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

FORM 10-Q

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

For the quarterly period ended June 30, 2018

☐ **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)

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

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

Indicate by check mark 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	☒ (Do not check if a smaller reporting company)	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 ☒

As of August 2, 2018, there were 6,321,988 shares of the registrant's common stock outstanding.

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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, 2018 (Unaudited)	December 31, 2017
ASSETS		
Investments at fair value:		
Control investments (cost of $99,500)	**$ 99,500**	$ 99,500
Affiliate investments (cost of $21,937,593 and $20,871,129, respectively)	**17,526,818**	17,016,795
Non-affiliate investments (cost of $15,903,520 and $15,718,690, respectively)	**14,701,108**	15,167,767
Total investments, at fair value (cost of $37,940,613 and $36,689,319, respectively)	**32,327,426**	32,284,062
Cash	**4,720,381**	6,262,039
Interest receivable (net of allowance: $237,641 at 6/30/18; $161,000 at 12/31/17)	**127,897**	231,048
Deferred tax asset	**898,903**	551,863
Prepaid income taxes	**740,086**	762,047
Other assets	**55,956**	42,854
Total assets	**$38,870,649**	$40,133,913
LIABILITIES AND STOCKHOLDERS' EQUITY (NET ASSETS)		
Liabilities:		
Debentures guaranteed by the SBA (net of debt issuance costs)	**$ 7,868,873**	$ 7,855,173
Profit sharing and bonus payable	**—**	144,000
Accounts payable and accrued expenses	**168,918**	178,348
Deferred revenue	**65,880**	37,707
Total liabilities	**8,103,671**	8,215,228
Commitments and contingencies (See Note 5)		
Stockholders' equity (net assets):		
Common stock, $.10 par; shares authorized 10,000,000; shares issued 6,863,034; shares outstanding of 6,321,988	**686,304**	686,304
Capital in excess of par value	**10,581,789**	10,581,789
Accumulated net investment loss	**(1,808,243)**	(1,597,146)
Undistributed net realized gain on investments	**27,215,738**	27,215,738
Net unrealized depreciation on investments	**(4,439,505)**	(3,498,895)
Treasury stock, at cost: 541,046 shares	**(1,469,105)**	(1,469,105)
Total stockholders' equity (net assets) (per share $4.87 at 6/30/18; $5.05 at 12/31/17)	**30,766,978**	31,918,685
Total liabilities and stockholders' equity (net assets)	**$38,870,649**	$40,133,913

See accompanying notes

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

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Investment income:				
Interest from portfolio companies:				
Affiliate investments	**$ 175,990**	$ 137,243	$ 323,026	$ 274,000
Non-Control/Non-Affiliate investments	**139,710**	140,397	290,022	249,731
Total interest from portfolio companies	**315,700**	277,640	613,048	523,731
Interest from other investments:				
Non-Control/Non-Affiliate investments	**7,735**	6,859	12,845	17,834
Total interest from other investments	**7,735**	6,859	12,845	17,834
Dividend and other investment income:				
Affiliate investments	**76,266**	53,024	127,049	115,397
Non-Control/Non-Affiliate investments	**2,676**	2,681	6,058	5,193
Total dividend and other investment income	**78,942**	55,705	133,107	120,590
Fee income:				
Affiliate investments	**4,416**	3,167	7,583	4,084
Non-Control/Non-Affiliate investments	**6,725**	5,768	9,744	11,537
Total fee income	**11,141**	8,935	17,327	15,621
Total investment income	**413,518**	349,139	776,327	677,776
Operating expenses:				
Salaries	**169,875**	165,413	339,749	330,826
Employee benefits	**45,251**	47,699	108,996	100,069
Directors' fees	**28,624**	36,374	63,499	71,249
Professional fees	**37,341**	178,193	139,028	262,195
Stockholders and office operating	**64,599**	80,725	129,038	147,935
Insurance	**6,900**	6,258	18,888	17,560
Corporate development	**10,646**	11,609	26,442	33,317
Other operating	**2,424**	3,323	5,115	5,283
	365,660	529,594	830,755	968,434
Interest on SBA obligations	**77,269**	77,569	154,838	155,138
Bad debt expense	**30,741**	—	76,641	—
Total expenses	**473,670**	607,163	1,062,234	1,123,572
Net investment loss before income taxes	**(60,152)**	(258,024)	(285,907)	(445,796)
Income tax benefit	**(22,384)**	(99,403)	(74,810)	(171,911)
Net investment loss	**(37,768)**	(158,621)	(211,097)	(273,885)
Net increase in unrealized depreciation on investments:				
Affiliate investments	**(306,441)**	(665,675)	(556,441)	(665,675)
Non-Control/Non-Affiliate investments	**(450,000)**	(52,664)	(651,489)	(433,308)
Increase in unrealized depreciation before income tax benefit	**(756,441)**	(718,339)	(1,207,930)	(1,098,983)
Deferred income tax benefit	**(162,915)**	(241,623)	(267,320)	(378,050)
Net increase in unrealized depreciation on investments	**(593,526)**	(476,716)	(940,610)	(720,933)
Net unrealized loss on investments	**(593,526)**	(476,716)	(940,610)	(720,933)
Net decrease in net assets from operations	**($ 631,294)**	($ 635,337)	($ 1,151,707)	($ 994,818)
Weighted average shares outstanding	**6,321,988**	6,321,988	6,321,988	6,321,988
Basic and diluted net decrease in net assets from operations per share	**($ 0.10)**	($ 0.10)	($ 0.18)	($ 0.16)

See accompanying notes

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

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Net assets at beginning of period	**$ 31,398,272**	$ 32,269,882	$ 31,918,685	$ 32,629,363
Net investment loss	**(37,768)**	(158,621)	(211,097)	(273,885)
Net increase in unrealized depreciation on investments	**(593,526)**	(476,716)	(940,610)	(720,933)
Net decrease in net assets from operations	**(631,294)**	(635,337)	(1,151,707)	(994,818)
Total decrease in net assets	**(631,294)**	(635,337)	(1,151,707)	(994,818)
Net assets at end of period	**$ 30,766,978**	$ 31,634,545	$ 30,766,978	$ 31,634,545
Accumulated net investment loss	**($ 1,808,243)**	($ 1,851,733)	($ 1,808,243)	($ 1,851,733)

See accompanying notes

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

	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flows from operating activities:		
Net decrease in net assets from operations	**($ 1,151,707)**	($ 994,818)
Adjustments to reconcile net decrease in net assets to net cash used in operating activities:		
Investments in portfolio companies	**(1,225,000)**	(3,800,000)
Proceeds from loan repayments	**70,131**	—
Increase in unrealized depreciation on investments	**1,207,930**	1,098,983
Deferred tax benefit	**(347,040)**	(519,163)
Depreciation and amortization	**14,800**	15,700
Original issue discount amortization	**(19,271)**	(8,395)
Non-cash conversion of debenture interest	**(77,154)**	(53,294)
Change in interest receivable allowance	**76,641**	—
Changes in operating assets and liabilities:		
Decrease (increase) in interest receivable	**26,510**	(49,598)
(Increase) decrease in other assets	**(14,202)**	537,995
Decrease (increase) in prepaid income taxes	**21,961**	(298,630)
Decrease in income tax payable	—	(320,008)
Decrease in accounts payable and accrued expenses	**(21,430)**	(160,244)
Decrease in profit sharing and bonus payable	**(132,000)**	(1,138,052)
Increase in deferred revenue	**28,173**	378
Total adjustments	**(389,951)**	(4,694,328)
Net cash used in operating activities	**(1,541,658)**	(5,689,146)
Net decrease in cash	**(1,541,658)**	(5,689,146)
Cash:		
Beginning of period	**6,262,039**	12,280,140
End of period	**$ 4,720,381**	$ 6,590,994

See accompanying notes

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RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2018
(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 – 47.8% 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 shares.	8/12/16	<1%	$163,000	$282,356	0.9%
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 shares.	7/5/17	<1%	200,000	200,000	1.0%
	337,808 Series A-2 Preferred shares.			101,342	101,342	
	Total Centivo			301,342	301,342	
eHealth Global Technologies, Inc. (g) Henrietta, NY. eHealth Connect® improves health care delivery through intelligently aggregated clinical record and images for patient referrals. (Health Care) www.ehealthtechnologies.com	$3,500,000 Term Notes at 10% due September 2, 2019.	6/28/16	0%	3,500,000	3,500,000	11.4%
Empire Genomics, LLC (h)(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	$1,101,489 Senior Secured Convertible Term Notes at 10% due April 30, 2018.	6/13/14	0%	1,101,489	450,000	2.2%
	$250,000 Promissory Note at 12% due December 31, 2019.			228,334	228,334	
	Total Empire			1,329,823	678,334	
GoNoodle, Inc. (g)(m) **(Formerly Health Teacher, Inc.)** Nashville, TN. Student engagement education software providing core aligned physical activity breaks. (Software) www.gonoodle.com	$1,000,000 Secured Note at 12% due January 31, 2020, (1% Payment in Kind (PIK)).	2/6/15	<1%	1,034,484	1,034,484	3.3%
	Warrant for 47,324 Series C Preferred shares.			25	25	
	Total GoNoodle			1,034,509	1,034,509	
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 2018) due January 31, 2019.	10/22/12	4%	1,199,040	949,040	3.1%
	(e) $150,000 Subordinated Debenture at 8% due June 30, 2018.			150,000	-	
	Warrant for 3.29% Membership Interests. Option for 1.5% Membership Interests.			97,625	-	
	(i) Interest receivable $53,069.					
	Total Mercantile			1,446,665	949,040	
Outmatch Holdings, LLC (e)(g) **(Chequed Holdings, LLC)** Dallas, TX. Web based predictive employee selection and reference checking. (Software) www.outmatch.com	2,693,224 Class P1 Units.	11/18/10	4%	2,140,007	2,140,007	7.0%
	109,788 Class C1 Units.			5,489	5,489	
	Total Outmatch			2,145,496	2,145,496	
PostProcess Technologies LLC (e)(g) Buffalo, NY. Provides innovative solutions for the post-processing of additive manufactured 3D parts. (Manufacturing) www.postprocess.com	$300,000 Convertible Promissory Note at 5% due July 28, 2018.	7/25/16	0%	300,000	300,000	1.0%

