RICHEY MAY | Alternative Investments

REPORT OF INDEPENDENT AUDITORS & FINANCIAL STATEMENTS

XYZ PRIVATE EQUITY FUND
for the year ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

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	December 31, 2021
ASSETS	
Investment in securities, at fair value (cost $XX,XXX)	$ -
Securities purchased under resale agreements (cost $XX,XXX)	-
Due from broker(s)	-
Cash and cash equivalents	-
Cash denominated in foreign currencies (cost $XX,XXX)	-
Derivative assets, at fair value	-
Interest receivable	-
Dividends receivable	-
Receivables from related parties	-
Contributions receivable	-
Collateral for derivative contracts	-
Other assets	-
TOTAL ASSETS	**$ -**
LIABILITIES AND PARTNERS' CAPITAL	
Investment in securities sold short, at fair value (proceeds $XXXXX)	$ -
Securities sold under repurchase agreements	-
Due to broker(s)	-
Derivative liabilities, at fair value	-
Dividends payable on securities sold short	-
Interest payable	-
Due to general partner	-
Due to investment manager	-
Management fees payable	-
Notes payable	-
Capital contributions received in advance	-
Capital withdrawals payable	-
Other liabilities	-
Total liabilities	-
PARTNERS' CAPITAL	**-**
TOTAL LIABILITIES AND PARTNERS' CAPITAL	**$ -**

Investment in securities, at fair value **December 31, 2021**

Shares/ Principal Held		Percentage of Partners' Capital	Fair Value
	Private operating companies		
	United States of America	%	$
	Preferred stock		
	Specialty pharmaceuticals		
XXXX	ABC Medical Group, Inc.	-	-
	Medical devices		
XXXX	XYQ Technologies, LLC	-	-
	Consumer, non-cyclical	-	-
XXXX	ABC Group, Inc.	-	-
	Other	-	-
	Total private operating expenses (cost $XX,XXX)	**-**	**-**
	Common stock		
	United States of America		
	Technology		
XXXX	ABC Tech Inc.	-	-
XXXX	XYZ Tech Inc.	-	-
	Healthcare		
	Financials	-	-
	Total United States of America (cost $XX,XXX)	-	-
	Japan		
	Healthcare		
XXXX	XYZ Medical Inc.		
	Other		
	Total Japan (cost $XX,XXX)	-	-
	Total common stock (cost $XX,XXX)	**-**	**-**
	Preferred stock		
	United States of America		
	Technology (cost $XX,XXX)	-	-
	Corporate bonds		
	United States of America		
	Technology		
	ABC Tech Inc., 4% 12/15/25	-	-
	Other	-	-
	Total corporate bonds (cost $XX,XXX)	**-**	**-**
Total Investment in securities, at fair value (cost $XX,XXX)		**-** %	$ **-**

Investments in derivative contracts, at fair value - Assets | **December 31, 2021**

Contracts Held		Percentage of Partners' Capital	Fair Value
	Options		
	United States of America		
	Put options		
	Market indices (cost $XX,XXX)	- %	$ -

Investment in securities sold short, at fair value

Shares Held		Percentage of Partners' Capital	Fair Value
	Common stock		
	United States of America		
	Mining	-	-
	Transportation	-	-
	Total United States of America (proceeds $XX,XXX)	-	-
	United Kingdom		
	Services (proceeds $XX,XXX)	-	-
Total investment in securities sold short, at fair value (proceeds $XX,XXX)		- %	$ -

Investments in derivative contracts, at fair value - Liabilities

Contracts Held	Expiration Dates	Percentage of Partners' Capital	Fair Value
	Futures		
	United States of America		
	Euro dollars (proceeds $XX,XXX)	-	-

	Year Ended December 31, 2021
INVESTMENT INCOME	
Interest income	$ -
Dividend income (net of U.S. and foreign tax withholdings of $XXX)	-
Other income	-
Total investment income	-
EXPENSES	
Interest expense	-
Dividend expense	-
Management fee	-
Professional fees	-
Administration fees	-
Other expenses	-
Total expenses	-
NET INVESTMENT INCOME/(LOSS)	**-**
REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS	
Net realized gain/(loss) on investments and foreign currency transactions	-
Net change in unrealized appreciation or depreciation on investments and foreign currency transactions	-
Net gain/(loss) on derivatives	-
NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS	**-**
NET INCOME/(LOSS)	**$ -**

	Year Ended December 31, 2021		
	Limited Partners	General Partner	Total
Balance, December 31, 2020	$ -	$ -	$ -
Capital contributions	-	-	-
Capital withdrawals	-	-	-
Capital transfers	-	-	-
Pro-rata allocation of net income/(loss)	-	-	-
Balance, December 31, 2021	$ -	$ -	$ -
Effects of cumulative carried interest allocation*	$ -	$ -	$ -
Balance including cumulative carried interest allocation	$ -	$ -	$ -

