

Financial Statements  
(Expressed in Canadian dollars)

**JEFFERSON PARTNERS  
FUND IV (PA), L.P.  
(UNAUDITED)**

Liquidated (Dissolved)

Period ended December 20, 2016

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Balance Sheet  
(Expressed in Canadian dollars)

December 20, 2016, with comparative figures for 2015

	2016	2015
<b>Assets</b>		
Cash	\$ -	\$ 48,231
Investments, at fair value	-	-
Prepaid expenses	-	-
Due from related parties (note 3)	-	13
	<u>\$ -</u>	<u>\$ 48,244</u>
<b>Liabilities and Partners' Capital</b>		
Liabilities:		
Accrued liabilities	\$ -	\$ 11,589
Due to related party (note 3)	-	1,332
	-	<u>12,921</u>
Partners' capital (note 4):		
Capital contributions	29,155,169	29,155,169
Capital - organization and offering expenses	(263,543)	(263,543)
Distribution	(25,517)	-
Deficit	(28,866,109)	(28,856,303)
	-	<u>35,323</u>
	<u>\$ -</u>	<u>\$ 48,244</u>

See accompanying notes to financial statements.

Approved on behalf of the General Partner,  
JPIV G.P., L.P.:

\_\_\_\_\_ Partner

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Statement of Operations and Deficit  
(Expressed in Canadian dollars)

Period ended December 20, 2016, with comparative figures for 2015

	2016	2015
Investment income:		
Interest from investments	\$ -	\$ -
Other interest	-	-
	<u>-</u>	<u>-</u>
Expenses:		
Management fees (note 2)	-	-
Professional fees	6,000	5,190
Office and administrative	2,472	1,109
Insurance	-	-
Legal fees	1,334	6,492
	<u>9,806</u>	<u>12,791</u>
Loss before the undernoted	(9,806)	(12,791)
Change in unrealized gain (loss) in fair value of investments	8,817,861	406,700
Realized gain (loss) on investments	(8,817,861)	(406,700)
Foreign exchange gain (loss)	-	-
	<u>-</u>	<u>-</u>
Net income (loss)	(9,806)	(12,791)
Deficit, beginning of year	(28,856,303)	(28,843,512)
Deficit, end of year	<u>\$ (28,866,109)</u>	<u>\$ (28,856,303)</u>

See accompanying notes to financial statements.

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Statement of Cash Flows  
(Expressed in Canadian dollars)

Period ended December 20, 2016, with comparative figures for 2015

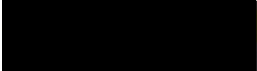
	2016	2015
Cash provided by (used in):		
Operating activities:		
Net income (loss)	\$ (9,806)	\$ (12,791)
Items not involving cash:		
Change in unrealized loss (gain) in fair value of investments	(8,817,861)	(406,700)
Realized loss (gain) on investments	8,817,861	406,700
Foreign exchange loss (gain)	-	-
Proceeds from investments	-	-
Change in non-cash operating items	12,908	6,545
	(22,714)	(6,246)
Financing activities:		
Capital contributions (note 4)	-	-
Distribution	(25,517)	-
	(25,517)	-
Increase (decrease) in cash	(48,231)	(6,246)
Cash, beginning of year	48,231	54,477
Cash, end of period	\$ -	\$ 48,231

See accompanying notes to financial statements.

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Statement of Investments  
(Expressed in Canadian dollars)

December 20, 2016

Number of shares	Description	Amount
		
	Common shares - Distributed to Partners	
	Convertible debenture - Distributed to Partners	

See accompanying notes to financial statements.

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Notes to Financial Statements  
(Expressed in Canadian dollars)

Period ended December 20, 2016

---

Jefferson Partners Fund IV (PA), L.P. (the "Fund") was formed through a Limited Partnership Agreement (the "LP Agreement") established under the laws of the State of Delaware on March 11, 2003. The Fund was created for the purpose of making equity-based venture investments in technology companies, principally in Canada. JPIV G.P., L.P. acts as the general partner (the "General Partner") to the Fund. Jefferson Partners Fund IV Management Corp. (the "Fund Manager") provides investment management, administrative and related services to the Fund. **The Partnership dissolved on December 20, 2016.**

The Fund is intended to invest side by side with Jefferson Partners Fund IV, L.P. and Jefferson Partners Fund IV, (U.S.), L.P., sharing in each investment pro rata in proportion to the unused capital commitments of its investors and similarly sharing any related investment expenses and management fees.

These financial statements include only the assets and liabilities of the Fund and do not include other assets and liabilities of the partners, such as income and related taxes. The Fund is not taxable. The partners, as at December 31 of each year, will be allocated a share of the income or loss of the Fund in accordance with the terms of the LP Agreement. Unrealized gains or losses of investments not allocated to the partners for income tax purposes and will have no effect on their income taxes.

## 1. Significant accounting policies:

### (a) Valuation of investments:

Investments are carried at fair value. The fair value of investments having a quoted market value are valued at the bid price at the balance sheet date.

