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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2020

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

For the Transition Period from _____ to _______

Commission File Number: 814-00235

Rand Capital Corporation
(Exact Name of Registrant as specified in its Charter)

New York (State or Other Jurisdiction of Incorporation or Organization)	**16-0961359** (IRS Employer Identification No.)
2200 Rand Building, Buffalo, NY (Address of Principal executive offices)	**14203** (Zip Code)

(716) 853-0802
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.10 par value	**RAND**	**Nasdaq Capital Market**

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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes [ ] No [ ]

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 the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[X]	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 Act). Yes [ ]No [X]

As of August 7, 2020, there were 2,587,500 shares of the registrant's common stock outstanding.

RAND CAPITAL CORPORATION
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements and Supplementary Data

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2020	December 31, 2019
	(Unaudited)	
ASSETS		
Investments at fair value:		
Affiliate investments (cost of $22,838,093 and $19,035,446, respectively)	**$ 15,438,278**	$ 12,151,435
Non- Control/Non-Affiliate investments (cost of $23,888,277 and $25,584,017, respectively)	**23,167,335**	24,869,357
Total investments, at fair value (cost of $46,726,370 and $44,619,463, respectively)	**38,605,613**	37,020,792
Cash and cash equivalents	**22,057,464**	25,815,720
Interest receivable (net of allowance of $166,413)	**370,303**	142,265
Deferred tax asset	**-**	1,204,198
Prepaid income taxes	**35,071**	343,096
Other assets	**59,409**	265,378
Total assets	**$ 61,127,860**	$ 64,791,449
LIABILITIES AND STOCKHOLDERS' EQUITY (NET ASSETS)		
Liabilities:		
Debentures guaranteed by the SBA (net of debt issuance costs)	**$ 10,805,749**	$ 10,786,913
Accounts payable and accrued expenses	**300,654**	258,437
Deferred tax payable	**222,977**	-
Profit sharing and bonus payable	**-**	80,000
Deferred revenue	**87,166**	37,583
Total liabilities	**11,416,546**	11,162,933
Commitments and contingencies (See Note 5)		
Stockholders' equity (net assets):		
Common stock, $0.10 par; shares authorized 100,000,000; shares issued: 2,648,916 at 6/30/20 and 1,688,485 at 12/31/19; shares outstanding: 2,587,500 at 6/30/20 and 1,628,369 at 12/31/19	**2,384,547**	1,519,637
Capital in excess of par value	**34,142,455**	34,142,455
Treasury stock, at cost: shares: 61,416 at 6/30/20 and 60,116 at 12/31/19	**(1,483,409)**	(1,469,105)
Total distributable earnings	**14,667,721**	19,435,529
Total stockholders' equity (net assets) (per share – 6/30/20: $19.21, 12/31/19: $32.93)	**49,711,314**	53,628,516
Total liabilities and stockholders' equity (net assets)	**$ 61,127,860**	$ 64,791,449

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Investment income:				
Interest from portfolio companies:				
Affiliate investments	**$ 170,262**	$ 206,036	$ 309,108	$ 414,751
Non-Control/Non-Affiliate investments	**400,424**	109,453	797,279	306,703
Total interest from portfolio companies	**570,686**	315,489	1,106,387	721,454
Interest from other investments:				
Non-Control/Non-Affiliate investments	**2,754**	53,538	86,004	71,349
Total interest from other investments	**2,754**	53,538	86,004	71,349
Dividend and other investment income:				
Affiliate investments	**13,125**	207,060	26,250	241,685
Non-Control/Non-Affiliate investments	**81,313**	-	81,313	-
Total dividend and other investment income	**94,438**	207,060	107,563	241,685
Fee income:				
Affiliate investments	**4,167**	3,606	5,417	7,853
Non-Control/Non-Affiliate investments	**2,500**	3,353	5,000	260,075
Total fee income	**6,667**	6,959	10,417	267,928
Total investment income	**674,545**	583,046	1,310,371	1,302,416
Expenses:				
Base management fee (see Note 8)	**141,386**	-	281,763	-
Interest on SBA obligations	**104,190**	110,534	208,380	209,658
Professional fees	**77,917**	111,273	257,036	337,928
Stockholders and office operating	**116,299**	319,506	167,844	380,761
Directors' fees	**28,375**	28,624	56,750	57,248
Insurance	**7,400**	10,969	18,068	20,570
Corporate development	**132**	14,866	2,006	33,326
Other operating	**107**	1,225	465	2,809
Salaries	**-**	181,500	-	363,000
Employee benefits	**-**	40,167	-	103,099
Bad Debt Expense	**-**	5,413	-	5,413
Total expenses	**475,806**	824,077	992,312	1,513,812
Net investment income (loss) before income taxes	**198,739**	(241,031)	318,059	(211,396)
Income tax benefit	**-**	(97,731)	(419,101)	(90,863)
Net investment income (loss)	**198,739**	(143,300)	737,160	(120,533)
Net realized gain (loss) on sales and dispositions of investments:				
Control investments	**-**	39,893	-	80,393
Affiliate investments	**-**	-	-	(472,632)
Non-Control/Non-Affiliate investments	**18,595**	(472,632)	2,412,046	-
Income tax benefit	**-**	(100,230)	-	(90,861)
Net realized gain (loss) on sales and dispositions of investments	**18,595**	(332,509)	2,412,046	(301,378)
Net change in unrealized depreciation on investments:				
Affiliate investments	**(5,613)**	(372,448)	(515,804)	671,148
Non-Control/Non-Affiliate investments	**211,850**	(750,000)	(6,282)	(1,271,300)
Change in unrealized depreciation before income taxes	**206,237**	(1,122,448)	(522,086)	(600,152)
Deferred income tax (benefit) expense	**-**	(250,708)	1,773,412	(129,929)
Net change in unrealized depreciation on investments	**206,237**	(871,740)	(2,295,498)	(470,223)
Net realized and unrealized gain (loss) on investments	**224,832**	(1,204,249)	116,548	(771,601)
Net increase (decrease) in net assets from operations	**$ 423,571**	$ (1,347,549)	$ 853,708	$ (892,134)
Weighted average shares outstanding	**2,103,093**	702,443	1,950,058	702,443
Basic and diluted net increase (decrease) in net assets from operations per share	**$ 0.20**	$ (1.92)	$ 0.44	$ (1.27)

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(Unaudited)

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Net assets at beginning of period	**$ 54,058,653**	$ 31,979,602	$ 53,628,516	$ 31,524,187
Net investment income (loss)	**198,739**	(143,300)	737,160	(120,533)
Net realized gain (loss) on sales and dispositions of investments	**18,595**	(332,509)	2,412,046	(301,378)
Net change in unrealized depreciation on investments	**206,237**	(871,740)	(2,295,498)	(470,223)
Net increase (decrease) in net assets from operations	**423,571**	(1,347,549)	853,708	(892,134)
Purchase of treasury shares	**(14,304)**	-	(14,304)	-
Payment of cash dividend	**(4,756,606)**	-	(4,756,606)	-
Net assets at end of period	**$ 49,711,314**	$ 30,632,053	$ 49,711,314	$ 30,632,053

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended June 30, 2020	Six months ended June 30, 2019
Cash flows from operating activities:		
Net increase (decrease) in net assets from operations	$ 853,708	$ (892,134)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by operating activities:		
Investments in portfolio companies	(4,047,503)	(900,012)
Proceeds from sale of portfolio investments	4,557,542	39,893
Proceeds from loan repayments	-	3,525,000
Net realized (gain) loss on portfolio investments	(2,412,046)	392,239
Change in unrealized depreciation on investments before income taxes	522,086	600,152
Deferred tax benefit	1,427,175	(317,020)
Depreciation and amortization	18,837	18,325
Original issue discount amortization	(29,303)	(20,382)
Non-cash conversion of debenture interest	(175,596)	(212,131)
Change in interest receivable allowance	-	5,413
Changes in operating assets and liabilities:		
(Increase) decrease in interest receivable	(228,038)	20,402
Decrease (increase) in other assets	205,965	(334,451)
Decrease in prepaid income taxes	308,025	635,641
Increase in accounts payable and accrued expenses	42,217	18,771
Decrease in profit sharing and bonus payable	(80,000)	(125,000)
Increase (decrease) in deferred revenue	49,585	(37,928)
Total adjustments	158,946	3,308,912
Net cash provided by operating activities	1,012,654	2,416,778
Cash flows from financing activities:		
Payment of cash dividend	(4,756,606)	-
Purchase of treasury shares	(14,304)	
Proceeds from SBA debentures	-	2,250,000
Origination costs to SBA	-	(54,563)
Net cash (used in) provided by financing activities	(4,770,910)	2,195,437
Net (decrease) increase in cash and cash equivalents	(3,758,256)	4,612,215
Cash and cash equivalents:		
Beginning of period	25,815,720	4,033,792
End of period	$ 22,057,464	$ 8,646,007

See accompanying notes

RAND CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2020
(Unaudited)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Non-Control/Non-Affiliate Investments – 46.6% of net assets: (j)						
ACV Auctions, Inc. (e)(g) Buffalo, NY. Live mobile wholesale auctions for new and used car dealers. (Software) www.acvauctions.com	1,181,160 Series A Preferred.	8/12/16	<1%	$ 163,000	$ 6,531,815	13.1%
Advantage 24/7 LLC (g) Williamsville, NY. Marketing program for wine and spirits dealers. (Marketing Company) www.advantage24-7.com	$140,000 Term Note at 7% due January 1, 2022	12/30/10	0%	65,000	65,000	0.1%
AIKG LLC (Andretti) (e)(i)(l) **Marietta, GA. Entertainment company engaged in** indoor karting, games and food. (Entertainment) www.andrettikarting.com	$4,250,000 Term Notes at 12% (+4% PIK) due December 28, 2023. **(i)** Interest receivable $180,206.	11/8/19	0%	4,487,514	4,487,514	9.0%
Apollo Investment Corporation **NASDAQ: AINV (n) Public BDC** New York, NY.	35,000 shares	3/16/20	<1%	364,084	330,167	0.7%
Ares Capital Corporation NASDAQ: ARCC (n) **Public BDC** New York, NY.	27,000 shares	3/16/20	<1%	343,460	383,310	0.8%
Centivo Corporation (e)(g) New York, NY. Tech-enabled health solutions company that helps self-insured employers and employees save money and have a better experience their. (Health Care) www.centivo.com	190,967 Series A-1 Preferred.	7/5/17	<1%	200,000	200,000	0.6%
	337,808 Series A-2 Preferred.			101,342	101,342	
	Total Centivo			301,342	301,342	
Empire Genomics, LLC (g) Buffalo, NY. Molecular diagnostics company that offers a comprehensive menu of assay services for diagnosing and guiding patient therapeutic treatments. (Health Care) www.empiregenomics.com	$1,209,014 Senior Secured Convertible Term Notes at 10% due December 31, 2020.	6/13/14	0%	1,308,675	157,654	1.2%
	$444,915 Promissory Note at 9% (5% deferred) due December 31, 2020.			444,915	444,915	
	Total Empire			1,753,590	602,569	
First Wave Technologies, Inc. (e)(g) Batavia, NY. Sells First Crush automated pill crusher that crushes and grinds pills for nursing homes and medical institutions. (Health Care) www.firstwavetechnologies.com	670,443.2 Class A Common.	4/19/12	4%	661,563	33,000	0.1%
FS KKR Capital Corp. NYSE: FSK (n) Philadelphia, PA.	25,000 shares	3/16/20	<1 %	338,980	347,917	0.7%
GiveGab, Inc. (e)(g) Ithaca, NY. Nonprofit giving platform that provides an easy and effective way for fundraising professionals to raise money online. (Software) www.givegab.com	5,084,329 Series Seed Preferred.	3/13/13	4%	616,221	616,221	1.2%
Golub Capital BDC, Inc. NASDAQ: GBDC (n) **Public BDC** New York, NY.	31,250 shares	3/16/20	<1%	403,910	358,125	0.7%
GoNoodle, Inc. (g)(l) Nashville, TN. Student engagement education software providing core aligned physical activity breaks. (Software) www.gonoodle.com	$1,500,000 Secured Note at 12% (1% PIK) due September 30, 2024.	2/6/15	<1%	1,509,980	1,509,980	3.0%
	Warrant for 47,324 Series C Preferred.			25	25	
	Warrant for 21,948 Series D Preferred.			38	38	
	Total GoNoodle			1,510,043	1,510,043	

RAND CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2020 (Continued)
(Unaudited)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
HDI Acquisition LLC (Hilton Displays) (l) Greenville, NC. HDI is engaged in manufacturing, installation and maintenance of signage and brands. (Manufacturing) www.hiltondisplays.com	$1,245,119 Term Loan at 12% (+2% PIK) due June 20, 2023.	11/8/19	0%	1,262,205	1,262,205	2.6%
Lumious (Tech 2000, Inc.) (g) Herndon, VA. Develops and delivers IT training. (Software) www.t2000inc.com	$850,000 Replacement Term Note at 14% due November 15, 2021.	11/16/18	0%	860,777	860,777	1.7%
Mattison Avenue Holdings LLC (e)(l) Dallas, TX. Provider of upscale salon spaces for lease. (Professional Services) www.mattisonsalonsuites.com	$1,031,406 Second Amended, Restated and Consolidated Promissory Note at 14% (2% PIK) due June 9, 2022.	11/8/19	0%	1,079,356	1,079,356	2.2%
Mercantile Adjustment Bureau, LLC (g) Williamsville, NY. Full service accounts receivable management and collections company. (Contact Center) www.mercantilesolutions.com	$1,199,039 Subordinated Secured Note at 13% (3% for the calendar year 2020) due January 31, 2022.	10/22/12	4%	1,199,040	500,000	1.0%
	(e) $150,000 Subordinated Debenture at 8% due January 31, 2022.			150,000	-	
	Warrant for 3.29% Membership Interests. Option for 1.5% Membership Interests.			97,625	-	
	Total Mercantile			1,446,665	500,000	
Open Exchange, Inc. (g) **(Formerly KnowledgeVision Systems, Inc.)** Lincoln, MA. Online presentation and training software. (Software)	397,899 Series C Preferred	11/13/13	4%	1,193,697	543,283	2.2%
	397,899 Common.			208,243	108,656	
	$450,000 Replacement Term Note at 9% due September 30, 2022.			450,000	450,000	
www.openexc.com	**Total Open Exchange**			1,851,940	1,101,939	
Owl Rock Capital Corporation NYSE: ORRC (n) Public BDC New York, NY.	30,000 shares	3/16/20	<1%	347,067	371,700	0.8%
PostProcess Technologies, Inc. (e)(g) Buffalo, NY. Provides innovative solutions for the post-processing of additive manufactured 3D parts. (Manufacturing) www.postprocess.com	360,002 Series A1 Preferred.	7/25/16	<1%	348,875	471,603	1.0%
Rheonix, Inc. (e) Ithaca, NY. Developer of fully automated microfluidic based molecular assay and diagnostic testing devices. (Health Care) www.rheonix.com	9,676 Common.	10/29/09	4%	-	-	1.4%
	(g) 1,839,422 Series A Preferred.			2,099,999	-	
	(g) 50,593 Common.			-	-	
	(g) 589,420 Series B Preferred.			702,732	702,732	
	Total Rheonix			2,802,731	702,732	
SocialFlow, Inc. (e)(g) New York, NY. Provides instant analysis of social networks using a proprietary, predictive analytic algorithm to optimize advertising and publishing. (Software) www.socialflow.com	1,049,538 Series B Preferred.	4/5/13	4 %	500,000	209,908	1.5%
	1,204,819 Series B-1 Preferred.			750,000	324,761	
	717,772 Series C Preferred.			500,000	215,332	
	Total Social Flow			1,750,000	750,000	
Somerset Gas Transmission Company, LLC (e)(m) Columbus, OH. Natural gas transportation. (Oil and Gas) www.somersetgas.com	26.5337 Units.	7/10/02	3%	719,097	500,000	1.0%

