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This sample template has been prepared for a private equity fund limited partnership and does not apply for other types of funds. Furthermore, the disclosures included are not comprehensive of all requirements. Please refer to the [Financial Accounting Standards Board \(FASB\) disclosure framework](#) for consideration of additional notes to be included in the financial statements.

**Fund, L.P.**

Financial Statements

For the year ended December 31, 20XX

With Report of Independent Accountants

## Fund, L.P.

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**REPORT OF INDEPENDENT ACCOUNTANTS**

*PAGE 1 – TO BE PROVIDED BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM*

**Fund, L.P.**

Statement of Financial Condition  
December 31, 20XX

Assets

Investments in securities, at fair value (cost \$XX)	\$	-
Investments in private loan, at fair value (cost \$XX)		-
Investments in portfolio funds, at fair value (cost \$XX)		-
Cash and cash equivalents		-
Restricted cash		-
Interest receivable		-
Due from broker		-
Other assets		-
		<hr/>
Total assets	\$	<u><u>-</u></u>

Liabilities and Partners' Capital

Liabilities:		
Securities sold short, at fair value (proceeds \$XX)	\$	-
Derivative contracts, at fair value (proceeds \$XX)		-
Advance capital contributions		-
Management fee payable		-
Due to broker		-
Dividends payable		-
Interest payable		-
Accrued expenses		-
Total liabilities		<hr/>
Partners' capital		<hr/>
		-
Total liabilities and partners' capital	\$	<u><u>-</u></u>

See accompanying notes to financial statements.

**Fund, L.P.**

Schedule of Investments  
December 31, 20XX

	<u>Principal Amount or Shares</u>	<u>Percentage of Partners' Capital</u>	<u>Cost/ Proceeds</u>	<u>Fair Value</u>
Investments, at fair value				
Investments in securities, at fair value:				
Common stock:				
United States:				
Consumer technology	-	0.0%	\$ -	\$ -
Education technology	-	<u>0.0%</u>	-	-
Total United States		0.0%	-	-
Corporate bonds:				
United States:				
Industrial	-	<u>0.0%</u>	-	-
Total United States		0.0%	-	-
Exchange traded funds:				
United States:				
Financial	-	<u>0.0%</u>	-	-
Total United States		<u>0.0%</u>	-	-
Total investments in securities, at fair value		<u>0.0%</u>	<u>\$ -</u>	<u>\$ -</u>
Investment in private loan, at fair value				
United States:				
Financial	-	<u>0.0%</u>	\$ -	\$ -
Total United States		<u>0.0%</u>	-	-
Total investments in private loan, at fair value		<u>0.0%</u>	<u>\$ -</u>	<u>\$ -</u>
Investment in portfolio funds, at fair value				
United States:				
Financial	-	<u>0.0%</u>	\$ -	\$ -
Total United States		<u>0.0%</u>	-	-
Total investments in portfolio funds, at fair value		<u>0.0%</u>	<u>\$ -</u>	<u>\$ -</u>
Securities sold short, at fair value				
Common stock:				
United States:				
Energy	-	0.0%	\$ -	\$ -
Industrial	-	<u>0.0%</u>	-	-
Total United States		<u>0.0%</u>	-	-
Total securities sold short, at fair value		<u>0.0%</u>	<u>\$ -</u>	<u>\$ -</u>
Derivative contracts, at fair value				
Call options written, at fair value				
United States:				
Consumer	-	0.0%	\$ -	\$ -
Financial	-	<u>0.0%</u>	-	-
Total United States		<u>0.0%</u>	-	-
Total call options written, at fair value		<u>0.0%</u>	<u>\$ -</u>	<u>\$ -</u>
Total securities sold short, at fair value		<u>0.0%</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**Fund, L.P.**