** See note H.*

	Year Ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income/(loss)	$ -
Adjustments to reconcile net income/(loss) to net cash provided by (used in) operating activities:	
Net realized gain/(loss) on investments and foreign currency transactions	-
Net change in unrealized appreciation or depreciation on investments and foreign currency transactions	-
Discount amortization	-
Purchases of investments	-
Proceeds from sales of investments	-
Proceeds from securities sold short	-
Payments to cover securities sold short	-
Changes in assets and liabilities:	
Due from broker(s)	-
Derivative assets, at fair value	-
Interest receivable	-
Dividends receivable	-
Receivables from related parties	-
Collateral for derivative contracts	-
Other assets	-
Derivative liabilities, at fair value	-
Dividends payable on securities sold short	-
Interest payable	-
Due to general partner	-
Due to investment manager	-
Management fees payable	-
Other liabilities	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**-**
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from capital contributions, net of change in contributions received in advance	-
Payments for capital withdrawals, net of capital withdrawals payable	-
Proceeds from notes payable	-
Payments for notes payable	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**-**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**-**
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ -**
SUPPLEMENTAL INFORMATION	
Cash paid for interest	$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES	
Securities contributed at fair value (cost $XX,XXX)	$ -
Securities distributed at fair value (cost $XX,XXX)	$ -

A. ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

XYZ Private Equity Fund (the "Fund") a Delaware limited partnership, was formed on May 1, 2010 and commenced operation on June 1, 2010. Pursuant to a limited partnership agreement dated June 1, 2012 (the "LPA"), the Fund is managed by XYZ General Partner (the "General Partner") and XYZ Investment Manager (the "Investment Manager").

The Fund was formed for the purpose of **INSERT STRATEGY FROM PPM/LPA**.

[If applicable] The LPA provides that the Fund is scheduled to continue until the close of business on [insert month, date, year], unless sooner terminated or extended through terms specified in the Agreement.

[If applicable] The Investment Manager is registered with the United States Securities and Exchange Commission as a registered investment adviser. Refer to the Fund's offering memorandum for more information.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in United States of America ("GAAP") and are stated in U.S. dollars.

In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, *Financial Services – Investment Companies* ("ASC 946"), the Fund has determined that it is an investment company and has applied the guidance in accordance with ASC 946.

[If applicable] In accordance with the LPA, management has formalized a plan of liquidation to liquidate the Fund in an orderly manner.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management of the Fund to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Fund considers cash equivalents to be short-term, highly liquid investments, such as money market funds that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value due to changes in interest rates, which generally includes only investments with original maturities of three months or less.

[If applicable] Restricted Cash

The Fund maintains cash balances that are restricted under various agreements.

Investment Transactions and Investment Income

Investment transactions are accounted for on the date the investments are purchased or sold (trade date basis). Net realized gains and losses from investment transactions are reported on an identified cost basis [first in first out]. Interest income, which includes accretion of discounts and amortization of premiums, is accrued and recorded as earned. Dividend income is recognized on the ex-dividend date. **[If applicable]** Premiums are amortized and discounts are accreted over the life of the debt securities. **[If applicable]** Discounts for high-yield debt securities are not amortized to the extent that interest income is not expected to be realized.

[If applicable] Foreign Currency Translation

The books and records of the Fund are maintained in U.S. dollars. Investment valuations and other assets and liabilities initially expressed in foreign currencies are converted at each reporting period into U.S. dollars based upon exchange rates as of that date. The portion of realized and unrealized gains or losses on investments due to fluctuations in foreign currency exchange rates is not separately disclosed and is included in realized and unrealized gains or losses on investments, when applicable.

Income Taxes

The Fund is taxed as a partnership under the Internal Revenue Code. Accordingly, no federal or state income tax provision has been included in the financial statements, as all items of income and expense generated by the Fund are reported on the partners' personal income tax returns. **[If applicable]** However, certain U.S. dividend income and interest income may be subject to a maximum 30% withholding tax for those limited partners that are foreign entities or foreign individuals. **[If applicable]** Further, certain non-U.S. dividend income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction. The Fund has no federal or state tax examinations in process as of December 31, 2020.

In accordance with ASC 740, *Income Taxes*, the Fund is required to evaluate whether its tax positions taken or expected to be taken are more likely than not to be sustained upon examination by the applicable taxing authority**. [Include the following disclosures only if the Fund has not recognized a liability for unrecognized tax benefits.]** As of December 31, 20XX, the General Partner has determined that no provision for income taxes is required for the Fund's financial statements based on review of the Fund's tax positions for all open years. The Fund does not expect that its assessment regarding unrecognized tax benefits will materially change over the next 12 months. However, the Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with U.S. federal, U.S. state and foreign tax laws, and changes in the administrative practices and precedents of the relevant taxing authorities.

[Include the following disclosures only if the Fund has recognized a liability for unrecognized tax benefits.] At December 31, 20XX, the Fund recorded a liability for unrecognized tax benefits of $XXX,XXX related to its tax positions. **[Select one of the following three sections which best applies to the Fund's assessment of possible changes in unrecognized tax benefits over the next 12 months.]**

[Option 1.] The Fund has determined that it is reasonably possible that the total amount of the unrecognized tax benefits will increase/decrease by approximately **[include an amount or a range of the reasonably possible change in unrecognized tax benefits]** within the next 12 months as a result of **[describe the nature of events that can cause a significant change in unrecognized tax benefits including but not limited to, settlements, expiration of statutes of limitations, changes in tax law and new authoritative rulings.]**

OR

[Option 2.] The Fund has determined that it is reasonably possible that the total amount of the unrecognized tax benefits will increase/decrease within the next 12 months as a result of **[describe the nature of events that can cause a significant change in unrecognized tax benefits including but not limited to, settlements, expiration of statutes of limitations, changes in tax law and new authoritative rulings].** Until formal resolutions are reached between the Fund and tax authorities, the determination of a possible ultimate settlement with respect to the impact on unrecognized tax benefits is not readily determinable.