RAND CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2020 (Continued)
(Unaudited)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Other Non-Control/Non-Affiliate Investments:						
DataView, LLC (e) (Software)	Membership Interest.	10/1/98	5%	310,357	-	0.0%
UStec/Wi3 (e) (Manufacturing)	Common stock.	12/17/98	<1%	100,500	-	0.0%
Subtotal Non-Control/Non-Affiliate Investments				$ 23,888,277	$ 23,167,335	
Affiliate Investments – 31.1% of net assets (k)						
BeetNPath, LLC (Grainful) (e)(g)(m) Ithaca, NY. Frozen entrées made from 100% whole grain steel cut oats under	1,119,024 Series A-2 Preferred Membership Units.	10/20/14	9%	$ 359,000	$ -	0.0%
	1,032,918 Series B Preferred Membership Units.			261,277	-	
	$262,626.64 Convertible Secured Notes at 8% due December 21, 2019.			262,627	-	
	Total BeetNPath			882,904	-	
Carolina Skiff LLC (e)(g)(m) Waycross, GA. Manufacturer of ocean fishing and pleasure boats. (Manufacturing) www.carolinaskiff.com	6.0825% Class A Common Membership Interest.	1/30/04	7%	15,000	1,750,000	3.5%
ClearView Social, Inc. (e)(g) Buffalo, NY. Social media publishing tool for law, CPA and professional firms. (Software) www.clearviewsocial.com	312,500 Series Seed Plus Preferred.	1/4/16	6%	200,000	200,000	0.4%
Filterworks Acquisition USA, LLC (l)(m) Deerfield Beach, FL. Provides spray booth equipment, frame repair machines and paint booth filter services for collision shops. (Automotive) www.filterworksusa.com	$2,283,702 Term Note at 12% (+2% PIK) due December 4, 2023.	11/8/19	9%	2,325,994	2,325,994	5.8%
	562.5 Class A Units			562,500	562,500	
	Total Filterworks			2,888,494	2,888,494	
Genicon, Inc. (e)(g)(l) Winter Park, FL. Designs, produces and distributes patented surgical instrumentation. (Health Care) www.geniconendo.com	1,586,902 Series B Preferred.	4/10/15	6%	1,000,000	-	0.5%
	$3,250,000 Promissory Notes at 10% due June 12, 2022, (10% PIK).			3,743,377	-	
	$250,000 Promissory Note at 10% due June 12, 2021 (10% PIK).			262,184	250,000	
	Warrants for Common.			120,000	-	
	Total Genicon			5,125,561	250,000	
Knoa Software, Inc. (e)(g) New York, NY. End user experience management and performance (EMP) solutions utilizing enterprise applications. (Software) www.knoa.com	973,533 Series A-1 Convertible Preferred.	11/20/12	7%	750,000	750,000	2.5%
	1,876,922 Series B Preferred.			479,155	479,155	
	Total Knoa			1,229,155	1,229,155	
Mezmeriz, Inc. (e)(g) Ithaca, NY. Technology company developing novel reality capture tools for 3D mapping, reality modeling, object tracking and classification. (Electronics Developer) www.mezmeriz.com	1,554,565 Series Seed Preferred.	1/9/08	12%	742,850	-	0.0%
Microcision LLC (g)	$1,500,000 Subordinated Promissory Note at 11% due January 10, 2025.	9/24/09	5%	1,400,999	1,400,999	3.0%
	Membership Interest Purchase Warrant for 5%.			110,000	110,000	
	Total Microcision			1,510,999	1,510,999	

RAND CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2020 (Continued)
(Unaudited)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
New Monarch Machine Tool, Inc. (e)(g) Cortland, NY. Manufactures and services vertical/horizontal machining centers. (Manufacturing) www.monarchmt.com	22.84 Common.	9/24/03	15%	22,841	22,841	0.1%
OnCore Golf Technology, Inc. (e)(g) Buffalo, NY. Patented and proprietary golf balls utilizing technology and innovation. (Consumer Product) www.oncoregolf.com	300,483 Preferred AA.	12/31/14	8%	752,712	300,000	0.6%
SciAps, Inc. (e)(g)	187,500 Series A Preferred.	7/12/13	6%	1,500,000	-	5.2%
Woburn, MA. Instrumentation company	274,299 Series A1 Convertible Preferred.			504,710	-	
producingportable analytical devices using XRF,	117,371 Series B Convertible Preferred.			250,000	250,000	
LIBS and RAMAN spectroscopy to identify	113,636 Series C Convertible Preferred.			175,000	175,000	
compounds, minerals, and elements.	369,698 Series C1 Convertible Preferred.			399,274	399,274	
(Manufacturing)	147,059 Series D Convertible Preferred.			250,000	250,000	
www.sciaps.com	Warrant to purchase Series D-1 Preferred.			45,000	45,000	
	$1,500,000 Secured Subordinated Promissory Note at 12% due April 23, 2023			1,457,500	1,457,500	
	Total SciAps			4,581,484	2,576,774	
Teleservices Solutions Holdings, LLC (e)(g)(l)	250,000 Class B Preferred Units.	5/30/14	6%	250,000	-	0.0%
Montvale, NJ. Customer contact center	1,000,000 Class C Preferred Units.			1,190,680	-	
specializing in customer acquisition and retention	80,000 Class D Preferred Units.			91,200	-	
for selected industries. (Contact Center)	104,198 Class E Preferred Units.			-	-	
www.ipacesetters.com	PIK dividend for Series C and D at 12% and 14%, respectively.			104,198	-	
	Total Teleservices			1,636,078	-	
Tilson Technology Management, Inc. (g)	120,000 Series B Preferred.	1/20/15	9%	600,000	1,950,000	9.5%
Portland, ME. Provides network deployment	21,391 Series C Preferred.			200,000	347,604	
construction and information system services	70,176 Series D Preferred.			800,000	1,140,360	
management for cellular, fiber optic and wireless	15,385 Series E Preferred.			500,012	500,012	
systems providers. Its affiliated entity, SQF, LLC is	211,567 SQF Hold Co. Common.			-	22,036	
a CLEC supporting small cell 5G deployment.	23,077 Series F Preferred.			750,003	750,003	
(Professional Services) www.tilsontech.com	**Total Tilson**			2,850,015	4,710,015	
Other Affiliate Investments:						
G-TEC Natural Gas Systems (e)(m) (Manufacturing)	Membership Interest	8/31/99	17%	400,000	-	0.0%
Subtotal Affiliate Investments				$ 22,838,093	$ 15,438,278	
TOTAL INVESTMENTS – 77.7%				$ 46,726,370	$ 38,605,613	
OTHER ASSETS IN EXCESS OF LIABILITIES – 22.3%					11,105,701	
NET ASSETS – 100%					**$ 49,711,314**	

Notes to the Consolidated Schedule of Portfolio Investments

(a) At June 30, 2020, restricted securities represented 95% of the fair value of the investment portfolio. Restricted securities are subject to one or more restrictions on resale and are not freely marketable. Type of investment for equity position is in the form of shares unless otherwise noted as units or interests, i.e., preferred shares, common shares.

(b) The Date Acquired column indicates the date on which the Corporation first acquired an investment in the company or a predecessor company.

(c) Each equity percentage estimates the Corporation's ownership interest in the applicable portfolio investment. The estimated ownership is calculated based on the percent of outstanding voting securities held by the Corporation or the potential percentage of voting securities held by the Corporation upon exercise of warrants or conversion of debentures, or other available data. If applicable, the symbol "<1%" indicates that the Corporation holds an equity interest of less than one percent.

(d) The Corporation's investments are carried at fair value in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 "Fair Value Measurements and Disclosures," which defines fair value and establishes guidelines for measuring fair value. At June 30, 2020, ASC 820 designates 95% of the Corporation's investments as "Level 3" assets. Under the valuation policy of the Corporation, unrestricted publicly traded securities are valued at the average closing price for these securities for the last three trading days of the reporting period. Restricted securities are subject to restrictions on resale, and are valued at fair value as determined by our external investment advisor Rand Capital Management, LLC ("RCM") and submitted to the Board of Directors for approval. Fair value is considered to be the amount that the Corporation may reasonably expect to receive for portfolio securities when sold on the valuation date. Valuations as of any particular date, however, are not necessarily indicative of amounts which may ultimately be realized as a result of future sales or other dispositions of securities and these favorable or unfavorable differences could be material. Among the factors considered in determining the fair value of restricted securities are the financial condition and operating results, projected operations, and other analytical data relating to the investment. Also considered are the market prices for unrestricted securities of the same class (if applicable) and other matters which may have an impact on the value of the portfolio company (see Note 3. "Investments" to the Consolidated Financial Statements).

(e) These investments are non-income producing. All other investments are income producing. Non-income producing investments have not generated cash payments of interest or dividends including LLC tax-related distributions within the last twelve months, or are not expected to do so going forward. However, if a debt or a preferred equity investment fails to make its most recent payment, then the investment will also be classified as non-income producing.

(f) As of June 30, 2020, the total cost of investment securities was approximately $46.7 million. Net unrealized depreciation was approximately ($8.1) million, which was comprised of $10.1 million of unrealized appreciation of investment securities and ($18.2) million of unrealized depreciation of investment securities. At June 30, 2020, the aggregate gross unrealized gain for federal income tax purposes was $10.1 million and the aggregate gross unrealized loss for federal income tax purposes was ($17.2) million. The net unrealized loss for federal income tax purposes was ($7.1) million based on a tax cost of $43.1 million.

(g) Rand Capital SBIC, Inc. investment.

(h) Reduction in cost and value from previously reported balances reflects current principal repayment.

(i) Represents interest due (amounts over $50,000) from investments included as interest receivable on the Corporation's Consolidated Statements of Financial Position.

(j) Non-Control/Non-Affiliate Investments are investments that are neither Control Investments nor Affiliate Investments.

(k) Affiliate Investments are defined by the Investment Company Act of 1940, as amended ("1940 Act"), as those Non-Control investments in companies in which between 5% and 25% of the voting securities are owned by the Corporation.

(l) Payment in kind (PIK) represents earned interest that is added to the cost basis of the investment.

(m) Equity holdings are held in a wholly owned (100%) "blocker corporation" of Rand Capital Corporation or Rand Capital SBIC, Inc. for federal income tax and Regulated Investment Company (RIC) compliance.

(n) Publicly traded company.

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2020 (Continued)
(Unaudited)

Investments in and Advances to Affiliates

Company	Type of Investment	December 31, 2019 Fair Value	Gross Additions (1)	Gross Reductions (2)	June 30, 2020 Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
Control Investments:							
	Total Control Investments	$ -	$ -	$ -	$ -	$ -	$ -
Affiliate Investments:							
BeetNPath, LLC	1,119,024 Series A-2 Preferred Membership Units.	$ -	$ -	$ -	$ -	$ -	$ -
	1,032,918 Series B Preferred Membership Units.	-	-	-	-	-	-
	$262,626.64 Convertible Secured Notes at 8%.	-	-	-	-	-	-
	Total BeetNPath	-	-	-	-	-	-
Carolina Skiff LLC	6.0825% Class A Common Membership interest.	1,750,000	-	-	1,750,000	-	-
ClearView Social, Inc.	312,500 Series Seed Plus Preferred.	200,000	-	-	200,000	-	-
Filterworks Acquisition USA, LLC	$2,283,702 Term Note at 12%.	2,302,653	23,341	-	2,325,994	-	163,388
	562.5 Class A Units.	562.500	-	-	562,500	-	-
	Total Filterworks	2,865,153	23,341	-	2,888,494	-	163,388
Genicon, Inc.	1,586,902 Series B Preferred.	-	-	-	-	-	-
	$3,250,000 Promissory Notes at 10%.	500,000	-	(500,000)	-	-	17,054
	$250,000 Promissory Note at 10%	250,000	-	-	250,000	-	-
	Warrant for Common.	-	-	-	-	-	-
	Total Genicon	750,000	-	(500,000)	250,000	-	17,054
G-TEC Natural Gas Systems	16.639% Class A Membership Interest. 8% cumulative dividend.	-	-	-	-	-	-
Knoa Software, Inc.	973,533 Series A-1 Convertible Preferred.	750,000	-	-	750,000	-	-
	1,876,922 Series B Preferred.	479,155	-	-	479,155	-	-
	Total Knoa	1,229,155	-	-	1,229,155	-	-
Mezmeriz, Inc.	1,554,565 Series Seed Preferred.	-	-	-	-	-	-
Microcision	$1,500,000 Subordinated Promissory Note at 10%	-	1,400,999	-	1,400,999	-	93,916
	Membership Interest Purchase Warrant for 5%	-	110,000	-	110,000	56,916	-
	Total Microcision	-	1,510,999	-	1,510,999	56,916	93,916
New Monarch Machine Tool, Inc.	22.84 Common.	22,841	-	-	22,841	-	
OnCore Golf Technology, Inc.	300,483 Series AA Preferred.	300,000	-	-	300,000	-	-
SciAps, Inc.	187,500 Series A Preferred.	-	-	-	-	-	-
	274,299 Series A-1 Convertible Preferred.	-	-	-	-	-	-
	117,371 Series B Convertible Preferred.	250,000	-	-	250,000	-	-
	113,636 Series C Convertible Preferred.	175,000	-	-	175,000	-	-
	369,698 Series C-1 Convertible Preferred.	399,274	-	-	399,274	-	-
	147,059 Series D Convertible Preferred.	250,000	-	-	250,000	-	-
	Warrant to Purchase Series D-1 Preferred.	-	45,000		45,000		
	$1,500,000 Subordinated Promissory Note at 12%.	-	1,500,000	(42,500)	1,457,500	-	40,167
	Total SciAps	1,074,274	1,545,000	(42,500)	2,576,774	-	40,167
Teleservices Solutions Holdings, LLC	250,000 Class B Preferred Units.	-	-	-	-	-	-
	1,000,000 Class C Preferred Units.	-	-	-	-	-	-
	80,000 Class D Preferred Units.	-	-	-	-	-	-
	104,198 Class E Preferred Units.	-	-	-	-	-	-
	Total Teleservices	-	-	-	-	-	-

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2020 (Continued)
(Unaudited)

Investments in and Advances to Affiliates

Company	Type of Investment	December 31, 2019 Fair Value	Gross Additions (1)	Gross Reductions (2)	June 30, 2020 Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
Tilson Technology	120,000 Series B Preferred.	1,950,000	-	-	1,950,000	-	26,250
Management, Inc.	21,391 Series C Preferred.	347,604	-	-	347,604	-	-
	70,176 Series D Preferred.	1,140,360	-	-	1,140,360	-	-
	15,385 Series E Preferred.	500,012	-	-	500,012		-
	23,077 Series F Preferred.	-	750,003	-	750,003	-	-
	211,567 SQF Hold Co. Common.	22,036	-	-	22,036	-	-
	Total Tilson	3,960,012	750,003	-	4,710,015	-	26,250
	Total Affiliate Investments	**$ 12,151,435**	**$ 3,829,343**	**($ 542,500)**	**$ 15,438,278**	**$ 56,916**	**$ 340,775**
	Total Control and Affiliate Investments	**$ 12,151,435**	**$ 3,829,343**	**($ 542,500)**	**$ 15,438,278**	**$ 56,916**	**$ 340,775**

This schedule should be read in conjunction with the Corporation's Consolidated Financial Statements, including the Consolidated Schedule of Portfolio Investments and Notes to the Consolidated Financial Statements.

(1) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow on investments, capitalized interest and the accretion of discounts. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation, and the movement of an existing portfolio company into this category and out of another category.

(2) Gross reductions include decreases in the cost basis of investments resulting from principal repayments, sales, note conversions, net increases in unrealized depreciation, net decreases in unrealized appreciation, the exchange of existing securities for new securities and the movement of an existing portfolio company out of this category and into another category.

(3) Represents the total amount of interest, fees or dividends credited to income for the portion of the period an investment was included in Control or Affiliate categories, respectively.

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2020 (Continued)
(Unaudited)

Industry Classification	Percentage of Total Investments (at fair value) as of June 30, 2020
Software	33.2%
Manufacturing	19.7
Professional Services	15.0
Entertainment	11.6
Automotive	7.4
Healthcare	4.9
BDC Investment Fund	4.6
Contact Center	1.3
Oil and Gas	1.3
Consumer Product	0.8
Marketing	0.2
Total Investments	**100%**

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2019

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Non-Control/Non-Affiliate Investments – 46.3% of net assets: (j)						
ACV Auctions, Inc. (e)(g) Buffalo, NY. Live mobile wholesale auctions for new and used car dealers. (Software) www.acvauctions.com	1,181,160 Series A Preferred.	8/12/16	<1%	$ 163,000	$ 6,531,815	12.2%
Advantage 24/7 LLC (g)(h) Williamsville, NY. Marketing program for wine and spirits dealers. (Marketing Company) www.advantage24-7.com	$140,000 Term Note at 7% due January 1, 2022	12/30/10	0%	65,000	65,000	0.1%
AIKG LLC (Andretti) (l) Marietta, GA. Entertainment company engaged in indoor karting, games and food. (Entertainment) www.andrettikarting.com	$4,250,000 Term Notes at 12% (+4% PIK) due December 28, 2023.	11/8/19	0%	4,398,125	4,398,125	8.2%
Centivo Corporation (e)(g) New York, NY. Tech-enabled health solutions company that helps self-insured employers and their employees save money and have a better experience. (Health Care) www.centivo.com	190,967 Series A-1 Preferred.	7/5/17	<1%	200,000	200,000	0.6%
	337,808 Series A-2 Preferred.			101,342	101,342	
	Total Centivo			301,342	301,342	
Empire Genomics, LLC (g) Buffalo, NY. Molecular diagnostics company that offers a comprehensive menu of assay services for diagnosing and guiding patient therapeutic treatments. (Health Care) www.empiregenomics.com	$1,209,014 Senior Secured Convertible Term Notes at 10% due December 31, 2020.	6/13/14	0%	1,308,675	157,654	1.1%
	$444,915 Promissory Note at 9% (5% deferred) due December 31, 2020.			444,915	444,915	
	Total Empire			1,753,590	602,569	
First Wave Technologies, Inc. (e)(g) Batavia, NY. Sells First Crush automated pill crusher that crushes and grinds pills for nursing homes and medical institutions. (Health Care) www.firstwavetechnologies.com	670,443.2 Class A Common.	4/19/12	4%	661,563	33,000	0.1%
GiveGab, Inc. (e)(g) Ithaca, NY. Nonprofit giving platform that provides an easy and effective way for fundraising professionals to raise money online. (Software) www.givegab.com	5,084,329 Series Seed Preferred.	3/13/13	4%	616,221	616,221	1.1%
GoNoodle, Inc. (g)(l) Nashville, TN. Student engagement education software providing core aligned physical activity breaks. (Software) www.gonoodle.com	$1,500,000 Secured Note at 12% (1% PIK) due September 30, 2024.	2/6/15	<1%	1,502,458	1,502,458	2.8%
	Warrant for 47,324 Series C Preferred.			25	25	
	Warrant for 21,948 Series D Preferred.			38	38	
	Total GoNoodle			1,502,521	1,502,521	
HDI Acquisition LLC (Hilton Displays) (l) Greenville, NC. HDI is engaged in manufacturing, installation and maintenance of signage and brands. (Manufacturing) www.hiltondisplays.com	$1,245,119 Term Loan at 12% (+2% PIK) due June 20, 2023.	11/8/19	0%	1,249,539	1,249,539	2.3%
Mattison Avenue Holdings LLC (l) Dallas, TX. Provider of upscale salon spaces for lease. (Professional Services) www.mattisonsalonsuites.com	$1,031,406 Second Amended, Restated and Consolidated Promissory Note at 14% (2% PIK) due June 9, 2022.	11/8/19	0%	1,036,678	1,036,678	1.9%