Statement of Operations  
Year Ended December 31, 20XX

Investment income:	
Interest income	\$ -
Dividend income (net of foreign withholding taxes of \$XX)	-
Other income	-
	<hr/>
Total investment income	-
	<hr/>
Expenses:	
Management fees	-
Organization costs	-
Administration fees	-
Professional fees	-
Interest expense	-
Broken deal costs	-
Other expenses	-
	<hr/>
Total expenses	-
	<hr/>
Total net investment income (loss)	-
	<hr/>
Net realized gain (loss) and change in unrealized gain (loss) on investments, foreign currency transactions, and derivative contracts:	
Net realized gain (loss) on investments, foreign currency transactions, and derivative contracts	-
Net change in unrealized gain (loss) on investments, foreign currency transactions, and derivative contracts	-
	<hr/>
Total net realized gain (loss) and change in unrealized gain (loss) on investments, foreign currency transactions, and derivative contracts	-
	<hr/>
Net income (loss)	\$ <u>-</u>

See accompanying notes to financial statements.

**Fund, L.P.**

Statement of Changes in Partners' Capital  
Year Ended December 31, 20XX

	<u>General Partner</u>	<u>Limited Partners</u>	<u>Total</u>
Partners' capital, beginning of year	\$ -	\$ -	\$ -
Capital contributions	-	-	-
Capital distributions	-	-	-
Net income (loss)	<u>-</u>	<u>-</u>	<u>-</u>
Partners' capital, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**Fund, L.P.**

Statement of Cash Flows  
December 31, 20XX

Cash flows from operating activities:	
Net income (loss)	\$ -
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities	
Purchases of investments	-
Proceeds from sale of investments	-
Purchases to cover sales of securities short	-
Proceeds from derivative contracts	-
Net accretion and amortization of discount and premium on investment in bonds	-
Net realized (gain) loss on investments, foreign currency transactions, and derivative contracts	-
Net change in unrealized gain (loss) on investments, foreign currency transactions, and derivative contracts	-
Changes in operating assets and liabilities:	
Increase (decrease) in interest receivable	-
Increase (decrease) in due to/from broker, net	-
Increase (decrease) in other assets	-
Increase (decrease) in management fee payable	-
Increase (decrease) in dividends payable	-
Increase (decrease) in interest payable	-
Increase (decrease) in accrued expenses	-
	<hr/>
Net cash provided by (used in) operating activities	-
	<hr/>
Cash flows from financing activities:	
Capital contributions, net	-
Capital distributions	-
	<hr/>
Net cash provided by (used in) financing activities	-
	<hr/>
Net increase (decrease) in cash, cash equivalents, and restricted cash	-
	<hr/>
Cash, cash equivalents, and restricted cash, beginning of year	-
	<hr/>
Cash, cash equivalents, and restricted cash, end of year	\$ -
	<hr/> <hr/>
Supplemental disclosures of cash flow information:	
Cash paid for interest	\$ -
	<hr/> <hr/>

See accompanying notes to financial statements.

## Fund, L.P.

### Notes to Financial Statements

#### 1. Nature of Operations and Summary of Significant Accounting Policies:

**Nature of Operations:** *Provide a brief description of the nature of the Fund's operations and its principal activities.*

**Basis of Presentation:** The Fund prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The Fund has determined its status as an investment company and applies specialized accounting guidance as outlined in ASC 946 *Financial Services – Investment Companies*. Defined terms used in the Notes to Financial Statements are as defined in the Agreement.

**Use of 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.

**Cash, Cash Equivalents, and Restricted Cash:** The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Fund considers cash pledged for securities sold short to be restricted cash. As of December 31, 20XX, cash pledged as collateral for securities sold short totaled \$\_\_\_.

**Investments:** Investments are stated at fair value as determined by the Manager. The Fund has adopted FASB accounting guidance related to fair value measurements. This guidance establishes a framework for measuring fair value under generally accepted accounting principles, by establishing a three-level valuation hierarchy for disclosure of fair value measurements and enhancing disclosure requirements for fair value measurements. Fair value is defined under this guidance as the exit price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. See Note 2 for disclosure about the Fund's fair value measurements.