OR

[Option 3.] The Fund does not expect that its assessment regarding unrecognized tax benefits will materially change over the next 12 months. However, the Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, the nexus of income among various tax jurisdictions, compliance with U.S. federal, U.S. state and foreign tax laws, and changes in the administrative practices and precedents of the relevant taxing authorities. The Fund recognizes interest and penalties related to unrecognized tax benefits in interest expense and other expenses, respectively. During the year ended December 31, 20XX, the Fund recognized $XXX and $XXX, respectively, related to interest and penalties. At December 31, 20XX, the Fund accrued $XXX and $XXX, respectively, for the payment of interest and penalties.

[If applicable] Organization Costs

Organization costs have been expensed as incurred.

[If applicable] Broken Deal Costs

Costs and expenses incurred relating to sourcing, investigating, identifying, analyzing and pursuing potential portfolio investments not ultimately made are expensed as incurred with such amounts included in transaction expenses/broken deal costs in the statement of operations. All costs incurred related to executed transactions are capitalized in the initial cost of the investment.

[If applicable] Syndication Costs

Syndication costs represent costs incurred in connection with the syndication of limited partnership interests. Those costs are reflected as a reduction of partners' capital. Approximately $X,XXX,XXX were incurred for syndication costs in the initial year of the Fund and included in partners' capital, beginning of the year.

Recent Accounting Pronouncements

In August 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements*, which removes, modifies and adds certain disclosure requirements for fair value measurements. Under the guidance, non-public entities are no longer required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels of the fair value hierarchy, the valuation processes for Level 3 fair value measurements, and a reconciliation of the opening balances to the closing balances of recurring Level 3 fair value measurements. Adoption of this ASU did not have an impact on the Fund's financial condition or results of operations but resulted in the removal or modification of certain fair value measurement disclosures presented in the Fund's financial statements.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This ASU amends the guidance for revenue recognition, creating the new Accounting Standards Codification Topic 606 ("ASC 606"). ASC 606 requires the following steps when recognizing revenue: 1) identify the contract with the customer 2) identify performance obligations in the contract 3) determine the transaction price 4) allocate the transaction price to the performance obligations in the contract and 5) recognize revenue when or as performance obligations are satisfied. The new revenue guidance requires additional disclosures related to the nature, amount, timing and uncertainty of revenue from customer contracts. ASC 606 may be adopted by using one of two methods 1) retrospective application to each prior reporting period presented or 2) a modified retrospective approach, requiring the standard be applied only to the most current period presented, with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Fund's implementation assessment included the identification of revenue within the scope of the guidance, as well as the review of terms and conditions of a sample of revenue contracts covering a broad range of vehicles and products. **[Tailor as applicable]** The Fund adopted ASC 606 effective January 1, 2019, using the modified retrospective approach, and no cumulative effect adjustment was required to be recorded. The Fund determined that the new guidance did not have a material impact on the timing of recognition of the Fund's revenue. **[If applicable, disclose any significant impacts from adopting the new standard]**

[Tailor as applicable] The majority of the Fund's revenues come from interest and dividend income, investment gains and other sources, including loans and leases, that are outside the scope of ASC 606.

[Tailor as applicable] The Fund's services that fall within the scope of ASC 606 include direct investment-related services such as, deposit service charges on deposits, interchange income, wealth management fees, investment brokerage fees, and the sale of real estate owned. These services are presented within Non-Interest Income on the statement of operations and are recognized as revenue as the Fund satisfies its obligation to the customer. Refer to Note X for further discussion on the Fund's accounting policies for revenue sources within the scope of ASC 606.

B. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not assumptions specific to the entity.

ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon the market data obtained from independent sources (observable inputs). In accordance with ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Fund has the ability to access.

Level 2 Inputs – Inputs other than the quoted market prices in active markets that are both observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Even when market assumptions are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

While the Fund believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methods or assumptions to estimate the fair value of certain financial statement items could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such items existed, or had such items been liquidated, and those differences could be material to the financial statements. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy in which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used by the Fund for assets and liabilities measured at fair value.

Valuation of Securities and Derivatives [SECTION TO BE UPDATED AS APPLICABLE TO FUND AND BE BASED ON FUND SPECIFICS]

In general, the Fund values exchange traded investments in securities and securities sold short at their last quoted price as of the valuation date. Investments which are not listed on a national exchange are valued at their last closing bid price if owned by the Fund and their last closing ask price if sold short by the Fund.

To the extent these securities are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Securities traded on inactive markets or valued by reference to similar instruments are generally categorized in Level 2 of the fair value hierarchy.

Fixed income securities, such as government, municipal and corporate bonds are valued using quoted prices from active markets, if available, recently executed transactions, or at prices provided by a third-party pricing service. The prices provided by third-party pricing services take into account various factors such as, broker-dealer market price quotations, credit default swap spreads, maturity, interest rates and other characteristics of the fixed income security.

The Fund records its derivative activities at fair value. Gains and losses from derivative contracts are included in net realized gain (loss) from derivative contracts and net change in unrealized appreciation or (depreciation) from derivative contracts in the statement of operations.

Call and put options listed on national security exchanges are valued at their last recorded sales price on the exchange where they are principally traded, or the mid-point between the current "bid" and "ask" prices at the close of business on the valuation date. Changes in the fair value of purchased options are recorded in the statement of operations as unrealized gains and losses. Upfront premiums paid for the purchase of options which expire unexercised are treated by the Fund on the expiration date as realized losses. The change in unrealized gains and losses and realized gains and losses are included in net gain/(loss) on derivatives on the statement of operations.