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Mercantile Adjustment Bureau, LLC (g)	$1,199,039 Subordinated Secured Note	10/22/12	4%			0.9%
Williamsville, NY. Full service accounts receivable management and	at 13% (3% for the calendar year 2019) due January 31, 2022.					
collections company.				1,199,040	500,000	
(Contact Center) www.mercantilesolutions.com	(e) $150,000 Subordinated Debenture at 8% due January 31, 2022.			150,000	-	
	Warrant for 3.29% Membership Interests. Option for 1.5% Membership Interests.			97,625	-	
	Total Mercantile			1,446,665	500,000	
Microcision LLC (g)(l)	$1,500,000 Subordinated Promissory	9/24/09	0%			2.8%
Pennsauken Township, NJ. Manufacturer of	Note at 12% (1% PIK) due December					
precision machined medical implants, components	31, 2024.			1,500,000	1,500,000	
and assemblies. (Manufacturing)						
www.microcision.com						
Open Exchange, Inc. (g)	397,899 Series C Preferred	11/13/13	4%	1,193,697	543,283	2.1%
(Formerly KnowledgeVision Systems, Inc.)	397,899 Common.			208,243	108,656	
Lincoln, MA. Online presentation and training software. (Software)	$450,000 Replacement Term Note at 9% due September 30, 2022.			450,000	450,000	
www.openexc.com	**Total Open Exchange**			1,851,940	1,101,939	
Outmatch Holdings, LLC (e)(g)	3,081,522 Class P1 Units.	11/18/10	4%	2,140,007	2,140,007	4.0%
Dallas, TX. Web based predictive employee	109,788 Class C1 Units.			5,489	5,489	
selection and reference checking. (Software)	**Total Outmatch**			2,145,496	2,145,496	
www.outmatch.com						
PostProcess Technologies, Inc. (e)(g)	360,002 Series A1 Preferred.	7/25/16	<1%	348,875	471,603	0.9%
Buffalo, NY. Provides innovative solutions for the post-processing of additive manufactured 3D parts.						
(Manufacturing) www.postprocess.com						
Rheonix, Inc. (e)	9,676 Common.	10/29/09	4%	-	-	1.3%
Ithaca, NY. Developer of fully automated	(g) 1,839,422 Series A Preferred.			2,099,999	-	
microfluidic based molecular assay and diagnostic	(g) 50,593 Common.			-	-	
testing devices. (Health Care)	(g) 589,420 Series B Preferred.			702,732	702,732	
www.rheonix.com	**Total Rheonix**			2,802,731	702,732	
SocialFlow, Inc. (e)(g)	1,049,538 Series B Preferred.	4/5/13	4%	500,000	209,908	1.4%
New York, NY. Provides instant analysis of social	1,204,819 Series B-1 Preferred.			750,000	324,761	
networks using a proprietary, predictive analytic	717,772 Series C Preferred.			500,000	215,332	
algorithm to optimize advertising and publishing.	**Total Social Flow**			1,750,000	750,000	
(Software) www.socialflow.com						
Somerset Gas Transmission Company, LLC (e)(m)	26.5337 Units.	7/10/02	3%	719,097	500,000	0.9%
Columbus, OH. Natural gas transportation.						
(Oil and Gas) www.somersetgas.com						
Tech 2000, Inc. (Lumious) (g)	$850,000 Replacement Term Note at	11/16/18	0%			1.6%
Herndon, VA. Develops and delivers IT training.	14% due November 15, 2021.			860,777	860,777	
(Software) www.t2000inc.com						
Other Non-Control/Non-Affiliate Investments:						
DataView, LLC (e)	Membership Interest.	10/1/98	5%	310,357	-	0.0%
(Software)						
UStec/Wi3 (e)	Common stock.	12/17/98	<1%	100,500	-	0.0%
(Manufacturing)						
Subtotal Non-Control/Non-Affiliate Investments				$ 25,584,017	$ 24,869,357	

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2019 (Continued)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
Affiliate Investments – 22.7% of net assets (k)						
BeetNPath, LLC (Grainful) (e)(g)(m)	1,119,024 Series A-2 Preferred	10/20/14	9%			0.0%
Ithaca, NY. Frozen entrées made from 100%	Membership Units.			$ 359,000	$ -	
whole grain steel cut oats under Grainful brand	1,032,918 Series B Preferred Membership Units.			261,277	-	
name. (Consumer Product)	$262,626.64 Convertible Secured Notes at 8% due December					
www.grainful.com	21, 2019.			262,627	-	
	Total BeetNPath			882,904	-	
Carolina Skiff LLC (g)(m)	6.0825% Class A Common Membership	1/30/04	7%			3.3%
Waycross, GA. Manufacturer of ocean fishing	Interest.			15,000	1,750,000	
and pleasure boats. (Manufacturing)						
www.carolinaskiff.com						
ClearView Social, Inc. (e)(g)	312,500 Series Seed Plus Preferred.	1/4/16	6%	200,000	200,000	0.4%
Buffalo, NY. Social media publishing tool for law, CPA and professional firms. (Software)						
www.clearviewsocial.com						
Filterworks Acquisition USA, LLC (l)(m)	$2,283,702 Term Note at 12% (+2%	11/8/19	9%			5.3%
Deerfield Beach, FL. Provides spray booth	PIK) due December 4, 2023.			2,302,653	2,302,653	
equipment, frame repair machines and paint booth	562.5 Class A Units			562,500	562,500	
filter services for collision shops. (Automotive)	**Total Filterworks**			2,865,153	2,865,153	
www.filterworksusa.com						
Genicon, Inc. (e)(g)(l)	1,586,902 Series B Preferred.	4/10/15	6%	1,000,000	-	1.4%
Winter Park, FL. Designs, produces and distributes patented surgical	$3,250,000 Promissory Notes at 10% due June 12, 2022,					
instrumentation.	(10% PIK).			3,727,573	500,000	
(Health Care)	$250,000 Promissory Note at 10% due					
www.geniconendo.com	June 12, 2021 (10% PIK).			262,184	250,000	
	Warrants for Common.			120,000	-	
	Total Genicon			5,109,757	750,000	
Knoa Software, Inc. (e)(g)	973,533 Series A-1 Convertible	11/20/12	7%			2.3%
New York, NY. End user experience	Preferred.			750,000	750,000	
management and performance (EMP) solutions	1,876,922 Series B Preferred.			479,155	479,155	
utilizing enterprise applications. (Software)	**Total Knoa**			1,229,155	1,229,155	
www.knoa.com						
Mezmeriz, Inc. (e)(g)	1,554,565 Series Seed Preferred.	1/9/08	12%	742,850	-	0.0%
Ithaca, NY. Technology company developing novel reality capture tools for 3D mapping, reality modeling, object tracking and classification. (Electronics Developer)						
www.mezmeriz.com						
New Monarch Machine Tool, Inc. (g)	22.84 Common.	9/24/03	15%	22,841	22,841	0.0%
Cortland, NY. Manufactures and services vertical/horizontal machining centers. (Manufacturing)						
www.monarchmt.com						
OnCore Golf Technology, Inc. (e)(g)	300,483 Preferred AA.	12/31/14	8%	752,712	300,000	0.6%
Buffalo, NY. Patented and proprietary golf balls utilizing technology and innovation.						
(Consumer Product)						
www.oncoregolf.com						

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2019 (Continued)

Company, Geographic Location, Business Description, (Industry) and Website	(a) Type of Investment	(b) Date Acquired	(c) Equity	Cost	(d)(f) Fair Value	Percent of Net Assets
SciAps, Inc. (e)(g)	187,500 Series A Preferred.	7/12/13	6%	1,500,000	-	2.0%
Woburn, MA. Instrumentation company	274,299 Series A-1 Convertible Preferred.			504,710	-	
producing portable analytical devices using XRF,	117,371 Series B Convertible Preferred.			250,000	250,000	
LIBS and RAMAN spectroscopy to identify	113,636 Series C Convertible Preferred.			175,000	175,000	
compounds, minerals, and elements.	369,698 Series C-1 Convertible Preferred.			399,274	399,274	
(Manufacturing)	147,059 Series D Convertible Preferred.			250,000	250,000	
www.sciaps.com	**Total SciAps**			3,078,984	1,074,274	
Teleservices Solutions Holdings, LLC (e) (g)(l)	250,000 Class B Preferred Units.	5/30/14	6%	250,000	-	0.0%
Montvale, NJ. Customer contact center	1,000,000 Class C Preferred Units.			1,190,680	-	
specializing in customer acquisition and retention	80,000 Class D Preferred Units.			91,200	-	
for selected industries. (Contact Center)	104,198 Class E Preferred Units.					
www.ipacesetters.com	PIK dividend for Series C and D at 12% and 14%, respectively.			104,198	-	
	Total Teleservices			1,636,078	-	
Tilson Technology Management, Inc. (g)(h)	120,000 Series B Preferred.	1/20/15	9%	600,000	1,950,000	7.4%
Portland, ME. Provides network deployment	21,391 Series C Preferred.			200,000	347,604	
construction and information system services	70,176 Series D Preferred.			800,000	1,140,360	
management for cellular, fiber optic and wireless	15,385 Series E Preferred.			500,012	500,012	
systems providers. Its affiliated entity, SQF, LLC	211,567 SQF Hold Co. Common.			-	22,036	
is a CLEC supporting small cell 5G deployment.	**Total Tilson**			2,100,012	3,960,012	
(Professional Services)						
www.tilsontech.com						
Other Affiliate Investments:						
G-TEC Natural Gas Systems(e)(m) (Manufacturing)	Membership Interest	8/31/99	17%	400,000	-	0.0%
Subtotal Affiliate Investments				$ 19,035,446	$ 12,151,435	
TOTAL INVESTMENTS – 69%				$ 44,619,463	$ 37,020,792	
OTHER ASSETS IN EXCESS OF LIABILITIES – 31%					16,607,724	
NET ASSETS – 100%					**$ 53,628,516**	

Notes to the Consolidated Schedule of Portfolio Investments

(a) At December 31, 2019, restricted securities represented 100% of the fair value of the investment portfolio. Restricted securities are subject to one or more restrictions on resale and are not freely marketable. Type of investment for equity position is in form of shares unless otherwise noted as units or interests, i.e., preferred shares, common shares.

(b) The Date Acquired column indicates the date on which the Corporation first acquired an investment in the company or a predecessor company.

(c) Each equity percentage estimates the Corporation's ownership interest in the applicable portfolio investment. The estimated ownership is calculated based on the percent of outstanding voting securities held by the Corporation or the potential percentage of voting securities held by the Corporation upon exercise of warrants or conversion of debentures, or other available data. If applicable, the symbol "<1%" indicates that the Corporation holds an equity interest of less than one percent.

(d) The Corporation's investments are carried at fair value in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 "Fair Value Measurements and Disclosures," which defines fair value and establishes guidelines for measuring fair value. At December 31, 2019, ASC 820 designates 100% of the Corporation's investments as "Level 3" assets. Under the valuation policy of the Corporation, unrestricted publicly traded securities are valued at the average closing price for these securities for the last three trading days of the reporting period. Restricted securities are subject to restrictions on resale, and are valued at fair value as determined by RCM and submitted to the Board of Directors for approval. Fair value is considered to be the amount that the Corporation may reasonably expect to receive for portfolio securities when sold on the valuation date. Valuations as of any particular date, however, are not necessarily indicative of amounts which may ultimately be realized as a result of future sales or other dispositions of securities and these favorable or unfavorable differences could be material. Among the factors considered in determining the fair value of restricted securities are the financial condition and operating results, projected operations, and other analytical data relating to the investment. Also considered are the market prices for unrestricted securities of the same class (if applicable) and other matters which may have an impact on the value of the portfolio company (see Note 3. "Investments" to the Consolidated Financial Statements).

(e) These investments are non-income producing. All other investments are income producing. Non-income producing investments have not generated cash payments of interest or dividends including LLC tax-related distributions within the last twelve months, or are not expected to do so going forward. However, if a debt or a preferred equity fails to make its most recent payment, then the investment will also be classified as non-income producing.

(f) As of December 31, 2019, the total cost of investment securities was approximately $44.6 million. Net unrealized depreciation was approximately ($7.6) million, which was comprised of $10.1 million of unrealized appreciation of investment securities and ($17.7) million of unrealized depreciation of investment securities. At December 31, 2019, the aggregate gross unrealized gain for federal income tax purposes was $10.2 million and the aggregate gross unrealized loss for federal income tax purposes was ($14.7) million. The net unrealized loss for federal income tax purposes was ($4.5) million based on a tax cost of $41.4 million.

(g) Rand Capital SBIC, Inc. investment.

(h) Reduction in cost and value from previously reported balances reflects current principal repayment.

(i) Represents interest due (amounts over $50,000) from investments included as interest receivable on the Corporation's Consolidated Statements of Financial Position. (None at December 31, 2019)

(j) Non-Control/Non-Affiliate Investments are investments that are neither Control Investments nor Affiliate Investments.

(k) Affiliate Investments are defined by the Investment Company Act of 1940, as amended ("1940 Act"), as those Non-Control investments in companies in which between 5% and 25% of the voting securities are owned by the Corporation.

(l) Payment in kind (PIK) represents earned interest that is added to the cost basis of the investment.

(m) Equity holdings are held in a wholly owned (100%) "blocker corporation" of Rand Capital Corporation or Rand Capital SBIC, Inc. for federal income tax and Regulated Investment Company (RIC) compliance.

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2019 (Continued)

Investments in and Advances to Affiliates

Company	Type of Investment	December 31, 2018 Fair Value	Gross Additions (1)	Gross Reductions (2)	December 31, 2019 Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
Control Investments:							
Advantage 24/7 LLC	$140,000 Term Note at 7%.	$ 99,500	$ -	($ 99,500)	$ -	$ 40,500	$ -
Gemcor II, LLC		-	-	-	-	39,893	-
	Total Control Investments	**$ 99,500**	**$ -**	**($ 99,500)**	**$ -**	**$ 80,393**	**$ -**
Affiliate Investments:							
BeetNPath, LLC	1,119,024 Series A-2 Preferred Membership Units.	$ -	$ -	$ -	$ -	$ -	$ -
	1,032,918 Series B Preferred Membership. Units	261,277	-	(261,277)	-	-	-
	$262,626.64 Convertible Secured Notes at 8%.	262,627	-	(262,627)	-	-	-
	Total BeetNPath	523,904	-	(523,904)	-	-	-
Carolina Skiff LLC	6.0825% Class A Common Membership interest.	1,750,000	-	-	1,750,000	-	76,914
ClearView Social, Inc.	312,500 Series Seed Plus Preferred.	200,000	-	-	200,000	-	-
Filterworks	$2,283,702 Term Note at 12%.	-	2,302,653	-	2,302,653	-	47,368
Acquisition USA, LLC	562.5 Class A Units.	-	562,500	-	562,500	-	-
	Total Filterworks	-	2,865,153	-	2,865,153	-	47,368
First Wave Technologies, Inc.	670,443.2 Class A Common.	33,000	-	(33,000)	-	-	-
Genicon, Inc.	1,586,902 Series B Preferred.	1,000,000	-	(1,000,000)	-	-	-
	$3,250,000 Promissory Notes at 10%.	3,385,586	269,164	(3,154,750)	500,000	-	379,469
	$250,000 Promissory Note at 10%	-	257,797	(7,797)	250,000	-	12,184
	Warrant for Common.	37,500	-	(37,500)	-	-	-
	Total Genicon	4,423,086	526,961	(4,200,047)	750,000	-	391,653
G-TEC Natural Gas Systems	16.639% Class A Membership Interest. 8% cumulative dividend.	-	-	-	-	-	-
Knoa Software, Inc.	973,533 Series A-1 Convertible Preferred.	750,000	-	-	750,000	-	193,934
	1,876,922 Series B Preferred.	479,155	-	-	479,155	-	-
	Total Knoa	1,229,155	-	-	1,229,155	-	193,934
KnowledgeVision	200,000 Series A-1 Preferred.		-	-	-	-	-
Systems, Inc.	214,285 Series A-2 Preferred.				-	-	-
	129,033 Series A-3 Preferred.	165,001	-	(165,001)	-	-	-
	$75,000 Subordinated Promissory Notes at 8%.	75,000		(75,000)	-	-	22,000
	$900,000 Term Note at 13%.	750,000	150,000	(900,000)	-	-	98,142
	Warrant for 46,743 Series A-3.	35,000	-	(35,000)	-	-	-
	Total KnowledgeVision	1,025,001	150,000	(1,175,001)	-	-	120,142
Mezmeriz, Inc.	1,554,565 Series Seed Preferred.	351,477	-	(351,477)	-	-	-
Microcision LLC	$1,500,000 Subordinated Promissory Note at 12% (1% PIK).	1,933,353	14,536	(1,947,889)	-	-	232,874
	15% Class A Common Membership Interest.	610,000	-	(610,000)	-	1,510,000	-
	Total Microcision	2,543,353	14,536	(2,557,889)	-	1,510,000	232,874
New Monarch Machine Tool, Inc.	22.84 Common.	22,841	-	-	22,841	-	
OnCore Golf Technology, Inc.	300,483 Series AA Preferred.	300,000	-	-	300,000	-	-