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RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2018 (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
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 shares.	10/29/09	4%	-	11,000	9.6%
	(g) 1,839,422 Series A preferred shares.			2,099,999	2,165,999	
	(g) 50,593 Common shares.			-	59,000	
	(g) 589,420 Series B Preferred shares.			702,732	702,732	
	Total Rheonix			2,802,731	2,938,731	
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 shares.	4/5/13	4%	500,000	731,431	6.7%
	1,204,819 Series B-1 Preferred shares.			750,000	839,648	
	717,772 Series C Preferred shares.			500,000	500,221	
	Total Social Flow			1,750,000	2,071,300	
Somerset Gas Transmission Company, LLC (e) Columbus, OH. Natural gas transportation. (Oil and Gas) www.somersetgas.com	26.5337 Units.	7/10/02	3%	719,097	500,000	1.6%
Other Non-Control/Non-Affiliate Investments:						
DataView, LLC (Software) (e)	Membership Interest.	-	-	310,357	-	0.0%
UStec/Wi3 (Manufacturing) (e)	Common stock.	-	-	100,500	-	0.0%
Subtotal Non-Control/Non-Affiliate Investments				$15,903,520	$14,701,108	
Affiliate Investments – 57.0% of net assets (k)						
BeetNPath, LLC (Grainful) (e)(g) Ithaca, NY. Frozen entrées and packaged dry side dishes made from 100% whole grain steel cut oats under Grainful brand name. (Consumer Product) www.grainful.com	1,119,024 Series A-2 Preferred Membership Units.	10/20/14	9%	$359,000	$359,000	2.1%
	1,032,918 Series B Preferred Membership Units.			261,277	291,000	
	Total BeetNPath			620,277	650,000	
Carolina Skiff LLC (g) Waycross, GA. Manufacturer of fresh water, 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	5.7%
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 shares.	1/4/16	6%	200,000	200,000	0.7%
First Wave Products Group, LLC (e)(g) Batavia, NY. Sells First Crush automated pill crusher that crushes and grinds medical pills for nursing homes and medical institutions. (Health Care) www.firstwaveproducts.com	$500,000 Senior Term Notes at 10% due July 31, 2017.	4/19/12	7%	661,563	-	0.0%
	$280,000 Junior Term Notes at 10% due July 31, 2017.			316,469	-	
	Warrant for 41,619 Capital Securities.			22,000	-	
	Total First Wave			1,000,032	-	
Genicon, Inc. (g) (m) Winter Park, FL. Designs, produces and distributes patented surgical instrumentation. (Health Care) www.geniconendo.com	1,586,902 Series B Preferred shares.	4/10/15	6%	1,000,000	1,000,000	13.3%
	$3,000,000 Promissory Notes at 10% due May 1, 2020, (8% Payment in Kind (PIK)).			2,984,127	2,984,127	
	Warrant for 250,000 Common shares.			80,000	80,000	
	Warrant for 125,000 Common shares.			40,000	40,000	
	Total Genicon			4,104,127	4,104,127	

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2018 (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
GiveGab, Inc. (e)(g) Ithaca, NY. Online fundraising, day of giving supporter engagement software for non-profit organizations. (Software) www.givegab.com	5,084,329 Series Seed Preferred shares.	3/13/13	6%	616,221	616,221	2.0%
G-TEC Natural Gas Systems (e) Buffalo, NY. Manufactures and distributes systems that allow natural gas to be used as an alternative fuel to gases. (Manufacturing) www.gas-tec.com	16.639% Class A Membership Interest. 8% cumulative dividend.	8/31/99	17%	400,000	100,000	0.3%
Intrinsiq Materials, Inc. (e)(g) Rochester, NY. Produces printable electronics utilizing a unique process of nanomaterial based ink in a room-temperature environment. (Manufacturing) www.intrinsiqmaterials.com	4,161,747 Series A Preferred shares.	9/19/13	12%	1,125,673	400,000	1.3%
Knoa Software, Inc. (h)(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 shares.	11/20/12	7%	750,000	750,000	4.0%
	1,876,922 Series B Preferred shares.			479,155	479,155	
	Total Knoa			1,229,155	1,229,155	
KnowledgeVision Systems, Inc. (g) Lincoln, MA. Online presentation and training software. (Software) www.knowledgevision.com	200,000 Series A-1 Preferred shares.	11/13/13	7%	250,000	-	4.3%
	214,285 Series A-2 Preferred shares.			300,000	300,000	
	129,033 Series A-3 Preferred shares.			165,001	165,001	
	Warrant for 46,743 Series A-3 shares.			35,000	35,000	
	$75,000 Subordinated Promissory Notes at 8% payable on demand of majority of holders after August 31, 2019. **(e)**			75,000	75,000	
	$750,000 Replacement Term Note at 11% due April 30, 2021.			750,000	750,000	
	Total KnowledgeVision			1,575,001	1,325,001	
Mezmeriz, Inc. (e)(g) Ithaca, NY. Micro-electronic mechanical systems (MEMS) developer of carbon fiber MEMS mirror modules for gesture recognition and 3D scanning. (Electronics Developer) www.mezmeriz.com	1,554,565 Series Seed Preferred shares.	1/9/08	14%	742,850	351,477	1.1%
Microcision LLC (g)(m) Pennsauken Township, NJ. Manufacturer of precision machined medical implants, components and assemblies. (Manufacturing) www.microcision.com	$1,500,000 Subordinated Promissory Note at 12% (1% PIK) due December 31, 2024.	9/24/09	15%	1,923,722	1,923,722	6.3%
	15% Class A Common Membership Interest.			-	-	
	Total Microcision			1,923,722	1,923,722	
New Monarch Machine Tool, Inc. (g) Cortland, NY. Manufactures and services vertical/horizontal machining centers. (Manufacturing) www.monarchmt.com	22.84 Common shares.	9/24/03	15%	22,841	22,841	0.1%

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RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2018 (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
OnCore Golf Technology, Inc. (e)(g)	150,000 Series AA Preferred shares.	12/31/14	9%	375,000	-	1.0%
Buffalo, NY. Maker of patented golf balls. (Consumer Product) www.oncoregolf.com	$300,000 Subordinated Convertible Promissory Notes at 6% due January 24, 2018. **(i)** Interest receivable $50,342.			300,000	300,000	
	Total OnCore			675,000	300,000	
SciAps, Inc. (e)(g)	187,500 Series A Preferred shares.	7/12/13	6%	1,500,000	700,000	6.6%
Woburn, MA. Instrumentation company producing portable analytical devices using XRF, LIBS and RAMAN spectroscopy to identify	274,299 Series A-1 Convertible Preferred shares.			504,710	250,000	
compounds, minerals, and elements. (Manufacturing)	117,371 Series B Convertible Preferred shares.			250,000	250,000	
www.sciaps.com	113,636 Series C Convertible Preferred shares.			175,000	175,000	
	369,698 Series C-1 Convertible Preferred shares.			399,274	399,274	
	147,059 Series D Convertible Preferred shares.			250,000	250,000	
	Total SciAps			3,078,984	2,024,274	
SOMS Technologies, LLC (e)(g) Valhalla, NY. Produces and markets the microGreen Extended Performance Oil Filter. (Consumer Products) www.microgreenfilter.com	5,959,490 Series B Membership Interests.	12/2/08	9%	472,632	30,000	0.1%
Teleservices Solutions Holdings, LLC (e)(g)(m)	250,000 Class B Preferred Units.	5/30/14	6%	250,000	-	0.0%
Montvale, NJ. Customer contact center specializing in customer acquisition and retention for selected industries. (Contact Center)	1,000,000 Class C Preferred Units.			1,190,680	-	
	80,000 Class D Preferred Units.			91,200	-	
	104,198 Class E Preferred Units.			104,198	-	
www.ipacesetters.com	PIK dividend for Series C and D at 12% and 14%, respectively.					
	Total Teleservices			1,636,078	-	
Tilson Technology Management, Inc. (g)	120,000 Series B Preferred shares.	1/20/15	11%	600,000	600,000	8.1%
Portland, ME. Cellular, fiber optic and wireless information systems, construction, and	21,391 Series C Convertible Preferred shares.			200,000	200,000	
management. (Professional Services) www.tilsontech.com	$200,000 Subordinated Promissory Note at 8% due September 28, 2021.			200,000	200,000	
	65,790 Series D Preferred shares.			750,000	750,000	
	$750,000 Subordinated Promissory Note at 8% due December 1, 2022.			750,000	750,000	
	Total Tilson			2,500,000	2,500,000	
Subtotal Affiliate Investments				$21,937,593	$17,526,818	
Control Investments – 0.3% of net assets (l)						
Advantage 24/7 LLC (e)(g) Williamsville, NY. Marketing program for wine and spirits dealers. (Marketing Company) www.advantage24-7.com	45% Membership Interest.	12/30/10	45%	$99,500	$99,500	0.3%
Subtotal Control Investments				$99,500	$99,500	
TOTAL INVESTMENTS – 105.1%				$37,940,613	$32,327,426	
OTHER ASSETS IN EXCESS OF LIABILITIES – (5.1%)					(1,560,448)	
NET ASSETS – 100%					$30,766,978	

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2018 (Continued)
(Unaudited)

Notes to the Consolidated Schedule of Portfolio Investments

(a) At June 30, 2018, 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.

(b) The Date Acquired column indicates the date in 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 Accounting Standards Codification (ASC) 820 "Fair Value Measurements and Disclosures," which defines fair value and establishes guidelines for measuring fair value. At June 30, 2018, ASC 820 designates 100% of the Corporation's investments as "Level 3" assets. Under the valuation policy of the Corporation, unrestricted publicly held securities are valued at the average closing bid 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 the management of the Corporation 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.

(f) As of June 30, 2018 the total cost of investment securities was approximately $37.9 million. Net unrealized depreciation was approximately ($5.6) million, which was comprised of $1.9 million of unrealized appreciation of investment securities and ($7.5) million of unrealized depreciation of investment securities. At June 30, 2018, the aggregate gross unrealized gain for federal income tax purposes was $2.5 million and the aggregate gross unrealized loss for federal income tax purposes was ($7.0) million. The net unrealized loss for federal income tax purposes was ($4.5) million based on a tax cost of $36.8 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 Statement 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) Control Investments are defined by the 1940 Act as investments in companies in which more than 25% of the voting securities are owned by the Corporation or where greater than 50% of the board representation is maintained.