Futures contracts that are traded on an exchange are valued at their last reported sales price as of the valuation date. Listed futures contracts are generally categorized in Level 1 of the fair value hierarchy.

Warrants which are traded over-the-counter are valued using the Black-Scholes Model, which takes into account various inputs such as volatility, time to expiration, exercise price, and current underlying stock price. Warrants which are traded on an exchange are valued at their last quoted price as of the valuation date and are generally classified in Level 2 or 3 in the fair value hierarchy.

Investments in private operating companies may consist of common stock, preferred stock, and debt of privately-owned portfolio companies. The transaction price, excluding transaction costs, is typically the Fund's best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values in the investment's principal market under current market conditions. Ongoing reviews by the Fund's management are based on an assessment of trends in the performance of each underlying investment from the inception date through the most recent valuation date.

These assessments typically incorporate valuation techniques that consider the evaluation of arm's-length financing and sale transactions with third parties, an income approach reflecting a discounted cash flow analysis, and a market approach that includes a comparative analysis of acquisition multiples and pricing multiples generated by market participants. In certain instances, the Fund may use multiple valuation techniques for a particular investment and estimate its fair value based on a weighted average or a selected outcome within a range of multiple valuation results. These investments in private operating companies are generally categorized in Level 3 of the fair value hierarchy.

Investments in restricted securities of public companies cannot be offered for sale to the public until the Fund complies with certain statutory requirements. The valuation of the securities by management takes into consideration the type and duration of the restriction, but in no event does the valuation exceed the listed price on a national securities exchange or the NASDAQ national market. Investments in restricted securities of public companies are generally included in Level 2 of the fair value hierarchy. However, to the extent that significant inputs used to determine liquidity discounts are not observable, investments in restricted securities in public companies may be categorized in Level 3 of the fair value hierarchy.

Investments in private investment companies are valued at their net asset value as reported by the underlying funds in accordance with their respective agreements. The Fund applies the practical expedient to its investments in private investment companies on an investment-by-investment basis, and consistently with the Fund's entire position in a particular investment, unless it is probable that the Fund will sell a portion of an investment at an amount different from the net asset valuation.

The valuations of investments in private investment companies are supported by information received from the investee funds such as monthly net asset values, investor reports, and audited financial statements, when available.

[Include if the Fund has investments in private investment companies that are not valued using the practical expedient. At December 31, 20XX, the Fund has investments in private investment companies aggregating approximately $X,XXX,XXX which do not qualify for the practical expedient as it is probable that the Fund will sell a portion of or the entire investment at an amount different from its net asset valuation. These investments were valued using discounts ranging from X.X% to X.X% of their stated net asset valuations, and were determined based on the Fund's estimates of third-party transactions and quotations and historical cost.

Investments in special purpose vehicles ("SPVs") are either offshore private investment companies or United States corporations that invest directly or indirectly through joint ventures or United States limited liability companies in private equity or debt securities, real estate or intangible property. If a SPV is accounted for as an investment company, the Fund generally values the investment, as a practical expedient, using the net asset values provided by the SPV when the net asset value is calculated in a manner consistent with GAAP for investment companies. The Fund applies the practical expedient to eligible SPVs on an investment-by-investment basis and consistently with the Fund's entire position in a particular investment, unless it is probable that the Fund will sell a portion of an investment at an amount different from the net asset value of the investment. If a SPV is not accounted for as an investment company, the SPV may be valued in its entirety using an income approach or a market approach. In certain instances, a SPV may be valued based on the evaluation of the net assets of the SPV, whereby the assets and liabilities of the SPV are valued based on each underlying investment within the SPV, incorporating valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions and performance multiples, among other factors.

The following tables present information about the Fund's assets and liabilities shown by major category within the fair value hierarchy as of December 31, 20XX:

Assets at Fair Value					
Description	Level 1	Level 2	Level 3	Investments measured at net asset value	Total
Investment in securities:					
Common stock	$ -	$ -	$ -	$ -	$ -
Preferred stock	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Government bonds	-	-	-	-	-
Total investment in securities	**-**	**-**	**-**	**-**	**-**
Derivative contracts:					
Call options	-	-	-	-	-
Put options	-	-	-	-	-
Total derivative contracts	**-**	**-**	**-**	**-**	**-**
Investments in private investment companies	**-**	**-**	**-**	**-**	**-**
Total assets at fair value	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Liabilities at Fair Value				
Description	Level 1	Level 2	Level 3	Total
Derivative contracts:				
Call options	-	-	-	-
Put options	-	-	-	-
Total derivative contracts	**-**	**-**	**-**	**-**

There were no transfers between levels during the year ended December 31, 20XX.

Alternatively, investments valued based on practical expedient can be omitted from the table above, and the following disclosure could be included:

At December 31, 20XX, the Fund had investments in private investment companies aggregating approximately $X,XXX,XXX which were measured using their net asset value as a practical expedient, which are not included in the fair value hierarchy shown above.