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2019 (Continued)

Investments in and Advances to Affiliates

Company	Type of Investment	December 31, 2018 Fair Value	Gross Additions (1)	Gross Reductions (2)	December 31, 2019 Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
SciAps, Inc.	187,500 Series A Preferred.	700,000	-	(700,000)	-		-
	274,299 Series A-1 Convertible Preferred.	250,000	-	(250,000)	-	-	-
	117,371 Series B Convertible Preferred.	250,000	-	-	250,000	-	-
	113,636 Series C Convertible Preferred.	175,000	-	-	175,000	-	-
	369,698 Series C-1 Convertible Preferred.	399,274	-	-	399,274	-	-
	147,059 Series D Convertible Preferred.	250,000	-	-	250,000	-	-
	Total SciAps	2,024,274	-	(950,000)	1,074,274	-	-
SOMS Technologies, LLC	5,959,490 Series B membership Interests.	-	-	-	-	(472,632)	-
Teleservices Solutions Holdings, LLC	250,000 Class B Preferred Units.	-	-	-	-	-	-
	1,000,000 Class C Preferred Units.	-	-	-	-	-	-
	80,000 Class D Preferred Units.	-	-	-	-	-	-
	104,198 Class E Preferred Units.	-	-	-	-	-	-
	Total Teleservices	-	-	-	-	-	-
Tilson nt, Technology Manageme Inc.	120,000 Series B Preferred.	600,000	1,350,000	-	1,950,000	-	49,958
	21,391 Series C Preferred.	200,000	147,604	-	347,604	-	-
	70,176 Series D Preferred.	800,000	340,360	-	1,140,360	-	-
	15,385 Series E Preferred.	-	500,012	-	500,012	-	-
	211,567 SQF Hold Co. Common.	-	22,036		22,036	-	
	$200,000 Subordinated Promissory Note at 8%.	200,000	-	(200,000)	-	-	47,332
	$800,000 Subordinated Promissory Note at 8%.	800,000	-	(800,000)	-	-	11,835
	Total Tilson	2,600,000	2,360,012	(1,000,000)	3,960,012	-	109,125
	Total Affiliate Investments	**$ 17,026,091**	**$ 3,051,509**	**($10,791,318)**	**$ 12,151,435**	**$ 1,037,368**	**$ 1,172,010**
	Total Control and Affiliate Investments	**$ 17,125,591**	**$ 3,051,509**	**($10,890,818)**	**$ 12,151,435**	**$ 1,117,761**	**$ 1,172,010**

This schedule should be read in conjunction with the Corporation's Consolidated Financial Statements, including the Consolidated Schedule of Portfolio Investments and Notes to the Consolidated Financial Statements.

(1) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow on investments, capitalized interest and the accretion of discounts. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation, and the movement of an existing portfolio company into this category and out of another category.

(2) Gross reductions include decreases in the cost basis of investments resulting from principal repayments, sales, note conversions, net increases in unrealized depreciation, net decreases in unrealized appreciation, the exchange of existing securities for new securities and the movement of an existing portfolio company out of this category and into another category.

(3) Represents the total amount of interest, fees or dividends credited to income for the portion of the period an investment was included in Control or Affiliate categories, respectively.

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2019 (Continued)

Industry Classification	Percentage of Total Investments (at fair value) as of December 31, 2019
Software	40.4%
Manufacturing	16.4
Professional Services	13.6
Entertainment	11.9
Automotive	7.7
Healthcare	6.4
Contact Center	1.3
Oil and Gas	1.3
Consumer Product	0.8
Marketing	0.2
Total Investments	**100%**

Rand Capital Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
(Unaudited)

Note 1. ORGANIZATION

Rand Capital Corporation ("Rand", "we", "us" and "our") was incorporated under the laws of New York in February 1969. We completed our initial public offering in 1971 as an internally managed, closed-end, diversified, investment management company. We have elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets" and provide managerial assistance to the portfolio companies in which we invest. See Item 1. Business – Regulations - Business Development Company Regulations in our Annual Report on Form 10-K for the year ended December 31, 2019.

In 2002, Rand formed a wholly-owned subsidiary for the purpose of operating it as a small business investment company ("SBIC") licensed by the U.S. Small Business Administration ("SBA"). The subsidiary received an SBA license to operate as an SBIC in 2002. The subsidiary, which had been organized as a Delaware limited partnership, was converted into a New York corporation on December 31, 2008, at which time its operations as a licensed SBIC were continued by the newly formed corporation under the name of Rand Capital SBIC, Inc. ("Rand SBIC"). In 2012, the SEC (as defined herein) granted an Order of Exemption for Rand with respect to the operations of Rand SBIC. At that time, although Rand SBIC was operated as if it were a BDC, it was registered as an investment company under the 1940 Act. Upon Rand's receipt of the order granting the exemptions, Rand SBIC filed an election to be regulated as a BDC under the 1940 Act.

In November 2019, Rand completed (the "Closing") a stock sale transaction with East Asset Management ("East"). The transaction consisted of a $25 million investment in Rand by East, in exchange for approximately 8.3 million shares of Rand common stock. The consideration paid by East for the shares of Rand common stock was comprised of approximately $15.5 million of cash and a contribution of $9.5 million of portfolio assets (the "Contributed Assets"). Concurrent with the Closing, Rand's management and staff became employees of Rand Capital Management, LLC ("RCM"), a registered investment adviser that has been retained by Rand as its external investment adviser. In connection with retaining RCM as our investment adviser, Rand entered into an investment advisory and management agreement (the "Investment Management Agreement") and an administration agreement (the "Administration Agreement") with RCM pursuant to which RCM serves as Rand's investment adviser and administrator (the Closing and the retention of RCM as our investment adviser and administrator are collectively referred to herein as the "Transaction"). Pursuant to the terms of the Investment Management Agreement, Rand pays RCM a base management fee and may pay an incentive fee, if specified benchmarks are met.

In connection with the completion of the Transaction, Rand intends to shift to an investment strategy focused on higher yielding debt investments and intends to elect U.S. federal tax treatment as a regulated investment company ("RIC") as of January 1, 2020 on its timely filed Federal tax return for the 2020 tax year. As required for the RIC election, Rand paid a special dividend to shareholders to distribute all of its accumulated earnings and profits. Rand's Board of Directors declared a special dividend of $23.7 million, or approximately $1.62 per share, on March 3, 2020. The cash and shares of Rand's common stock comprising the special dividend were distributed on May 11, 2020 to shareholders. Rand intends to adopt a new dividend policy going forward that may include regular cash dividends to shareholders. In order to qualify to make the RIC election, Rand placed several of its investments in newly formed holding companies that facilitate a tax structure that is advantageous to the RIC election. In December 2019, Rand formed Rand Somerset Holdings Corp., Rand BeetNPath Holdings Corp., Rand Carolina Skiff Holdings Corp., Rand Filterworks Holdings Corp. and Rand GTEC Holdings Corp., ("Blocker Corps") as wholly owned subsidiaries of Rand to hold certain equity investments. These subsidiaries are consolidated using United States generally accepted accounting principles ("GAAP") for financial reporting purposes.

In addition, Rand effected a 1-for-9 reverse stock split of its common stock effective May 21, 2020. The reverse stock split affected all issued and outstanding shares of the Rand's common stock, including shares held in treasury. The reverse stock split reduced the number of issued and outstanding shares of Rand's common stock from 23,845,470 shares and 23,304,424 shares, respectively, to 2,648,916 shares and 2,588,800 shares, respectively. The reverse stock split affected all shareholders uniformly and did not alter any shareholder's percentage interest in Rand's outstanding common stock, except for adjustments for fractional shares.

The following discussion describes the operations of Rand and its wholly-owned subsidiaries Rand SBIC, Rand Somerset Holdings Corp., Rand BeetNPath Holdings Corp., Rand Carolina Skiff Holdings Corp., Rand Filterworks Holdings Corp. and Rand GTEC Holdings Corp., (collectively, the "Corporation").

Our corporate office is located in Buffalo, NY and our website address is www.randcapital.com. We make available free of charge on our website our annual and periodic reports, proxy statements and other information as soon as reasonably practicable after such material is filed with the Securities and Exchange Commission ("SEC"). Our shares are traded on the Nasdaq Capital Market under the ticker symbol "RAND".

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – It is our opinion that the accompanying consolidated financial statements include all adjustments of a normal recurring nature necessary for a fair presentation in accordance with GAAP of the consolidated financial position, results of operations, cash flows and statement of changes in net assets for the interim periods presented. Certain information and note disclosures normally included in audited annual consolidated financial statements prepared in accordance with GAAP have been omitted; however, we believe that the disclosures made are adequate to make the information presented herein not misleading. Our interim results for the six months ended June 30, 2020 are not necessarily indicative of the results to be expected for the full year.

These statements should be read in conjunction with the consolidated financial statements and the notes included in our Annual Report on Form 10-K for the year ended December 31, 2019. Information contained in this filing should also be reviewed in conjunction with our related filings with the SEC prior to the date of this report.

Reclassification – Certain prior year amounts in the stockholders' equity section of the "Statement of Financial Position" have been reclassified. In addition, certain other balance sheet and income statement amounts have been reclassified to comply with regulatory rules.

Principles of Consolidation - The consolidated financial statements include the accounts of Rand and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Fair Value of Financial Instruments – The carrying amounts reported in the consolidated statement of financial position of cash, interest receivable, accounts payable and accrued expenses approximate fair value because of the immediate or short-term nature of these financial instruments.

Fair Value of SBA Debentures - In March 2020, the SBIC Funding Corporation completed a pooling of SBA debentures that have a coupon rate of 2.078%, excluding a mandatory SBA annual charge estimated to be 0.275%, resulting in a total estimated fixed rate for ten years of 2.353%. The carrying value of Rand's SBA debentures is a reasonable estimate of fair value because their stated interest rates approximate current interest rates that are available for debt with similar terms.

Investment Classification – In accordance with the provisions of the 1940 Act, the Corporation classifies its investments by level of control. Under the 1940 Act, "Control Investments" are investments in companies that the Corporation is deemed to "Control" because it owns more than 25% of the voting securities of the company or has greater than 50% representation on the company's board. "Affiliate Investments" are companies in which the Corporation owns between 5% and 25% of the voting securities. "Non-Control/Non-Affiliate Investments" are those companies that are neither Control Investments nor Affiliate Investments.

Investments - Investments are valued at fair value as determined in good faith by RCM and approved by our Board of Directors. The Corporation invests in loan instruments, debt instruments, and equity instruments. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistent valuation process. The Corporation analyzes and values each investment quarterly, and records unrealized depreciation for an investment that it believes has become impaired, including where collection of a loan or debt security or realization of the recorded value of an equity security is doubtful. Conversely, the Corporation will record unrealized appreciation if it believes that an underlying portfolio company has appreciated in value and, therefore, its equity securities have also appreciated in value. These estimated fair values may differ from the values that would have been used had a ready market for the investments existed and these differences could be material if RCM's assumptions and judgments differ from results of actual liquidation events.

Qualifying Assets - More than 70% of the Corporation's investments are in privately held small business enterprises, that were not investment companies, are principally based in the United States, and represent qualifying assets as defined by Section 55(a) of the 1940 Act.

Cash and Cash Equivalents - Temporary cash investments having a maturity of less than a year when purchased are considered to be cash equivalents.

Revenue Recognition - Interest Income - Interest income is recognized on the accrual basis except where the investment is in default or otherwise presumed to be in doubt. In such cases, interest is recognized at the time of receipt. A reserve for possible losses on interest receivable is maintained when appropriate.

Rand SBIC's interest accrual is also regulated by the SBA's "Accounting Standards and Financial Reporting Requirements for Small Business Investment Companies." Under these rules, interest income cannot be recognized if collection is doubtful, and a 100% reserve must be established. The collection of interest is presumed to be in doubt when there is substantial doubt about a portfolio company's ability to continue as a going concern or a loan is in default for more than 120 days. Management also uses other qualitative and quantitative measures to determine the value of a portfolio investment and the collectability of any accrued interest.

The following investments are on non-accrual status: BeetNPath, LLC (Beetnpath), G-TEC Natural Gas Systems (G-Tec) and a portion of the Mercantile Adjustment Bureau, LLC (Mercantile) outstanding loan balance.

The Corporation holds debt securities in its investment portfolio that contain payment-in-kind ("PIK") interest provisions. PIK interest, computed at the contractual rate specified in each debt agreement, is added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment.

Revenue Recognition - Dividend Income –The Corporation may receive cash distributions from portfolio companies that are limited liability companies or corporations and these distributions are classified as dividend income on the consolidated statement of operations. Dividend income is recognized on an accrual basis when it can be reasonably estimated.

The Corporation may hold preferred equity securities that contain cumulative dividend provisions. Cumulative dividends are recorded as dividend income, if declared and deemed collectible, and any dividends in arrears are recognized into income and added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed.

Revenue Recognition - Fee Income - Consists of the revenue associated with the amortization of financing fees charged to the portfolio companies upon successful closing of SBIC financings and income associated with portfolio company board attendance fees. The income associated with the amortization of financing fees was $10,417 and $42,428 for the six months ended June 30, 2020 and 2019, respectively. During the six months ended June 30, 2019, the Corporation recognized a one-time fee of $225,000 in conjunction with the repayment of the eHealth loan instrument. The board fees were $0 and $500 for the six months ended June 30, 2020 and 2019, respectively.

Realized Gain or Loss and Unrealized Appreciation or Depreciation of Investments -Amounts reported as realized gains and losses are measured by the difference between the proceeds from the sale or exchange and the cost basis of the investment without regard to unrealized gains or losses recorded in prior periods. The cost of securities that have, in management's judgment, become worthless are written off and reported as realized losses when appropriate. Unrealized appreciation or depreciation reflects the difference between the fair value of the investments and the cost basis of the investments.

Original Issue Discount – Investments may include "original issue discount" or OID income. This occurs when the Corporation purchases a warrant and a note from a portfolio company simultaneously, which requires an allocation of a portion of the purchase price to the warrant and reduces the note or debt instrument by an equal amount in the form of a note discount or OID. The note is reported net of the OID and the OID is accreted into interest income over the life of the loan. The Corporation recognized $29,303 and $20,382 in OID income for the six months ended June 30, 2020 and 2019, respectively. OID income is estimated to be approximately $19,000 for the remainder of 2020.

Deferred Debenture Costs - SBA debenture origination and commitment costs, which are netted against the debenture obligation (See Note 6 "SBA Debentures"), will be amortized ratably over the terms of the SBA debentures. Amortization expense was $18,837 and $18,195 for the six months ended June 30, 2020 and 2019, respectively. Amortization expense on currently outstanding debentures for the next five years is estimated to average approximately $26,000 per year.

SBA Debentures - The Corporation had $11,000,000 in outstanding SBA debentures at June 30, 2020 and December 31, 2019, respectively, with a weighted average interest rate, including the SBA annual fee, of 3.45% at June 30, 2020. The debentures are presented net of deferred debenture costs (See Note 6 "SBA Debentures"). The $11,000,000 in outstanding SBA leverage matures from 2022 through 2029.

In the event of a future default of such SBA obligations, the Corporation has consented to the exercise, by the SBA, of all rights of the SBA under 13 C.F.R. 107.1810(i) "SBA remedies for automatic events of default" and has agreed to take all actions that the SBA may so require. These actions may include the Corporation's automatic consent to the appointment of the SBA, or its designee, as receiver under Section 311(c) of the Small Business Investment Act of 1958.

Net Assets per Share - Net assets per share are based on the number of shares of common stock outstanding, adjusted retroactively for the reverse stock split that occurred in May 2020. The Corporation does not have any common stock equivalents outstanding.

Supplemental Cash Flow Information - Income taxes refunded during the six months ended June 30, 2020 and 2019 were $380,890 and $630,274, respectively. Interest paid during each of the six months ended June 30, 2020 and 2019 was $189,023 and $153,513, respectively. The Corporation converted $175,596 and $212,131 of interest receivable into investments during the six months ended June 30, 2020 and 2019, respectively.

Accounting Estimates - The preparation of financial statements in conformity with GAAP 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.

Stockholders' Equity (Net Assets) - At June 30, 2020 and December 31, 2019, there were 500,000 shares of $10.00 par value preferred stock authorized and unissued.

On April 22, 2020, the Board of Directors approved a new share repurchase plan, which authorizes the Corporation to repurchase shares of the Corporation's outstanding common stock with an aggregate cost of up to $1,500,000 at prices per share of common stock no greater than the then current net asset value. This new share repurchase authorization lasts for a period of 12 months from the authorization date, until April 22, 2021. This new share repurchase plan supplants and replaces the share repurchase authorization that was previously approved by the Board of Directors in October 2019. Prior to the April 22, 2020 new share repurchase plan, in October 2019 the Board of Directors extended the repurchase authorization of up to 1,541,046 shares of the Common Stock on the open market at prices no greater than the then current net asset value. The Corporation purchased 1,300 shares for the treasury at a total cost of $14,304 during the six months ended June 30, 2020. No shares were repurchased during the six months ended June 30, 2019.

The Corporation paid a special dividend to shareholders, as a means to distribute all of the Corporation's accumulated earnings and profits in May 2020 in preparation for the Corporation's intended regulated investment company ("RIC") election. The Corporation's Board of Directors declared a special dividend of $23.7 million, or approximately $1.62 per share, on March 3, 2020. The cash and shares of Rand's common stock representing the special dividend were distributed on May 11, 2020 to shareholders.

