KPMG

IOWA FUND OF FUNDS, FUND A, LLLP

Financial Statements

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

IOWA FUND OF FUNDS, FUND A, LLLP

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KPMG LLP
2500 Ruan Center
666 Grand Avenue
Des Moines, IA 50309

Independent Auditors' Report

The Partners
Iowa Fund of Funds, Fund A, LLLP:

We have audited the accompanying balance sheets of Iowa Fund of Funds, Fund A, LLLP as of December 31, 2010 and 2009, and the related statements of operations, partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa Fund of Funds, Fund A, LLLP as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

June 29, 2011

IOWA FUND OF FUNDS, FUND A, LLLP

Balance Sheets

December 31, 2010 and 2009

Assets		**2010**	**2009**
Cash and cash equivalents	$	670	3,089
Investment in portfolio funds		20,645,255	16,802,775
Receivable from General Partner – Iowa Capital Investment Corporation		847,039	847,039
Total assets	$	21,492,964	17,652,903
Liabilities and Partners' Equity			
Liabilities:			
Accounts payable	$	66,204	—
Total liabilities		66,204	—
Partners' equity:			
Limited Partners		21,426,760	17,652,903
Total partners' equity		21,426,760	17,652,903
Total liabilities and partners' equity	$	21,492,964	17,652,903

See accompanying notes to financial statements.

IOWA FUND OF FUNDS, FUND A, LLLP

Statements of Operations

Years ended December 31, 2010 and 2009

		2010	2009
Portfolio revenue	$	44,983	108,860
Expenses:			
Interest expense		—	17,027
Management fees		470,000	650,000
Legal fees		—	42,746
General and administrative expenses		162,535	668,450
Total expenses		632,535	1,378,223
Net loss	$	(587,552)	(1,269,363)

See accompanying notes to financial statements.

IOWA FUND OF FUNDS, FUND A, LLLP

Statements of Partners' Equity

Years ended December 31, 2010 and 2009

		General partner	Limited partner	Total
Balance, December 31, 2008	$	—	12,037,679	12,037,679
Capital contributed		—	7,378,920	7,378,920
Distributions		—	(494,333)	(494,333)
Net loss		—	(1,269,363)	(1,269,363)
Balance, December 31, 2009		—	17,652,903	17,652,903
Capital contributed		—	5,087,165	5,087,165
Distributions		—	(725,756)	(725,756)
Net loss		—	(587,552)	(587,552)
Balance, December 31, 2010	$	—	21,426,760	21,426,760

See accompanying notes to financial statements.

IOWA FUND OF FUNDS, FUND A, LLLP

Statements of Cash Flows

Years ended December 31, 2010 and 2009

		2010	2009
Cash flows from operating activities:			
Net loss	$	(587,552)	(1,269,363)
Adjustments to reconcile net loss to net cash used in operating activities:			
Change in:			
Accounts payable		66,204	(632,164)
Net cash used in operating activities		(521,348)	(1,901,527)
Cash flows from investing activities:			
Investment in portfolio funds		(4,520,534)	(5,368,428)
Distributions from portfolio funds		678,054	380,693
Net cash used in investing activities		(3,842,480)	(4,987,735)
Cash flows from financing activities:			
Capital contributed		5,087,165	7,378,920
Distributions paid to equity partners		(725,756)	(494,333)
Net cash provided by financing activities		4,361,409	6,884,587
Net change in cash and cash equivalents		(2,419)	(4,675)
Cash and cash equivalents:			
Beginning of year		3,089	7,764
End of year	$	670	3,089
Supplemental cash flow information:			
Cash paid for interest	$	—	204,412

See accompanying notes to financial statements.

