IOWA FUND OF FUNDS, FUND A, LLLP

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

IOWA FUND OF FUNDS, FUND A, LLLP

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KPMG LLP
2500 Ruan Center
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Des Moines, IA 50309

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Iowa Fund of Funds, Fund A, LLLP (the Fund), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations, partners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Des Moines, Iowa
June 30, 2015

IOWA FUND OF FUNDS, FUND A, LLLP

Balance Sheets

December 31, 2014 and 2013

Assets		**2014**	**2013**
Cash and cash equivalents	$	102	50
Investment in portfolio funds, at cost		20,081,654	18,943,111
Total assets	$	20,081,756	18,943,161
Liabilities and Partners' Equity			
Liabilities:			
Accounts payable	$	85	11,261
Total liabilities		85	11,261
Partners' equity:			
General Partner		(847,039)	(847,039)
Limited Partners		20,928,710	19,778,939
Total partners' equity		20,081,671	18,931,900
Total liabilities and partners' equity	$	20,081,756	18,943,161

See accompanying notes to financial statements.

IOWA FUND OF FUNDS, FUND A, LLLP

Statements of Operations

Years ended December 31, 2014 and 2013

		2014	2013
Portfolio income	$	3,487,399	1,342,783
Expenses:			
Management fees		275,000	275,000
General and administrative expenses		95,160	112,869
Total expenses		370,160	387,869
Net income	$	3,117,239	954,914

See accompanying notes to financial statements.

IOWA FUND OF FUNDS, FUND A, LLLP

Statements of Partners' Equity

Years ended December 31, 2014 and 2013

	General Partner	Limited Partners	Total
Balance, December 31, 2012	$ —	23,504,676	23,504,676
Capital contributed	—	1,131,625	1,131,625
Distributions	(847,039)	(5,812,276)	(6,659,315)
Net income	—	954,914	954,914
Balance, December 31, 2013	(847,039)	19,778,939	18,931,900
Capital contributed	—	2,184,309	2,184,309
Distributions	—	(4,151,777)	(4,151,777)
Net income	—	3,117,239	3,117,239
Balance, December 31, 2014	$ (847,039)	20,928,710	20,081,671

See accompanying notes to financial statements.

IOWA FUND OF FUNDS, FUND A, LLLP

Statements of Cash Flows

Years ended December 31, 2014 and 2013

		2014	2013
Cash flows from operating activities:			
Net income	$	3,117,239	954,914
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash investment income		(8,254)	(15,932)
Impairment of portfolio fund		356,855	2,799,806
Change in:			
Accounts payable		(11,176)	(9,659)
Net cash provided by operating activities		3,454,664	3,729,129
Cash flows from investing activities:			
Investment in portfolio funds		(1,802,920)	(736,999)
Return of capital from portfolio funds		307,522	1,669,687
Net cash (used in) provided by investing activities		(1,495,398)	932,688
Cash flows from financing activities:			
Capital contributed		2,184,309	1,131,625
Distributions paid to limited partners		(4,143,523)	(5,796,344)
Net cash used in financing activities		(1,959,214)	(4,664,719)
Net change in cash and cash equivalents		52	(2,902)
Cash and cash equivalents:			
Beginning of year		50	2,952
End of year	$	102	50
Supplemental cash flow information:			
Noncash distribution to limited partners	$	8,254	15,932
Noncash distribution to eliminate receivable with General Partner		—	847,039

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 was designed to enhance the venture capital 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 was designed to continue in existence until October 30, 2053 as stated in the agreement of the limited partnership dated June 9, 2005 (Partnership Agreement), unless it was 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 is Iowa Capital Investment Corporation (ICIC), a private, not-for-profit Iowa corporation; Iowa Designated Investor, Inc. (IDI), a Delaware corporation, is a Preferred Limited Partner; Iowa Fund of Funds L.C. (the 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. 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.

On August 8, 2012, the partnership agreement of the Fund was amended to state that the Fund shall make no capital investments in any new portfolio entity, and shall not make new commitments to any existing portfolio entity, but it shall honor mandatory capital calls based on commitments to existing portfolio entities made prior to December 31, 2011. The August 8, 2012 amendments provide that the Fund is to dissolve no later than December 31, 2027. In addition, no new Partners are to be admitted to the Fund and the capital contributed by the Preferred Limited Partner shall be automatically increased without approval by any other Partner by the amount of funding provided by the Preferred Limited Partner to meet mandatory capital calls of the existing portfolio entities.