On May 21, 2020, the Corporation effected a 1-for-9 reverse stock split of its common stock (the "Reverse Stock Split"). The Reverse Stock Split affected all issued and outstanding shares of its common stock, including shares held in treasury. The Reverse Stock Split reduced the number of issued and outstanding shares of the Corporation's common stock from 23,845,470 shares and 23,304,424 shares, respectively, to 2,648,916 shares and 2,588,800 shares, respectively. The Reverse Stock Split did not change the authorized number of shares or the par value of the common stock. Share and per share data included herein has been retroactively restated to reflect the effect of the Reverse Stock Split, as applicable. The Reverse Stock Split affected all shareholders uniformly and did not alter any shareholder's percentage interest in the Corporation's outstanding common stock, except for minor adjustments for fractional shares.

Income Taxes – The Corporation intends to elect U.S. federal tax treatment as a RIC as of January 1, 2020 on its timely filed Federal tax return for the 2020 tax year. In order to qualify as a RIC, among other things, the Corporation will be required to meet certain source of income and asset diversification requirements and timely distribute to its shareholders at least 90% of investment company taxable income, as defined by the Code, for each tax year. The Corporation intends to make the requisite distributions to its shareholders, which will generally relieve the Corporation from U.S. federal income taxes with respect to all income distributed to its shareholders.

In anticipation of the RIC election and in accordance with GAAP, a net deferred tax asset of $1,451,658 was eliminated. This asset related to book/tax differences that are no longer applicable now that the Corporation intends to elect RIC status for income tax purposes.

Certain investments that generate non-qualifying income for a RIC, and the deferred tax liability related to these investments of $247,460, were placed in blocker corporation in December 2019. These blocker corporations will be subject to federal and state income taxes.

The Corporation reviews the tax positions it has taken to determine if they meet a "more likely than not threshold" for the benefit of the tax position to be recognized in the consolidated financial statements. A tax position that fails to meet the more likely than not recognition threshold will result in either a reduction of a current or deferred tax asset or receivable, or the recording of a current or deferred tax liability. There were no uncertain tax positions recorded at June 30, 2020 or December 31, 2019.

Under the provisions of Section 382 the Internal Revenue Code of 1986, as amended, (the "Code"), net operating loss and credit carryforwards and other tax attributes may be subject to limitations if there has been a significant change in ownership in the Corporation, as defined by the Code. Prior to the completion of the Transactions, the Corporation was able to utilize its remaining federal net operating losses ("NOL"). The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), signed into law by President Trump on March 27, 2020, made changes to the NOL carryback rules for businesses. The Corporation was able to carryback a portion of its NOL under the CARES Act and received a tax benefit of $90,141.

The Corporation is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended December 31, 2016 through 2019. In general, the Corporation's state income tax returns are open to audit under the statute of limitations for the years ended December 31, 2016 through 2019.

It is the Corporation's policy to include interest and penalties related to income tax liabilities in income tax expense. There were no amounts recognized for interest or penalties for the six months ended June 30, 2020 or 2019.

Concentration of Credit and Market Risk – The Corporation's financial instruments potentially subject it to concentrations of credit risk. Cash is invested with banks in amounts which, at times, exceed insurable limits. The Corporation does not anticipate non-performance by such banks.

The following are the concentrations of the top five portfolio company values to the fair value of the Corporation's total investment portfolio:

	June 30, 2020
ACV Auctions, Inc. (ACV)	17%
Tilson Technology Management, Inc. (Tilson)	12%
AIKG, LLC (Andretti)	12%
Filterworks Acquisition USA, LLC (Filterworks)	8%
SciAps, Inc. (Sciaps)	7%

	December 31, 2019
ACV Auctions, Inc. (ACV)	18%
AIKG, LLC (Andretti)	12%
Tilson Technology Management, Inc. (Tilson)	11%
Filterworks Acquisition USA, LLC (Filterworks)	8%
Outmatch (Outmatch)	6%

Note 3. INVESTMENTS

The Corporation's investments are carried at fair value in accordance with FASB Accounting Standards Codification (ASC) 820, "Fair Value Measurements and Disclosures", which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements.

Loan investments are defined as traditional loan financings with no equity features. Debt investments are defined as debt financings that include one or more equity features such as conversion rights, stock purchase warrants, and/or stock purchase options. A financing may also be categorized as a debt financing if it is accompanied by the direct purchase of an equity interest in the company.

The Corporation uses several approaches to determine the fair value of an investment. The main approaches are:

- Loan and debt securities are valued at cost when it is representative of the fair value of the investment or sufficient assets or liquidation proceeds are expected to exist from a sale of a portfolio company at its estimated fair value. However, they may be valued at an amount other than cost given the carrying interest rate versus the related inherent portfolio risk of the investment. A loan or debt instrument may be reduced in value if it is judged to be of poor quality, collection is in doubt or insufficient liquidation proceeds exist.

- Equity securities may be valued using the “asset approach”, “market approach” or “income approach.” The asset approach involves estimating the liquidation value of the portfolio company’s assets. To the extent the value exceeds the remaining principal amount of the debt or loan securities of the portfolio company, the fair value of such securities is generally estimated to be their cost. However, where value is less than the remaining principal amount of the loan and debt securities, the Corporation may discount the value of an equity security. The market approach uses observable prices and other relevant information generated by similar market transactions. It may include the use of market multiples derived from a set of comparables to assist in pricing the investment. Additionally, the Corporation adjusts valuations if a subsequent significant equity financing has occurred that includes a meaningful portion of the financing by a sophisticated, unrelated new investor. The income approach employs a cash flow and discounting methodology to value an investment.

ASC 820 classifies the inputs used to measure fair value into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, used in the Corporation’s valuation at the measurement date. Under the valuation policy, the Corporation values unrestricted publicly traded companies, categorized as Level 1 investments, at the average closing price for the last three trading days of the reporting period.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable and significant inputs to determining the fair value.

Financial assets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Any changes in estimated fair value are recorded in the statement of operations.

95% of the Corporations investments were Level 3 at June 30, 2020 and 100% of the Corporation’s investments were Level 3 at December 31, 2019.

Under the valuation policy of the Corporation, unrestricted publicly traded securities are valued at the average closing price for these securities for the last three trading days of the reporting period.

In the valuation process, the Corporation values restricted securities, categorized as Level 3 investments, using information from these portfolio companies, which may include:

- Audited and unaudited statements of operations, balance sheets and operating budgets;
- Current and projected financial, operational and technological developments of the portfolio company;
- Current and projected ability of the portfolio company to service its debt obligations;
- The current capital structure of the business and the seniority of the various classes of equity if a deemed liquidation event were to occur;
- Pending debt or capital restructuring of the portfolio company;
- Current information regarding any offers to purchase the investment, or recent fundraising transactions;
- Current ability of the portfolio company to raise additional financing if needed;
- Changes in the economic environment which may have a material impact on the operating results of the portfolio company;
- Internal circumstances and events that may have an impact (both positive and negative) on the operating performance of the portfolio company;
- Qualitative assessment of key management;
- Contractual rights, obligations or restrictions associated with the investment; and
- Other factors deemed relevant to assess valuation.

The valuation may be reduced if a portfolio company's performance and potential have deteriorated significantly. If the factors that led to a reduction in valuation are overcome, the valuation may be readjusted.

Equity Securities

Equity securities may include preferred stock, common stock, warrants and limited liability company membership interests.

The significant unobservable inputs used in the fair value measurement of the Corporation's equity investments are earnings before interest, tax and depreciation and amortization (EBITDA) and revenue multiples, where applicable, the financial and operational performance of the business, and the debt and senior equity preferences that may exist in a deemed liquidation event. Standard industry multiples may be used when available; however, the Corporation's portfolio companies are typically small and in early stages of development and these industry standards may be adjusted to more closely match the specific financial and operational performance of the portfolio company. Due to the nature of certain investments, fair value measurements may be based on other criteria, which may include third party appraisals. Significant changes in any of these unobservable inputs may result in a significantly higher or lower fair value estimate.

Another key factor used in valuing equity investments is a significant recent arms-length equity transaction entered into by the portfolio company with a sophisticated, non-strategic, unrelated, new investor. The terms of these equity transactions may not be identical to the equity transactions between the portfolio company and the Corporation, and the impact of the difference in transaction terms on the market value of the portfolio company may be difficult or impossible to quantify.

When appropriate the Black-Scholes pricing model is used to estimate the fair value of warrants for accounting purposes. This model requires the use of highly subjective inputs including expected volatility and expected life, in addition to variables for the valuation of minority equity positions in small private and early stage companies. Significant changes in any of these unobservable inputs may result in a significantly higher or lower fair value estimate.

For recent investments of less than one year old, the Corporation generally relies on the cost basis, which is deemed to represent the fair value, unless other fair value inputs are identified causing the Corporation to depart from this basis.

Loan and Debt Securities

The significant unobservable inputs used in the fair value measurement of the Corporation's loan and debt securities are the financial and operational performance of the portfolio company, similar debt with similar terms with other portfolio companies, as well as the market acceptance for the portfolio company's products or services. These inputs will likely provide an indicator as to the probability of principal recovery of the investment. The Corporation's loan and debt investments are often junior secured or unsecured securities. Fair value may also be determined based on other criteria where appropriate. Significant changes to the unobservable inputs may result in a change in fair value. For recent investments, the Corporation generally relies on the cost basis, which is deemed to represent the fair value, unless other fair value inputs are identified causing the Corporation to depart from this basis.

The following table provides a summary of the significant unobservable inputs used to determine the fair value of the Corporation's Level 3 portfolio investments as of June 30, 2020:

Investment Type	Market Approach EBITDA Multiple	Market Approach Liquidation Seniority	Market Approach Revenue Multiple	Market Approach Transaction Pricing	Totals
Non-Control/Non-Affiliate Equity	$ -	$ 1,452,732	$ 500,000	$ 8,605,983	$ 10,558,715
Non-Control/Non-Affiliate Loan and Debt	500,000	2,370,757	602,569	7,344,075	10,817,401
Total Non-Control/Non-Affiliate	**$ 500,000**	**$ 3,823,489**	**$ 1,102,569**	**$ 15,950,058**	**$ 21,376,116**
Affiliate Equity	$ 1,750,000	$ 22,841	$ 2,548,429	$ 7,140,015	$ 11,461,285
Affiliate Loan and Debt	-	250,000	-	3,726,993	3,976,993
Total Affiliate	**$ 1,750,000**	**$ 272,841**	**$ 2,548,429**	**$ 10,867,008**	**$ 15,438,278**
Total Level 3 Investments	**$ 2,250,000**	**$ 4,096,330**	**$ 3,650,998**	**$ 26,817,066**	**$ 36,814,394**
Range	4.5-5X	1X	1X-3X	Not Applicable	
Unobservable Input	EBITDA Multiple	Asset Value	Revenue Multiple	Transaction Price	
Weighted Average	4.6X	1X	2.5X	Not Applicable	

The following table provides a summary of the components of Level 1, 2 and 3 Assets Measured at Fair Value at June 30, 2020:

		Fair Value Measurements at Reported Date Using		
Description	**June 30, 2020**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Other Significant Unobservable Inputs (Level 3)**
Loan investments	$ 1,820,692	$ -	$ -	$ 1,820,692
Debt investments	14,431,202	-	-	14,431,202
Equity investments	22,353,719	1,791,219	-	20,562,500
Total	$ 38,605,613	$ 1,791,219	$ -	$ 36,814,394

The following table provides a summary of the components of Level 1, 2 and 3 Assets Measured at Fair Value at December 31, 2019:

		Fair Value Measurements at Reported Date Using		
Description	**December 31, 2019**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Other Significant Unobservable Inputs (Level 3)**
Loan investments	$ 1,570,692	$ -	$ -	$ 1,570,692
Debt investments	13,647,107	-	-	13,647,107
Equity investments	21,802,993	-	-	21,802,993
Total	$ 37,020,792	$ -	$ -	$ 37,020,792

The following table provides a summary of changes in Assets Measured at Fair Value Using Significant Unobservable Inputs (Level 3) for the six months ended June 30, 2020:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Venture Capital Investments			
Description	**Loan Investments**	**Debt Investments**	**Equity Investments**	**Total**
Ending Balance, December 31, 2019, of Level 3 Assets	$ 1,570,692	$ 13,647,107	$ 21,802,993	$ 37,020,792
Realized gain included in net change in net assets from operations:				
Advantage 24/7 LLC (Advantage 24/7)	36,877	-	-	36,877
Microcision LLC (Microcision)	-	56,916	-	56,916
Outmatch Holdings, LLC (Outmatch)	-	-	2,318,253	2,318,253
Total Realized Gains	36,877	56,916	2,318,253	2,412,046
Unrealized Losses included in net change in net assets from operations:				
Genicon, Inc. (Genicon)	-	(515,804)	-	(515,804)
Total Unrealized Losses	-	(515,804)	-	(515,804)
Purchases of Securities/Changes to Securities/Non-cash conversions:				
AIKG LLC (Andretti)	-	89,389	-	89,389
Filterworks Acquisition USA, LLC	-	23,341	-	23,341
Genicon	-	15,804	-	15,804
GoNoodle, Inc. (GoNoodle)	-	7,522	-	7,522
HDI Acquisition LLC (Hilton Displays)	-	12,666	-	12,666
Mattison Avenue Holdings LLC (Mattison)	-	42,678	-	42,678
Microcision	-	(99,001)	110,000	10,999
SciAps, Inc. (Sciaps)	-	1,457,500	45,000	1,502,500
Tilson Technology Management, Inc. (Tilson)	-	-	750,003	750,003
Total Purchases of Securities/Changes to Securities/Non-cash conversions	-	1,549,899	905,003	2,454,902
Repayments and Sale of Securities:				
Advantage 24/7	(36,877)	-	-	(36,877)
Microcision LLC (Microcision)	-	(56,916)	-	(56,916)
Outmatch Holdings, LLC (Outmatch)	-	-	(4,463,749)	(4,463,749)
Total Repayments and Sale of Securities	(36,877)	(56,916)	(4,463,749)	(4,557,542)
Transfers within Level 3	250,000	(250,000)	-	-
Ending Balance June 30, 2020, of Level 3 Assets	$ 1,820,692	$ 14,431,202	$ 20,562,500	$ 36,814,394
Change in unrealized depreciation on investments for the period included in changes in net assets				$ (522,086)
Net realized gain on investments for the period included in changes in net assets				$ 2,412,046

The following table provides a summary of changes in Assets Measured at Fair Value Using Significant Unobservable Inputs (Level 3) for the six months ended June 30, 2019:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Venture Capital Investments			
Description	**Loan Investments**	**Debt Investments**	**Equity Investments**	**Total**
Ending Balance, December 31, 2018, of Level 3 Assets	$ 4,935,777	$ 9,397,979	$ 20,333,048	$ 34,666,804
<u>Realized gains and losses included in net change in net assets from operations:</u>				
Advantage 24/7 LLC (Advantage 24/7)	-	-	(40,500)	(40,500)
Gemcor II LLC (Gemcor)	-	-	39,893	39,893
SOMS Technologies, LLC (SOMS)	-	-	(472,632)	(472,632)
Total Realized Gains and Losses	-	-	(392,239)	(392,239)
<u>Unrealized Gains and Losses included in net change in net assets from operations:</u>				
BeetNPath, LLC (Beetnpath)	-	(262,627)	(261,277)	(523,904)
Genicon, Inc. (Genicon)	-	(215,080)	(537,500)	(752,580)
Mercantile Adjustment Bureau, LLC (Mercantile)	-	(200,000)	-	(200,000)
SciAps, Inc. (Sciaps)	-	-	(385,000)	(385,000)
SocialFlow, Inc. (Socialflow)	-	-	(1,071,300)	(1,071,300)
SOMS	-	-	472,632	472,632
Tilson Technology Management, Inc. (Tilson)	-	-	1,860,000	1,860,000
Total Unrealized Gains and Losses	-	(677,707)	77,555	(600,152)
<u>Purchases of Securities/Changes to Securities/Non-cash conversions:</u>				
Advantage 24/7	140,000	-	-	140,000
Empire Genomics, LLC (Empire Genomics)	-	49,821	-	49,821
Genicon	-	417,809	-	417,809
GoNoodle, Inc. (GoNoodle)	-	5,205	-	5,205
KnowledgeVision Systems, Inc. (Knowledge Vision)	150,000	-	-	150,000
Microcision LLC (Microcision)	-	9,678	-	9,678
Tilson	-	-	500,012	500,012
Total Purchases of Securities/Changes to Securities/Non-cash conversions	290,000	482,513	500,012	1,272,525
<u>Repayments and Sale of Securities:</u>				
Advantage 24/7	(25,000)	-	(140,000)	(165,000)
eHealth Global Technologies, Inc. (eHealth)	(3,500,000)	-	-	(3,500,000)
Gemcor	-	-	(39,893)	(39,893)
Total Repayments and Sale of Securities	(3,525,000)	-	(39,893)	(3,704,893)
Transfers within Level 3	444,915	(444,915)	-	-
Ending Balance, June 30, 2019, of Level 3 Assets	$ 2,145,692	$ 8,757,870	$ 20,338,483	$ 31,242,045

Change in unrealized depreciation on investments for the period included in changes in net assets	$ (600,152)
Net realized loss on investments for the period included in changes in net assets	$ (301,378)

Note 4. OTHER ASSETS

At June 30, 2020 and December 31, 2019, other assets was comprised of the following:

	June 30, 2020	December 31, 2019
Prepaid expenses	$ 44,409	$ 8,290
Operating receivables	15,000	546
Dividend receivable	-	256,542
Total other assets	$ 59,409	$ 265,378

Note 5. COMMITMENTS AND CONTINGENCIES

The Corporation had no commitments at June 30, 2020.