Investments for which there are no readily available market quotations are valued at fair value, as determined by the General Partner. The General Partner uses International Private Equity and Venture Capital Valuation Guidelines to assess fair value, as prescribed by Canada's Venture Capital & Private Equity Association.

As the Fund invests in early-stage technology companies which may not have stable revenues or earnings, determining the value of the securities includes taking into consideration the purchase price of the securities, developments concerning the investee company subsequent to the acquisition of the securities, any financial data and projections of the investee company provided to the General Partner, the preferred nature of the securities, and such other factor or factors as the General Partner may reasonably deem relevant.

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period ended December 20, 2016

---

## 1. Significant accounting policies (continued):

Canadian generally accepted accounting principles prescribe a three-level fair value hierarchy that prioritizes the quality and reliability of information used in estimating the fair value of instruments. The fair values for the three levels are based on:

- Level 1 - quoted prices in active markets for identical investments as of the reporting date;
- Level 2 - pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, are the values at prices for similar assets or liabilities in markets that are not active, or determined through the use of models or other valuation methodologies; and
- Level 3 - pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

At September 30, 2016, all of the Fund's investments are classified under this hierarchy as Level 3 investments.

### (b) Investment transactions:

Investment transactions are accounted for on the closing date when the funds are advanced.

On the statement of investments, bridge loans outstanding for 12 months or under are classified as short term. Bridge loans outstanding for over 12 months are classified as long term.

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period ended December 20, 2016

---

## 1. Significant accounting policies (continued):

### (c) Revenue recognition:

Interest income is recorded on an accrual basis. Interest income is offset by the provision and is shown in net balance when the investment is deemed to be non-performing. Dividend income is recognized on the ex-dividend date.

### (d) Foreign exchange translation:

The market values of cash and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the closing rates of exchange on the balance sheet date. Purchases and sales of investments, income and expenses are translated into Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions. In determining the fair values of investments denominated in foreign currencies, these investments are translated at the closing rates of exchange on the balance sheet date.

### (e) Offering and organizational expenses:

Offering and organizational expenses of the Fund, which include legal and other costs related to the formation of the Fund, are deducted from the partners' capital account.

### (f) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

Estimates relating to the determination of the fair value of investments particularly require the exercise of judgment. While the General Partner uses available information to assess the need for a fair value adjustment, additional adjustments may be necessary based upon changes in the financial conditions and prospects of the investee companies. The process of valuing investments for which no published market exists is inevitably subjective and is based upon inherent uncertainties and the resulting values may be higher or lower by a material amount than those that would have been used had a ready market existed for the investments.



# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period ended December 20, 2016

## 2. Management fees:

The Fund is responsible for the cost of its operating expenses, including interest and administrative, management, brokerage, custodial and trustee services. In addition, offering and organizational expenses were borne by the Fund.

During the commitment period, which ended on January 23, 2008, management fees were calculated as a percentage of the partners' capital commitments and were payable monthly by the Fund to the Fund Manager as compensation for the Fund Manager's services. Effective January 24, 2008, management fees are calculated on a reduced basis as a percentage of an amount equal to aggregate capital contributions minus capital contributions allocated to realized investments.

## 3. Related party transactions and balances:

The amount due from related party consists of the following:

	2016	2015
Limited Partners	\$ -	\$ 13
Jefferson Partners Fund IV, L.P.	-	-
	-	13

The amount due to related parties consists of the following:

	2016	2015
Jefferson Partners Fund IV, L.P.	\$ -	\$ 1,280
Limited Partners	-	52
	\$ -	\$ 1,332

The amounts due to and from related parties are non-interest bearing and have no fixed terms of repayment.

The amounts due to and from Limited Partners represent unfunded and overfunded capital contributions.

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period ended December 20, 2016

---

## 4. Partners' capital:

### (a) Committed capital:

As at December 20, 2016, the partners' committed capital is \$29,323,226. The commitment period during which committed capital may be called to fund new investments ended on January 23, 2008. Thereafter, the Fund entered into the extension period during which committed capital may be called to fund existing investments. The extension period ends on January 23, 2013.

The Partnership dissolved (wound-up) on December 20, 2016

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period ended December 20, 2016

## 4. Partners' capital (continued):

(b) Partners' capital account - inception to date:

Limited partners	Total commitment	Net capital contributions	Organization and offering expenses	Net investment loss, excluding management fees		Capital account balance
				Management fees	Distribution	
JPIV G.P., L.P. Pennsylvania Public School Employees' Retirement System	\$ 146,616	\$ 145,540	\$ (1,318)	\$ (30,340)	\$ (113,754)	\$ (128)
	29,176,610	29,009,629	(262,225)	(5,961,722)	(22,760,293)	(25,389)
	\$ 29,323,226	\$ 29,155,169	\$ (263,543)	\$ (5,992,062)	\$ (22,874,047)	\$ (25,517)

(c) Partners' capital account - current year:

Limited partners	Total commitment	Capital account, beginning of year	Net capital contributions	Management fees	Net investment loss, excluding management fee and gains/loss		Change in unrealized loss	Capital account, end of year
					Net realized loss	Distribution		
JPIV G.P., L.P. Pennsylvania Public School Employees' Retirem System	\$ 146,616	\$ 177	\$ 0	\$ 0	\$ (49)	\$ (44,089)	\$ 44,089	\$ (128)
	29,176,610	35,146	0	0	(9,757)	(8,773,772)	8,773,772	(25,389)
	\$ 29,323,226	\$ 35,323	\$ 0	\$ 0	\$ (9,806)	\$ (8,817,861)	\$ 8,817,861	\$ (25,517)

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period ended December 20, 2016

---

## 5. Distribution to partners:

Any income or proceeds of a disposition from investments, net of a carried interest amount, shall be distributed to the partners pro rata in proportion to their capital account balances at the time of the distribution.