Revisions to Iowa Code 15E.61 et seq, including new Section 15E.72, were adopted in 2013 (the 2013 Legislation). The 2013 Legislation codifies portions of the August 8, 2012 amendments to the Partnership Agreement. The 2013 Legislation also limits the authority of ICIC to actions needed to comply with existing agreements and to wind down the Fund; provides that all returns payable to the Revolving Fund under the Partnership Agreement must instead be paid to the general fund of the State of Iowa.

(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 revenue, 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

At December 31, 2014 and 2013, the Fund was not a controlling partner or member of any of the Portfolio Funds in which it was invested.

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. While the majority of distributions are received from the Portfolio Funds in cash, Portfolio Funds may provide noncash distributions, which represent withholdings of income taxes payable. Additional capital contributions are recorded as increases to the carrying value of the investment.

The Fund is generally not required to record its investments with nonreadily determinable fair values on the balance sheet at fair value. However, the Fund does assess the fair value of the investments based 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 the Fund makes a determination of whether 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 (note 4).

Given the nature of the Fund's investments, determining the estimated 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 estimated 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) Fair Value of Instruments

The Fund receives estimates of fair value from the management of its respective Portfolio Funds, as discussed in note 4, 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 or quoted prices in markets that are not active.

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.

All investments are recorded on the balance sheets at cost. The estimates of fair value of the investments in note 4 are based on Level 3 inputs.

(f) Interest Income

Interest income is recognized as earned.

(g) Tax Status

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. The noncash distributions received from Portfolio Funds representing income tax withholdings are allocated to the Partners and reflected as distributions in the statements of partners' equity.

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 Internal Revenue Service or any state. For federal and state tax purposes, the Fund's 2011 through 2014 tax years remain open for examination by the tax authorities due to the statute of limitations. The Fund's policy is to recognize the effect of income tax positions only if those positions are more likely than not of being sustained. The Fund had no unrecognized tax benefits as of December 31, 2014 and 2013.

(h) 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.

(i) Subsequent Events

The Fund has evaluated subsequent events from the balance sheet date through June 30, 2015, the date at which the financial statements were available to be issued, and determined there are no other items requiring recognition or disclosure in the financial statements.

(3) Partnership Profits, Losses, and Cash Distributions

The Partnership Agreement, as amended on August 8, 2012 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 Partner to be applied solely to obligations under the Preferred Limited Partner's loan agreements, including the obligation to reimburse the State for verified tax credit, interest, and expense;
- Second, to Cimarron, until Cimarron has received the distributions it would have received under the Partnership Agreement but for the August 8, 2012 amendments 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) and an additional amount based on the amount and time period of the deferral calculated at a rate of 12% per annum; and
- Thereafter, to the partners based upon the provisions of the Partnership Agreement as in effect prior to the August 8, 2012 amendments.

The 2013 Legislation revised the above to provide that amounts payable to the Revolving Fund (Special Limited Partner) under the Partnership Agreement shall instead be paid to the general fund of the State of Iowa.

For the years ended December 31, 2014 and 2013, net cash flow was distributed to the Preferred Limited Partner.

For the year ended December 31, 2014, distributions from Portfolio Funds totaled $4,151,777, of which $307,522 represented a return of invested capital. For the year ended December 31, 2013, distributions from Portfolio Funds totaled $5,812,276, of which $1,669,687 represented a return of invested capital. Distributions included $8,254 and $15,932 of pass-through tax withholdings by the Portfolio Funds for the years ended December 31, 2014 and 2013, respectively. Net distributions recorded as portfolio income in the statements of operations totaled $3,844,254 and $4,142,589 for the years ended December 31, 2014 and 2013, respectively.

(4) Portfolio Investments

Investment in Portfolio Funds at December 31, 2014 and 2013 are set forth below. The Fund had no investment commitments at December 31, 2014 and 2013 other than discussed below.

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
2014 Cost basis	1,650,000
2013 Cost basis	1,650,000

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
2014 Cost basis	3,791,109
2013 Cost basis	3,742,937

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
2014 Cost basis	3,826,437
2013 Cost basis	3,241,246

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	9.20% Equity interest
Investment commitment	$ 5,000,000
2014 Cost basis	1,831,881
2013 Cost basis	1,831,881

Prolog Capital II, L.P.:

Headquarters	St. Louis, Missouri
Business	Venture capital fund investing in early stage life sciences firms.
Ownership	7.55% Equity interest
Investment commitment	$ 5,000,000
2014 Cost basis	1,164,813
2013 Cost basis	1,264,168

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	3.97% Equity interest
Investment commitment	$ 6,000,000
2014 Cost basis	2,530,308
2013 Cost basis	1,925,773

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
2014 Cost basis	5,287,106
2013 Cost basis	5,287,106

The Portfolio Funds held at December 31, 2014 and 2013 were evaluated for impairment due to the fact that some of 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.