Note 6. SBA DEBENTURES

Pursuant to FASB Accounting Standard Update (ASU) 2015-03, the debt origination costs associated with the SBA debt obligations are presented as a direct deduction of the related debt obligation.

	June 30, 2020	December 31, 2019
Debentures guaranteed by the SBA	$ 11,000,000	$ 11,000,000
Less unamortized issue costs	(194,251)	(213,087)
Debentures guaranteed by the SBA, net	$ 10,805,749	$ 10,786,913

The weighted average interest rate, including the SBA annual fee, at June 30, 2020 was 3.45%.

The debenture terms require semiannual payments of interest at annual interest rates ranging from 2.245% to 3.644%, plus an annual charge ranging from 0.804% to 0.94%. The debentures have fixed interest rates and a 10 year maturity date. As of June 30, 2020, the Corporation had $3,000,000 in additional leverage available from the SBA.

The debentures outstanding at June 30, 2020 will mature as follows:

Maturity Date	Leverage
2022	$ 3,000,000
2023	2,500,000
2024	1,500,000
2025	1,000,000
2029	3,000,000
Total Outstanding	$ 11,000,000

Note 7. CHANGES IN STOCKHOLDERS' EQUITY (NET ASSETS)

The following schedule analyzes the changes in stockholders' equity (net assets) section of the Consolidated Statement of Financial Position for the three and six months ended June 30, 2020 and 2019, respectively:

	Common Stock	Capital in excess of par value	Treasury Stock, at cost	Total distributable (losses) earnings	Total Stockholders' Equity (Net Assets)
April 1, 2020	$ 1,519,637	$ 34,142,455	$ (1,469,105)	$ 19,865,666	$ 54,058,653
Payment of Dividend	864,910	-	-	(5,621,516)	(4,756,606)
Purchase of treasury shares	-	-	(14,304)		(14,304)
Net increase in net assets from operations	-	-	-	423,571	423,571
June 30, 2020	$ 2,384,547	$ 34,142,455	$ (1,483,409)	$ 14,667,721	$ 49,711,314

	Common Stock	Capital in excess of par value	Treasury Stock, at cost	Total distributable earnings	Total Stockholders' Equity (Net Assets)
April 1, 2019	$ 686,304	$ 10,581,789	$ (1,469,105)	22,180,614	$ 31,979,602
Net decrease in net assets from operations	-	-	-	(1,347,549)	(1,347,549)
June 30, 2019	$ 686,304	$ 10,581,789	$ (1,469,105)	$ 20,833,065	$ 30,632,053

	Common Stock	Capital in excess of par value	Treasury Stock, at cost	Total distributable (losses) earnings	Total Stockholders' Equity (Net Assets)
January 1, 2020	$ 1,519,637	$ 34,142,455	$ (1,469,105)	$ 19,435,529	$ 53,628,516
Payment of Dividend	864,910	-	-	(5,621,516)	(4,756,606)
Purchase of treasury shares	-	-	(14,304)		(14,304)
Net increase in net assets from operations	-	-	-	853,708	853,708
June 30, 2020	$ 2,384,547	$ 34,142,455	$ (1,483,409)	$ 14,667,721	$ 49,711,314

	Common Stock	Capital in excess of par value	Treasury Stock, at cost	Total distributable (losses) earnings	Total Stockholders' Equity (Net Assets)
January 1, 2019	$ 686,304	$ 10,581,789	$ (1,469,105)	21,725,199	$ 31,524,187
Net decrease in net assets from operations	-	-	-	(892,134)	(892,134)
June 30, 2019	$ 686,304	$ 10,581,789	$ (1,469,105)	$ 20,833,065	$ 30,632,053

Note 8. RELATED PARTY TRANSACTIONS

Investment Management Agreement

Effective with the Closing, RCM, a registered investment adviser, has been retained by the Corporation as its external investment adviser and administrator. Under the Investment Management Agreement, the Corporation will pay RCM, as compensation for the investment advisory and management services, fees consisting of two components: (i) the Base Management Fee and (ii) the Incentive Fee.

The "Base Management Fee" is calculated at an annual rate of 1.50% of the Corporation's total assets (other than cash or cash equivalents but including assets purchased with borrowed funds). For the three and six months ended June 30, 2020, the Base Management Fee was $141,386 and $281,763, respectively. For the year ended December 31, 2019, $85,483 in Base Management Fees was earned by RCM. As of June 30, 2020 and December 31, 2019, the Corporation had $141,294 and $49,359 payable, respectively, for the Base Management Fees on its Consolidated Statement of Financial Position. In addition, the Corporation had $1,205 payable at December 31, 2019 to RCM for the expenses associated with the Administration Agreement. There were no amounts payable to RCM for expenses associated with the Administration Agreement at June 30, 2020.

The “Incentive Fee” is comprised of two parts: (1) the “Income Based Fee” and (2) the “Capital Gains Fee”. The Income Based Fee is calculated and payable quarterly in arrears based on the “Pre-Incentive Fee Net Investment Income” (as defined in the agreement) for the immediately preceding calendar quarter, subject to a hurdle rate of 1.75% per quarter (7% annualized) and is payable promptly following the filing of the Corporation’s financial statements for such quarter.

The Corporation pays RCM an Income Based Fee with respect to its Pre-Incentive Fee Net Investment Income in each calendar quarter as follows:

(i) no Income Based Fee in any quarter in which the Pre-Incentive Fee Net Investment Income for such quarter does not exceed the hurdle rate of 1.75% (7.00% annualized);

(ii) 100% of the Pre-Incentive Fee Net Investment Income for any calendar quarter with respect to that portion of the Pre-Incentive Fee Net Investment Income for such calendar quarter, if any, that exceeds the hurdle rate of 1.75% (7.00% annualized) but is less than 2.1875% (8.75% annualized); and

(iii) 20% of the amount of the Pre-Incentive Fee Net Investment Income for any calendar quarter with respect to that portion of the Pre-Incentive Fee Net Investment Income for such calendar quarter, if any, that exceeds 2.1875% (8.75% annualized).

The Income Based Fee paid to RCM for any calendar quarter that begins more than two years and three months after the effective date of the Investment Management Agreement shall not be in excess of the Incentive Fee Cap. The “Incentive Fee Cap” for any quarter is an amount equal to (1) 20.0% of the Cumulative Net Return (as defined below) during the relevant Income Based Fee Calculation Period (as defined below) minus (2) the aggregate Income Based Fee that was paid in respect of the calendar quarters included in the relevant Income Based Fee Calculation Period.

For purposes of the calculation of the Income Based Fee, “Income Based Fee Calculation Period” is defined as, with reference to a calendar quarter, the period of time consisting of such calendar quarter and the additional quarters that comprise the lesser of (1) the number of quarters immediately preceding such calendar quarter that began more than two years after the effective date of the Investment Management Agreement or (2) the eleven calendar quarters immediately preceding such calendar quarter.

For purposes of the calculation of the Income Based Fee, “Cumulative Net Return” is defined as (1) the aggregate net investment income in respect of the relevant Income Based Fee Calculation Period minus (2) any Net Capital Loss, if any, in respect of the relevant Income Based Fee Calculation Period. If, in any quarter, the Incentive Fee Cap is zero or a negative value, we will pay no Income Based Fee to RCM for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is a positive value but is less than the Income Based Fee that is payable to RCM for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, we will pay an Income Based Fee to RCM equal to the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is equal to or greater than the Income Based Fee that is payable to RCM for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, we will pay an Income Based Fee to the Adviser equal to the Income Based Fee calculated as described above for such quarter without regard to the Incentive Fee Cap.

For purposes of the calculation of the Income Based Fee, “Net Capital Loss,” in respect of a particular period, means the difference, if positive, between (1) aggregate capital losses, whether realized or unrealized, in such period minus (2) aggregate capital gains, whether realized or unrealized, in such period.

Any Income Based Fee otherwise payable under the Investment Management Agreement with respect to Accrued Unpaid Income (such fees being the "Accrued Unpaid Income Based Fees") shall be deferred, on a security by security basis, and shall become payable to RCM only if, as, when and to the extent cash is received by us in respect of any Accrued Unpaid Income. Any Accrued Unpaid Income that is subsequently reversed by us in connection with a write-down, write-off, impairment or similar treatment of the investment giving rise to such Accrued Unpaid Income will, in the applicable period of reversal, (1) reduce Pre-Incentive Fee Net Investment Income and (2) reduce the amount of Accrued Unpaid Income Based Fees. Subsequent payments of Accrued Unpaid Income Based Fees deferred pursuant to this paragraph shall not reduce the amounts otherwise payable for any quarter as an Income Based Fee.

For the six months ended June 30, 2020, there were no Income Based Fees earned under the Investment Management Agreement.

The second part of the Incentive Fee is the "Capital Gains Fee". This fee will be determined and payable in arrears as of the end of each calendar year. Under the terms of the Investment Management Agreement, the Capital Gains Fee is calculated at the end of each applicable year by subtracting (1) the sum of the cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (2) the cumulative aggregate realized capital gains, in each case calculated from the effective date of the Investment Management Agreement. If this amount is positive at the end of any calendar year, then the Capital Gains Fee for such year is equal to 20.0% of such amount, less the cumulative aggregate amount of Capital Gains Fees paid in all prior years. If such amount is negative, then there is no Capital Gains Fee payable for that calendar year. If the Investment Management Agreement is terminated as of a date that is not a calendar year end, the termination date shall be treated as though it were a calendar year end for purposes of calculating and paying the Capital Gains Fee.

For purposes of the Capital Gains Fee:

- The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in the Corporations portfolio when sold minus (b) the accreted or amortized cost basis of such investment.

- The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (a) the net sales price of each investment in the portfolio when sold is less than (b) the accreted or amortized cost basis of such investment.

- The aggregate unrealized capital depreciation is calculated as the sum of the amount, if negative, between (a) the valuation of each investment in the portfolio as of the applicable Capital Gains Fee calculation date minus (b) the accreted or amortized cost basis of such investment.

As of June 30, 2020, there were no Capital Gains Fees earned or payable to RCM under the Investment Management Agreement because unrealized losses on the portfolio exceed realized gains. If the entire portfolio were to be liquidated as of June 30, 2020, there would be a capital gains incentive fee liability of approximately $753,000 based on those values. However, given the unlikely and remote nature of such a transaction, the amount has not been recorded.

Administration Agreement

In connection with the Closing, the Corporation entered into an Administration Agreement with RCM. Under the terms of the Administration Agreement, RCM agreed to perform (or oversee, or arrange for, the performance of) the administrative services necessary for the Corporation's operations, including, but not limited to, office facilities, equipment, clerical, bookkeeping, finance, accounting, compliance and record keeping services at such office facilities and such other services as RCM, subject to review by the Corporation's Board of Directors, will from time to time determine to be necessary or useful to perform its obligations under the Administration Agreement. RCM shall also arrange for the services of, and oversee, custodians, depositories, transfer agents, dividend disbursing agents, other shareholder servicing agents, accountants, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks and such other persons in any such other capacity deemed to be necessary or desirable.

RCM is responsible for our financial and other records that are required to be maintained and prepares all reports and other materials required to be filed with the SEC or any other regulatory authority, including reports to shareholders. In addition, RCM assists us in determining and publishing the Corporation's net asset value (NAV), overseeing the preparation and filing of our tax returns, and the printing and dissemination of reports to shareholders, and generally overseeing the payment of our expenses and the performance of administrative and professional services rendered by others. RCM provides, on the Corporation's behalf, managerial assistance to those portfolio companies that have accepted its offer to provide such assistance.

As of June 30, 2020 and December 31, 2019, the Corporation recorded $0 and $1,205, respectively, in accrued expenses and other liabilities on its Consolidated Statement of Financial Position for reimbursement of expenses owed to RCM under the Administration Agreement.

Note 9. FINANCIAL HIGHLIGHTS

The following schedule provides the financial highlights, calculated based on weighted average shares outstanding, for the six months ended June 30, 2020 and 2019. Share and per share data included in this schedule has been retroactively restated for the effect of the Reverse Stock Split that occurred during the six months ended June 30, 2020.

	Six months ended June 30, 2020 (Unaudited) (2)	Six months ended June 30, 2019 (Unaudited) (2)
Income (loss) from investment operations (1):		
Investment income	$ 0.67	$ 1.85
Expenses	0.51	2.15
Investment income (loss) before income taxes	0.16	(0.30)
Income tax benefit	(0.22)	(0.13)
Net investment income (loss)	0.38	(0.17)
Net realized and unrealized (loss) gain on investments	0.06	(1.10)
Increase (decrease) in net assets from operations	0.44	(1.27)
Purchase of treasury shares	(0.01)	-
Payment of Cash Dividend	(2.44)	-
Effect of the Reverse Stock Split	(5.43)	-
Decrease in net assets	(7.44)	(1.27)
Net asset value, beginning of period	32.93	44.88
Net asset value, end of period	$ 25.49	$ 43.61
Per share market price, end of period	$ 10.97	$ 23.58
Total return based on market value	(54.6)%	4.80%
Total return based on net asset value	(7.3)%	(2.83)%
Supplemental data:		
Ratio of operating expenses before income taxes to average net assets	1.92%	4.87%
Ratio of operating expenses including income taxes to average net assets	4.54%	3.87%
Ratio of net investment income (loss) to average net assets	1.43%	(0.40)%
Portfolio turnover	10.7%	3.2%
Net assets, end of period	$ 49,711,314	$ 30,632,053
Weighted shares outstanding, end of period	1,950,058	702,443

(1) *Per share data are based on weighted average shares outstanding and the results are rounded to the nearest cent.*
(2) *Share and per share data included herein has been retroactively restated for the effect of the Reverse Stock Split*

The Corporation's interim period results could fluctuate as a result of a number of factors; therefore results for any interim period should not be relied upon as being indicative of performance for the full year or in future periods.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and related notes included elsewhere in this report. Historical results and percentage relationships among any amounts in the consolidated financial statements are not necessarily indicative of trends in operating results for any future periods.

FORWARD LOOKING STATEMENTS

Statements included in this Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this report that do not relate to present or historical conditions are "forward-looking statements" within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and in Section 21E of the Securities Exchange Act of 1934, as amended. Additional oral or written forward-looking statements may be made by us from time to time, and forward-looking statements may be included in documents that are filed with the Securities and Exchange Commission. Forward-looking statements involve risks and uncertainties that could cause our results or outcomes to differ materially from those expressed in the forward-looking statements. Forward-looking statements may include, without limitation, statements relating to our plans, strategies, objectives, expectations and intentions, including statements related to our investment strategies, the impact of COVID-19 on our portfolio companies, and our liquidity and financial resources, and are intended to be made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "believes," "forecasts," "intends," "possible," "expects," "estimates," "anticipates," or "plans" and similar expressions are intended to identify forward-looking statements. Among the important factors on which such statements are based are assumptions concerning the scope of the impact of the COVID-19 pandemic and its specific impact on our portfolio companies, the state of the United States economy and the local markets in which our portfolio companies operate, the state of the securities markets in which the securities of our portfolio companies could be traded, liquidity within the United States financial markets, and inflation. Forward-looking statements are also subject to the risks and uncertainties described under the caption "Risk Factors" contained in Part II, Item 1A of this report and in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019.

There may be other factors not identified that affect the accuracy of our forward-looking statements. Further, any forward-looking statement speaks only as of the date when it is made and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time that may cause our business not to develop as we expect, and we cannot predict all of them.

Overview

We are an externally managed investment company that lends to and invests in lower middle market companies. Our investment objective is to generate current income and when also possible, capital appreciation, by targeting investment opportunities with favorable risk-adjusted returns.

We have elected 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 are required to comply with certain regulatory requirements. Historically, we made the majority of our investments through our wholly-owned subsidiary, Rand Capital SBIC, Inc. ("Rand SBIC"), which operates as a small business investment company ("SBIC") and has been licensed by the U.S. Small Business Administration ("SBA") since 2002. With the capital raised in 2019, we now also have liquidity at Rand Capital Corporation, the parent company, with which to make investments.

In November 2019, Rand completed a stock sale transaction (the "Transaction") with East Asset Management ("East"). The Transaction consisted of a $25 million investment in Rand by East, in exchange for approximately 8.3 million shares of Rand common stock. The consideration paid by East for the shares of Rand common stock was comprised of $15.5 million of cash and $9.5 million of portfolio assets. Concurrent with the closing of the transaction with East, Rand's management and staff became employees of Rand Capital Management, LLC ("RCM"), a registered investment adviser that has been retained by Rand as its external investment adviser. In connection with retaining RCM as our investment adviser and administrator, Rand entered into an investment advisory and management agreement (the "Investment Management Agreement") and an administration agreement (the "Administration Agreement") with RCM. Pursuant to the terms of the Investment Management Agreement, Rand will pay RCM a base management fee and may pay an incentive fee if specified benchmarks are met.

We intend to elect U.S federal tax treatment as a regulated investment company ("RIC") under subchapter M of the Internal Revenue Code of 1986, as amended. With the election, we generally will not be subject to corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we timely distribute to our shareholders as dividends.

In connection with our RIC election, we paid a special dividend of $23.7 million, or $1.62 per share on the Corporation's common stock, par value $0.10 per shares (the "Common Stock") to shareholders on May 11, 2020, which distributed all of our accumulated earnings and profits since inception through 2019. The total amount of cash distributed to all shareholders, as part of the special dividend, was limited to $4.8 million, or 20% of the total special dividend that was paid. The remaining 80% of the special dividend was paid in approximately 8.6 million shares of Common Stock.

