**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2014

OR

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION FROM __________ TO __________.

COMMISSION FILE NUMBER: 333-184550

# SQN AIF IV, L.P.

(Exact name of registrant as specified in its charter)

| Delaware | 36-4740732 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer ID No.) |

| 110 William Street, 26th Floor<br>New York, NY | 10038 |
|---|---|
| (Address of principal executive offices) | (Zip code) |

Issuer's telephone number: (212) 422-2166

None
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

| Large accelerated filer ☐ | Accelerated filer ☐ |
|---|---|
| Non-accelerated filer ☐ | Smaller Reporting Company ☒ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At August 14, 2014, there were 16,549.63 units of the Registrant's limited partnership interests issued and outstanding.

**SQN AIF IV, L.P.**

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## PART I – FINANCIAL INFORMATION

**Item 1. Financial Statements**

SQN AIF IV, L.P. and Subsidiaries
(A Delaware Limited Partnership)
Condensed Consolidated Balance Sheets
(Unaudited)

| Assets | June 30, 2014 unaudited | December 31, 2013 |
|---|---|---|
| Cash and cash equivalents | $ 3,248,261 | $ 146,340 |
| Investments in finance leases, net | 2,419,013 | — |
| Investments in equipment subject to operating leases, net | 17,038,034 | 11,165,590 |
| Equipment notes receivable, including accrued interest of $18,496 and $4,102 | 3,312,613 | 2,692,900 |
| Equipment loan receivable, including accrued interest of $19,216 and $19,682 | 17,677,923 | 6,550,448 |
| Initial direct costs, net of accumulated amortization of $100,674 and $16,052 | 374,109 | 316,448 |
| Collateralized loan receivable, including accrued interest of $6,423 and $2,519 | 307,117 | 324,519 |
| Other assets | 244,898 | 127,500 |
| Total Assets | $ 44,621,968 | $ 21,323,745 |
| Liabilities and Partner's Equity | | |
| Equipment notes payable, non-recourse | $ 16,892,435 | $ 8,541,339 |
| Loan payable, including accrued interest of $33,563 and $25,755 | 14,378,744 | 6,825,755 |
| Accounts payable and accrued liabilities | 233,875 | 217,404 |
| Unearned income | 27,262 | 82,024 |
| Distributions payable to General Partner | 5,255 | 537 |
| Due to SQN Securities, LLC | 14,477 | 10,797 |
| Total liabilities | 31,552,048 | 15,677,856 |
| Commitments and contingencies | | |
| Partners' Equity (Deficit): | | |
| Limited Partners | 12,011,241 | 5,099,313 |
| General Partner | (17,886) | (9,119) |
| Total Partners' Equity attributable to the Partnership | 11,993,355 | 5,090,194 |
| Non-controlling interest in consolidated entities | 1,076,565 | 555,695 |
| Total Equity | 13,069,920 | 5,645,889 |
| Total Liabilities and Partner's Equity | $ 44,621,968 | $ 21,323,745 |

See notes to condensed consolidated financial statements.

SQN AIF IV, L.P. and Subsidiaries
(A Delaware Limited Partnership)
Consolidated Statements of Operations
(Unaudited)