For the years ended December 31, 2014 and 2013, the Fund considered the loss for a part of the investment portfolio to be other than temporary and recognized an impairment loss (in earnings) of $356,855 and

$2,799,806, respectively. The impairment loss was recorded in portfolio income in the statement of operations. All other losses as of December 31, 2014 are considered to be temporary.

The estimated unaudited aggregate fair values of the Portfolio Funds at December 31, 2014 and 2013 totaled approximately $34,360,000 and $27,900,000, respectively, resulting in an unaudited aggregate net unrealized gain of approximately $14.3 million at December 31, 2014 and an unaudited aggregate net unrealized gain of approximately $9.0 million at December 31, 2013.

The unaudited aggregate amounts of gross unrealized losses that have been in an unrealized loss position for a period less than twelve months at December 31, 2014 and 2013 were approximately $0 and $1,258,467, respectively. The unaudited aggregate amounts of gross unrealized losses that have been in an unrealized loss position for a period greater than twelve months at December 31, 2014 and 2013 were approximately $1,208,623 and $0, respectively. As noted above, the Fund considers these unrealized 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 and in accordance with the August 8, 2012 amendments. 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 $75,000 for the years ended December 31, 2014 and 2013, 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 and carried a receivable from the General Partner for these costs. ICIC's ability to generate revenue to pay this receivable was materially restricted by the 2013 Legislation. As a result, during the year ended December 31, 2013, management has recorded a write-down in the amount of $847,039, which is reflected in these financial statements as a noncash distribution to ICIC.

Transactions with Iowa Designated Investor, Inc. – IDI has a capital commitment obligation, subject to its ability to obtain financing, to the Fund for an amount equal to $40,000,000 for the years ended December 31, 2014 and 2013, in exchange for an economic interest in the Fund. On February 23, 2011, IDI entered into two line of credit agreements with two banks for a total of $40,000,000, with a maturity date of February 22, 2012 (original loan). On February 22, 2012, IDI's line of credit was extended to April 22, 2012. The line of credit was not paid at maturity. On August 8, 2012, IDI and the banks agreed to modify the original loan agreement (modified loan agreement). The modified loan agreement provides for an up to $40 million line of credit to March 30, 2018. The outstanding balance on the line of credit was $4,839,757 and $13,513,069 at December 31, 2014 and 2013, respectively.

Borrowings on the lines are limited based on a combination of the floating interest rate, ongoing operating costs, the volume and pace at which capital is called by the Fund's individual portfolio funds and the size of, and rate paid on, a compensating balance.

IDI has pledged all of its equity interest in the Fund as collateral. The Fund has also guaranteed the modified loan agreement, and in the event of default by IDI, all outstanding principal and interest will be payable by the Fund. In addition, the loan agreement is collateralized by tax credit certificates.

Contingent tax credit certificates are issued by the Iowa Capital Investment Board (ICIB), an agency of the State of Iowa, under authority granted by the Fund's enabling statute and rules (Iowa Code 15E.61 and Iowa Administrative Code, Section 123, Chapter 4.1). Tax credit certificates are issued based upon a commitment by IDI to invest in Fund. The original loan was secured by the collateral assignment of contingent tax credit certificates issued to IDI. After modification of the original loans, the contingent tax credit certificates were reissued to the bank.

To redeem the tax credit certificates, the contingent certificates are presented to the ICIB for issuance of a verified tax credit certificate. As of December 31, 2014, ICIB has issued to the bank a verified tax credit certificate of $25 million and a contingent tax credit certificate of $31 million.

Concurrently with the modified loan agreement, IDI entered into a subordinated note with the State of Iowa. Under this facility, IDI will reimburse the State for, and pay to the State, the full cost for the amount of any existing or future tax credits verified and sold or otherwise used by any taxpayer in collateral support of the new loan. As collateral for this agreement, IDI has pledged its partnership interest in the Fund and all distributions, dividends, and rights to payment from the Fund. The Fund has also guaranteed the subordinate note in the event of default by IDI. IDI had borrowings outstanding with the State of $24,890,415 and $17,109,270 at December 31, 2014 and 2013, respectively.

Transactions with Cimarron Capital Associates I, LLC. – The Fund pays management fees to Cimarron. Fees paid under these provisions were $275,000 for the years ended December 31, 2014 and 2013, respectively.