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

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RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2018 (Continued)
(Unaudited)

Investments in and Advances to Affiliates

Company	Type of Investment	December 31, 2017 Fair Value	Gross Additions (1)	Gross Reductions (2)	June 30, 2018 Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
Control Investments:							
Advantage 24/7 LLC	45% Membership interest.	$99,500	$-	$-	$99,500	$-	$-
	Total Control Investments	**$99,500**	**$-**	**$-**	**$99,500**	**-**	**$-**
Affiliate Investments:							
BeetNPath, LLC	1,119,024 Series A-2 Preferred Membership Units.	$359,000	$-	$-	$359,000	-	$-
	1,032,918 Series B Preferred Membership Units.	291,000	-	-	291,000	-	-
	Total BeetNPath	650,000	-	-	650,000	-	-
Carolina Skiff LLC	6.0825% Class A common membership interest.	1,750,000	-	-	1,750,000	-	80,264
ClearView Social, Inc.	312,500 Series seed plus preferred shares.	200,000	-	-	200,000	-	-
First Wave Products Group, LLC	$500,000 senior term notes at 10%.	250,000	-	(250,000)	-	-	-
	$280,000 junior term notes at 10%.	-	-	-	-	-	-
	Warrant for 41,619 capital securities.	-	-	-	-	-	-
	Total First Wave	250,000	-	(250,000)	-	-	-
Genicon, Inc.	1,586,902 Series B preferred shares.	1,000,000	-	-	1,000,000	-	-
	$3,000,000 promissory notes at 8%.	2,903,779	80,348	-	2,984,127	-	159,950
	Warrant for 250,000 common shares	80,000	-	-	80,000	-	-
	Warrant for 125,000 common shares	40,000	-	-	40,000	-	-
	Total Genicon	4,023,779	80,348	-	4,104,127	-	159,950
GiveGab, Inc.	5,084,329 Series Seed preferred shares.	424,314	191,907	-	616,221	-	-
G-TEC Natural Gas Systems	16.639% Class A membership interest. 8% cumulative dividend.	100,000	-	-	100,000	-	-
Intrinsiq Materials, Inc.	4,161,747 Series A preferred shares.	400,000	-	-	400,000	-	-
Knoa Software, Inc.	973,533 Series A-1 convertible preferred shares.	750,000	-	-	750,000	-	-
	1,876,922 Series B preferred shares.	479,155	-	-	479,155	-	-
	$48,466 convertible promissory note at 8%.	48,466	-	(48,466)	-	-	773
	Total Knoa	1,277,621	-	(48,466)	1,229,155	-	773
KnowledgeVision Systems, Inc.	200,000 Series A-1 preferred shares.	-	-	-	-	-	-
	214,285 Series A-2 preferred shares.	300,000	-	-	300,000	-	-
	129,033 Series A-3 preferred shares.	165,001	-	-	165,001	-	-
	$75,000 subordinated promissory notes at 8%	50,000	25,000	-	75,000	-	2,383
	$750,000 replacement term note at 11%	-	750,000	-	750,000	-	12,823
	Warrant for 46,743 Series A-3 shares.	35,000	-	-	35,000	-	-
	Total Knowledge	550,001	775,000	-	1,325,001	-	15,206

	Vision						
Mezmeriz, Inc.	1,554,565 Series seed preferred shares.	351,477	-	-	351,477	-	-
Microcision LLC	$1,500,000 subordinated promissory note at 12% (1% PIK).	1,914,140	9,582	-	1,923,722	-	114,992
New Monarch Machine Tool, Inc.	22.84 common shares.	22,841	-	-	22,841	-	29,409

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
June 30, 2018 (Continued)
(Unaudited)

Investments in and Advances to Affiliates

Company	Type of Investment	December 31, 2017 Fair Value	Gross Additions (1)	Gross Reductions (2)	June 30, 2018 Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
OnCore Golf Technology, Inc.	150,000 Series AA preferred shares.	-	-	-	-	-	-
	$300,000 subordinated convertible promissory notes at 6%.	300,000	-	-	300,000	-	-
	Total OnCore	300,000	-	-	300,000	-	-
SciAps, Inc.	187,500 Series A convertible preferred shares.	700,000	-	-	700,000	-	-
	274,299 Series A-1 convertible preferred shares.	250,000	-	-	250,000	-	-
	117,371 Series B convertible preferred shares.	250,000	-	-	250,000	-	-
	113,636 Series C preferred shares.	175,000	-	-	175,000	-	-
	369,698 Series C-1 preferred shares.	399,274	-	-	399,274	-	-
	147,059 Series D shares	-	250,000	-	250,000	-	-
	Total SciAps	1,774,274	250,000	-	2,024,274	-	-
SOMS Technologies, LLC	5,959,490 Series B membership interests.	528,348	-	(498,348)	30,000	-	-
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 Technology Management, Inc.	120,000 Series B preferred shares.	600,000	-	-	600,000	-	10,000
	21,391 Series C convertible preferred shares.	200,000	-	-	200,000	-	-
	$200,000 subordinated promissory note at 8%.	200,000	-	-	200,000	-	7,934
	65,790 Series D preferred shares.	750,000	-	-	750,000	-	9,376
	$750,000 subordinated promissory note at 8%.	750,000	-	-	750,000	-	29,754
	Total Tilson	2,500,000	-	-	2,500,000	-	57,064
	Total Affiliate Investments	**$17,016,795**	**$1,306,837**	**($796,814)**	**$17,526,818**	**$-**	**$457,658**
	Total Control and Affiliate Investments	**$17,116,295**	**$1,306,837**	**($796,814)**	**$17,626,318**	**$-**	**$457,658**

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, 2018 (Continued)
(Unaudited)

Industry Classification	Percentage of Total Investments (at fair value) as of June 30, 2018
Healthcare	35.7%
Software	27.5
Manufacturing	20.2
Professional Services	7.7
Consumer Product	3.0
Contact Center	2.9
Oil and Gas	1.6
Electronics	1.1
Marketing	0.3
Total Investments	**100%**

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RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2017

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 – 47.5% 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 shares.	8/12/16	<1%	$163,000	$282,356	0.9%
Centivo Corporation (e)(n) 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)	$100,000 convertible unsecured note at 2% due February 1, 2019.	7/5/17	0%	100,000	100,000	0.3%
eHealth Global Technologies, Inc. Henrietta, NY. eHealth Connect® improves health care delivery through intelligently aggregated clinical record and images for patient referrals. (Health Care) www.ehealthtechnologies.com	**(g)** $1,500,000 term note at 10% due September 2, 2019.	6/28/16	0%	1,500,000	1,500,000	11.0%
	(n) $2,000,000 term note at 10% due September 2, 2019.			2,000,000	2,000,000	
	Total eHealth			3,500,000	3,500,000	
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	$1,101,489 senior secured convertible term notes at 10% due April 30, 2018.	6/13/14	0%	1,101,489	1,101,489	4.2%
	$250,000 promissory note at 12% due December 31, 2019.			250,000	250,000	
	(i) Interest receivable $65,906.					
	Total Empire			1,351,489	1,351,489	
GoNoodle, Inc. (g)(m) (Formerly HealthTeacher, Inc.) Nashville, TN. Student engagement education software providing core aligned physical activity breaks. (Software) www.gonoodle.com	$1,000,000 secured note at 12% due January 31, 2020, (1% Payment in Kind (PIK)).	2/6/15	<1%	1,029,330	1,029,330	3.2%
	Warrant for 47,324 Series C Preferred shares.			25	25	
	Total GoNoodle			1,029,355	1,029,355	
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 2017) due January 31, 2018.	10/22/12	4%	1,199,040	949,040	3.0%
	(e) $150,000 subordinated debenture at 8% due June 30, 2018.			150,000	-	
	Warrant for 3.29% membership interests. Option for 1.5% membership interests.			97,625	-	
	(i) Interest receivable $55,983.					
	Total Mercantile			1,446,665	949,040	
Outmatch Holdings, LLC (e)(g) (Chequed Holdings, LLC) Dallas, TX. Web based predictive employee selection and reference checking. (Software) www.outmatch.com	2,641,899 Class P1 Units.	11/18/10	4%	2,140,007	2,140,007	6.7%
	109,788 Class C1 Units.			5,489	5,489	
	Total Outmatch			2,145,496	2,145,496	
PostProcess Technologies LLC (e)(g) Buffalo, NY. Provides innovative solutions for the post-processing of additive manufactured 3D parts. (Manufacturing) www.postprocess.com	$300,000 convertible promissory note at 5% due July 28, 2018.	7/25/16	0%	300,000	300,000	0.9%