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Revenue: | | | | |
| Rental income | $ 1,240,844 | $ — | $ 2,132,586 | $ — |
| Finance income | 78,187 | — | 78,187 | — |
| Interest income | 576,743 | 129 | 900,128 | 129 |
| Gain on sale of assets | 3,113 | — | 3,113 | — |
| Other income | — | 1,000 | — | 1,000 |
| Total Revenue | 1,898,887 | 1,129 | 3,114,014 | 1,129 |
| Expenses: | | | | |
| Management fees - Investment Manager | 375,000 | 125,000 | 750,000 | 125,000 |
| Depreciation and amortization | 932,602 | — | 1,506,363 | — |
| Professional fees | 131,734 | 16,500 | 189,734 | 16,500 |
| Organizational expenses | — | 20,000 | — | 20,000 |
| Acquisition costs | 1,443 | — | 28,532 | — |
| Administration expense | 9,524 | 650 | 14,790 | 650 |
| Interest expense | 679,027 | — | 974,656 | — |
| Other expenses | 17,433 | — | 19,057 | — |
| Foreign currency transaction gains | (15,101) | — | (15,101) | — |
| Total Expenses | 2,131,662 | 162,150 | 3,468,031 | 162,150 |
| Net loss | (232,775) | (161,021) | (354,017) | (161,021) |
| Net income attributable to non-controlling interest in consolidated entities | 19,839 | — | 50,870 | — |
| Net loss attributable to the Partnership | $ (252,614) | $ (161,021) | $ (404,887) | $ (161,021) |
| Net loss attributable to the Partnership: | | | | |
| Limited Partners | $ (250,088) | $ (159,411) | $ (400,838) | $ (159,411) |
| General Partner | (2,526) | (1,610) | (4,049) | (1,610) |
| Net loss attributable to the Partnership | $ (252,614) | $ (161,021) | $ (404,887) | $ (161,021) |
| Weighted average number of limited partnership interests outstanding | 12,652.66 | 1,687.56 | 10,867.29 | 1,687.56 |
| Net loss attributable to Limited Partners per weighted average number of limited partnership interests outstanding | $ (19.77) | $ (94.46) | $ (36.88) | $ (94.46) |

See notes to condensed consolidated financial statements.

SQN AIF IV, L.P. and Subsidiaries
(A Delaware Limited Partnership)
Consolidated Statements of Changes in Partners' Equity
Six Months Ended June 30, 2014
(Unaudited)

| | Limited Partnership Interests | Total | General Partner | Limited Partners | Non-controlling Interest |
|---|---|---|---|---|---|
| Balance, January 1, 2014 | 7,587.65 | $ 5,645,889 | $ (9,119) | $ 5,099,313 | $ 555,695 |
| | | | | | |
| Limited Partner's capital contributions | 8,961.98 | 8,961,984 | — | 8,961,984 | — |
| Non-controlling interest contribution to consolidated entities | — | 470,000 | — | — | 470,000 |
| | | | | | |
| Offering expenses | — | (262,016) | — | (262,016) | — |
| Underwriting fees | — | (883,169) | — | (883,169) | — |
| Net income (loss) | — | (354,017) | (4,049) | (400,838) | 50,870 |
| Distributions | — | (476,530) | (4,718) | (471,812) | — |
| Redemption of initial Limited Partners' contributions | — | (32,221) | — | (32,221) | — |
| | | | | | |
| Balance, June 30, 2014 | 16,549.63 | $ 13,069,920 | $ (17,886) | $ 12,011,241 | $ 1,076,565 |

See notes to condensed consolidated financial statements.

SQN AIF IV, L.P. and Subsidiaries
(A Delaware Limited Partnership)
Consolidated Statement of Cash Flows
(Unaudited)