(1) Basis of Presentation

Iowa Fund of Funds, Fund A, LLLP (the Fund) was formed under the Iowa Limited Partnership Act and Iowa Code 15E.61 for the purpose of making investments in private seed and venture capital partnerships or entities in a manner that will enhance the venture capital and infrastructure in the State of Iowa so as to increase venture capital investment within the State of Iowa. The Fund began operations on October 30, 2003, and will continue in existence until October 30, 2053 as stated in the agreement of the limited partnership dated June 9, 2005 (Partnership Agreement), unless it is sooner dissolved by operation of law or with the unanimous consent of the partners. No significant financial transactions occurred in the Fund prior to June 28, 2005.

The Fund currently has four partners: the General Partner of the Partnership is Iowa Capital Investment Corporation (ICIC), a private, not-for-profit Iowa corporation; Iowa Designated Investor, Inc. (IDI), an Iowa corporation, is a Preferred Limited Partner; Iowa Revolving Fund has been admitted as the Special Limited Partner; and Cimarron Capital Associates I, LLC (Cimarron), a Delaware limited liability company, has been admitted as a limited partner. Additional Preferred Limited Partners may be admitted from time to time as provided in the Partnership Agreement. Cimarron is employed by ICIC as the Fund's manager.

The investments by the Fund are focused principally on partnership interests in private venture capital funds and not in direct investments in individual businesses. Each portfolio fund in which the Fund invests (Portfolio Fund) makes a commitment to consider equity investments in businesses located within the State of Iowa and is required to maintain a physical presence within the State of Iowa. Such physical presence requirement can be met in a number of different ways and is subject to a written agreement.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Fund prepares its financial statements on the accrual basis of accounting, which recognizes revenue as earned and expenses when incurred, rather than when cash is actually received or disbursed.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

(c) Cash Equivalents

Cash equivalents include highly liquid securities, investments in interest-bearing money market deposits, and short-term debt securities with maturities of three months or less when purchased.

(d) Investments

In connection with the Fund's investment in a Portfolio Fund, the Portfolio Fund agrees to consider investments in Iowa companies that may, in turn, have a positive impact on the economy in Iowa. At December 31, 2010 and 2009, the Fund was not a controlling partner or member of any of the Portfolio Funds in which it was invested. The Fund's interest in each Portfolio Fund generally may not be assigned, sold, transferred or otherwise disposed of without written consent of the general partners or managers of the respective funds.

All of the Fund's investments are accounted for using the cost method. Under this method, income recognized by the Fund is limited to distributions received, except that distributions that exceed the Fund's share of earnings are applied to reduce the carrying value of the investment. Additional capital contributions are recorded as increases to the carrying value of the investment.

Under the provisions of Statement of Financial Accounting Standards (SFAS) No. 124 issued by the Financial Accounting Standards Board (FASB), codified into Accounting Standards Codification (ASC) Topic 958, *Accounting for Certain Investments Held by Not-for-Proflt Organizations*, the Fund is generally not required to estimate the fair value of its investments with nonreadily determinable fair values. However, in accordance with FASB Staff Position FAS 115-1/124-1, included in ASC Topic 958, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*, if events or changes in circumstances occur that could have a significant adverse effect on the value of an investment, Cimarron in order to arrive at an estimate of fair value, relies on the information provided by management of the related Portfolio Fund, including annual audited financial statements. If the estimated fair value is less than the recorded cost of the investment, the investment is deemed impaired, and Cimarron makes a determination if the impairment is temporary or other than temporary based on consideration of currently known facts and circumstances. If the impairment is determined to be other than temporary, the recorded amount of the investment is reduced, and a loss is recorded (see note 4).

Given the nature of the Fund's investments, determining the fair value of the Fund's interest in these Portfolio Funds involves a high degree of subjectivity. Estimated fair values may differ significantly from the values that would result if a ready and active market for these investments existed, and such differences could be material. In addition, these fair values could be subject to material changes in the near future, and such changes could have a significant impact on the Fund's financial statements.

(e) Interest Income

Interest income is recognized as earned.

(f) Income Taxes

The Fund is a partnership that is considered a pass-through entity for federal, state, and local income tax purposes. Accordingly, no provision for income taxes is reflected in the financial statements. Allocation of Fund profits and losses for tax return purposes is based upon taxable income, which may differ from profits and losses for financial reporting purposes.