**Due From/To Brokers:** Due from brokers are receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the statement of financial condition date. These are carried at amortized cost using the effective interest method less any allowance for impairment. Due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the statement of financial condition date. These are measured at amortized cost using the effective interest method. Due from and to brokers can include amounts transferred as collateral against open derivative contracts.

## Fund, L.P.

### Notes to Financial Statements, Continued

#### 1. Nature of Operations and Summary of Significant Accounting Policies, Continued:

**Organization Costs:** Costs of start-up activities and organization are expensed as incurred.

**Broken Deal Costs:** Costs and expenses incurred related to sourcing, investigating, identifying, analyzing, and pursuing potential portfolio investments not ultimately made are expensed as incurred with such amounts included in the statement of operations. All costs incurred related to executed transactions are capitalized in the initial cost of the investment. During the year ended December 31, 20XX, the Fund incurred broken deal costs totaling \$XX.

**Foreign Currency Translation:** The values of investments in securities that are denominated in foreign currencies are translated based on the exchange rates that are in effect on the date of valuation. Transactions denominated in foreign currencies, including purchases and sales of investments and investment income and expenses, are translated into U.S. dollar amounts on the date of those transactions. Adjustments resulting from foreign currency transactions are reflected in the statement of operations.

**Investment transactions and investment income:** Investment transactions are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest is recognized on an accrual basis.

**Income Taxes and Income Tax Uncertainties:** The Fund is treated as a partnership for federal and state income tax purposes, and its partners report their respective share of the Fund's taxable income or loss on their income tax returns. Accordingly, no provision or liability for income taxes has been included in the accompanying financial statements.

The Fund follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Fund's tax positions and concluded that the Fund had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance as of December 31, 20XX. The Fund is not currently under audit by any tax jurisdiction.

**Credit Risk:** Credit risk is the possibility that a loss may occur from the failure of a counterparty to make payments according to the terms of a contract. The Fund maintains its cash in financial institutions at levels that periodically exceed federally insured limits. The Fund invests in corporate bonds. Until the bonds are sold or mature, the Fund is exposed to credit risk relating to whether the bond issuer will meet its obligations when they become due. All securities transactions of the Fund are cleared by registered brokers/dealers pursuant to customer agreements. In the event the brokers/dealers are unable to fulfil their obligations, the Fund would be subject to credit risk.

## Fund, L.P.

### Notes to Financial Statements, Continued

#### 1. Nature of Operations and Summary of Significant Accounting Policies, Continued:

**Market risk:** In the normal course of business, the Fund may invest in securities and enter transactions where risks exist due to fluctuations in the market. The value of the securities held by the Fund may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations.

**Interest rate risk:** Interest rate risk represents the effect from a change in interest rates, which could result in an adverse change in the fair value of an interest-bearing financial instrument.

**Legal risk:** Legal, tax, and regulatory developments that may adversely affect the Fund could occur. Securities and futures markets are subject to comprehensive statutes, regulations, and margin requirements enforced by the Securities and Exchange Commission, other regulators, and self-regulatory organizations and exchanges, which are authorized to take extraordinary actions in the event of market emergencies. It is impossible to predict all of the changes in regulations which may occur, but any regulations that restrict the ability of the Fund to trade or the ability of the Fund to employ, or brokers and other counterparties to extend, credit in its trading could have a material adverse impact on the Fund.

**Subsequent Events:** The Fund called capital totaling \$XX on January XX, 20XX.

Management has evaluated subsequent events through March XX, 20XX, the date the financial statements were available to be issued, and has determined that other than as disclosed above, there are no additional subsequent events to be reported in the accompanying financial statements.