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RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2017 (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
Rheonix, Inc. (e)	9,676 common shares.	10/29/09	4%	-	11,000	9.2%
Ithaca, NY. Developer of fully automated microfluidic based molecular assay and diagnostic testing devices. (Health Care) www.rheonix.com	**(g)** 1,839,422 Series A preferred shares.			2,099,999	2,165,999	
	(g) 50,593 common shares.			-	59,000	
	(g) 589,420 Series B preferred shares.			702,732	702,732	
	Total Rheonix			2,802,731	2,938,731	
SocialFlow, Inc. (e)(g)	1,049,538 Series B preferred shares.	4/5/13	4%	500,000	731,431	6.5%
New York, NY. Provides instant analysis of social networks using a proprietary, predictive analytic algorithm to optimize advertising and publishing. (Software) www.socialflow.com	1,204,819 Series B-1 preferred shares.			750,000	839,648	
	717,772 Series C preferred shares.			500,000	500,221	
	Total Social Flow			1,750,000	2,071,300	
Somerset Gas Transmission Company, LLC (e) Columbus, OH. Natural gas transportation. (Oil and Gas) www.somersetgas.com	26.5337 units.	7/10/02	3%	719,097	500,000	1.6%
Other Non-Control/Non-Affiliate Investments:						
DataView, LLC (Software) **(e)**	Membership Interest.	-	-	310,357	-	0.0%
UStec/Wi3 (Manufacturing) **(e)**	Common Stock.	-	-	100,500	-	0.0%
Subtotal Non-Control/Non-Affiliate Investments				$15,718,690	$15,167,767	
Affiliate Investments – 53.3% of net assets (k)						
BeetNPath, LLC (Grainful) (e)(g)	1,119,024 Series A-2 Preferred Membership Units.	10/20/14	9%	$359,000	$359,000	2.0%
Ithaca, NY. Frozen entrées and packaged dry side dishes made from 100% whole grain steel cut oats under Grainful brand name. (Consumer Product) www.grainful.com	1,032,918 Series B Preferred Membership Units.			261,277	291,000	
	Total BeetNPath			620,277	650,000	
Carolina Skiff LLC (g) Waycross, GA. Manufacturer of fresh water, 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	5.5%
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 shares.	1/4/16	6%	200,000	200,000	0.6%
First Wave Products Group, LLC (e)(g)	$500,000 senior term notes at 10% due July 31, 2017.	4/19/12	7%	661,563	250,000	0.8%
Batavia, NY. Sells First Crush automated pill crusher that crushes and grinds medical pills for nursing homes and medical institutions. (Health Care)	$280,000 junior term notes at 10% due July 31, 2017.			316,469	-	
	Warrant for 41,619 capital securities.			22,000	-	
www.firstwaveproducts.com	**Total First Wave**			1,000,032	250,000	
Genicon, Inc.	**(g)** 1,586,902 Series B preferred shares.	4/10/15	6%	1,000,000	1,000,000	12.6%
Winter Park, FL. Designs, produces and distributes patented surgical instrumentation. (Health Care) www.geniconendo.com	**(g)** $2,000,000 promissory note at 8% due May 1, 2020.			1,936,002	1,936,002	
	(g) Warrant for 250,000 common shares.			80,000	80,000	
	(n) $1,000,000 promissory note at 8% due May 1, 2020.			967,777	967,777	
	(n) Warrant for 125,000 common shares.			40,000	40,000	
	Total Genicon			4,023,779	4,023,779	

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2017 (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
GiveGab, Inc. (e)(g) Ithaca, NY. Online fundraising, day of giving supporter engagement software for non-profit organizations. (Software) www.givegab.com	5,084,329 Series Seed preferred shares.	3/13/13	6%	616,221	424,314	1.3%
G-TEC Natural Gas Systems (e) Buffalo, NY. Manufactures and distributes systems that allow natural gas to be used as an alternative fuel to gases. (Manufacturing) www.gas-tec.com	16.639% Class A membership interest. 8% cumulative dividend.	8/31/99	17%	400,000	100,000	0.3%
Intrinsiq Materials, Inc. (e)(g) Rochester, NY. Produces printable electronics utilizing a unique process of nanomaterial based ink in a room-temperature environment. (Manufacturing) www.intrinsiqmaterials.com	4,161,747 Series A preferred shares.	9/19/13	12%	1,125,673	400,000	1.3%
Knoa Software, Inc. (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 shares.	11/20/12	7%	750,000	750,000	4.0%
	1,876,922 Series B preferred shares.			479,155	479,155	
	$48,466 convertible promissory note at 8% due May 9, 2018.			48,466	48,466	
	Total Knoa			1,277,621	1,277,621	
KnowledgeVision Systems, Inc. (e)(g) Lincoln, MA. Online presentation and training software. (Software) www.knowledgevision.com	200,000 Series A-1 preferred shares.	11/13/13	7%	250,000	-	1.7%
	214,285 Series A-2 preferred shares.			300,000	300,000	
	129,033 Series A-3 preferred shares.			165,001	165,001	
	Warrant for 46,743 Series A-3 shares.			35,000	35,000	
	$50,000 subordinated promissory note at 8% payable on demand of majority of noteholders after August 31, 2017.			50,000	50,000	
	Total KnowledgeVision			800,001	550,001	
Mezmeriz, Inc. (e)(g) Ithaca, NY. Micro-electronic mechanical systems (MEMS) developer of carbon fiber MEMS mirror modules for gesture recognition and 3D scanning. (Electronics Developer) www.mezmeriz.com	1,554,565 Series Seed preferred shares.	1/9/08	14%	742,850	351,477	1.1%
Microcision LLC (g)(m) Pennsauken Township, NJ. Manufacturer of precision machined medical implants, components and assemblies. (Manufacturing) www.microcision.com	$1,500,000 subordinated promissory note at 12% (1% PIK) due December 31, 2024.	9/24/09	15%	1,914,140	1,914,140	6.0%
	15% Class A common membership interest.			-	-	
	Total Microcision			1,914,140	1,914,140	
New Monarch Machine Tool, Inc. (g) Cortland, NY. Manufactures and services vertical/horizontal machining centers. (Manufacturing) www.monarchmt.com	22.84 common shares.	9/24/03	15%	22,841	22,841	0.1%

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RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2017 (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
OnCore Golf Technology, Inc. (e)(g)	150,000 Series AA preferred shares.	12/31/14	9%	375,000	-	0.9%
Buffalo, NY. Maker of patented golf balls.	$300,000 subordinated convertible					
(Consumer Product)	promissory notes at 6% (10% for					
www.oncoregolf.com	calendar year 2017) due January 24, 2018.					
	(i) Interest receivable $50,342.			300,000	300,000	
	Total OnCore			675,000	300,000	
SciAps, Inc. (e)(g)	187,500 Series A convertible preferred	7/12/13	8%			5.6%
Woburn, MA. Instrumentation company producing portable analytical devices using XRF, LIBS and RAMAN spectroscopy to identify compounds, minerals, and elements.	shares.			1,500,000	700,000	
	274,299 Series A-1 convertible preferred shares.			504,710	250,000	
(Manufacturing)	117,371 Series B convertible preferred shares.			250,000	250,000	
www.sciaps.com	113,636 Series C preferred shares.			175,000	175,000	
	369,698 Series C-1 preferred shares.			399,274	399,274	
	Total SciAps			2,828,984	1,774,274	
SOMS Technologies, LLC (e)(g)	5,959,490 Series B membership	12/2/08	9%			1.7%
Valhalla, NY. Produces and markets the microGreen Extended Performance Oil Filter. (Consumer Products) www.microgreenfilter.com	interests.			472,632	528,348	
Teleservices Solutions Holdings, LLC (e) (g)(m)	250,000 Class B preferred units.	5/30/14	6%	250,000	-	0.0%
	1,000,000 Class C preferred units.			1,190,680	-	
Montvale, NJ. Customer contact center specializing in customer acquisition and retention for selected industries. (Contact Center)	80,000 Class D preferred units.			91,200	-	
	104,198 Class E preferred units.			104,198	-	
www.ipacesetters.com	PIK dividend for Series C and D at 12% and 14%, respectively.					
	Total Teleservices			1,636,078	-	
Tilson Technology Management, Inc.	**(g)** 120,000 Series B preferred shares.	1/20/15	11%	600,000	600,000	7.8%
Portland, ME. Cellular, fiber optic and wireless information systems, construction, and management. (Professional Services)	21,391 Series C convertible preferred shares.			200,000	200,000	
www.tilsontech.com	**(g)** $200,000 subordinated promissory note at 8% due September 28, 2021.			200,000	200,000	
	(n) 65,790 Series D preferred shares.			750,000	750,000	
	(n) $750,000 subordinated promissory note at 8% due December 1, 2022.			750,000	750,000	
	Total Tilson			2,500,000	2,500,000	
Subtotal Affiliate Investments				$20,871,129	$17,016,795	
Control Investments – 0.3% of net assets (l)						
Advantage 24/7 LLC (e)(g) Williamsville, NY. Marketing program for wine and spirits dealers. (Marketing Company) www.advantage24-7.com	53% Membership interest.	12/30/10	53%	$99,500	$99,500	0.3%
Subtotal Control Investments				$99,500	$99,500	
TOTAL INVESTMENTS – 101.1%				$36,689,319	$32,284,062	
OTHER ASSETS IN EXCESS OF LIABILITIES – (1.1%)					(365,377)	
NET ASSETS – 100%					$31,918,685	

RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2017 (Continued)

Notes to the Consolidated Schedule of Portfolio Investments

(a) At December 31, 2017, 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.

(b) The Date Acquired column indicates the date in 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 Accounting Standards Codification (ASC) 820 "Fair Value Measurements and Disclosures," which defines fair value and establishes guidelines for measuring fair value. At December 31, 2017, ASC 820 designates 100% of the Corporation's investments as "Level 3" assets. Under the valuation policy of the Corporation, unrestricted publicly held securities are valued at the average closing bid 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 the management of the Corporation 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.

(f) As of December 31, 2017, the total cost of investment securities was approximately $36.7 million. Net unrealized depreciation was approximately ($4.4) million, which was comprised of $2.4 million of unrealized appreciation of investment securities and ($6.8) million of unrealized depreciation of investment securities. At December 31, 2017, the aggregate gross unrealized gain for federal income tax purposes was $2.8 million and the aggregate gross unrealized loss for federal income tax purposes was ($4.4) million. The net unrealized loss for federal income tax purposes was ($1.6) million based on a tax cost of $33.9 million.

(g) Rand Capital SBIC, Inc. investment.

(h) Reduction in cost and value from previously reported balances reflects current principal repayment. There were no principal repayments during the year ended December 31, 2017.

(i) Represents interest due (amounts over $50,000) from investments included as interest receivable on the Corporation's Statement 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) Control Investments are defined by the 1940 Act as investments in companies in which more than 25% of the voting securities are owned by the Corporation or where greater than 50% of the board representation is maintained.

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

(n) Rand Capital SBIC II, L.P. investment.