| | For the Six Months Ended June 30, 2014 | 2013 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $ (354,017) | $ (161,021) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Finance income | (78,187) | — |
| Accrued interest income | (837,394) | (115) |
| Depreciation and amortization | 1,506,363 | — |
| Gain on sale of assets | (3,113) | — |
| Foreign currency transaction gains | (15,101) | — |
| Change in operating assets and liabilities: | | |
| Minimum rents receivable | 256,651 | — |
| Accrued interest income | 819,499 | — |
| Other assets | (117,398) | — |
| Accounts payable and accrued liabilities | 16,472 | 36,500 |
| Unearned interest income | (54,762) | — |
| Due to SQN Securities, LLC | 3,680 | 125,000 |
| Accrued interest on note payable | 335,484 | — |
| Net cash provided by operating activities | 1,478,177 | 364 |
| Cash flows from investing activities: | | |
| Cash paid for purchase of equipment subject to operating leases | (2,929,174) | — |
| Purchase of finance leases | (2,582,377) | — |
| Cash paid for initial direct costs | (142,283) | — |
| Cash paid for collateralized loan receivable | (1,847,000) | — |
| Cash received from collateralized loan receivable | 1,868,306 | — |
| Cash paid for equipment loans receivable | (5,836,265) | (150,000) |
| Cash received from equipment loan receivable | 1,242,059 | — |
| Proceeds from sale of leased assets | 151,170 | — |
| Cash paid for equipment notes receivable | (803,638) | — |
| Repayment of equipment notes receivable | 198,381 | 5,100 |
| Net cash used in investing activities | (10,680,821) | (144,900) |
| Cash flows from financing activities: | | |
| Cash received from loan payable | 9,500,000 | — |
| Repayments of loan payable | (1,954,819) | — |
| Cash paid to financial institutions for equipment notes payable | (3,023,382) | — |
| Cash received from non-controlling interest contribution | 470,000 | — |
| Cash received from Limited Partner capital contributions | 8,961,984 | 1,600,500 |
| Cash paid for Limited Partner distributions | (471,812) | — |
| Cash paid for Limited Partner contribution redemption | (32,221) | — |
| Cash paid for underwriting fees | (883,169) | (31,500) |
| Cash paid for organizational and offering costs | (262,016) | (89,850) |
| Net cash provided by financing activities | 12,304,565 | 1,479,150 |
| Net increase in cash and cash equivalents | 3,101,921 | 1,334,614 |
| Cash and cash equivalents, beginning of period | 146,340 | 1,600 |
| Cash and cash equivalents, end of period | $ 3,248,261 | $ 1,336,214 |
| Cash paid for interest | $ 536,842 | $ — |
| Supplemental disclosure of non-cash investing activities: | | |
| Offering expenses paid by SQN Capital Management, LLC | $ — | $ 225,468 |
| Debt assumed in lease purchase agreement | $ 11,447,351 | $ — |

See notes to condensed consolidated financial statements.

**1. Basis of Presentation - Unaudited Interim Financial Information**

The accompanying unaudited interim condensed consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information, and in accordance with the rules and regulations of the United States Securities and Exchange Commission (the "SEC") with respect to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements furnished reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Partnership for the year ended December 31, 2013 and notes thereto contained in the Partnership's annual report on Form 10-K for the year ended December 31, 2013, as filed with the SEC March 31, 2014.

**2. Nature of Operations and Organization**

***Organization*** – The SQN AIF IV, L.P. (the "Partnership") was formed on August 10, 2012, as a Delaware limited partnership and is engaged in a single business segment, the ownership and investment in leased equipment and related financings which includes: (i) purchasing equipment and leasing it to third-party end users; (ii) providing equipment and other asset financing; (iii) acquiring equipment subject to lease and (iv) acquiring ownership rights (residual value interests) in leased equipment at lease expiration. The Partnership will terminate no later than December 31, 2036.

The Offering period commenced on April 2, 2013 and will last until the earlier of (i) April 2, 2015, which is two years from the commencement of the Offering Period, or (ii) the date that the Partnership has raised $200,000,000. The Partnership is currently in negotiations with additional Selling Dealers to offer our Units for sale. During the Offering Period it is anticipated that the majority of the cash in-flows will be derived from financing activities and be the direct result of capital contributions from investors.

During the Operating Period, which began on May 29, 2013, the date of the initial closing, the Partnership will use the net offering proceeds from Limited Partner capital contributions to acquire its initial investments. As the investments mature, the Partnership anticipates reinvesting the cash proceeds in additional investments in leased equipment and project financing transactions, to the extent that the cash will not be needed for expenses, reserves and distributions to the Limited Partners. During this time-frame the Partnership expects both rental income and finance income to increase substantially as well as related expenses such as depreciation and amortization. During the Operating Period the Partnership believes the majority of cash out-flows will be from investing activities as the Partnership acquires additional investments and to a lesser extend from financing activities from paying quarterly distributions to the Limited Partners. Cash flow from operations is expected to increase, primarily from the collection of rental payments.