## Fund, L.P.

### Notes to Financial Statements, Continued

#### 2. Fair Value Measurements:

Investments are stated at fair value as determined by the Investment Manager. The Fund follows FASB accounting guidance related to fair value measurements. This guidance establishes a framework for measuring fair value under generally accepted accounting principles, by establishing a three-level valuation hierarchy for disclosure of fair value measurements and enhancing disclosure requirements for fair value measurements. Fair value is defined under this guidance as the exit price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The FASB fair value guidance prioritizes the inputs used in measuring fair value as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access. These include active listed equities, exchange traded funds, and certain U.S. government and sovereign obligations.
- Level 2 Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets. These include certain U.S. government and sovereign obligations, most government agency securities, investment-grade corporate bonds, certain mortgage products, certain bank loans and bridge loans, less liquid listed equities, state, municipal and provincial obligations, most physical commodities, and certain loan commitments.
- Level 3 Inputs to the valuation methodology are unobservable for the instrument and significant to the fair value measurement. These include private equity and real estate investments, certain bank loans and bridge loans, less liquid corporate debt securities (including distressed debt instruments), collateralized debt obligations, and less liquid mortgage securities (backed by either commercial or residential real estate).

The Fund uses the net asset valuation to determine the fair value of all underlying investments which (a) do not have a readily available fair value, and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. In accordance with ASU 2015-07, the Fund investment companies have not been categorized in the fair value hierarchy nor in a roll forward of investment activity.

## Fund, L.P.

### Notes to Financial Statements, Continued

#### 2. Fair Value Measurements, Continued:

The Fund's assets and liabilities carried at fair value have been categorized based upon fair value hierarchy set out above. The following table is a summary of the Fund's financial instruments carried at fair value as of December 31, 20XX:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Investment in securities, at fair value				
Common stock	\$ -	\$ -	\$ -	\$ -
Corporate bonds	-	-	-	-
Exchange traded funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments in securities, at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investment in private loan, at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investment in portfolio funds held, at NAV	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:				
Securities sold short, at fair value				
Common stock	\$ -	\$ -	\$ -	\$ -
Total securities sold short, at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Derivative contracts, at fair value				
Call options written	\$ -	\$ -	\$ -	\$ -
Total derivative contracts, at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Fund's investment in private loan is classified as a Level 3 investment. During the year ended December 31, 20XX, there were no transfers into or out of Level 3. Changes in Level 3 asset measured at fair value for the year ended December 31, 20XX were as follows:

Asset	<u>Purchases</u>
Investment in private loan, at fair value	<u>\$ -</u>

The Investment Manager has applied the fair value guidance for measuring its investments in the underlying Portfolio Funds using the practical expedient when permitted under GAAP. As such, the Fund determines the fair values of its investment in the portfolio funds using the Fund's share in the Net Asset Value of the Portfolio Funds ("NAV"). At December 31, 20XX the Fund had an investment valued at NAV with a fair value of \$XX.

## Fund, L.P.

### Notes to Financial Statements, Continued

#### 2. Fair Value Measurements, Continued:

The fair value of the Fund's investments in the portfolio represents the amount the Fund expects to receive at December 31, 20XX if it were to liquidate its investments in the portfolio funds, without regard to redemption charges that may apply. Because of the inherent uncertainty of valuation for the Fund's investment and certain underlying investments held by the portfolio funds, the Investment Manager's estimate of fair value of the portfolio funds may differ from the value that would have been used had a ready market existed for these investments, and such differences could be material.

The valuation process of the Fund is controlled by a written valuation policy between the Fund and the Administrator, with valuations subject to review by the Investment Manager, but ultimately the Administrator is the Fund's valuation agent. In connection with this process, the Investment Manager reviews the details of the reported information obtained from the administrator of the underlying portfolio and considers the fair value information provided by the Administrator.

The Investment Manager can adjust obtain an estimate of fair value, primarily if the Investment Manager believes a position is overvalued, but the Administrator must agree with the final pricing as the Fund's valuation agent.

Furthermore, the Fund can impose additional limitations on redemptions in the form of gates, suspensions, and similar measures.