The following table shows Level 3 activity for the year ended December 31, 20XX:

	Private preferred stock	**Private common stock**
Purchases	$ -	$ -
Proceeds from distribution	-	-

[THIS NOTE TO BE UPDATED BASED ON FUND SPECIFICS]

The Fund has established valuation processes and policies for its Level 3 investments to ensure that the methods used are fair and consistent in accordance with ASC 820. The Fund has formed a valuation committee consisting of senior employees of the Investment Manager, which meet on a monthly basis to review the valuations of the Level 3 investments to ensure that the valuation methods are appropriate. The valuation committee performs reviews of the Level 3 investments' valuations, which include back testing of investments sold compared to prior valuations and reviewing any significant price changes reported from the prior period. When a Level 3 investment has a significant price change, the valuation committee reviews relevant market data to substantiate the price change.

[If applicable] Investments which are valued by a third-party pricing service are compared to internal valuations developed by management.

[If applicable] On an annual basis, the Fund engages the services of a nationally recognized third-party valuation firm to perform an independent review of the valuation of the Fund's Level 3 investments and may adjust its valuations based on the recommendations from the valuation firm.

The following table presents quantitative information regarding the significant unobservable inputs the Fund uses to determine the fair value of Level 3 investments held as of December 31, 20XX:

Investment type	Fair Value	Valuation technique	Unobservable input	Range (weighted average)
Mortgage-backed securities	$ 250,000	Discounted cash flows	Yield-to-maturity	5%-10% (8%)
Direct private equity investment	$ 475,000	Market approach	EBITDA multiples	10-13 (11.8)

(If applicable) The remaining Level 3 investments held by the Fund have been valued using unadjusted observable inputs such as third-party transactions.

C. DERIVATIVE INSTRUMENTS

(THESE NOTES TO BE UPDATED AS APPLICABLE TO FUND AND BE BASED ON FUND SPECIFICS)

Derivative Instruments

FASB ASC 815-25, *Derivatives and Hedging*, requires that all derivatives be recognized as assets or liabilities in the statement of financial condition and measured at fair value and all changes in fair value be recognized in the statement of operations. The Fund enters into derivative instruments such as futures contracts, warrants and option contracts as part of its investment strategy.

Futures Contracts [If Applicable]

The Fund may enter into futures contracts as part of its investment strategy, or to hedge against changes in commodity prices, equity prices or interest rates. Futures contracts are traded on various exchanges and represent a commitment by the Fund for a future purchase or sale of an asset at a specified price and date.

To initiate a futures contract, the Fund is required to make an initial margin deposit in an amount established by the various exchanges with a futures commission merchant who is registered under the Commodity Exchange Act. The initial margin deposit, which may include cash or other securities, varies according to factors such as the specific commodity or security, whether the Fund is speculating or hedging, and current market conditions. Each day, the Fund makes or receives payments from the margin account based upon the change in value of the futures contracts, which is equal to the gain or loss. The Fund is exposed to commodity risk, equity risk and interest rate risk due to trading in futures contracts.

Warrants [If Applicable]

The Fund may purchase warrants as part of its investment strategy or may receive warrants in addition to purchases in convertible debt or convertible preferred equity. A warrant is a security giving the Fund the right, but not the obligation, to purchase shares in a company at a set price, and within a specified time period. Investment in warrants allow the Fund to make potential gains, should the underlying equity price exceed the set purchase price, while the potential loss is limited to the cost of the warrants. Warrants may expose the Fund to credit risk should the counterparty be unable to meet the terms of the contract. The maximum risk of loss from counterparty risk to the Fund is the fair value of the contracts and the purchase price of the warrants. The Fund considers the effects of counterparty risk when determining the fair value of its investments in warrants.

Call and Put Options [If Applicable]

The Fund may enter into option contracts as part of its investment strategy, or to hedge against changes in equity prices. Call and put options are contracts giving its owner the right, but not the obligation, to buy (call) or sell (put) a specified item at a fixed strike price either during a specified period or on a specified date. Options may be exchange traded or over the counter. When the Fund purchases an option, it pays a premium fee to the seller, which is nonrefundable.

Purchases of call options allow the Fund to make potential gains, should the underlying equity price exceed the strike price, while the potential loss is limited to the premium paid on the call options. Purchases of put options allow the Fund to make potential gains, should the strike price exceed the underlying equity, while the potential loss is limited to the premium paid on the call options. Call options written allow the Fund to make potential gains on the premiums received, should the strike price exceed the underlying equity price, while the potential loss is unlimited. Put options written allow the Fund to make potential gains on the premiums received, should the underlying equity price exceed the strike price, while the potential loss is limited to the number of options written and the underlying strike price.

Options which are traded over the counter may expose the Fund to credit risk should the counterparty be unable to meet the terms of the contract. In addition, the Fund is exposed to equity price risk.

The following table illustrates the Fund's volume of derivative investments based on the number of contracts held and the notional values as of December 31, 20XX, classified by the primary underlying risks:

	Number of contracts held		Gross notional exposure	
Primary underlying risk	**Long**	**Short**	**Long**	**Short**
Interest rate				
Derivative type 1	-	-	$ -	$ -
Derivative type 2				
	-	-	-	-
Foreign exchange rate				
Derivative type 1				
Derivative type 2				
	-	-	-	-
Equity price				
Derivative type 1				
Derivative type 2				
	-	-	-	-
Commodity price				
Derivative type 1				
Derivative type 2				
	-	-	-	-
Credit				
Derivative type 1				
Derivative type 2				
	-	-	-	-
Other				
Derivative type 1				
Derivative type 2				
	-	-	-	-
Totals:	**-**	**-**	**$ -**	**$ -**

Notional amounts for options are based on the number of contracts times the fair value of underlying investments

[Consider calculating and disclosing average notional amounts and number of contracts when year-end amounts are not indicative of the overall volume throughout the year and/or there are no derivatives held as of year-end but there is material net gain (loss) from derivatives for the year.] [Optional language: The Fund considers the volume at December 31, 20XX to be an accurate representation of the volume of derivative activities during the year ended December 31, 20XX.]