During December 2013, the Partnership formed a special purpose entity SQN Echo LLC ("Echo"), a Limited Liability Company registered in the state of Delaware which is 80% owned by the Partnership and 20% by SQN Alternate Investment Fund III ("Fund III"), an affiliate. The Partnership originally contributed $2,200,000 to purchase the 80% share of Echo. Fund III contributed $550,000 to purchase a 20% share of Echo which is presented as non-controlling interest on the accompanying condensed consolidated financial statements. In February 2014, the Partnership funded an additional $480,000 into Echo (at the same time, an additional $120,000 was funded by Fund III) to decrease the principal of the debt originally obtained to finance the acquisition and reduce the interest rate. On December 20, 2013, Echo entered into an agreement with an unrelated third party for the purchase of two portfolios of leases for $17,800,000. The first portfolio consists of various types of equipment including material handling, semiconductor test and manufacturing equipment, computer, medical, and telecommunications equipment. The second portfolio consists of lease financings, which have been accounted for as loans receivable in the accompanying condensed consolidated financial statements. Echo paid approximately $9,300,000 in cash and assumed approximately $8,500,000 in non-recourse equipment notes payable.

On March 26, 2014, the Partnership formed a special purpose entity SQN Echo II, LLC ("Echo II"), a Limited Liability Company registered in the state of Delaware which is 80% owned by the Partnership and 20% by Fund III, an affiliate. The Partnership originally contributed $800,000 to purchase the 80% share of Echo II. Fund III contributed $200,000 to purchase a 20% share of Echo II which is presented as non-controlling interest on the accompanying condensed consolidated financial statements. In June 2014, the Partnership funded an additional $600,000 into Echo II (at the same time, an additional $150,000 was funded by Fund III) to decrease the principal of the debt originally obtained to finance the acquisition and reduce the interest rate. On March 28, 2014, Echo II entered into an agreement with an unrelated third party for the purchase of three portfolios of leases for approximately $21,863,000. The first portfolio consists of various types of equipment including material handling, semiconductor test and manufacturing equipment, computer, medical, and telecommunications equipment. The second portfolio consists of lease financings, which have been accounted for as loans receivable in the accompanying condensed consolidated financial statements. The third portfolio consists of direct finance leases in medical equipment. Echo II paid approximately $10,415,000 in cash and assumed approximately $11,447,000 in non-recourse equipment notes payable.

During the Operating Period, the Partnership plans to make quarterly distributions of cash to the Limited Partners, if, in the opinion of the Partnership's Investment Manager, such distributions are in the Partnership's best interests. Therefore, the amount and rate of cash distributions could vary and are not guaranteed. The targeted distribution rate is 6.5% annually, paid quarterly as 1.625%, of each Limited Partners' capital contribution (pro-rated to the date of admission for each Limited Partner). On October 1, 2013, the Partnership made its first quarterly distribution to its limited partners totaling approximately $53,700. During the six months ended June 30, 2014, the Partnership made distributions to its Limited Partners totaling approximately $471,812. As of June 30, 2014 we have accrued $5,255 for distributions payable to our General Partner.

From May 29, 2013 through June 30, 2014, the Partnership has admitted 211 Limited Partners with total capital contributions of $16,548,633 resulting in the sale of 16,548.63 Units. The Partnership received cash of $15,525,911 and applied $1,022,722 which would have otherwise been paid as sales commission to the purchase of 1,022.72 additional Units.