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In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* (FIN 48), which is now included in FASB ASC Subtopic 740-10, *Income Taxes – Overall*. The Fund's current policy is to recognize the effect of income tax positions only if those positions are more likely than not of being sustained. There were no tax contingency accruals reflected in the Fund's financial statements at December 31, 2010 and 2009. The Fund adopted the provisions of FIN 48 effective January 1, 2009. The adoption of this guidance did not have an impact on the financial statements.

The Fund files income tax returns in the U.S. federal jurisdiction and multiple state jurisdictions. The Fund is currently not under income tax examination by the IRS or any state. For federal and state tax purposes, the Fund's 2007 through 2009 tax years remain open for examination by the tax authorities due to net operating losses remaining to be utilized. The Fund had no unrecognized tax benefits at the time of adoption of FIN 48 on January 1, 2009, or as of December 31, 2010 and 2009.

(g) Risks and Uncertainties

The Fund's ability to recover its investment in the various Portfolio Funds is dependent upon a number of factors, including the ability of the individual Portfolio Funds to generate and distribute cash flows to the Fund, their ability to execute investment exit strategies in accordance with their individual objectives, the economic and industry conditions in the geographical areas in which the Portfolio Funds operate and other factors that may affect national securities markets.

In 2010, the Iowa Legislature scaled back or otherwise curtailed most of the state's tax credit programs, and the tax credit that supports the Fund (see note 5) was reduced from $100 million to $60 million. This is expected to reduce the capacity of the Fund to make investments and result in a portfolio of smaller size and fewer investments. The diversity of the Fund's investments may be less than originally planned and the commensurate risk of the portfolio may be higher than planned. The risk that the Fund's portfolio returns will be insufficient to amortize its combined startup and operating costs has been increased.

(h) Fair Value of Instruments

The Fund, as noted in note 4, receives from the management of its respective Portfolio Funds estimates of fair value based on assumptions that market participants would use in pricing an investment security in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs – Unadjusted quoted prices in active markets for identical securities at the measurement date.

Level 2 Inputs – Other than quoted prices included in Level 1 inputs that are observable including quoted prices for similar securities.

Level 3 Inputs – Unobservable inputs to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the security at measurement date.

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All investments are valued at cost.

(3) Partnership Profits, Losses, and Cash Distributions

The Partnership Agreement provides that amounts received by the Fund from a Portfolio Fund (including proceeds realized by the Fund from a sale of property distributed by a Portfolio Fund) net of expenses and reserves (collectively considered to be net cash flow), generally shall be distributed first to Cimarron as the Fund's Manager to defray any income tax liabilities arising from its ownership of an interest in the Fund (determined pursuant to the Partnership Agreement), and thereafter among the Partners as follows:

- First, to the Preferred Limited Partners, in proportion to their Unpaid Distribution Preferences (as defined in the Partnership Agreement) in respect of the particular portfolio investment which includes compounding at a Minimum Rate (as calculated from time to time per the Partnership Agreement) until the Preferred Limited Partners have received distributions equal to their Distribution Preference (as defined in the Partnership Agreement) with respect to such portfolio investment;
- Second, to Cimarron, until Cimarron has received distributions equal to a 7.5% "carried interest" on the Fund's profits and net losses from interests in portfolio investments (as determined under the Partnership Agreement);
- Third, to the Preferred Limited Partners, in proportion to their respective Aggregated Unpaid Distribution Preferences (as defined in the Partnership Agreement) which includes compounding at a Minimum Rate (as calculated from time to time per the Partnership Agreement) until the Preferred Limited Partners have received distributions equal to the sum of their Distribution Preferences with respect to all portfolio investments;
- Fourth, to the Preferred Limited Partners, in proportion to their respective unpaid Scheduled Return until each Preferred Limited Partner has received distributions equal to their Scheduled Return;
- Fifth, 100% to the Special Limited Partner (who is owned by ICIC) until the cumulative distributions to the Special Limited Partner equals the product of 10 multiplied by the cumulative distributions previously made to Cimarron as "carried interest" above;
- Thereafter, 99% to the Special Limited Partner and 1% to Cimarron.