To maintain our RIC status, we need to meet specified source-of-income and asset diversification requirements and distribute annually to our shareholders at least 90% of our ordinary net income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Accordingly, our Board of Directors has expressed its intention to adopt a new dividend policy that may include regular cash dividends to shareholders going forward.

As a result of the Transaction and our intention to elect RIC status, we have changed our investment objectives and strategy. Our investment objective is to generate current income and, when possible, complement this current income with capital appreciation. As a result, our future investments will be made primarily in debt and loan instruments, as well as high yielding publicly traded equity instruments that provide income through dividends and relatively more liquidity than our private company investments.

Outlook

At the end of the second quarter of 2020, we had $22.1 million in cash and cash equivalents available for future investments and expenses, a decrease of $3.8 million from the end of 2019. The decrease was primarily due to approximately $4.0 million in additional portfolio investments and the approximately $4.8 million distributed to our shareholders as part of the special dividend. This was partially offset by the approximately $4.6 million received during the six months ended June 30, 2020 from a portfolio exit.

Since the outbreak of the COVID-19 pandemic, we have sought to engage in active discussions with the management teams of many of the companies within our portfolio regarding actions they have undertaken to limit the spread of COVID-19 and the impact of the COVID-19 pandemic on their businesses. We believe that our portfolio companies are taking the necessary actions to ensure the safety of their employees, customers and suppliers by enacting procedures such as work from home processes, staggered schedules, increased sanitation efforts and social distancing. Some companies have had to shut down for periods of time due to COVID-19. In addition, most of the portfolio companies that are qualified have applied for and received federal loans under the Paycheck Protection Program and, where applicable, are also applying for other federal support programs. At this time, we do not know what the total impact of the pandemic and resulting economic downturn may be on our portfolio companies. However, RCM is actively monitoring our portfolio companies, their liquidity and operational status.

Trends and Opportunities

We believe the combination of cash on hand, proceeds from portfolio exits, SBA leverage, and prospective investment income provide sufficient capital for us to manage through the potential economic impact of the COVID-19 pandemic and continue to add new investments to our portfolio while reinvesting in existing portfolio companies that demonstrate continued growth potential. Despite the COVID-19 pandemic, we continue to have a pipeline of investment opportunities.

The following short and long-term trends provide us confidence in our ability to grow the Corporation:

- We expect that well run businesses will require capital to grow and should be able to compete effectively given eager reception of new technologies and service concepts, regardless of the macroeconomic environment.
- We continue to manage risk by investing with other investors, when possible.
- We are involved with the governance and management of a majority of our portfolio companies, which enables us to support their operating and marketing efforts and facilitate their growth.
- As our portfolio expands, we are able to better leverage our externalized management structure.
- We believe receipt of cash and portfolio assets as consideration in the Transaction with East, as well as the establishment of RCM as our external investment advisor, broadens our potential pipeline of investment opportunities in order to build our portfolio, facilitate growth and reduce operating expenses as a percentage of portfolio assets. Strategically, we expect to advance our efforts to increase our income-producing investments so as to support a regular cash dividend for shareholders and complement our equity investments that drive capital appreciation.
- We have sufficient cash to both invest in new opportunities and to repurchase shares. On April 22, 2020, our Board of Directors approved a new share repurchase plan, which authorizes the purchase of up to $1.5 million of our Common Stock through April 22, 2021 at prices per share of common stock of no greater than the then current net asset value. During the quarter, we purchased 1,300 shares at an average price of $11.00 per share.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with United States generally accepted accounting principles (GAAP), which require the use of estimates and assumptions that affect the reported amounts of assets and liabilities. A summary of our critical accounting policies can be found in our Annual Report on Form 10-K for the year ended December 31, 2019 under Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Financial Condition

Overview:

	June 30, 2020	December 31, 2019	(Decrease) Increase	% (Decrease) Increase
Total assets	$ 61,127,860	$ 64,791,449	$ (3,663,589)	(5.7)%
Total liabilities	11,416,546	11,162,933	253,613	2.3%
Net assets	$ 49,711,314	$ 53,628,516	$ (3,917,202)	(7.3)%

Net asset value per share (NAV) was $19.21 at June 30, 2020 and $32.93 at December 31, 2019. The NAV as of December 31, 2019 was retroactively adjusted for the 1-for-9 reverse stock split effected in May 2020 by the Corporation.

Our gross outstanding SBA debentures at June 30, 2020 were $11,000,000 and they mature from 2022 through 2029. Cash and cash equivalents approximated 44% of net assets at June 30, 2020, as compared to 48% at December 31, 2019.

Composition of Our Investment Portfolio

Our financial condition is dependent on the success of our portfolio holdings. The following summarizes our investment portfolio at the dates indicated.

	June 30, 2020	December 31, 2019	Increase (Decrease)	% Increase (Decrease)
Investments, at cost	$ 46,726,370	$ 44,619,463	$ 2,106,907	4.7%
Unrealized depreciation, net	(8,120,757)	(7,598,671)	(522,086)	(6.9)%
Investments at fair value	$ 38,605,613	$ 37,020,792	$ 1,584,821	4.3%

Our total investments at fair value, as determined by RCM and approved by our Board of Directors, approximated 78% of net assets at June 30, 2020 versus 69% of net assets at December 31, 2019.

With the completion of the Transaction, we changed our investment objectives and strategy. Our new investment objective is to maximize total return to our shareholders with current income combined with capital appreciation. As a result, our future investments will be made primarily in higher yielding debt investments and may include public equity in other business development companies that provide income through dividends and relatively more liquidity than our private company investments.

The change in investments during the six months ended June 30, 2020, at cost, is comprised of the following:

	Cost Increase (Decrease)
New investments:	
SciAps Inc. (Sciaps)	$ 1,500,000
Tilson Technology Management, Inc. (Tilson)	750,003
Golub Capital BDC, Inc. (Golub)	403,910
Apollo Investment Corporation (Apollo)	364,084
Owl Rock Capital Corporation (Owl Rock)	347,067
Ares Capital Corporation (Ares)	343,460
FS KKR Capital Corp. (FS KKR)	338,980
Total of new investments	4,047,504
Other changes to investments:	
AIKG LLC (Andretti) interest conversion	89,389
Mattison Avenue Holdings LLC (Mattison) interest conversion	42,678
Filterworks Acquisition USA, LLC (Filterworks) interest conversion	23,341
Genicon Inc. (Genicon) OID amortization	15,804
HDI Acquisition LLC (Hilton Displays) interest conversion	12,666
Microcision LLC (Microcision) OID amortization	10,999
GoNoodle, Inc. (GoNoodle) interest conversion	7,522
Sciaps OID amortization	2,500
Total of other changes to investments	204,899
Investments repaid, sold, liquidated or converted:	
Outmatch Holdings, LLC (Outmatch) stock sale	(2,145,496)
Total of investments repaid, sold, liquidated or converted	(2,145,496)
Net change in investments, at cost	**$ 2,106,907**

Results of Operations

Comparison of the three months ended June 30, 2020 to the three months ended June 30, 2019

Investment Income

	Three months ended June 30, 2020	Three months ended June 30, 2019	Increase (Decrease)	% Increase (Decrease)
Interest from portfolio companies	$ 570,686	$ 315,489	$ 255,197	80.9%
Interest from other investments	2,754	53,538	(50,784)	(94.9)%
Dividend and other investment income	94,438	207,060	(112,622)	(54.4)%
Fee income	6,667	6,959	(292)	(4.2)%
Total investment income	$ 674,545	$ 583,046	$ 91,499	15.7%

The total investment income that was received on a current basis for the three months ended June 30, 2020 was received from thirteen portfolio companies. This contrasts with the nine portfolio companies generating current income for the three months ended June 30, 2019.

Interest from portfolio companies – Interest from portfolio companies was approximately 81% higher during the three months ended June 30, 2020 versus the same period in 2019 due to the fact that we have more income-producing debt investments in the current year. As part of the contributed assets received from East at the completion of the Transaction in November 2019, we received debt instruments from Andretti, Filterworks, Hilton Displays and Mattison.

The following investments are on non-accrual status: BeetNPath, LLC (Beetnpath), G-TEC Natural Gas Systems (G-Tec) and a portion of the Mercantile Adjustment Bureau, LLC (Mercantile) outstanding loan balances.

Interest from other investments - The decrease in interest from other investments is due to lower interest rates received on our cash and cash equivalents during the three months ended June 30, 2020 versus the same period in 2019.

Dividend and other investment income - Dividend income is comprised of cash distributions from limited liability companies (LLCs) and corporations in which we have invested. Our investment agreements with certain LLCs require those LLCs to distribute funds to us for payment of income taxes on our allocable share of the LLC's profits. These portfolio companies may also elect to make additional discretionary distributions. Dividend income will fluctuate based upon the profitability of these LLCs and corporations and the timing of the distributions or the impact of new investments or divestitures. The dividend distributions for the respective periods were:

	Three months ended June 30, 2020	Three months ended June 30, 2019
FS KKR	$ 34,000	-
Apollo	15,750	-
Tilson	13,125	$ 13,126
Owl Rock	11,700	-
Ares	10,800	
Golub	9,063	-
Knoa Software, Inc. (Knoa)	-	193,934
Total dividend and other investment income	$ 94,438	$ 207,060

Fee income - Fee income generally consists of the revenue associated with the amortization of financing fees charged to the portfolio companies upon successful closing of SBIC financings, income from portfolio company board attendance fees and other miscellaneous fees. The financing fees are amortized ratably over the life of the instrument associated with the fees. The unamortized fees are carried on the balance sheet under the line item "Deferred revenue."

The income associated with the amortization of financing fees was $6,667 and $6,959 for the three months ended June 30, 2020 and 2019, respectively. The board fees were $500 for the three months ended June 30, 2019. There were no board fees for the three months ended June 30, 2020.

Expenses

	Three months ended June 30, 2020	Three months ended June 30, 2019	Decrease	% Decrease
Total expenses	$ 475,806	$ 824,077	$ (348,271)	(42.3)%

In November 2019, we completed a stock sale transaction with East and concurrently externalized the management of our portfolio to Rand Capital Management, LLC (RCM) as our external investment adviser and administrator. Our primary operating expenses now include the payment of fees to RCM under the Investment Management Agreement, and our allocable portion of overhead expenses and other administrative expenses under the Administration Agreement with RCM. Under the terms of the Investment Management Agreement, the compensation of the investment professionals of RCM and its staff, and the general office and overhead expenses incurred by RCM in maintaining its place of business, will be provided and paid for by RCM and not by us. We will be responsible for all other operating expenses, including those relating to:

(i) organization;
(ii) costs of calculating our net asset value (including the cost and expenses of any independent valuation firm);
(iii) expenses incurred by RCM payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs and in monitoring the our investments and performing due diligence on its prospective portfolio companies;
(iv) interest payable on debt, if any, incurred to finance our investments;
(v) offerings of our Common Stock and other securities;
(vi) investment advisory and management fees payable under the Investment Management Agreement, but excluding any fees payable to any Sub-Adviser;
(vii) administration fees payable under the Administration Agreement;
(viii) transfer agent and custodial fees;
(ix) federal and state registration fees;
(x) all costs of registration and listing our shares on any securities exchange;
(xi) federal, state and local taxes;
(xii) independent directors' fees and expenses;
(xiii) costs of preparing and filing reports or other documents required by governmental bodies (including the SEC);
(xiv) costs of any reports, proxy statements or other notices to shareholders, including printing costs;
(xv) our allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
(xvi) direct costs and expenses of administration, including independent auditors and outside legal costs; and
(xvii) all other expenses incurred by us or RCM in connection with administering our business (including payments under the Administration Agreement based upon our allocable portion of the RCM's overhead in performing its obligations under the Administration Agreement, including rent and the allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs (including travel expenses))

Expenses decreased approximately $348,000 or 42% during the three months ended June 30, 2020 compared to the three months ended June 30, 2019. The decrease in operating expenses was primarily due to an approximately $203,000 or 64% decrease in stockholders and office operating expenses. Stockholders and office operating expenses were higher during the three months ended June 30, 2019 due to the fact that we held a special meeting of shareholders to approve all proposals related to the Transaction. The decrease in expense can also be attributed to the decrease in professional fees of approximately $33,000 or 30% during the three months ended June 30, 2020 compared to the three months ended June 30, 2019 as well as the absence of the salary and benefits expense in the three months ended June 30, 2020. The salary and benefit expense for the three months ended June 30, 2019 was approximately $223,000. These decreases were offset by the new base management fee payable to RCM during the three months ended June 30, 2020 of $141,386. There were no incentive fees earned by RCM for the three months ended June 30, 2020.

Realized Gain (Loss) on Investments

	Three months ended June 30, 2020	Three months ended June 30, 2019	Change
Realized gain (loss) on investments before income taxes	$ 18,595	$ (432,739)	$ 451,334

During the three months ended June 30, 2020, we received escrow proceeds of approximately $21,000 from our investment in Outmatch, an investment we exited during the first quarter of 2020 and adjusted our realized gain from Advantage 24/7.

During the three months ended June 30, 2019, we recognized a realized loss on our investment in SOMS Technologies, LLC as the company ceased doing business. In addition, we received a final distribution of proceeds from an investment we exited in 2016, Gemcor LLC (Gemcor) of $39,893.

Change in Unrealized Depreciation of Investments

The coronavirus (COVID-19) pandemic is causing significant consequences around the globe, and we believe, based upon discussions with our portfolio company's management, that many of our portfolio companies are experiencing uncertainty and concern for their operations during this unprecedented time. We believe that it is too soon to know if there will be any temporary or permanent impairment to their values, or other significant impact on their businesses. RCM and our Board of Directors will continue to assess the consequences of COVID-19 on our portfolio companies and examine any changes in their valuations during the remainder of 2020.

	Three months ended June 30, 2020	Three months ended June 30, 2019	Change
Change in unrealized depreciation of investments before income taxes	$ 206,237	$ (1,122,448)	$ 1,328,685

The change in unrealized depreciation, before income taxes, for the three months ended June 30, 2020 was comprised of the following:

		Three months ended June 30, 2020
Golub Capital BDC, Inc. (Golub)	$	(15,188)
Genicon, Inc. (Genicon)		(5,613)
Owl Rock Capital Corporation (Owl Rock)		26,000
FS KKR Capital Corp. (FS KKR)		35,584
Apollo Investment Corporation (Apollo)		76,534
Ares Capital Corporation (Ares)		88,920
Total change in net unrealized depreciation of investments before income taxes during the three months ended June 30, 2020	$	206,237

The valuation of our investment in Genicon was decreased after a review of their operations and financial condition.

Apollo, Ares, FS KKR, Golub and Owl Rock are all publicly traded stocks, and as such, are marked to market at the end of each quarter.

The change in unrealized depreciation, before income taxes, for the three months ended June 30, 2019 was comprised of the following:

		Three months ended June 30, 2019
SocialFlow, Inc. (Socialflow)	$	(750,000)
Genicon, Inc. (Genicon)		(715,080)
BeetNPath, LLC (Beetnpath)		(130,000)
SOMS Technologies, LLC (SOMS)		472,632
Total change in net unrealized depreciation of investments before income taxes during the three months ended June 30, 2019	$	(1,122,448)

The valuations of our investments in Beetnpath and Socialflow were decreased after we reviewed each of the portfolio company's operations, commercial progress against their business plan, and past and projected financial condition and determined that a valuation adjustment was necessary.

Our valuation of Genicon was decreased during the three months ended June 30, 2019 to revalue our holdings based upon the liquidation preferences of our securities and as a result of a then recent round of financing.

We recognized a realized loss on our investment in SOMS during the three months ended June 30, 2019.

All of these value adjustments resulted from a review by the Corporation's management prior to the completion of the Transaction and RCM management after the completion of the Transaction, using the guidance set forth by ASC 820 and our established valuation policy.

Net Increase in Net Assets from Operations

We account for our operations under GAAP for investment companies. The principal measure of our financial performance is "net increase in net assets from operations" on our consolidated statements of operations. For the three months ended June 30, 2020 and 2019, the net increase (decrease) in net assets from operations was $423,571 and ($1,347,549), respectively.

Comparison of the six months ended June 30, 2020 to the six months ended June 30, 2019

Investment Income

	Six months ended June 30, 2020	Six months ended June 30, 2019	Increase (Decrease)	% Increase (Decrease)
Interest from portfolio companies	$ 1,106,387	$ 721,454	$ 384,933	53.4%
Interest from other investments	86,004	71,349	14,655	20.5%
Dividend and other investment income	107,563	241,685	(134,122)	(55.5)%
Fee income	10,417	267,928	(257,511)	(98.1)%
Total investment income	$ 1,310,371	$ 1,302,416	$ 7,955	0.6%

Interest from portfolio companies – Interest from portfolio companies was approximately 53% higher during the six months ended June 30, 2020 versus the same period in 2019 due to the fact that we have more income-producing debt investments in the current year. As part of the contributed assets received from East at the completion of the Transaction in November 2019, we received debt instruments from Andretti, Filterworks, Hilton Displays and Mattison.

The following investments are on non-accrual status: BeetNPath, LLC (Beetnpath), G-TEC Natural Gas Systems (G-Tec) and a portion of the Mercantile Adjustment Bureau, LLC (Mercantile) outstanding loan balances.

Interest from other investments - The increase in interest from other investments is due to higher average cash balances during the six months ended June 30, 2020 versus the six months ended June 30, 2019. This is offset by lower interest rates during the six months ended June 30, 2020 versus the same period in 2019.