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RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2017 (Continued)

Investments in and Advances to Affiliates

Company	Type of Investment	December 31, 2016 Fair Value	Gross Additions (1)	Gross Reductions (2)	December 31, 2017 Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
Control Investments:							
Advantage 24/7 LLC	53% Membership interest.	$99,500	$-	$-	$99,500	$-	$-
	Total Control Investments	**$99,500**	**$-**	**$-**	**$99,500**	**-**	**$-**
Affiliate Investments:							
BeetNPath, LLC	1,119,024 Series A-2 Preferred Membership Units.	$359,000		$-	$359,000	-	$-
	1,032,918 Series B Preferred Membership Units	-	$291,000	-	291,000	- -	-
	$150,000 convertible promissory note at 8%.	150,000	-	(150,000)	-	-	4,800
	Total BeetNPath	509,000	291,000	(150,000)	650,000	-	4,800
Carolina Skiff LLC	6.0825% Class A common membership interest.	1,100,000	650,000	-	1,750,000	-	178,532
ClearView Social, Inc.	312,500 Series seed plus preferred shares.	200,000	-	-	200,000	-	-
First Wave Products Group, LLC	$500,000 senior term notes at 10%.	250,000	-	-	250,000	-	-
	$280,000 junior term notes at 10%.	-	-	-	-	-	-
	Warrant for 41,619 capital securities.	-	-	-	-	-	-
	Total First Wave	250,000	-	-	250,000	-	-
Genicon, Inc.	1,586,902 Series B preferred shares.	1,000,000	-	-	1,000,000	-	-
	$1,100,000 senior term loans at 12%.	1,100,000	-	(1,100,000)	-	-	50,234
	$600,000 term loan at 14%.	600,000	-	(600,000)	-	-	32,200
	$2,000,000 promissory note at 8%	-	2,016,002	(80,000)	1,936,002	-	129,752
	$1,000,000 promissory note at 8%	-	1,007,777	(40,000)	967,777	-	60,860
	Warrant for 250,000 common shares	-	80,000	-	80,000	-	
	Warrant for 125,000 common shares	-	40,000	-	40,000	-	-
	Total Genicon	2,700,000	3,143,779	(1,820,000)	4,023,779	-	273,046
GiveGab, Inc.	5,084,329 Series Seed preferred shares.	424,314	-	-	424,314	-	-
G-TEC Natural Gas Systems	16.639% Class A membership interest. 8% cumulative dividend	100,000	-	-	100,000	-	-
Intrinsiq Materials, Inc.	4,161,747 Series A preferred shares.	780,000	-	(380,000)	400,000	-	-
Knoa Software, Inc.	973,533 Series A-1 convertible preferred	-	750,000	-	750,000	-	-
	shares. 1,876,922 Series B preferred shares.	449,455	29,700	-	479,155	-	-
	$48,466 convertible promissory note at 8%.	48,466	-	-	48,466	-	3,877
	Total Knoa	497,921	779,700	-	1,277,621	-	3,877
KnowledgeVision Systems, Inc.	200,000 Series A-1 preferred shares.	-	-	-	-	-	-
	214,285 Series A-2 preferred shares.	300,000	-	-	300,000	-	-
	129,033 Series A-3 preferred shares.	165,001	-	-	165,001	-	-
	$50,000 subordinated promissory note at 8%	-	50,000	-	50,000	-	3,748
	Warrant for 46,743 Series A-3 shares.	35,000	-	-	35,000	-	-
	Total Knowledge Vision	500,001	50,000	-	550,001	-	3,748
Mezmeriz, Inc.	1,554,565 Series seed preferred shares.	351,477	-	-	351,477	-	-
Microcision LLC	$1,500,000 subordinated promissory note at 12% (1% PIK).	1,891,964	22,176	-	1,914,140	-	228,239
New Monarch Machine Tool, Inc.	22.84 common shares.	22,841	-	-	22,841	-	28,409

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RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2017 (Continued)

Investments in and Advances to Affiliates

Company	Type of Investment	December 31, 2016 Fair Value	Gross Additions (1)	Gross Reductions (2)	December 31, 2017 Fair Value	Net Realized Gains (Losses)	Amount of Interest/ Dividend/ Fee Income (3)
OnCore Golf Technology, Inc.	150,000 Series AA preferred shares.	-	-	-	-	-	-
	$300,000 subordinated convertible promissory notes at 6%.	300,000	-	-	300,000	-	29,211
	Total OnCore	300,000	-	-	300,000	-	29,211
SciAps, Inc.	187,500 Series A convertible preferred shares.	1,000,000	-	(300,000)	700,000	-	-
	274,299 Series A-1 convertible preferred shares.	504,710	-	(254,710)	250,000	-	-
	117,371 Series B convertible preferred shares.	250,000	-	-	250,000	-	-
	113,636 Series C preferred shares.	-	175,000	-	175,000	-	-
	369,698 Series C-1 preferred shares.	-	399,274	-	399,274	-	-
	$200,000 subordinated promissory note at 10%.	200,000	-	(200,000)	-	-	4,731
	$100,000 secured subordinated convertible note at 10%.	100,000	-	(100,000)	-	-	2,376
	Total SciAps	2,054,710	574,274	(854,710)	1,774,274	-	7,107
SOMS Technologies, LLC	5,959,490 Series B membership interests.	528,348	-	-	528,348	-	6,024
Teleservices Solutions Holdings, LLC	250,000 Class B preferred units.	-	-	-	-	-	-
	1,000,000 Class C preferred units.	200,000	-	(200,000)	-	-	-
	80,000 Class D preferred units.	91,200	-	(91,200)	-	-	-
	104,198 Class E preferred units.	104,198	-	(104,198)	-	-	-
	Total Teleservices	395,398	-	(395,398)	-	-	-
Tilson Technology Management, Inc.	120,000 Series B preferred shares.	600,000	-	-	600,000	-	20,000
	21,391 Series C convertible preferred shares.	200,000	-	-	200,000	-	-
	$200,000 subordinated promissory note at 8%.	200,000	-		200,000	-	16,000
	65,790 Series D preferred shares.	-	750,000		750,000		1,579
	$750,000 subordinated promissory note at 8%.	-	750,000	-	750,000	-	5,096
	Total Tilson	1,000,000	1,500,000	-	2,500,000	-	42,675
	Total Affiliate Investments	**$13,605,974**	**$7,010,929**	**($3,600,108)**	**$17,016,795**	**$-**	**$805,668**
	Total Control and Affiliate Investments	**$13,705,474**	**$7,010,929**	**($3,600,108)**	**$17,116,295**	**$-**	**$805,668**

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.

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RAND CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF PORTFOLIO INVESTMENTS
December 31, 2017 (Continued)

Industry Classification	Percentage of Total Investments (at fair value) as of December 31, 2017
Healthcare	37.7%
Software	24.7
Manufacturing	19.4
Professional Services	7.7
Consumer Product	4.6
Contact Center	2.9
Oil and Gas	1.6
Electronics	1.1
Marketing	0.3
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, management investment 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 – Regulation, Regulation as a Business Development Company in our Annual Report on Form 10-K for the year ended December 31, 2017.

Throughout our history, our principal business has been to make venture capital investments in early or expansion stage companies, often in upstate New York and regions in close proximity. In accordance with our strategic growth plan, we look for companies with strong leadership that are bringing to market new or unique products, technologies or services and have a high potential for growth. We invest in a mixture of debt and equity instruments. The debt securities typically have an equity component in the form of warrants or options to acquire stock or the right to convert the debt securities into equity securities.

We established our first small business investment company ("SBIC") in 2002, Rand Capital SBIC, Inc. ("Rand SBIC"), whereby we utilized funds borrowed from the Small Business Administration ("SBA") combined with our capital to invest in our portfolio companies. We historically made the majority of our venture capital investments through Rand SBIC. Rand SBIC's predecessor was organized as a Delaware limited partnership and was converted into a New York corporation on December 31, 2008, at which time our operations as a licensed SBIC were continued. Although Rand SBIC was operated as if it were a BDC, it was registered as an investment company under the 1940 Act. In 2012, the SEC granted an Order of Exemption for Rand with respect to the operations of Rand SBIC, and then Rand SBIC filed an election to be regulated as a BDC under the 1940 Act. Rand SBIC's board of directors is comprised of the directors of Rand, a majority of whom are not "interested persons" of Rand or Rand SBIC.

During 2017 we established a second SBIC subsidiary, Rand Capital SBIC II, L.P. ("Rand SBIC II"), and began making investments through this SBIC subsidiary. During the first quarter of 2018, together with the SBA, we determined that the optimal structure was to revert back to investing in small businesses through our original SBIC, Rand SBIC, and the assets of Rand SBIC II were transferred to Rand SBIC. Rand SBIC has applied for $6 million in new SBA leverage commitment and is currently undergoing the review and approval process.

We operate as an internally managed investment company whereby our officers and employees conduct the business of the Corporation under the general supervision of our Board of Directors. We have not elected to qualify to be taxed as a regulated investment company as defined under Subchapter M of the Internal Revenue Code.

In this Quarterly Report on Form 10-Q, unless the context otherwise requires, "we", the "Corporation", "us", and "our" refer to Rand Capital Corporation and Rand SBIC.

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 United States generally accepted accounting principles (“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, 2018 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, 2017. 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. Those filings include, but are not limited to, the following:

N-54A	Election to Adopt Business Development Company status
DEF-14A	2018 Definitive Proxy Statement submitted to shareholders

Principles of Consolidation - The consolidated financial statements include the accounts of Rand and its two 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 2018, the SBIC Funding Corporation completed a pooling of SBA debentures that have a coupon rate of 3.187%, excluding a mandatory SBA annual charge estimated to be 0.804%, resulting in a total estimated fixed rate for ten years of 3.991%. 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 the management of the Corporation and approved by the 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 the Corporation’s assumptions and judgments differ from results of actual liquidation events.

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

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: G-TEC Natural Gas Systems (G-Tec), First Wave Products Group, LLC (First Wave), OnCore Golf Technology, Inc. (Oncore) and portions of the Empire Genomics, LLC (Empire Genomics) and Mercantile Adjustment Bureau, LLC (Mercantile) outstanding loan balances.

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 periodically 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 $15,327 and $14,621 for the six months ended June 30, 2018 and 2017, respectively. The board fees were $2,000 and $1,000 for the six months ended June 30, 2018 and 2017, 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 $19,271 and $8,395 in OID income for six months ended June 30, 2018 and 2017, respectively. OID income is estimated to be approximately $20,000 for the remainder of 2018.

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 $13,700 for each of the six months ended June 30, 2018 and 2017. Amortization expense on currently outstanding debentures for the next five years is estimated to average approximately $23,000 per year.

SBA Debentures - The Corporation had $8,000,000 in outstanding SBA debentures at June 30, 2018 and December 31, 2017 with a weighted average interest rate of 3.54%. The debentures are presented net of deferred debenture costs (See Note 6 "SBA Debentures"). The $8,000,000 in outstanding SBA leverage matures from 2022 through 2025.