For the years ended December 31, 2010 and 2009, net cash flow was distributed to the Preferred Limited Partner.

For the year ended December 31, 2010, distributions from Portfolio Funds totaled $723,037, of which $678,054 represented a return of invested capital. For the year ended December 31, 2009, distributions from Portfolio Funds totaled $489,553, of which $380,693 represented a return of invested capital.

The Partnership Agreement provides that profit and loss of the Fund shall be allocated among the Partners in a manner consistent with each Partner's share of distributions of net cash flow.

(4) Portfolio Investments

Investment in portfolio funds at December 31, 2010 and 2009 are set forth below. The Fund had no Investment commitments at December 31, 2010 other than discussed below.

Prolog Capital II, L.P.:

Headquarters	St. Louis, Missouri
Business	Venture capital fund investing in early stage life sciences firms
Ownership	7.56% Equity interest
Investment Commitment	$ 5,000,000
2010 Cost Basis	3,825,854
2009 Cost Basis	3,666,608

Bayview Capital Partners II, L.P.:

Headquarters	Minnetonka, Minnesota
Business	Venture capital fund investing in later stage small manufacturers, distributors, and business service firms
Ownership	5.29% Equity interest
Investment Commitment	$ 2,750,000
2010 Cost Basis	1,650,000
2009 Cost Basis	1,650,000

Village Ventures Fund II A, L.P.:

Headquarters	Williamstown, Massachusetts
Business	Venture capital fund investing in businesses of every kind and character within the United States
Ownership	99.99% Equity interest
Investment Commitment	$ 6,206,417
2010 Cost Basis	4,856,852
2009 Cost Basis	3,710,408

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LFE Growth Fund II, L.P.:

Headquarters		Minneapolis, Minnesota
Business		Venture capital fund investing primarily in small and medium-sized companies in the health, consumer, and business services sectors. The Fund has a special focus on businesses owned or led by women or that target female consumers
Ownership		15.24% Equity interest
Investment Commitment	$	5,000,000
2010 Cost Basis		3,786,362
2009 Cost Basis		3,287,922

OCA Venture Partners II, L.P.:

Headquarters		Chicago, Illinois
Business		Venture capital fund investing in early stage companies with dramatic growth potential, primarily in technology, financial services, for-profit education and technology-enabled services located in the United States
Ownership		9.99% Equity interest
Investment Commitment	$	5,000,000
2010 Cost Basis		1,620,987
2009 Cost Basis		957,837

Petra Growth Fund II, L.P.:

Headquarters		Nashville, Tennessee
Business		Venture capital fund investing in businesses of every kind and character within the United States
Ownership		9.41% Equity interest
Investment Commitment	$	5,000,000
2010 Cost Basis		2,000,000
2009 Cost Basis		2,000,000

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Stone Arch Capital II, L.P.:

Headquarters	Minneapolis, Minnesota
Business	Venture capital fund investing in businesses of every kind and character within the United States
Ownership	3.9% Equity interest
Investment Commitment	$ 6,000,000
2010 Cost Basis	2,905,200
2009 Cost Basis	1,530,000

The Portfolio Funds held at December 31, 2010 and 2009 were evaluated for impairment due to the fact that these Portfolio Funds and their respective underlying portfolio of companies are experiencing losses in the initial phases of operations as is usual in these types of investments. The estimated aggregate values of the Portfolio Funds at December 31, 2010 and 2009 totaled approximately $21,600,000 and $14,700,000, respectively, resulting in an unaudited aggregate gross unrealized gain of approximately $1 million in 2010 and an unaudited gross unrealized loss of approximately $2,970,000 in 2009. The unaudited aggregate amount of gross unrealized losses that have been in an unrealized loss position for a period greater than twelve months at December 31, 2010 and 2009 was approximately $1,761,000 and $2,099,000, respectively. The Fund considers these losses to be temporary. As the underlying companies in which the Portfolio Funds invest develop their anticipated potential, the Fund anticipates that the fair values of these Portfolio Funds will increase to equal or exceed the Fund's cost.