[If applicable - for derivative types that were traded during the year and are included on the gain/loss table but are not held at year end] The Fund may utilize certain types of derivative contracts from time to time to create, or hedge exposures, relative to unique circumstances in the market. As such, the Fund has excluded these derivative types from the above table, as they are not representative of the Fund's regular trading activity throughout the year.

[If applicable - for Funds that traded derivatives during the year but are not holding any at year end] At December 31, 20XX, the Fund did not hold any derivative contracts. The Fund's volume of derivative trading during the year was de minimus. As a result, no quantitative volume disclosure has been added to the financial statements.

The following table presents the gross amount of the Fund's derivatives as reported in the statement of financial condition as of December 31, 20XX and the net gain and loss amounts as reported in the statement of operations for the year ended December 31, 20XX, classified by the primary underlying risks:

Primary underlying risk	Location on statement of financial condition	Fair Value Assets	Fair Value Liabilities	Total gain /(loss) (1)
Interest rate				
Derivative type 1	Derivative assets, at fair value	$ -	$ -	$ -
Derivative type 2	Derivative assets, at fair value			
		-	-	-
Foreign exchange rate				
Derivative type 1	Derivative assets, at fair value			
Derivative type 2	Derivative liabilities, at fair value			
		-	-	-
Equity price				
Derivative type 1	Derivative liabilities, at fair value			
Derivative type 2	Derivative assets, at fair value			
		-	-	-
Commodity price				
Derivative type 1	Derivative assets, at fair value			
Derivative type 2	Derivative liabilities, at fair value			
		-	-	-
Credit				
Derivative type 1	Derivative liabilities, at fair value			
Derivative type 2	Derivative liabilities, at fair value			
		-	-	-
Other				
Derivative type 1	Derivative liabilities, at fair value			
Derivative type 2	Derivative liabilities, at fair value			
		-	-	-
Gross derivative totals:		-	-	-
Less: cash collateral payables/receivables:				
Less: master netting arrangements:				
Totals:		**$ -**	**$ -**	**$ -**

[(1)] Gains and losses on derivative contracts are included on the statement of operations as net gain/(loss) on derivative contracts

Offsetting Assets and Liabilities [If Applicable]

In accordance with ASC 210-20, *Disclosures about Offsetting Assets and Liabilities*, the Fund is required to disclose quantitative information in regards to the impact of offsetting assets and liabilities as of December 31, 20XX to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on the Fund's financial position. The Fund's policy is to present derivative instruments on a net basis **[FUND SPECIFIC]** on the statement of financial condition when master netting arrangements, or similar arrangements, are in place with the counterparty. When master netting arrangements are in place, the Fund and the counterparty have the legal right to offset derivative instruments with collateral posted.

The following table presents the Fund's recognized derivative assets and the potential effect of offsetting as presented in the statement of financial condition:

	(i)	(ii)	(iii) = (i) – (ii)	(iv)		(v) = (iii) – (vi)
As of December 31, 20XX				Gross Amounts Not Offset in the Statement of Financial Condition		
Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts of Liabilities Presented in the Statement of Financial Condition	Financial Instruments	Cash Collateral Received	Net Amount
Derivatives	$ -	$ -	$ -	$ -	$ -	$ -
Reverse repurchase, securities lending and similar arrangements						
Total:	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

The following table presents the Fund's recognized derivative liabilities and the potential effect of offsetting as presented in the statement of financial condition:

	(i)	(ii)	(iii) = (i) – (ii)	(iv)		(v) = (iii) – (vi)
As of December 31, 20XX				Gross Amounts Not Offset in the Statement of Financial Condition		
Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts of Liabilities Presented in the Statement of Financial Condition	Financial Instruments	Cash Collateral Pledged	Net Amount
Derivatives	$ -	$ -	$ -	$ -	$ -	$ -
Repurchase, securities lending and similar arrangements						
Total:	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

D. DUE TO/FROM BROKERS

The Fund executes securities transactions and enters into security positions through certain securities brokers. The Fund is subject to counterparty risk to the extent that a broker with whom it conducts business may be unable to fulfill contractual obligations on the Fund's behalf. The General Partner monitors the financial condition of such brokers and does not anticipate any losses from these counterparties. At December 31, 20XX, the cash deposit amounts due from brokers totaled $X,XXX,000 and the margin borrowing amounts due to brokers totaled $X,XXX,000.

E. SHORT SALES [If Applicable]

Short sales represent the Fund's practice of selling securities that are not currently owned, and subsequently repurchasing them with the expectation that the security will decrease in value. The ultimate liability to the Fund may exceed the amount shown on the statement of financial condition.

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.

[If applicable:] The gross amounts of derivative assets and liabilities presented in the preceding tables differ from the amounts of derivative assets and liabilities reported in the statement of assets and liabilities as the result of option contracts in the amounts of $XX,XXX,000 and $XX,XXX,000 respectively, which are not subject to enforceable master netting arrangements.