ASC 820, Fair Value Measurement ("ASC 820"), provides a framework for measuring fair value and requires specific disclosures about financial instruments. ASC 820 requires additional disclosure to assist in understanding the nature and risk of the investments by class. The table below provides additional information that describes the nature and risk of investments, whose fair value is based on net asset value, by major class:

	<u>Fair Value</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>	<u>Management Fee Range</u>	<u>Performance Fee Range</u>
Private Investments in Public Equities	<u>\$ -</u>	Frequency	XX-XX days	0%	0%

(a) This category includes investments in public equities. The fair values of investments in this category have been estimated using the net asset value per share of the investments. 100% of the values of the investments in this category have no liquidity restrictions and have no further commitments.

## Fund, L.P.

### Notes to Financial Statements, Continued

#### 2. Fair Value Measurements, Continued:

**Securities Sold Short:** The Fund sells securities that it does not own, and it will therefore be obligated to purchase such securities at a future date. The value of the open short position is recorded as a liability, and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of the open short position. The Fund records a realized gain or loss when a short position is closed out. By entering into short sales, the Fund bears the market risk of increases in the value of the security sold short in excess of the proceeds received. Possible losses from short sales differ from losses that could be incurred from purchases of securities because losses from short sales may be unlimited whereas losses from purchases cannot exceed the total amount invested.

**Derivative Contracts:** The Fund records derivative contracts at fair value. Gains and losses from derivative contracts are included in net realized gain on investments, derivative contracts and foreign currency and net change in unrealized appreciation on investments, derivative contracts, and foreign currency in the statement of operations. The Fund generally records a realized gain or loss on the expiration, termination, or settlement of a derivative contract in the statement of operations.

#### 3. Derivative Contracts:

In the normal course of business, the Fund uses investments in derivative contracts in connection with its proprietary trading activities. Derivative contracts are used for risk management activities to hedge certain risk or reposition the risk profile of the Fund or to gain exposure to equities or fixed income securities. The Fund is exposed to equity price risks and is also subject to counterparty risk due to inability of its counterparties to meet the terms of their contracts. Derivative contracts are subject to additional risks that can result in a loss of all or part of its investment. Derivatives are either exchange-traded or over-the-counter contracts. Exchange traded derivatives are standard contracts traded on a regulated exchange. Over-the-counter contracts are private contracts negotiated with counterparties. These derivatives involve, to varying degrees, elements of credit and market risk more than the amount recorded in the statement of financial condition.

**Options:** The Fund is subject to equity risk in the normal course of pursuing its investment objectives. The Fund may enter into options to speculate on the price movements of the financial instrument, commodity, or currency underlying the option, or for use as an economic hedge against certain positions held in the Fund's portfolio holdings. Options written obligate the Fund to buy (puts) or sell (calls) within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or price. Options purchased give the Fund the right, but not the obligation, to buy (calls) or sell (puts) within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices.

## Fund, L.P.

### Notes to Financial Statements, Continued

#### 3. Derivative Contracts, Continued:

**Volume of derivative activities:** The Fund considers the notional amounts at December 31, 20XX, categorized by primary underlying risk, to be representative of the volume of its derivative activities during the year ended December 31, 20XX.

	Long exposure	Short exposure
	Notional	Notional
	amounts	amounts
Primary underlying risk		
Equity price risk		
Call options	\$ -	\$ -

**Effect of derivatives on the Statement of Financial Condition and Statement of Operations:** The following table identifies the fair value amounts of derivative contracts included in the statement of financial condition, at December 31, 20XX. Balances are presented on a gross basis. The following table also identifies the realized and unrealized gain and loss amounts included in the statement of operations, included in either net realized gain on investments, derivatives, and foreign currency transactions or net change in unrealized appreciation on investments, derivatives, and foreign currency transactions, for the year ended December 31, 20XX.

	Derivative Assets	Derivative Liabilities	Net Realized Loss	Net Change in Unrealized Appreciation
Primary underlying risk				
Equity price risk				
Call options	\$ -	\$ -	\$ -	\$ -

#### 4. Partners' Capital and Allocations:

At December 31, 20XX, the Fund has commitments from the Partners with respect to their partnership interests in the aggregate of \$XX. The General Partner may call commitments to enable the Fund to make investments, to pay fees and expenses, or provide reserves. No Partner is required to fund an amount in excess of its uncalled commitment. At December 31, 20XX, the Fund's uncalled Partner commitments amounted to \$XX. The ratio of total contributed capital to total committed capital is 0.0%.