(5) Transactions with Related Parties

Transactions with Iowa Capital Investment Corporation, Inc. – The Fund pays to ICIC as General Partner an annual management fee, determined in accordance with Iowa Code 15E.61. At the request of any partner the General Partner shall provide reasonable documentation of its reasonable and necessary costs incurred. Fees incurred under these provisions were approximately $150,000 for the years ended December 31, 2010 and 2009, and were recorded in general and administrative expenses. The Fund paid certain start-up legal costs on behalf of ICIC as the General Partner to prepare for operations. ICIC will repay those costs out of future management fees and returns on investments. No such payments were made during 2010 or 2009.

Transactions with Iowa Capital Investment Board – The Fund pays Iowa Capital Investment Board (ICIB), an agency of the State of Iowa, a closing fee, up to the statutory maximum, equal to its reasonable and necessary costs with respect to the issuance of contingent tax credit certificates to IDI as a Preferred Limited Partner of the Fund (to the extent such certificates relate to such Preferred Limited Partner's interest in the Partnership). The Fund will not pay this fee annually but rather at the time of issuance of any additional tax credits. Fees paid under these provisions were approximately $0 and $5,000 for the years ended December 31, 2010 and 2009, respectively.

Transactions with Iowa Designated Investor, Inc. – IDI, upon making a commitment to invest in the Fund as a Preferred Limited Partner, received contingent tax credit certificates from ICIB under authority granted by the Fund's enabling statute and rules (Iowa Code 15E.61 and Iowa Administrative Code, Section 123, Chapter 4.1) that assures its receipt of a Scheduled Return (as defined in the Partnership Agreement) in order to mitigate its risk in the investment.

The tax credit certificates have value to the extent that the actual return from the Fund to a Preferred Limited Partner is less than such partner's Scheduled Return. As such, the tax credit certificates are "contingent," having a value equal to the deficiency between actual return and Scheduled Return should it occur. If the actual return equals or exceeds the Scheduled Return, then the tax credit certificates have no value and are retired unused. The Fund's enabling statute (see above) requires it to minimize state appropriations and therefore the redemption of tax credits.

If a Preferred Limited Partner determines and is otherwise permitted to redeem the tax credit certificates, the contingent certificates are first certified in total amount by the General Partner and then presented to the ICIB under the rules noted above for issuance of a verified tax credit certificate. Once verified, the Preferred Limited Partner would recognize revenue for reporting purposes under U.S. generally accepted accounting principles. The verified tax credit certificates may be used by any holder against current or future liabilities for payment of Iowa income, premium, or franchise taxes and are freely transferable. Tax credit certificates may be verified in amounts up to $20 million that might first become redeemable in any one year. Tax credit certificates may not be carried back against past liabilities but they may be carried forward up to seven years. IDI was the holder of contingent tax credit certificates with a maximum amount of $36 million at December 31, 2010 and 2009. The Fund has no obligations regarding the tax credit certificates.

Transactions with Cimarron Capital Associates I, LLC. – The Fund pays to Cimarron management fees. Fees paid under these provisions were approximately $470,000 and $650,000 for the years ended December 31, 2010 and 2009, respectively. The Fund pays to Cimarron tax consortium fees for organizing and maintaining tax credit purchase agreements. Fees incurred under these provisions were approximately $0 and $495,000 for the years ended December 31, 2010 and 2009, respectively. The Fund had a payable of approximately $66,204 and $0 to Cimarron as of December 31, 2010 and 2009, respectively.

(6) Subsequent Event

In February 2011, Iowa Designated Investor, Inc. increased its commitment to the Fund by $10 million, resulting in a total commitment of $40 million.

The Fund has evaluated subsequent events from the balance sheet date through June 29, 2011, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.