F. CREDIT RISK

The Fund is subject to credit risk to the extent that the banks and brokers the Fund conducts business with are unable to fulfill their contractual obligations and the amounts exceed those insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. Management of the Fund monitors these counterparties and does not expect any losses.

G. ESCROW PROCEEDS RECEIVABLE/EARN-OUT PAYMENTS [If applicable]

During 20XX, the Fund completed sales of [insert company name] and [insert company name], in the amounts of $XX,XXX and $XX,XXX, respectively. Cash in the amounts of $XXX,XXX and $XXX,XXX is being held in escrow accounts as recourse for indemnity claims that may arise under the respective sale agreements. Assuming no claims, such funds are expected to be fully released to the Fund by [insert date]. Earn-out payments are based on certain incremental future revenues resulting from the sale of the products of Private Company XX. Earn-out payments are reflected in contingent consideration, at fair value on the statement of assets and liabilities. Actual cash receipts from the earn-out payments are uncertain and may differ from estimated payments used to derive fair value, as determined by the General Partner. Review of collectability and fair value of earn-out payments will be performed by the General Partner on an ongoing basis. As of December 31, 20XX, there were no earnout payments recorded on the statement of assets and liabilities.

H. RELATED PARTY TRANSACTIONS

In accordance with the LPA, the limited partners of the Fund pay the General Partner a management fee equal to X.X% (X.X% per annum), calculated and payable monthly/quarterly in advance/arrears, of their partnership interests determined as of the beginning of each calendar quarter. The General Partner has the discretion to reduce or waive a limited partner's management fee.

[IF APPLICABLE] Due to General Partner represents an amount payable to the General Partner for expenses paid on behalf of the Fund's operations.

[IF APPLICABLE] Certain limited partners are affiliated with the General Partner. The aggregate value of the affiliated limited partners' share of partners' capital at December 31, 20XX is approximately $X,XXX,000.

[IF APPLICABLE] Certain limited partners have special management fee arrangements, performance arrangements, or redemption rights as provided for in the Agreement.

[IF APPLICABLE] During 20XX, the Fund entered into purchase and sale transactions with an affiliated entity which is also managed by the General Partner. Total purchases and sales at fair value of approximately $X,XXX,000 were made with this related party.

[IF APPLICABLE] Transactions with related parties resulted in net gains (losses) of $XX,XXX and are included in net gain (loss) on investments in the statement of operations. The terms, conditions and execution of each such purchase and sale were on an arm's-length basis.

[IF APPLICABLE] The General Partner generally allocates investments between the Fund and other entities for which it serves as the General Partner on a pro rata basis based on assets under management. In order to maintain pro rata allocations, the Fund may sell securities to, or purchase securities from, these other entities. Such transactions are generally executed at the closing price on the date prior to the trade date, or, in the case of restricted yet tradable securities, at fair value as determined by the General Partner.

[IF APPLICABLE] Additionally, the Fund may co-invest with other entities with the same General Partner as the Fund.

I. COMMITTED CAPITAL

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

J. PARTNERS' CAPITAL

[THIS SECTION SHOULD BE TAILORED TO THE INDIVIDUAL FUND SPECIFICS FROM THE LPA/PPM]

Allocation of Profits and Losses

In accordance with the LPA, at the end of each reporting period, profits and losses of the Fund are allocated to the capital accounts of the partners based on their respective interests.

Capital Distributions

The proceeds attributable to the Fund's investments (which shall include all proceeds attributable to the disposition of such investments, net of expenses, as well as any dividends or interest income earned on such investments) are distributable in accordance with the LPA, as follows:

(a) First, 100% to the participating partners with respect to such investments tranche (including the General Partner) who have net investment amounts attributable to the investments tranche, in proportion to their relative amounts of net investment attributable to the investments tranche, until the net investment of each participating partner with respect to such investments tranche has been reduced to zero;

(b) Second, to the participating partners with respect to such investments tranche (and among them in proportion to their respective unpaid 8% preferred returns with respect to such investments tranche) until the unpaid preferred return of each such participating partner with respect to such;

(c) Third, to the General Partner until the cumulative distributions to the General Partner pursuant to this paragraph 5.1(c) and paragraph 5.1(d)(ii) with respect to such investments tranche (collectively, the "Carried Interest") equal 20% of the total amounts distributed to the partners to date with respect to such investments tranche pursuant to Paragraph 5.1(b), this paragraph 5.1(c) and paragraph 5.1(d); and

(d) Thereafter, (i) 80% to the participating partners with respect to such investments tranche (and among them in proportion to their relative investments tranche participation percentages) and (ii) 20% to the General Partner.

Carried Interest Allocation

As of December 31, 20XX, the capital accounts have been reallocated to adjust the General Partner deemed carried interest upon liquidation of the Fund in accordance with the Agreement. The allocation of carried interest from the limited partners to the General Partner will remain provisional until the final liquidation of the Fund.

For the year ended December 31, 20XX, the General Partner carried interest allocation, which includes realized and estimated unrealized gains on investments, was $XXX,XXX.

Upon the final distribution of proceeds attributable to the Fund's investments, the General Partner, if required, must return to the limited partners, in proportion to their capital contributions used to fund the Fund's investments, an aggregate amount, not to exceed the General Partner's reallocation, to assure that the total distributions of proceeds attributable to the Fund's investments are made in accordance with the above formula.

