

**How do you turn
\$28 million into
\$504 million?**



Arkansas Venture Capital Investment Trust

Here's how:

You take a modest pool of public capital and invest it in the most innovative and hardworking entrepreneurs in Arkansas.

You provide them startup funding, which helps their companies get off the ground and attract private investment. You encourage them. You advise them. You watch them grow.

As they hire more and more people — and help support the growth at other companies in Arkansas — our whole state benefits.

That's the mission of the **Arkansas Venture Capital Investment Trust (Avcit)**. The Arkansas Development Finance Authority (ADFA) administers Avcit to foster early-stage companies in our state, and is one of its three trustees.

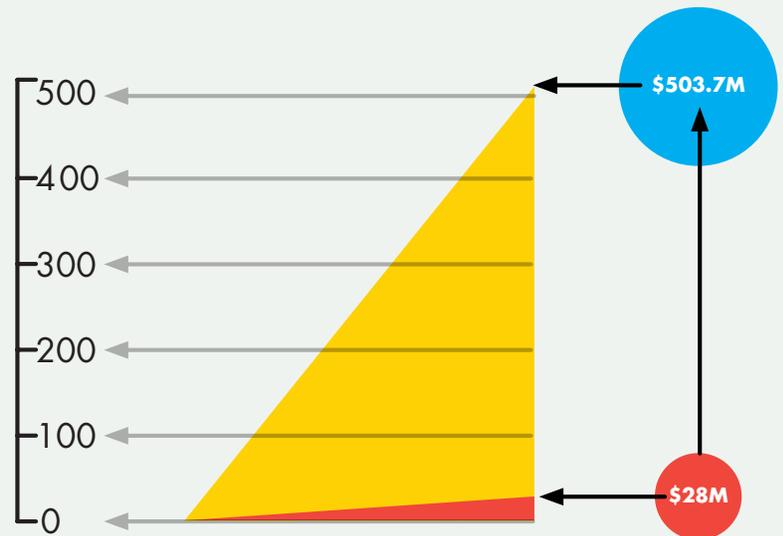
Emerging businesses, like the ones Avcit backs, are the most significant creators of new, well-paying jobs in both Arkansas and the nation as a whole. And, as they expand, these businesses generate additional, indirect economic activity as well as build the state's tax base.

The numbers tell the story. And it's a great one.

Through 2013, Avcit invested in 67 new and small businesses in Arkansas. They vary in size from one employee to more than 200, and they represent a variety of business sectors. Forty of these companies recently submitted data for analysis by the consulting group Applied Economics.

Avcit's constituent programs have invested \$28 million in venture capital to date. Applied Economics has determined that this investment has returned a total economic impact of \$503.7 million to Arkansas. The accompanying graphics illustrate other findings in the firm's report.

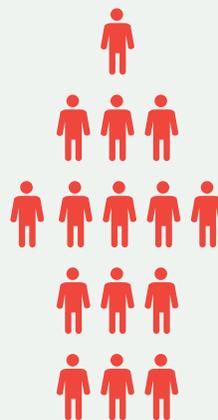
It's important to note that millions of dollars in sales taxes, property taxes and corporate income taxes were generated by these companies as well. Also, we expect that the startups supported by Avcit will continue to grow in the years to come. And grow the Arkansas economy in return.



Arkansas small businesses supported by Avcit have generated \$503.7 million in total economic impact since 2004.



The \$28 million invested by Avcit to date is exactly that — an investment. As those funds come back to us, we reinvest them in other promising startups.



**1,273
jobs
created**

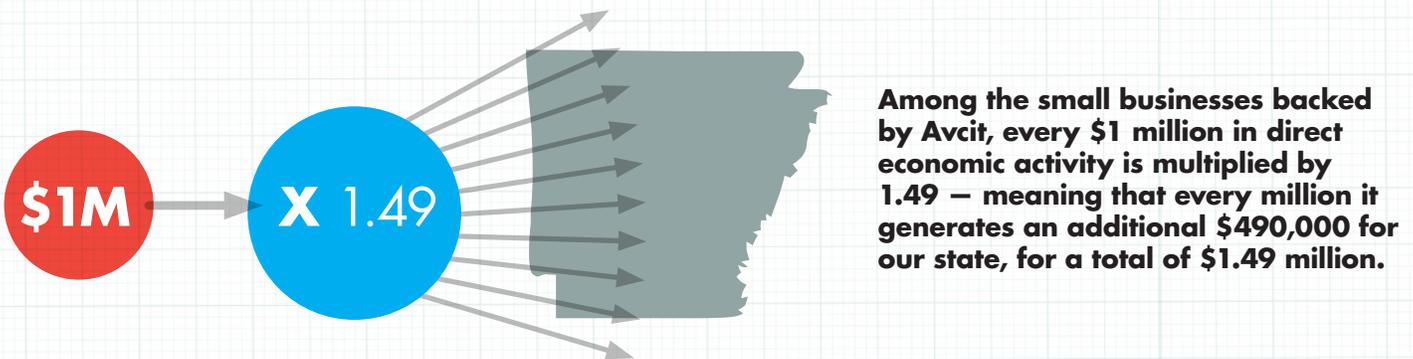
Nearly 1,273 direct and indirect jobs have been created — another way Avcit's investments are paying off.

Investing for – and in – the people of Arkansas.

A job is more than a paycheck. It can be a step up the socioeconomic ladder. For many, it's a source of dignity or a way to join within the community at large.