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. The Corporation does not have any common stock equivalents outstanding.

Supplemental Cash Flow Information - Income taxes (refunded) paid during the six months ended June 30, 2018 and 2017 were ($17,051) and $587,840, respectively. Interest paid during each of the six months ended June 30, 2018 and 2017 was $140,275. The Corporation converted $77,154 and $53,294 of interest receivable into investments during the six months ended June 30, 2018 and 2017, 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, 2018 and December 31, 2017, there were 500,000 shares of $10.00 par value preferred stock authorized and unissued.

On October 26, 2017, the Board of Directors extended the repurchase authorization for up to 1,000,000 shares of the Corporation's outstanding common stock on the open market through October 26, 2018 at prices no greater than the then current net asset value. No shares were repurchased during the six months ended June 30, 2018. At June 30, 2018, the total treasury shares held was 541,046 shares with a total cost of $1,469,105.

Profit Sharing and Stock Option Plan - In 2001, the stockholders of the Corporation authorized the establishment of an Employee Stock Option Plan (the "Option Plan"), that provides for the award of stock options to purchase up to 200,000 common shares to eligible employees. In 2002, the Corporation placed the Option Plan on inactive status as it developed a new profit sharing plan for the Corporation's employees in connection with the formation of its SBIC subsidiary. As of June 30, 2018, no stock options had been awarded under the Option Plan. Because Section 57(n) of the 1940 Act prohibits maintenance of a profit sharing plan for the officers and employees of a BDC where any option, warrant or right is outstanding under an executive compensation plan, no stock options will be granted under the Option Plan while any profit sharing plan is in effect with respect to the Corporation.

In 2002, the Corporation established a Profit Sharing Plan (the "Plan") for its executive officers in accordance with Section 57(n) of the 1940 Act. Under the Plan, the Corporation will pay its executive officers aggregate profit sharing payments equal to 12% of the net realized capital gains of its SBIC subsidiary, net of all realized capital losses and unrealized depreciation of the SBIC subsidiary, for the fiscal year, computed in accordance with the Plan and the Corporation's interpretation of the Plan. Any profit sharing paid or accrued cannot exceed 20% of the Corporation's net income, as defined in the Plan. For purposes of the 20% profit sharing test, the Corporation interprets net income to be the total of the Corporation's net investment gain (loss) and its net realized gain (loss) on investments, prior to inclusion of the estimated profit sharing obligation. The profit sharing payments are split equally between the Corporation's two executive officers, each of whom is fully vested in the Plan.

The Corporation did not record any expense pursuant to the Plan for the six months ended June 30, 2018 and 2017, respectively. Included in the profit sharing and bonus payable line on the Consolidated Statement of Financial Position at December 31, 2017 was $132,000 that was paid during the first quarter of 2018.

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, 2018.

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, 2018 or 2017.

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. Management does not anticipate non-performance by such banks.

At June 30, 2018, Genicon, Inc. (Genicon), eHealth Global Technologies, Inc. (eHealth), Rheonix, Inc. (Rheonix), Tilson Technology Management, Inc. (Tilson), and Outmatch (Outmatch) represented 13%, 11%, 9%, 8% and 7%, respectively, of the fair value of the Corporation's investment portfolio.

At December 31, 2017, Genicon, Inc. (Genicon), eHealth Global Technologies, Inc. (eHealth), Rheonix, Inc. (Rheonix), Tilson Technology Management, Inc. (Tilson), and Outmatch (Outmatch) represented 12%, 11%, 9%, 8% and 7%, respectively, of the fair value of the Corporation's investment portfolio.

Note 3. INVESTMENTS

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

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.

Under the valuation policy, the Corporation values unrestricted publicly traded companies, categorized as Level 1 investments, at the average closing bid price for the last three trading days of the reporting period. There were no Level 1 or 2 investments as of June 30, 2018.

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 by the Corporation's management 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 debt 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.

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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, 2018:

Investment Type	Market Approach EBITDA Multiple	Market Approach Liquidation Seniority	Market Approach Revenue Multiple	Market Approach Transaction Pricing	Totals
Non-Control/Non-Affiliate Equity	$ —	$ 25	$ 2,145,496	$ 6,093,729	$ 8,239,250
Non-Control/Non-Affiliate Debt	$ 949,040	1,712,818	3,500,000	300,000	6,461,858
Total Non-Control/Non-Affiliate	**$ 949,040**	**$ 1,712,843**	**$ 5,645,496**	**$ 6,393,729**	**$14,701,108**
Affiliate Equity	$ 4,420,000	$ 22,841	$ 4,453,430	$ 1,647,698	$10,543,969
Affiliate Debt	5,857,849	—	—	1,125,000	6,982,849
Total Affiliate	**$ 10,277,849**	**$ 22,841**	**$ 4,453,430**	**$ 2,772,698**	**$17,526,818**
Control Equity	$ —	$ —	$ 99,500	$ —	$ 99,500
Total Control	**$ —**	**$ —**	**$ 99,500**	**$ —**	**$ 99,500**
Total Level 3 Investments	**$ 11,226,889**	**$ 1,735,684**	**$ 10,198,426**	**$ 9,166,427**	**$32,327,426**
Range	4X-9X	1X	1X-6X	Not Applicable	
Unobservable Input	EBITDA Multiple	Asset Value	Revenue Multiple	Transaction Price	
Weighted Average	5.7X	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, 2018:

		Fair Value Measurements at Reported Date Using		
Description	**June 30, 2018**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Other Significant Unobservable Inputs (Level 3)**
Loan investments	$ 3,550,000	$ —	$ —	$ 3,550,000
Debt investments	9,894,707	—	—	9,894,707
Equity investments	18,882,719	—	—	18,882,719
Total	$32,327,426	$ —	$ —	$ 32,327,426

The following table provides a summary of the components of Level 1, 2 and 3 Assets Measured at Fair Value on a Recurring Basis at December 31, 2017:

		Fair Value Measurements at Reported Date Using		
Description	**December 31, 2017**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Other Significant Unobservable Inputs (Level 3)**
Loan investments	$ 3,550,000	$ —	$ —	$ 3,550,000
Debt investments	10,096,244	—	—	10,096,244
Equity investments	18,637,818	—	—	18,637,818
Total	$32,284,062	$ —	$ —	$ 32,284,062

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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, 2018:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Venture Capital Investments			
Description	**Loan Investments**	**Debt Investments**	**Equity Investments**	**Total**
Ending Balance, December 31, 2017, of Level 3 Assets	$3,550,000	$10,096,244	$18,637,818	$ 32,284,062
Unrealized Losses included in net change in net assets from operations:				
Empire Genomics, LLC (Empire Genomics)	—	(651,489)	—	(651,489)
First Wave Products Group, LLC (First Wave)	—	(250,000)	—	(250,000)
GiveGab, Inc. (Givegab)	—	—	191,907	191,907
SOMS Technologies, LLC (SOMS)	—	—	(498,348)	(498,348)
Total Unrealized Losses	—	(901,489)	(306,441)	(1,207,930)
Purchases of Securities/Changes to Securities/Non-cash conversions:				
Centivo Corporation (Centivo)	—	—	201,342	201,342
Genicon, Inc. (Genicon)	—	80,348	—	80,348
GoNoodle, Inc. (GoNoodle)	—	5,153	—	5,153
KnowledgeVision Systems, Inc. (Knowledgevision)	—	775,000	—	775,000
Microcision LLC (Microcision)	—	9,582	—	9,582
SciAps, Inc. (Sciaps)	—	—	250,000	250,000
Total Purchases of Securities/Changes to Securities/Non-cash conversions	—	870,083	451,342	1,321,425
Repayments and Sale of Securities:				
Empire Genomics	—	(21,665)	—	(21,665)
Knoa Software, Inc. (Knoa)	—	(48,466)	—	(48,466)
Total Repayments and Sale of Securities	—	(70,131)	—	(70,131)
Transfers within Level 3	—	(100,000)	100,000	—
Ending Balance, June 30, 2018, of Level 3 Assets	$3,550,000	$ 9,894,707	$18,882,719	$ 32,327,426
Increase in unrealized depreciation on investments for the period included in changes in net assets				($ 1,207,930)

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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, 2017:

Description	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Venture Capital Investments			
	Loan Investments	Debt Investments	Equity Investments	Total
Ending Balance, December 31, 2016, of Level 3 Assets	$ 3,200,000	$6,700,221	$17,600,260	$ 27,500,481
Unrealized Gains and Losses included in net change in net assets from operations:				
ACV Auctions, Inc. (ACV Auctions)	—	—	119,356	119,356
Athenex, Inc. (Athenex)	—	—	197,336	197,336
BeetNPath, LLC (Beetnpath)	—	—	29,723	29,723
City Dining Cards, Inc. (Loupe)	—	—	(500,000)	(500,000)
Mercantile Adjustment Bureau, LLC (Mercantile)	—	(250,000)	—	(250,000)
SciAps, Inc. (Sciaps)	—	—	(300,000)	(300,000)
Teleservices Solutions Holdings, LLC (Teleservices)	—	—	(395,398)	(395,398)
Total Unrealized Gains and Losses	—	(250,000)	(848,983)	(1,098,983)
Purchases of Securities/Changes to Securities/Non-cash conversions:				
Beetnpath	—	100,000	11,277	111,277
eHealth Global Technologies, Inc. (eHealth)	2,000,000	—	—	2,000,000
Genicon, Inc. (Genicon)	300,000	883,397	120,000	1,303,397
GoNoodle, Inc. (GoNoodle)	—	5,102	—	5,102
KnowledgeVision Systems, Inc. (Knowledge Vision)	50,000	—	—	50,000
Mercantile	—	104,998	—	104,998
Microcision LLC (Microcision)	—	12,641	—	12,641
Sciaps	—	—	274,274	274,274
Total Purchases of Securities/Changes to Securities/Non-cash conversions	2,350,000	1,106,138	405,551	3,861,689
Transfers within Level 3	(2,000,000)	1,450,000	550,000	—
Transfers out of Level 3	—	—	(614,000)	(614,000)
Ending Balance, June 30, 2017, of Level 3 Assets	$ 3,550,000	$9,006,359	$17,092,828	$ 29,649,187
Increase in unrealized depreciation on investments for the period included in changes in net assets				($ 1,296,319)

NOTE 4. OTHER ASSETS

At June 30, 2018 and December 31, 2017, other assets was comprised of the following:

	June 30, 2018	December 31, 2017
Prepaid expenses	$ 52,002	$ —
Operating receivables	2,564	3,204
Equipment (net)	1,390	2,490
Dividend receivable	—	37,160
Total other assets	$ 55,956	$ 42,854

Note 5. COMMITMENTS AND CONTINGENCIES

The Corporation did not have any commitments to fund any investments as of June 30, 2018.