K. MANAGEMENT INDEMNIFICATIONS

The LPA provides general indemnifications to the General Partner and its respective affiliates, shareholders, members, partners, managers, directors, officers and employees when acting in good faith on behalf of the Fund. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. The General Partner is unable to estimate any potential future payment amounts and expects the risk of any such loss to be remote, accordingly no accrual has been made for a liability as of December 31, 20XX.

L. ADMINISTRATION FEES

XYZ Fund Administrator serves as the administrator of the Fund and provides certain administrative and accounting services pursuant to an agreement. For the year ended December 31, 20XX, the Fund incurred expenses of approximately $XX,000 for administrative services, which are included in professional fees and other on the statement of operations.

[IF APPLICABLE] The Administrator is also affiliated with a broker through which the Fund transacts operations. At December 31, 20XX, there is a balance of approximately $X,XXX,000 due from/to this broker. [If applicable] At December 31, 20XX, cash balances in the amount of approximately $XXX,000 are held by an affiliate of the Administrator.

M. Financial Highlights

The financial highlights presented are for the year ended

	Limited Partners	
Ratios to average limited partner's capital:		
Total expenses before carried interest to General Partner	-	%
Carried interest to General Partner	-	%
Total expenses after carried interest to General Partner	-	%
Net Investment income (loss)		%
Internal rates of return:		
Beginning of year	-	%
End of year	-	%

The financial highlights presented are for the Fund's limited partner class as a whole. Due to the timing of capital contributions and withdrawals, and different management fee and incentive reallocation percentages, an individual limited partner's returns may vary. The net investment income (loss) ratio excludes realized and unrealized gains (losses) and does not include the effect of the reallocation to the General Partner.

The internal rate of return (IRR) of the non-managing members since inception of the Fund is net of carried interest to the General Partner and computed based on the actual dates of capital contributions and distributions and the ending aggregate limited partner' capital balance (residual value).

[If applicable, for investments in private investment companies] The net investment income (loss) ratio does not reflect the income and expenses incurred by the underlying private investment companies.

[If applicable, funds open greater than or less than one year] The ratios, excluding nonrecurring expenses and the reallocation to the General Partner, have been annualized.

N. LOANS PAYABLE [If applicable]

[If applicable] On December 31, 20XX, the Fund entered into a $XXX,XXX promissory note and security agreement, (the "Note"), with an unrelated third party for the purpose of providing short-term liquidity. The Note is secured by certain investments of the Fund and is due on [insert date]. Interest is accrued at [insert percentage]% per annum. At December 31, 20XX, the amount of the loan was $XXX,XXX.

[If applicable] On December 31, 20XX, the Fund entered into a credit agreement with [insert bank name], which provides a $XX million credit facility for the Fund. On December XX, 20XX, the Fund drew down $XX million under this line of credit and repaid the $XX million on January XX, 20XX.

O. UNFUNDED INVESTMENT COMMITMENT [If applicable]

[If applicable] As of December 31, 20XX, the Fund had an unfunded investment commitment to [investment name] of approximately $XX,XXX,XXX, which was subsequently funded in 20XX. The Fund has no other unfunded investment commitments as of December 31, 20XX.

P. GOING CONCERN [If applicable]

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading, or seeking protection from creditors pursuant to laws or regulations. Accordingly, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The future of the Fund is dependent upon its ability to obtain financing and upon future profitable operations from the development of its planned business. Management has plans to seek additional capital through a public or private offering of equity or debt securities, or by other means. These conditions raise substantial doubt about the Fund's ability to continue as a going concern. These financial statements do not include any adjustments that might arise from this uncertainty.

There can be no assurance that sufficient funds required during the next year or thereafter will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from the operations or to raise capital from external sources would force the Fund to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Fund's existing stockholders.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might necessary in the event the Fund cannot continue in existence.

Q. RISK FACTORS

Management of the Fund seeks investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the Fund invests, as well as general economic and political conditions, may have a significant negative impact on the investee's operations and profitability. In addition, the Fund is subject to changing regulatory and tax environments. Such events are beyond the Fund's control, and the likelihood that they may occur cannot be predicted. Furthermore, most of the Fund's investments are made in private operating companies whose shares do not trade on established exchanges. While it is expected that these companies may pursue initial public offerings, trade sales, or other liquidation events, there are generally no public markets for these investments at the current time.

The Fund's ability to liquidate its private operating companies and realized value is subject to significant limitations and uncertainties, including currency fluctuations. The Fund's ability to liquidate its publicly traded investments is subject to limitations, including discounts that may be required to be taken on quoted prices due to the number of shares being sold.

R. PAYABLE FOR INVESTMENT PURCHASE TRANSACTIONS [If applicable]

[If applicable] At December 31, 20XX, the Fund had unsettled investment transactions with [insert bank name] aggregating $XXX,XXX related to its investments in Private Company 4's [type of loan]. These transactions are still unsettled as of [insert date.]

S. SUBSEQUENT EVENTS

Management of the Fund has evaluated subsequent events through (audit report date), the date on which the financial statements were available to be issued.

[If applicable] From January 1, 2022 through (audit report date) the Fund had approximately $X,XXX,000 of capital contributions and $X,XXX,000 of capital withdrawals, of which, approximately $X,000,000 was requested by the General Partner.

[If applicable] From January 1, 2022 through (audit report date), the Fund made additional investments of approximately $XX,000,000 in private investment companies and received additional redemptions from private investment companies of approximately $XX,XXX,000.