Dividend and other investment income - Dividend income is comprised of cash distributions from limited liability companies (LLCs) and corporations in which we have invested. Our investment agreements with certain LLCs require those LLCs to distribute funds to us for payment of income taxes on our allocable share of the LLC's profits. These portfolio companies may also elect to make additional discretionary distributions. Dividend income will fluctuate based upon the profitability of these LLCs and corporations and the timing of the distributions or the impact of new investments or divestitures. The dividend distributions for the respective periods were:

	Six months ended June 30, 2020	Six months ended June 30, 2019
FS KKR	$ 34,000	-
Tilson	26,250	$ 23,708
Apollo	15,750	-
Owl Rock	11,700	-
Ares	10,800	
Golub	9,063	-
Knoa Software, Inc. (Knoa)	-	193,934
Carolina Skiff LLC (Carolina Skiff)	-	24,043
Total dividend and other investment income	$ 107,563	$ 241,685

Fee income - Fee income generally consists of the revenue associated with the amortization of financing fees charged to the portfolio companies upon successful closing of SBIC financings, income from portfolio company board attendance fees and other miscellaneous fees. The financing fees are amortized ratably over the life of the instrument associated with the fees. The unamortized fees are carried on the balance sheet under the line item "Deferred revenue."

The income associated with the amortization of financing fees was $10,417 and $42,428 for the six months ended June 30, 2020 and 2019, respectively. During the six months ended June 30, 2019, we recognized a one-time fee of $225,000 in conjunction with the repayment of the eHealth loan instrument. The board fees were $500 for the six months ended June 30, 2019. There were no board fees for the six months ended June 30, 2020.

Expenses

	Six months ended June 30, 2020	Six months ended June 30, 2019	Decrease	% Decrease
Total expenses	$ 992,312	$ 1,513,812	$ (521,500)	(34.4)%

Expenses decreased approximately $522,000 or 34% during the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The decrease in operating expenses was primarily due to an approximately $213,000 or 56% decrease in stockholders and office operating expenses. Stockholder and office operating expenses were higher during the six months ended June 30, 2019 due to the fact that we held a special meeting of shareholders to approve all proposals related to the Transactions during this period. The decrease in expense can also be attributed to the decrease in professional fees of approximately $81,000 or 24% during the six months ended June 30, 2020 compared to the six months ended June 30, 2019 as well as the absence of the salary and benefits expense in the six months ended June 30, 2020. The salary and benefit expense for the six months ended June 30, 2019 was approximately $466,000. These decreases were offset by the new base management fee payable to RCM during the six months ended June 30, 2020 of $281,763. There were no incentive fees earned by RCM for the six months ended June 30, 2020.

Because of our intention to elect RIC status as of January 1, 2020, a net deferred tax asset of $1,451,658 was eliminated in accordance with GAAP, resulting in deferred tax expense for the six months ended June 30, 2020. In addition, certain portfolio investments, that generate non-qualifying income for a RIC, and their related deferred tax liabilities of $247,460, were contributed to blocker corporations in December 2019. These blocker corporations will be subject to federal and state income taxes.

Realized Gain (Loss) on Investments

	Six months ended June 30, 2020	Six months ended June 30, 2019	Change
Realized gain (loss) on investments before income taxes	$ 2,412,046	$ (392,239)	$ 2,804,285

During the six months ended June 30, 2020, we realized a $2.3 million gain when we exited our investment in Outmatch as part of a strategic majority investment from Rubicon Technology Partners. We also received additional proceeds of $56,916 from Microcision LLC (Microcision) related to the 2019 sale of our equity interest in Microcision and approximately $37,000 in additional gain from Advantage 24/7.

During the six months ended June 30, 2019, we recognized a realized loss on our investment in SOMS Technologies, LLC after the company ceased doing business and a $40,500 gain on our investment in Advantage 24/7 LLC after the company converted their equity into a debt instrument. In addition, we received a final proceeds distribution of $39,893 from Gemcor II, LLC, a portfolio company we exited in 2016.

Change in Unrealized Depreciation of Investments

	Six months ended June 30, 2020	Six months ended June 30, 2019	Change
Change in unrealized depreciation of investments before income taxes	$ (522,086)	$ (600,152)	$ 78,066

The change in unrealized depreciation, before income taxes, for the six months ended June 30, 2020 was comprised of the following:

		Six months ended June 30, 2020
Genicon, Inc. (Genicon)	$	(515,804)
Golub Capital BDC, Inc. (Golub)		(45,785)
Apollo Investment Corporation (Apollo)		(33,917)
FS KKR Capital Corp. (FS KKR)		8,937
Owl Rock Capital Corporation (Owl Rock)		24,633
Ares Capital Corporation (Ares)		39,850
Total change in net unrealized depreciation of investments before income taxes during the six months ended June 30, 2020	$	(522,086)

The valuation of our investment in Genicon was decreased after a review of their operations and financial condition.

Apollo, Ares, FS KKR, Golub and Owl Rock are all publicly traded stocks, and as such, are marked to market at the end of each quarter.

The change in unrealized depreciation, before income taxes, for the six months ended June 30, 2019 was comprised of the following:

		Six months ended June 30, 2019
SocialFlow, Inc. (Socialflow)	$	(1,071,300)
Genicon, Inc. (Genicon)		(752,580)
BeetNPath, LLC (Beetnpath)		(523,904)
SciAps, Inc. (Sciaps)		(385,000)
Mercantile Adjustment Bureau, LLC (Mercantile)		(200,000)
SOMS Technologies, LLC		472,632
Tilson Technology Management, Inc. (Tilson)		1,860,000
Total change in net unrealized depreciation of investments before income taxes during the six months ended June 30, 2019	$	(600,152)

The valuations of our investments in Socialflow, Beetnpath, Sciaps and Mercantile were decreased after we reviewed each of the portfolio company's operations, commercial progress against their business plan, and past and projected financial condition and determined that a valuation adjustment was necessary.

Our valuation of Genicon was decreased during the six months ended June 30, 2019 to revalue our holdings based upon the liquidation preferences of our securities and as a result of a recent round of financing.

In accordance with our valuation policy, we increased the value of our holdings in Tilson based on a significant equity financing during the first quarter of 2019 with a sophisticated new non-strategic outside investor at a higher valuation than their prior financing round valuation.

We recognized a realized loss on our investment in SOMS during the six months ended June 30, 2019.

All of these value adjustments resulted from a review by our management using the guidance set forth by ASC 820 and our established valuation policy.

Net Increase (Decrease) in Net Assets from Operations

We account for our operations under GAAP for investment companies. The principal measure of our financial performance is "net increase (decrease) in net assets from operations" on our consolidated statements of operations. For the six months ended June 30, 2020 and 2019, the net increase (decrease) in net assets from operations was $853,708 and ($892,134), respectively.

Liquidity and Capital Resources

With the completion of the Transaction with East, we changed our investment objectives and strategy. Previously, our principal investment objective was to achieve long-term capital appreciation on our equity investments while maintaining a current cash flow from debenture and pass-through equity instruments to fund expenses. With the election of U.S. federal tax treatment as a RIC, our new investment objective is to maximize total return to our shareholders with current income combined with capital appreciation. As a result, our recent and future investments will be made primarily in yield generating investments and may include related equity options, such as warrants or preferred equity.

As of June 30, 2020, our total liquidity consisted of approximately $22,057,000 in cash and cash equivalents. In addition, we had an outstanding SBA leverage commitment of $3,000,000 at June 30, 2020.

Net cash provided by operating activities has averaged approximately $510,000 over the last three years. The cash used for investments in portfolio companies has averaged approximately $2,300,000 over the last three years. We will generally use cash to fund our operating expenses, invest in portfolio companies, pay dividends and repurchase shares. We anticipate that we will continue to exit investments and shift our portfolio to income producing investments. However, the timing of liquidation events within the portfolio is difficult to project. Starting in 2022 (See Note 6 in the Notes to the Consolidated Financial Statements), our outstanding SBA debt begins to mature and this will require us to identify sources of future funding if liquidation of investments is not sufficient to fund operations and repay the SBA debt obligation.

We believe that the cash on hand at June 30, 2020, the undrawn SBA leverage commitment and the scheduled interest payments on our portfolio investments will be sufficient to meet our cash needs throughout 2020. We continue to pursue current income and distributions from portfolio companies to increase the liquidity available for new investments, operating expenses, dividends and future SBA debenture obligations.

Our ongoing liquidity is tied to the performance of our portfolio companies and, as such, it may be affected going forward based on the impact of the COVID-19 pandemic and its lasting impact on the capital markets, our portfolio companies, and the U.S. economy in general.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our investment activities contain elements of risk. Our investment portfolio consists of equity and debt securities in private companies and is subject to valuation risk. Because there is typically no public market for the equity and debt securities in which we invest, the valuation of the equity interests in the portfolio is stated at "fair value" as determined in good faith by RCM and approved by our Board of Directors. This is in accordance with our investment valuation policy (see the discussion of valuation policy contained in "Note 3. Investments" in the consolidated financial statements contained in Item 1 of this report, which is hereby incorporated herein by reference.) In the absence of readily ascertainable market values, the estimated value of the portfolio may differ significantly from the values that would be placed on the portfolio if a ready market for the investments existed. Any changes in valuation are recorded on the consolidated statement of operations as "Net change in unrealized depreciation on investments."

At times, a portion of our portfolio may include marketable securities traded in the over-the-counter market or on other stock markets. In addition, there may be a portion of the portfolio for which no regular trading market exists. In order to realize the full value of a security, the market must trade in an orderly fashion or a willing purchaser must be available when a sale is to be made. Should an economic or other event occur that would not allow markets to trade in an orderly fashion, we may not be able to realize the fair value of our marketable investments or other investments in a timely manner.

As of June 30, 2020, we did not have any off-balance sheet arrangements or hedging or similar derivative financial instrument investments.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. The Corporation maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that this information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Chief Executive Officer and the Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of the Corporation’s disclosure controls and procedures as of June 30, 2020. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation’s controls and procedures were effective as of June 30, 2020.

Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting during the Corporation’s most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Corporation’s internal control over financial reporting.

PART II.
OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 1A. Risk Factors

In addition to the information provided under the heading “Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2019, the Corporation identified the following risk and uncertainty that could materially affect our overall business, financial condition and operating results.

The recent COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020 and has rapidly spread to the United States, and may negatively affect the operating results, financial conditions or liquidity of our portfolio companies which may subsequently have a negative impact on our operating results and financial condition. In addition, the pandemic may also negatively impact RCM’s ability, on our behalf, to invest a significant portion of the net proceeds from the Transaction on acceptable terms or within a reasonable timeframe.

The global outbreak of COVID-19 (“coronavirus”) has led to severe disruptions in general economic activities as businesses and federal, state, and local governments take increasingly broad actions to mitigate this public health crisis, including restrictions on travel and the temporary closure of many corporate offices, retail stores, and manufacturing facilities and factories across the United States and the wider global community.

As a result, the business, operating results, financial condition and liquidity of our portfolio companies have been, and may continue to be, materially and adversely affected. The cumulative impact to our portfolio companies’ results from coronavirus will depend to a large extent on the duration and severity of coronavirus and the actions taken by authorities and other entities to contain coronavirus or treat its impact, all of which are beyond our control. Certain of our portfolio companies have had, and continue to have, their operations temporarily shut down or significantly curtailed, which we believe will further exacerbate the impact of these events on those portfolio companies. In addition, even if our portfolio companies have availed themselves of loans from the Small Business Administration under the Paycheck Protection Program or the other assistance provided by U.S. federal and state governmental entities to mitigate the impacts of coronavirus, certain of our portfolio companies have experienced, and may continue to experience, significant liquidity issues, which, in turn, may increasingly have negative effects the ability of those portfolio companies to repay principal and interests on outstanding loans and other debt instruments owed to the Corporation, including resulting in the Corporation having large outstanding interest receivable balances owed to it and permitting certain portfolio companies to capitalize interest amounts owed to the Corporation, and certain of those portfolio companies may not be able to continue as going concerns. In connection with the coronavirus pandemic we may be required to restructure certain of our investments on terms that are less favorable to us to avoid potential bankruptcies and other insolvency issues for our portfolio companies. A substantial negative impact to one or more of our portfolio companies as a result of coronavirus could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, severe disruptions in general economic activities due to coronavirus may negatively affect RCM’s ability to invest a significant portion of the net proceeds from the Transaction on acceptable terms or within a reasonable timeframe. Delays by RCM in investing the net proceeds raised in the Transaction due to coronavirus may cause our performance to be worse than that of other fully invested BDCs or other lenders or investors pursuing comparable investment strategies. RCM may be unable to invest the net proceeds from the Transaction on acceptable terms during and after this pandemic, which could harm our financial condition and operating results. We anticipate that, depending on market conditions, it may take RCM a substantial period of time to invest substantially all of the net proceeds from the Transaction in securities meeting our investment objectives. This period may be further lengthened due to the impact of the coronavirus.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total number of shares purchased (1)	Average price paid per share (2)	Total dollar of shares purchased as part of publicly announced plan (3)	Maximum dollar amount of shares that may yet be purchased under the share repurchase program (3) (4)
4/1/2020 – 4/30/2020	-	-	-	$ 1,500,000
5/1/2020 – 5/31/2020	-	-	-	$ 1,500,000
6/1/2020 – 6/30/2020	1,300	$ 11.00	$ 14,304	$ 1,485,696
Total	1,300	$ 11.00	$ 14,304	$ 1,485,696

(1) There were 1,300 shares repurchased, in open market transactions, during the second quarter of 2020.

(2) The average price paid per share is calculated on a settlement basis and includes commission.

(3) On April 22, 2020, the Board of Directors approved a new share repurchase plan, which authorizes the Corporation to repurchase shares of the Corporation's outstanding common stock with an aggregate cost of up to $1,500,000 at prices per share of common stock of no greater than the then current net asset value. This new share repurchase authorization lasts for a period of 12 months from the authorization date, until April 22, 2021. This new share repurchase plan supplants and replaces the share repurchase authorization that was previously approved by the Board of Directors in October 2019.

(4) Prior to the April 22, 2020 new share repurchase plan, in October 2019 the Board of Directors extended the repurchase authorization of up to 1,541,046 shares of the Common Stock on the open market at prices no greater than the then current net asset value.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

The following exhibits are filed with this report or are incorporated herein by reference to a prior filing, in accordance with Rule 12b-32 under the Securities Exchange Act of 1934.

(3.1)(i) Certificate of Incorporation of the Corporation, incorporated by reference to Exhibit (a)(1) of Form N-2 filed with the SEC on April 22, 1997. (File No. 333-25617).

(3.1)(ii) Certificate of Amendment to the Certificate of Incorporation, as amended, incorporated by reference to Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed with the SEC on November 12, 2019.

(3.1)(iii) Certificate of Amendment to the Certificate of Incorporation, as amended, incorporated by reference to Exhibit 3.1 to the Corporation's Current Report on Form 8-K filed with the SEC on May 21, 2020.

(3.1)(iv) By-laws of the Corporation, incorporated by reference to Exhibit 3(ii) to the Corporation's Quarterly Report on Form 10-Q for the period ended September 30, 2016 filed with the SEC on November 2, 2016. (File No. 814-00235).

(3.2)(i) Certificate of Incorporation of Rand Merger Corporation as filed with the New York Department of State on December 18, 2008, incorporated by reference to Exhibit 1(a) to Registration Statement No. 811-22276 on Form N-5 of Rand Capital SBIC, Inc. filed with the SEC on February 6, 2009. (File No. 811-22276).

(3.2)(ii) By-laws of Rand Capital SBIC, Inc., incorporated by reference to Exhibit 2 to Registration Statement No. 811-22276 on Form N-5 of Rand Capital SBIC, Inc. filed with the SEC on February 6, 2009. (File No. 811-22276).

(4) Specimen certificate of common stock certificate, incorporated by reference to Exhibit (b) of Form N-2 filed with the Securities Exchange Commission on April 22, 1997. (File No. 333-25617).

(31.1) Certification of Principal Executive Officer Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended – filed herewith.

(31.2) Certification of Principal Financial Officer Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended – filed herewith.

(32.1) Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Rand Capital Corporation – filed herewith.

Signatures

Pursuant to the requirements 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.

Dated: August 7, 2020

RAND CAPITAL CORPORATION

/s/ Allen F. Grum

Allen F. Grum, President
(Chief Executive Officer)

/s/ Daniel P. Penberthy

Daniel P. Penberthy, Treasurer
(Chief Financial Officer)

EXHIBIT 31.1

CERTIFICATION
Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended

I, Allen F. Grum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rand Capital Corporation;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) Disclosed in this quarterly 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.

Dated: August 7, 2020

/s/ Allen F. Grum

Allen F. Grum, President
(Chief Executive Officer of Rand Capital Corporation)

EXHIBIT 31.2

CERTIFICATION
Pursuant to Rules 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended

I, Daniel P. Penberthy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rand Capital Corporation;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) Disclosed in this quarterly 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.

Dated: August 7, 2020

/s/ Daniel P. Penberthy

Daniel P. Penberthy, Treasurer
(Chief Financial Officer of Rand Capital Corporation)

EXHIBIT 32.1

CERTIFICATION
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, each of the undersigned officers of Rand Capital Corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 (the "Form 10-Q") of the Company fully complies with the requirement of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2020	*/s/ Allen F. Grum*
	Allen F. Grum, President (Chief Executive Officer)
Dated: August 7, 2020	*/s/ Daniel P. Penberthy*
	Daniel P. Penberthy, Treasurer (Chief Financial Officer)