A business is more than a profit-making venture. It's part of an ecosystem of companies, interconnected ventures that sell to, buy from, invest in and partner with one another — ultimately to the benefit of us all.

Each of the businesses supported by Avcit represents a long-term investment that will continue to pay rewards for Arkansas' economy and its people for years to come. Avcit is proud to help make this possible.



The average annual salary for jobs created by Avcit-supported businesses is \$47,465 — well above the statewide average of \$38,522.

Our thanks to you.

Avcit would like to recognize our three trustees: The Arkansas Development Finance Authority, the Arkansas Science and Technology Authority, and the Department of Finance and Administration.

The members of the Arkansas Tax Credit Purchasing Consortium deserve special mention. They are: OG&E Energy, Southwestern Electric Power Company

(SWEPCO), CenterPoint Energy, Simmons First National Bank, Bank of the Ozarks and First National Bank of Fort Smith.

We'd also like to give special thanks to Bank of the Ozarks, for its important role in implementing our programs, and to the Arkansas Economic Development Commission, which is a notable supporter of our mission.

Avcit in action.

Please see the last page of this report to read profiles of Avcit-funded companies that are thriving in our state.

Arkansas Automatic Sprinklers

Tommy Clements and his backers bought Arkansas Automatic Sprinklers (AAS) in 2008 — just as the economy was going into recession. But thanks to strong support from Avcit and other public and private investors, the company was able to grow and thrive.



“They saw us through some tough economic times,” Clements says. “Their capital backing helped us expand both geographically and in the types of services we provide.”

AAS, which makes fire suppression systems for large commercial and industrial sites, is the largest company of its kind in the state. It has offices in both Rogers and Cabot. Currently, it employs 130 people who, Clements notes, earn an average of \$40,500 per year.

Ascendent Dx

Early on, direct investments from Avcit and other funds helped launch a company poised to deliver breakthroughs in medical diagnostics.

Ascendent Dx is based at the Arkansas Research and Technology Park in Fayetteville. It specializes in developing and commercializing protein-based diagnostic tools that deliver results more quickly and conveniently, and at a much lower cost, than biopsies or radiology.



MelodyDx, the Ascendent Dx product furthest along in the development process, can detect breast cancer by analyzing patients' tears.

“Having Avcit is a godsend,” says the company's CEO, Omid Moghadam. “They've been very supportive.”

Pending FDA approval of MelodyDx and other Ascendent Dx products, Moghadam expects to ramp up hiring rapidly. The company closed a crucial second round of financing in May 2014.

Rx Results

It's well-known that prescription drug costs are among the fastest-growing components of health care spending. Helping to control those costs — without compromising care — is the mission of Little Rock-based Rx Results.



The pharmacy risk management company grew out of an initiative to better manage Arkansas' spending on prescription drugs for state employees. Its success encouraged the University of Arkansas Medical Sciences and UAMS' business incubator,

BioVentures, to commercialize Rx Results' software nationwide.

The startup raised its initial capital from public and private investors in 2010. In mid-2014, it closed a second round of financing, in which Avcit participated.

Tery Baskin, Rx Results' chief executive, says that public entities like Avcit have been key to his company's success.

“These state incentives are meant to attract private investment, create quality jobs and encourage entrepreneurship. We're an active participant in that. We want to help establish an entrepreneurial ecosystem in Arkansas.”

Movista

Mobility solutions company Movista, based in Bentonville, exemplifies the type of high-growth enterprise that Avcit was established to help.

“We've grown 300 percent in each of the past three years. And 2015 looks even better,” says April Seggebruch, Movista's co-founder and Vice President.



Seggebruch and her partner, Stan Zylowski, received their initial seed capital from Avcit in 2010. Later rounds of financing came from Avcit and other sources. The company has also raised \$3 million in private equity to date.

“We simply would not exist without Avcit and ADFA,” Seggebruch states.

The company currently employs 31 people. Jobs at Movista pay, on average, 60 percent more than the state's average.

AngelEye

AngelEye of Little Rock was the first company to provide secure, real-time video and audio connectivity between parents and their infants in Neonatal Intensive Care. The AngelEye system was developed at the University of Arkansas for Medical Sciences and licensed from BioVentures, UAMS' business incubator.



Although AngelEye is an early-stage company with only four full-time employees, chief executive Steve Bethel sees strong growth potential.

“We've implemented AngelEye systems in six hospitals to date,” Bethel states. “Four more are pending. We expect to be in 20 by the first quarter of 2015.”

AngelEye received startup financing from Avcit, as well as from other public and private funds.

Acumen Brands

E-commerce standout Acumen Brands says participation by Avcit in two stages of financing helped make Acumen one of the most successful new companies in Arkansas.

Founded in 2009, Acumen benefited from Arkansas' turn toward more diversified investments. “Most investment money had been going into real estate,” says COO Terry Turpin. “It was hard for startups to get financing within the state, and hard to attract outside capital to Arkansas.”



Public sources of funding like Avcit “changed the game,” Turpin states. “The state's commitment to innovators and entrepreneurs sends a message that Arkansas is taking them seriously. And private investors should, too.”

Acumen's portfolio of businesses includes the country apparel retailer Country Outfitter. In 2012, retailing giant Dillard's invested \$4 million in Acumen and made it a strategic partner in its own e-commerce efforts. Currently, the company employs about 200 people.