial, medical, and professional industries. The Company has locations in Texas and Michigan.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements is as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Advantis Certified Staffing Solutions, Inc. and its wholly-owned subsidiaries: Advantis Managed Solutions, LLC, Advantis Occupational Health, LLC, and Advantis Certified Companies, LLC. All material intercompany accounts, transactions, and earnings have been eliminated in the accompanying consolidated financial statements.

Revenue Recognition

The Company recognizes revenue based on the applicable billable rate for the number of hours worked during a pay period obtained from time cards that are provided and approved by the customer for contract and temporary employees. At December 31, 2016 the Company had $154,582 of accrued receivables representing hours worked that had not been billed to customers. Revenue is recognized upon hiring for employees directly hired by customers.

Accounts Receivable

Accounts receivable are carried at invoiced amounts due from customers. An allowance for doubtful accounts is established based on a specific assessment of all balances that remain unpaid following normal payment periods. Amounts deemed uncollectible are written-off in the period that determination is made. There was no allowance for doubtful accounts at December 31, 2016.

Property and Equipment

Property and equipment are stated at cost and are depreciated using straight-line depreciation methods. Depreciation is provided over the estimated useful lives of 5-7 years of the related assets.

Expenditures for additions, major renewal, and betterments are capitalized. Expenditures for maintenance and repairs are charged against income as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income.

Continued

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statement and consist of taxes currently due, plus deferred taxes related to differences between the financial and income tax reporting basis of the Company's assets and liabilities. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred income taxes are also recognized for operating losses that are available to offset future taxable income and tax credits that are available to offset future federal income taxes. The effect on deferred taxes of a change in tax rates is recognized in income or expense in the period that includes the enacted rate. All deferred tax assets have been fully allowed for at December 31, 2016.

The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Company had no material uncertain tax positions as of December 31, 2016.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2014.

Included in accrued liabilities are amounts owed for delinquent federal and state payroll taxes totaling $2,847,116. Included in this number are penalties of $722,598 and interest of $782,069. The Company is currently in forbearance with the federal government and is in negotiation with each of the taxing authorities to structure a payback through various programs. As none of the agreements are finalized all of the amounts are shown as current liabilities.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, and accounts payable. Management believes the carrying amounts of these financial instruments approximate their fair values due to their short-term nature.

Employee Benefit Plan

The Company maintains a 401(k) plan whereby eligible employees may make voluntary contributions through payroll deductions not to exceed the maximum contribution established by the Internal Revenue Service. For those employees making voluntary contributions, the Company has the option to make discretionary matching and profit sharing contributions. No matching payments were made by the Company for the year ended December 31, 2016.

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Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at December 31, 2016, and revenues and expenses during the year then ended. Actual results could differ from those estimates.

Note 3 - Property and Equipment

Property and equipment consist of the following at December 31, 2016:

Office equipment	$ 125,285
Computer equipment	31,953
Less accumulated depreciation	(72,035)
Property and equipment, net	$ 85,203

Depreciation expense for the year ended December 31, 2016 amounted to $34,118

Note 4 - Advance Facility

The Company's arrangement with its lending institution includes an accounts receivable advance facility agreement. Through this agreement the Company receives and advance of 85% of accounts receivable delivered for advance. The agreement makes the advance on invoiced amounts, less a funding fee of prime plus 2.50% with a floor of 5.75%. In addition, the agreement provides for a fee of .70% for the first 30 days that an account is unpaid with an additional .12% fee every 5 days thereafter that the account remains unpaid. The facility limit was $5,000,000 with $2,083,442 outstanding at December 31, 2016. Interest charged on this facility amounted to $375,264 for the year ended December 31, 2016.

Note 5 - Related Party Transactions/Uncertainty

In 2007, the Company borrowed $5,250,000 under the terms of a senior subordinated shareholder note. The note has a stated interest rate of 12.5% per annum which is applied to unpaid principal. The note also has an additional 5.5% per annum default rate. The Company was in default under the terms of the agreement beginning in March 2009. In August 2015 the note was amended to remove the financial covenants entirely.

In December 2016, the note was amended and restated to forgive all outstanding interest and reduce the principle of the note. The amended and restated note has a principle amount of $4,500,000, interest rate of 6.0% and is due in full with all outstanding and payable interest on March 31, 2018. As such, the principle amount is shown as long-term. The reduction of principle totaling $ 1,935,000 and the forgiveness of interest totaling $6,554,462 was contributed to equity in conjunction with the amendment. The balance outstanding on the note at December 31, 2016 was $4,500,000.