Distributions prior to the termination of the Fund shall generally be made, in the case of income and temporary investments, within 30 days after the end of the fiscal quarter in which they were received by the Fund and, in case of proceeds of a disposition of an investment, as soon as practicable, but in any event, within 45 days after the date they are received by the Fund.

## 6. Carried interest:

Subject to deposit of amounts with a custodian (note 7), net proceeds from the disposition of securities generally shall be made to the partners on a cumulative basis in the following order and priority:

- (a) first, to all partners until each partner has received an amount equal to such partner's capital contributions attributable to:
  - (i) disposed security investments; and
  - (ii) a proportionate share of the expenses attributable to such disposed security investments;
- (b) second, to all partners until each partner has received a preferred return on such partner's contribution, calculated as compound interest at the rate of 8% per annum from the date of such contribution; and
- (c) third, to all partners in the amounts and proportions necessary to ensure, as promptly as possible, that distributions by the Fund since its inception in excess of amounts described in (a) above shall have been distributed 80% to all partners and 20% to the General Partner (the "carried interest").

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period ended December 20, 2016

---

## 6. Carried interest (continued):

The General Partner is entitled to receive distributions to assist it and its partners in defraying their tax liabilities attributable to their interest in the Fund.

## 7. Deposit of amounts with custodian:

The Fund is required to deposit all distributions that the General Partner would otherwise be entitled to receive pursuant to (a), (b) and (c) under carried interest (note 6) (and distributions it would otherwise be entitled to receive with respect to any Parallel Fund) into a custodian account until such distributions in the aggregate equal an amount equal to the lesser of: (a) 10% of Pennsylvania Public School Employees' Retirement System's ("PSERS") subscription, and (b) the excess of PSERS's subscription over the aggregate distributions made to PSERS since the inception of the Fund. Amounts in excess of (a) and (b) above shall be immediately distributed to the General Partner. All amounts in the custodian account will be distributed to the General Partner once PSERS has received aggregate distributions equal to its capital contributions.

## 8. Indemnification of the General Partner, the Fund Manager, and their affiliates:

The Fund, in its LP Agreement, has agreed to indemnify the General Partner, the Fund Manager and their respective affiliates (collectively the "Indemnified Party") from all claims and threatened claims that may arise as a result of such Indemnified Party's being the General Partner, the Fund Manager or an affiliate of either the General Partner or the Fund Manager, as the case may be, unless the claim or threatened claim arises out of:

- (a) such Indemnified Party's own failure to exercise the care that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of a similar venture capital enterprise;
- (b) the Indemnified Party's material violation of any law, which results in a material adverse effect on the Fund or the limited partners;
- (c) such Indemnified Party's material breach of this Agreement or any agreement between the Fund, on the one hand, and the General Partner, the Fund Manager or any of their affiliates, on the other hand, which breach results in a material adverse effect on the Fund or the limited partners; or

# JEFFERSON PARTNERS FUND IV (PA), L.P.

Liquidated  
Notes to Financial Statements (continued)  
(Expressed in Canadian dollars)

Period ended December 20, 2016

---

## 8. Indemnification of the General Partner, the Fund Manager, and their affiliates (continued):

(d) such Indemnified Party's self-dealing, bad faith or wilful misconduct.

In addition, the Indemnified Party shall not be liable to the Fund or any partner for such conduct, except in any of the cases described in (a) to (d) above. The Fund also has agreed to indemnify members of the Fund's Strategic Advisory Board and limited partners who designate such members for actions or omissions in connection with the Strategic Advisory Board, except where such conduct constitutes wilful malfeasance.

## 9. Financial instruments:

The fair values of financial assets and liabilities, other than investments, approximate their carrying values due to the short-term nature of these financial instruments. The investments are not publicly traded and are carried at fair value, as explained in note 1(a).

## 10. Capital management:

The Fund Manager has policies and procedures in place to manage capital of the Fund in accordance with the Fund's investment objectives and strategies.

## 11. Future accounting changes:

The Canadian Accounting Standards Board ("AcSB") has confirmed the ability to defer the adoption of International Financial Reporting Standards ("IFRS") to fiscal periods beginning on or after January 1, 2014 for entities applying Accounting Guideline 18, Investment Companies.

The Fund also has the option to adopt the Accounting Standards for Private Enterprises ("ASPE"), which are the independent Canadian accounting standards issued by the AcSB for profit-oriented entities that are not publicly accountable.

The Fund continues to monitor the changes to IFRS and is in the process of determining whether it will transition to IFRS or ASPE.