**3. Summary of Significant Accounting Policies**

***Basis of Presentation*** – The accompanying condensed consolidated financial statements of SQN AIF IV, L.P. at June 30, 2014 and for the six months ended June 30, 2014 and 2013 are unaudited and have been prepared in accordance with United States of America generally accepted accounting principles ("US GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for Quarterly Reports on Form 10-Q. In the opinion of management all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results for the interim periods have been included. The results reported in these condensed consolidated financial statements should not necessarily be taken as indicative of results that may be expected for the entire year. The financial information included herein should be read in conjunction with the financial statements and notes for the year ended December 31, 2013 included in the Annual Report on Form 10-K filed by the Partnership with the Securities and Exchange Commission (the "SEC") on March 31, 2014.

***Principles of Consolidation -*** The accompanying condensed consolidated financial statements include the accounts of the Partnership and its subsidiaries, where the Partnership has the primary economic benefits of ownership. The Partnership's consolidation policy requires the consolidation of entities where a controlling financial interest is held as well as the consolidation of variable interest entities in which the Partnership has the primary economic benefits. All material intercompany balances and transactions are eliminated in consolidation.

***Use of estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the General Partner and Investment Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates primarily include the determination of allowances for doubtful accounts, depreciation and amortization, impairment losses, estimated useful lives, and residual values. Actual results could differ from those estimates.

***Recent Accounting Pronouncements***

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying condensed consolidated financial statements.

**4. Related Party Transactions**

The General Partner is responsible for the day-to-day operations of the Partnership and the Investment Manager makes all investment decisions and manages the investment portfolio of the Partnership. The Partnership pays the General Partner an allowance for organizational and offering costs not to exceed 2% of all capital contributions received by the Partnership. Because organizational and offering expenses will be paid as and to the extent they are incurred, organizational and offering expenses may be drawn disproportionately to the gross proceeds of each closing. The General Partner also has a promotional interest in the Partnership equal to 20% of all distributed distributable cash, after the Partnership has provided an 8% cumulative return, compounded annually, to the Limited Partners on their capital contributions. The General Partner has a 1% interest in the profits, losses and distributions of the Partnership. The General Partner will initially receive 1% of all distributed distributable cash which was accrued for at June 30, 2014 and December 31, 2013.

The Partnership pays the Investment Manager during the Offering Period, Operating Period and the Liquidation Period a management fee equal to the greater of, (i) 2.5% per annum of the aggregate offering proceeds, or (ii) $125,000, payable monthly, until such time as an amount equal to at least 15% of the Partnership's Limited Partners' capital contributions have been returned to the Limited Partners, after which the monthly management fee will equal 100% of the management fee as initially calculated above, less 1% for each additional 1% of the Partnership's Limited Partners' capital contributions returned to them, such amounts are measured on the last day of each month. The management fee is paid regardless of the performance of the Partnership and will be adjusted in the future to reflect the equity raised. For the three and six months ended June 30, 2014, the Partnership paid $375,000 and $750,000, respectively, in management fee expense which is recorded in management fee — Investment Manager in the accompanying condensed consolidated statements of operations.

SQN Securities LLC ("Securities") is a Delaware limited liability company and is majority-owned subsidiary of the Partnership's Investment Manager. Securities in its capacity as the Partnership's selling agent, receives an underwriting fee of 3% of the gross proceeds from Limited Partners' capital contributions (excluding proceeds, if any, the Partnership receives from the sale of the Partnership's Units to the General Partner or its affiliates). While Securities is initially acting as the Partnership's exclusive selling agent, the Partnership may engage additional selling agents in the future.

For the six months ended June 30, 2014, the Partnership recorded the following transactions with Securities:

| | June 30, 2014 | December 31, 2013 |
|---|---|---|
| | (unaudited) | |
| Balance - beginning of period | $ 10,797 | $ — |
| Underwriting fees earned by Securities | 268,860 | 196,395 |
| Payments by the Partnership to Securities | (265,180) | (185,598) |
| Balance - end of period | $ 14,477 | $ 10,797 |

For the six months ended June 30, 2014, the Partnership recorded the following underwriting fee transactions:

| | Six Months Ended June 30, 2014 |
|---|---|
| Underwriting discount incurred by the Partnership | $ 482,563 |
| Underwriting fees earned by Securities | 268,859 |
| Fees paid to outside brokers | 144,776 |
| Total underwriting fees | $ 896,198 |