As of December 31, 20XX, advance capital contributions totaling \$XX had been received.

In accordance with the Agreement, profits and losses of the Fund are allocated pro-rata among the Partners in proportion to their capital commitments to the Fund.

## Fund, L.P.

### Notes to Financial Statements, Continued

#### 4. Partners' Capital and Allocations:

The proceeds attributable to the Fund's investments are distributable in accordance with the Agreement, as follows:

- (a) First, at least quarterly, 100% to the Partners until each such Partner has received an 0.0% simple annual rate of return;
- (b) Second, at least quarterly, 100% to the Partners in proportion to their capital contributions until each such Partner has received an amount equal to such Partner's investment;
- (c) Third, at least quarterly, 0.0% to the Limited Partners, in proportion to the number of Participating Partnership Units held by each, and 0.0% to the General Partner.

Preferred returns payable to the Limited Partners under (a) above totaled \$XX. As described above, the General Partner earns an incentive allocation equal to 0.0% of residual profits above an 0.0% preferred return. There was no unrealized incentive allocation due to the General Partner as of December 31, 20XX.

#### 5. Related Party Transactions:

The Fund pays the Investment Manager a management fee under the terms of the Agreement. The management fee is equal to 0.0% of the adjusted capital contributions of the Limited Partners, as defined in the Agreement. The management fee is calculated and paid quarterly in advance. Management fees amounted to \$XX for the year ended December 31, 20XX.

The Fund indemnifies the Investment Manager for any expenses paid on behalf of the Fund. At December 31, 20XX, the Fund owed the Investment Manager \$XX related to audit and tax fees paid on behalf of the Fund.

The Administrator performs certain administrative functions on behalf of the Fund, for which it receives an administrative fee directly from the Fund. For the year ended December 31, 20XX, the administration fee expense incurred by the Fund was \$XX, of which \$XX was payable at December 31, 20XX.

#### 5. Related Party Transactions, Continued:

Certain Partners are affiliated with the Manager. The aggregate value of the affiliated Partners' share of Partners' Capital at December 31, 2020 was \$XX.

#### 6. Guarantees:

Pursuant to the terms of the Agreement, the Fund has certain obligations to indemnify the Manager and the General Partners for certain events or occurrences while serving at the Fund's request in such capacities. The maximum liability under these obligations is unlimited; however, the Fund's insurance policies serve to limit its exposure. The Fund believes that the fair value of these indemnification obligations is minimal.

**Fund, L.P.**

Notes to Financial Statements, Continued

**7. Financial Highlights:**

The following financial highlights are presented in accordance with GAAP under ASC 946-205-50, and include a calculation of internal rate of return of the Limited Partners' interests based upon the Fund's cash flows and ending residual value. The Fund's residual value is the net invested capital after all income, fees, expenses recognized by the Fund for the life of the Fund, and therefore may be less than the total amount of capital invested in the Fund. The internal rate of return is net of all incentives.

Cash flows are measured as of the capital call and distribution dates, which may differ from the dates an individual investor remitted funds to, or received proceeds from, the Fund. As such, the internal rate of return disclosed below in accordance with GAAP may differ from the internal rate of return for an individual investor as calculated by that investor's personal cash flow to and from the Fund. Additionally, an individual investor's internal rate of return calculation will further differ from the Fund's internal rate of return, as defined by GAAP, due to the Fund's use of the residual value in its calculation.

Financial highlights for the year ended December 31, 20XX are as follows:

Internal rate of return, since inception:	<u><u>0.0%</u></u>
Ratio to average Limited Partners' capital Expenses	<u><u>0.0%</u></u>
Net investment income (loss)	<u><u>0.0%</u></u>