Note 6. SBA DEBENTURES

Pursuant to 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, 2018	December 31, 2017
Debentures guaranteed by the SBA	$ 8,000,000	$ 8,000,000
Less unamortized issue costs	(131,127)	(144,827)
Debentures guaranteed by the SBA, net	$ 7,868,873	$ 7,855,173

Note 7. FINANCIAL HIGHLIGHTS

The following schedule provides the financial highlights, calculated based on weighted average shares outstanding, for the six months ended June 30, 2018 and 2017:

	Six months ended June 30, 2018 (Unaudited)	Six months ended June 30, 2017 (Unaudited)
Income from investment operations (1):		
Investment income	$ 0.12	$ 0.11
Operating expenses	0.16	0.18
Investment loss before income taxes	(0.04)	(0.07)
Income tax benefit	(0.01)	(0.03)
Net investment loss	(0.03)	(0.04)
Net realized and unrealized loss on investments	(0.15)	(0.12)
Decrease in net asset value	(0.18)	(0.16)
Net asset value, beginning of period	5.05	5.16
Net asset value, end of period	$ 4.87	$ 5.00
Per share market price, end of period	$ 2.69	$ 2.79
Total return based on market value	(10.93%)	(11.70%)
Total return based on net asset value	(3.61%)	(3.05%)
Supplemental data:		
Ratio of operating expenses before income taxes to average net assets	3.39%	3.50%
Ratio of operating expenses including income taxes to average net assets	2.30%	1.79%
Ratio of net investment loss to average net assets	(0.67%)	(0.85%)
Portfolio turnover	3.8%	13.2%
Net assets, end of period	$ 30,766,978	$ 31,634,545
Weighted shares outstanding, end of period	6,321,988	6,321,988

(1) *Per share data are based on weighted average shares outstanding and the results are rounded to the nearest cent.*

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 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 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, 2017.

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 internally managed investment company that lends to and invests in small companies often concurrently with other investors. 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. We have historically 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. During 2017 we established a second SBIC subsidiary, Rand Capital SBIC II, L.P. ("Rand SBIC II") and began making investments through this SBIC subsidiary. During the first quarter of 2018, together with the SBA, we determined that the optimal structure was to revert back to investing in small businesses through our original SBIC, Rand SBIC, and the assets of Rand SBIC II were transferred to Rand SBIC. Rand SBIC has applied for an additional $6 million in new SBA leverage commitments and is currently undergoing the review and approval process.

Outlook

At the end of the second quarter of 2018, we had approximately $4.7 million in cash available for future investments and expenses. We believe the combination of cash on hand, proceeds from portfolio exits, anticipated additional SBA leverage, and prospective investment income provide sufficient capital for us to continue to add new investments to our portfolio while reinvesting in existing portfolio companies that demonstrate continued growth potential. The following short and long-term trends provide us confidence in our ability to grow Rand:

- We expect that well run businesses will require capital to grow and should be able to compete effectively given the strong macroeconomic environment and eager reception of new technologies and service concepts.
- We continue to manage risk by investing with other investors, when possible.
- We are actively involved with the governance and management of our portfolio companies, which enables us to support their operating and marketing efforts and facilitate their growth.
- We have sufficient cash to invest in new opportunities and to opportunistically repurchase shares. At quarter end, we had authorization to repurchase an additional 458,954 shares of our common stock. However, our prioritized use of cash continues to be growing our portfolio.
- When our portfolio expands, we are able to better leverage our infrastructure.

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, 2017 under Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Financial Condition

	June 30, 2018	December 31, 2017	Decrease	% Decrease
Overview:				
Total assets	$38,870,649	$ 40,133,913	($1,263,264)	(3.1%)
Total liabilities	8,103,671	8,215,228	(111,557)	(1.4%)
Net assets	$30,766,978	$ 31,918,685	($1,151,707)	(3.6%)

Net asset value per share (NAV) was $4.87 at June 30, 2018 and $5.05 at December 31, 2017.

Our gross outstanding SBA debentures at June 30, 2018 were $8,000,000 and will mature from 2022 through 2025. Cash approximated 15% of net assets at June 30, 2018, as compared to 20% at December 31, 2017.

Composition of Our Investment Portfolio

Our financial condition is dependent on the success of our portfolio holdings. We have invested substantially all of our assets in small to medium-sized companies. The following summarizes our investment portfolio at the dates indicated.

	June 30, 2018	December 31, 2017	Increase	% Increase
Investments, at cost	$37,940,613	$ 36,689,319	$1,251,294	3.4%
Unrealized depreciation, net	(5,613,187)	(4,405,257)	1,207,930	27.4%
Investments at fair value	$32,327,426	$ 32,284,062	$ 43,364	0.1%

Our total investments at fair value, as estimated by management and approved by our Board of Directors, approximated 105% of net assets at June 30, 2018 versus 101% of net assets at December 31, 2017.

The change in investments during the six months ended June 30, 2018, at cost, is comprised of the following:

	Cost Increase (Decrease)
New investments:	
KnowledgeVision Systems, Inc. (Knowledgevision)	$ 775,000
SciAps, Inc. (Sciaps)	250,000
Centivo Corporation (Centivo)	200,000
Total of new investments	1,225,000
Other changes to investments:	
Genicon Inc. (Genicon) interest conversion and OID amortization	80,348
Microcision LLC (Microcision) interest conversion	9,582
GoNoodle, Inc. (GoNoodle) interest conversion	5,153
Centivo interest conversion	1,342
Total of other changes to investments	96,425
Investments repaid, sold or liquidated:	
Knoa Software Inc. (Knoa) repayment	(48,466)
Empire Genomics, LLC (Empire Genomics) repayment	(21,665)
Total of investments repaid, sold or liquidated	(70,131)
Net change in investments, at cost	**$ 1,251,294**

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Results of Operations

Our principal investment objective is to achieve long-term capital appreciation on our equity investments while maintaining a current cash flow from our debt instruments and pass-through equity instruments to fund expenses. Therefore, we invest in a variety of financial instruments to provide a current return on a portion of the investment portfolio.

Comparison of the three months ended June 30, 2018 to the three months ended June 30, 2017

Investment Income

	Three months ended June 30, 2018	Three months ended June 30, 2017	Increase	% Increase
Interest from portfolio companies	$ 315,700	$ 277,640	$38,060	13.7%
Interest from other investments	7,735	6,859	876	12.8%
Dividend and other investment income	78,942	55,705	23,237	41.7%
Fee income	11,141	8,935	2,206	24.7%
Total investment income	$ 413,518	$ 349,139	$64,379	18.4%

Interest from portfolio companies – Interest from portfolio companies was approximately 14% higher during the three months ended June 30, 2018 versus the same period in 2017 due to the fact that we have originated more income-producing debt investments in the last year. The new debt instruments were originated from Genicon Inc. (Genicon), eHealth Global Technologies, Inc. (eHealth) and several other portfolio companies.

The following investments are on non-accrual status: G-TEC Natural Gas Systems (G-Tec), First Wave Products Group, LLC (First Wave), OnCore Golf Technology, Inc. (Oncore) and portions of the Empire Genomics, LLC (Empire Genomics) and Mercantile Adjustment Bureau, LLC (Mercantile) outstanding loan balances.

Interest from other investments - The increase in interest from other investments is primarily due to higher average cash balances during the three months ended June 30, 2018 versus the same period in 2017.

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, 2018	Three months ended June 30, 2017
Carolina Skiff LLC (Carolina Skiff)	$ 39,169	$ 42,000
New Monarch Machine Tool, Inc. (New Monarch)	27,409	—
Tilson Technology Management, Inc. (Tilson)	9,687	5,000
Empire Genomics LLC (Empire Genomics)	2,677	2,681
SOMS Technologies, LLC (SOMS)	—	6,024
Total dividend and other investment income	$ 78,942	$ 55,705

Fee income - 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 from portfolio company board attendance 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 $10,141 and $7,935 for the three months ended June 30, 2018 and 2017, respectively. The income from board fees was $1,000 for each of the three months ended June 30, 2018 and 2017, respectively.

Expenses

	Three months ended June 30, 2018	Three months ended June 30, 2017	Decrease	% Decrease
Total expenses	$ 473,670	$ 607,163	($133,493)	(22.0%)

Expenses predominately consist of interest expense on outstanding SBA borrowings, compensation expense, and general and administrative expenses, including stockholder and office operating expenses and professional fees.

The decrease in expenses during the three months ended June 30, 2018 versus the same period in 2017 was primarily caused by a 79%, or $140,852, decrease in professional fees. Professional fees were higher during 2017 versus 2018 because we incurred additional expenses in connection with developing and implementing our long-term growth strategy during 2017. These expenses included external legal, tax consulting and other advisory expenses to support refinement of our strategy, which involved assessing options relative to the complex regulatory environment in which we operate.

In addition, for the three months ended June 30, 2018 there was a $30,741 charge to bad debt expense while there was no bad debt expense for the three months ended June 30, 2017.

Increase in Unrealized Depreciation of Investments

	Three months ended June 30, 2018	Three months ended June 30, 2017	Increase
Increase in unrealized depreciation of investments before income taxes	($ 756,441)	($ 718,339)	$38,102

The increase in unrealized depreciation, before income taxes, for the three months ended June 30, 2018 was comprised of the following:

	Three months ended June 30, 2018
Empire Genomics, LLC (Empire Genomics)	($ 450,000)
SOMS Technologies, LLC (SOMS)	(498,348)
GiveGab, Inc. (Givegab)	191,907
Total increase in net unrealized depreciation of investments before income taxes during the three months ended June 30, 2018	($ 756,441)

The valuations of our investments in Empire Genomics and SOMS were decreased after we reviewed each of the portfolio company's operations and current and projected financial condition and determined that a valuation adjustment was necessary.