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Note 5 - Related Party Transactions/Uncertainty (Continued)

Accrued interest expense related to this note amounted to $-0- at December 31, 2016. Interest expense for the year ended December 31, 2016 amounted to $-0-.

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. The Company has accumulated net losses and a working capital deficit. The Company has been dependent on the majority shareholder in funding operations.

In view of these matters, realization of a major portion of the assets in the accompanying consolidated balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the majority shareholder not calling the note payable and related accrued interest due. In addition, the Company is dependent on its majority shareholder to fund the payoff of the outstanding delinquent federal and state payroll tax. Management believes that the majority shareholder will not call these amounts due and will continue to fund the Company including the payoff of the delinquent taxes, which will provide the opportunity for the Company to continue as a going concern.

Note 6 - Notes Payable

The following is a summary of notes payable outstanding at December 31, 2016:

	Amount
Note payable to various third parties of $765,607, unsecured, bearing interest rates varying from 4.75% to 10%. There are currently no specific repayment terms.	$ 765,607
Note payable to former shareholder of $1,300,000, bearing interest at 8.00% secured by specific guarantee of majority shareholder. Note provides for quarterly principal payments of $108,333 starting January 2017 through October 2019.	1,300,000
Total long-term debt	2,065,607
Less: current portion of notes payable	(433,333)
Total long-term portion of notes payable	$ 1,632,274

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Note 6 - Notes Payable (Continued)

The aggregate maturities of notes payable are as follows:

Years Ending December 31:	Amount
2017	$ 433,333
2018	433,333
2019	1,198,941
Total	$ 2,065,607

Interest expense relating to these notes amounted to $161,144 for the year ended December 31, 2016.

Note 7 - Capital Lease Obligation

The Company has a capital lease obligations for equipment that was acquired. The capital lease obligations require forty-eight payments of $611 per month at an interest rate of 8.44% and $148 per month at an interest rate of 10.08%. The equipment leases expire in March 2019 at which time the Company can purchase the equipment for $1. As of December 31, 2016, the total amount due under the capital lease obligations amount to $17,634 and the net book value of the equipment amounted to $13,117.

As of December 31, 2016, the future principal payments on capital lease obligations are as follows:

Years Ending December 31,	Amount
2017	$ 7,789
2018	8,499
2019	1,346
Total	$ 17,634

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Note 8 - Operating Leases

The Company leases its office facilities and some equipment under non-cancellable agreements which expire at various times through May 2020, and require monthly rentals of varying amounts plus the payment of property taxes, insurance, repairs and utilities.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of December 31, 2016.

Years Ending December 31,	Amount
2017	$ 220,093
2018	218,690
2019	150,848
2020	21,290
Total	$ 610,921

Rent expense amount to $272,747 for the year ended December 31, 2016.

Note 9 - Risks

Credit Risk

The Company maintains cash balances at several financial institutions, which from time to time may exceed federally insured limits. Accounts are guaranteed by the FDIC up to $250,000 per depositor. Management believes that the credit risk exposure is mitigated by the financial strength of the banking institutions in which the deposits are held.

Approximately 65% of the Company's sales for the year ended December 31, 2016 were from one customer. Approximately 76% of total accounts receivable at December 31, 2016 were from one customer.

Note 10 - Goodwill

The excess of purchase price over the fair value of identifiable net assets acquired in business combinations is recorded as goodwill. The Company has elected early adoption of Accounting Standards Update No. 2014-02, *Intangibles-Goodwill and Other (Topic 350): Accounting for Goodwill.* It permits a private company to subsequently amortize goodwill on a straight-line basis over a period of ten years, or less if the company demonstrates that another useful life is more appropriate. The Company is amortizing goodwill over ten years. At December 31, 2016, the accumulated amortization is $834,642 and the net value of goodwill is $2,184,576. Amortization expense for the year ended December 31, 2016 amounted to $300,916.

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Note 11 - Capital Stock/Subsequent Event

At December 31, 2016, the Company had common stock reserved for the following reasons:

Exercise of stock warrants	$ 250,000
Exercise of stock options	2,625,000
Total shares reserved	$ 2,875,000

The stock options became fully vested and executable in March 2015 and provide for 2,625,000 of series A shares to be purchased at par value. The options expire in June 2024. The stock warrants provide for 250,000 shares of series A shares to be purchased for par value and expire in December 2017. Subsequent to the year ended December 31, 2016 the stock options were cancelled.

Note 12 - Subsequent Events

Management has evaluated subsequent events through March 22, 2018, the date which the Company's consolidated financial statements were available to be issued. Management has determined that no subsequent events require recognition or disclosure in the consolidated financial statements.

*** * * End of Notes * * ***