Givegab's value was increased to the cost basis of the investment after a financial analysis of the portfolio company indicating continued improved performance.

The increase in unrealized depreciation, before income taxes, for the three months ended June 30, 2017 was comprised of the following:

	Three months ended June 30, 2017
City Dining Cards, Inc. (Loupe)	($ 250,000)
Teleservices Solutions Holdings, LLC (Teleservices)	(395,398)
SciAps, Inc. (Sciaps)	(300,000)
Athenex, Inc. (Athenex)	197,336
BeetNPath, LLC (Beetnpath)	29,723
Total increase in net unrealized depreciation of investments before income taxes during the three months ended June 30, 2017	($ 718,339)

The valuations of our investments in Loupe and Teleservices were decreased after we reviewed each portfolio company and its current and projected financial condition and determined that a valuation adjustment was necessary.

The valuation of Sciaps was decreased to revalue our equity holdings based upon the liquidation preferences of our securities as compared to the most recent equity round of financing completed by Sciaps.

In accordance with our valuation policy, we increased the value of our investment in Beetnpath based on a significant equity financing by a new non-strategic outside entity.

Athenex completed an Initial Public Offering (IPO) during the second quarter of 2017 and its shares of common stock became publicly traded on the NASDAQ Global Select Market under the symbol “ATNX”. We held 46,296 shares of the common stock of Athenex and valued the shares using the three day average bid price for the last three trading days of the reporting period, which was then discounted due to restrictions on the sale of the shares.

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 three months ended June 30, 2018 and 2017, the net decrease in net assets from operations was ($631,294) and ($635,337), respectively.

Comparison of the six months ended June 30, 2018 to the six months ended June 30, 2017

Investment Income

	Six months ended June 30, 2018	Six months ended June 30, 2017	Increase (Decrease)	% Increase (Decrease)
Interest from portfolio companies	$ 613,048	$ 523,731	$ 89,317	17.1%
Interest from other investments	12,845	17,834	(4,989)	(28.0%)
Dividend and other investment income	133,107	120,590	12,517	10.4%
Fee income	17,327	15,621	1,706	10.9%
Total investment income	$ 776,327	$ 677,776	$ 98,551	14.5%

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Interest from portfolio companies – Interest from portfolio companies was approximately 17% higher during the six months ended June 30, 2018 versus the same period in 2017 due to the fact that we have originated more income-producing debt investments in the last year. These new debt instruments were originated from Genicon Inc. (Genicon) and eHealth Global Technologies, Inc. and several other portfolio companies.

The following investments are on non-accrual status: G-TEC Natural Gas Systems (G-Tec), First Wave Products Group, LLC (First Wave), OnCore Golf Technology, Inc. (Oncore) and a portion of the Empire Genomics, LLC (Empire Genomics) and Mercantile Adjustment Bureau, LLC (Mercantile) outstanding loan balance.

Interest from other investments - The decrease in interest from other investments is primarily due to lower average cash balances during the six months ended June 30, 2018 versus the same period in 2017.

Dividend and other investment income - The dividend distributions for the respective periods were:

	Six months ended June 30, 2018	Six months ended June 30, 2017
Carolina Skiff LLC (Carolina Skiff)	$ 80,264	$ 99,373
New Monarch Machine Tool, Inc. (New Monarch)	27,409	—
Tilson Technology Management, Inc. (Tilson)	19,376	10,000
Empire Genomics LLC (Empire Genomics)	6,058	5,193
SOMS Technologies, LLC (SOMS)	—	6,024
Total dividend and other investment income	$ 133,107	$ 120,590

Fee income - The income associated with the amortization of financing fees was $15,327 and $14,621 for the six months ended June 30, 2018 and 2017, respectively. The income from board fees was $2,000 and $1,000 for the six months ended June 30, 2018 and 2017, respectively.

Expenses

	Six months ended June 30, 2018	Six months ended June 30, 2017	Decrease	% Decrease
Total expenses	$ 1,062,234	$ 1,123,572	($61,338)	(5.5%)

The decrease in expenses during the six months ended June 30, 2018 versus the same period in 2017 was primarily caused by a 47%, or $123,167, decrease in professional fees. Professional fees were higher during 2017 versus 2018 because we incurred additional expenses in connection with developing and implementing our long-term growth strategy during 2017. This decrease was offset by a $76,641 charge to bad debt expense for the six months ended June 30, 2018 while there was no bad debt expense for the six months ended June 30, 2018.

Increase in Unrealized Depreciation of Investments

	Six months ended June 30, 2018	Six months ended June 30, 2017	Increase
Increase in unrealized depreciation of investments before income taxes	($ 1,207,930)	($ 1,098,983)	$108,947

The increase in unrealized depreciation, before income taxes, for the six months ended June 30, 2018 was comprised of the following:

	Six months ended June 30, 2018
Empire Genomics, LLC (Empire Genomics)	($ 651,489)
SOMS Technologies, LLC (SOMS)	(498,348)
First Wave Products Group (First Wave)	(250,000)
GiveGab, Inc. (Givegab)	191,907
Total increase in net unrealized depreciation of investments before income taxes during the six months ended June 30, 2018	($ 1,207,930)

The valuations of our investments in Empire Genomics and SOMS were decreased after we reviewed each of the portfolio company's operations and current and projected financial condition and determined that a valuation adjustment was necessary.

Our valuation of First Wave was decreased to reflect an anticipated round of financing expected to be completed by First Wave in the third quarter of 2018.

Givegab's value was increased to the cost basis of the investment after a financial analysis of the portfolio company indicating continued improved performance.

The increase in unrealized depreciation, before income taxes, for the six months ended June 30, 2017 was comprised of the following:

	Six months ended June 30, 2017
City Dining Cards, Inc. (Loupe)	($ 500,000)
Teleservices Solutions Holdings, LLC (Teleservices)	(395,398)
SciAps, Inc. (Sciaps)	(300,000)
Mercantile Adjustment Bureau, LLC (Mercantile)	(250,000)
Athenex, Inc. (Athenex)	197,336
ACV Auctions, Inc. (ACV)	119,356
BeetNPath, LLC (Beetnpath)	29,723
Total increase in net unrealized depreciation of investments before income taxes during the six months ended June 30, 2017	($ 1,098,983)

The valuations of our investments in Loupe, Mercantile and Teleservices were decreased after we reviewed each portfolio company and its current and projected financial condition and determined that a valuation adjustment was necessary.

The valuation of Sciaps was decreased to revalue our equity holdings based upon the liquidation preferences of our securities as compared to the most recent equity round of financing completed by Sciaps.

In accordance with our valuation policy, we increased the value of our investments in ACV and Beetnpath based on a significant equity financing by a new non-strategic outside entity.

Athenex completed an Initial Public Offering (IPO) during the second quarter of 2017 and its shares of common stock were traded on the NASDAQ Global Select Market under the symbol "ATNX". As of June 30, 2017 we held 46,296 shares of the common stock of Athenex and valued these shares using the three day average bid price for the last three trading days of the reporting period, which was then discounted due to restrictions on the sale of the shares.

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 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 decrease in net assets from operations" on our consolidated statements of operations. For the six months ended June 30, 2018 and 2017, the net decrease in net assets from operations was ($1,151,707) and ($994,818), respectively.

Liquidity and Capital Resources

Our principal long-term objective is to achieve growth in net asset value per share through capital appreciation. Therefore, a significant portion of our investment portfolio is structured to maximize the potential for capital appreciation, and certain portfolio investments may be structured to provide little or no current yield in the form of dividends or interest payments.

As of June 30, 2018, our total liquidity consisted of approximately $4.7 million in cash on hand.

Net cash provided by operating activities has averaged approximately $433,000 over the last three years. The average cash used for investment in portfolio companies over the last three years was approximately $3,000,000. Our cash flow from operations may fluctuate based on the timing of the receipt of dividend income and realized gains and the associated income taxes paid. We will generally use cash to fund our operating expenses and also to invest in companies, as we seek to build our portfolio utilizing our available cash and proceeds from liquidations of portfolio investments. We anticipate that we will continue to exit investments. However, the timing of liquidation events within the portfolio is difficult to project with any certainty. As of June 30, 2018, we did not have any outstanding commitments to borrow funds from the SBA. Starting in 2022, our SBA debt begins to reach maturity, 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, 2018, the scheduled interest payments on our portfolio investments and the anticipated additional SBA leverage will be sufficient to meet our cash needs for the next twelve months. We continue to seek potential exits from portfolio companies to increase the amount of liquidity available for new investments, operating activities and future SBA debenture repayment obligations.

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 our management 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. 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, 2018 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 June 30, 2018. 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, 2018.

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.

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PART II.
OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

See Part I, Item 1A, "Risk Factors," of the Annual Report on Form 10-K for the year ended December 31, 2017.

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 number of shares purchased as part of publicly announced plan (3)	Maximum number of shares that may yet be purchased under the share repurchase program
4/1/2018 – 4/30/2018	—	—	—	458,954
5/1/2018 – 5/31/18	—	—	—	458,954
6/1/2018 – 6/30/2018	—	—	—	458,954

(1) There were no shares repurchased during the second quarter of 2018.
(2) The average price paid per share is calculated on a settlement basis and includes commission.
(3) On October 26, 2017, the Board of Directors extended the repurchase authorization of up to 1,000,000 shares of the Corporation's common stock on the open market at prices no greater than the then current net asset value through October 26, 2018.

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 Securities Exchange Commission on April 22, 1997. (File No. 333-25617).
(3.1)(ii)	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 Securities Exchange Commission on November 2, 2016. (File No. 814-00235).
(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.

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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, 2018

RAND CAPITAL CORPORATION

By: /s/ Allen F. Grum
Allen F. Grum, President

By: /s/ Daniel P. Penberthy
Daniel P. Penberthy, Treasurer

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, 2018

/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, 2018

/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, 2018 (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, 2018

/s/ Allen F. Grum
Allen F. Grum, President
(Chief Executive Officer)

Dated: August 7, 2018

/s/ Daniel P. Penberthy
Daniel P. Penberthy, Treasurer
(Chief Financial Officer)