**5. Investments in Finance Leases**

At June 30, 2014 investment in finance leases consisted of the following:

| | |
|---|---|
| Minimum rents receivable | $ 2,686,466 |
| Estimated unguaranteed residual value | 360,000 |
| Unearned income | (627,453) |
| | $ 2,419,013 |

*Medical Equipment*

On March 28, 2014, Echo II purchased three finance leases for medical equipment. One of the leases had a remaining term of 37 months and monthly payments of $4,846. The second lease also has a remaining term of 37 months and monthly payments of $32,416 for the first 13 payments and $22,606 for the last 24 payments. The third lease had a remaining term of 32 months and monthly payments of $14,456.

*Wind Turbine*

On March 28, 2014, the Partnership entered into a new finance lease transaction for a windmill in Northern Ireland for £409,377 ($683,455 applying exchange rates at March 28, 2014). The finance lease requires 25 quarterly payments of £23,150 ($38,647 applying exchange rates at March 28, 2014).

*Medical Equipment*

On March 31, 2014, the Partnership entered into entered into a new finance lease transaction for a medical equipment for $247,920. The finance lease requires 48 monthly payments of $7,415.

## 6. Investments in Equipment Subject to Operating Leases

On March 28, 2014, Echo II entered into an agreement with an unrelated third party for the purchase of two portfolios of leases with a combined total of approximately $21,863,000 of assets. One of the portfolios consisted of approximately $7,800,000 of assets subject to operating leases.

In April 2014, Echo II sold an operating lease schedule to an unrelated third party for total cash proceeds of $101,405 and outstanding debt of $393,722. The net book value of the lease at the time of sale was $487,077 and the partnership recognized a gain of $8,050.

On December 20, 2013, Echo entered into an agreement with an unrelated third party for the purchase of two portfolios of leases with a combined total of $17,800,000 of assets. One of the portfolios consisted of approximately $11,200,000 of assets subject to operating leases.

During the six months ended June 30, 2014 Echo sold three operating lease schedules to unrelated third parties for total cash proceeds of $49,765. Total net book value for the leases at the time of sale was $61,528, related debt eliminated as a result of the sale was $6,826 and loss recognized on the books was $4,937.

The composition of the equipment subject to operating leases in the Echo and Echo II transactions as of June 30, 2014 is as follows:

| Description | Cost | Accumulated Depreciation | Net Book Value |
|---|---|---|---|
| Agricultural equipment | $ 1,038,224 | $ 69,838 | $ 968,386 |
| Aircraft equipment | 2,138,681 | 70,384 | 2,068,297 |
| Computer equipment | 1,678,662 | 344,361 | 1,334,301 |
| Forklifts and fuels cells | 8,825,769 | 635,133 | 8,190,636 |
| Heavy equipment | 3,240,153 | 228,981 | 3,011,172 |
| Industrial | 518,399 | 46,630 | 471,769 |
| Machine tools | 556,686 | 35,377 | 521,309 |
| Medical | 518,591 | 46,427 | 472,164 |
| | $ 18,515,165 | $ 1,477,131 | $ 17,038,034 |

The Partnership records depreciation expense on equipment when the lease is classified as an operating lease. In order to calculate depreciation, the Partnership first determines the depreciable equipment cost, which is the cost less the estimated residual value. The estimated residual value is the estimate of the value of the equipment at lease termination. Depreciation expense is recorded by applying the straight-line method of depreciation to the depreciable equipment cost over the lease term. Depreciation expense for the three and six months ended June 30, 2014 was $886,088 and $1,421,741, respectively.

## 7. Equipment Notes Receivable

*Medical Equipment*

On June 28, 2013, the Partnership entered into a $150,000 Promissory Note to finance the purchase of medical equipment located in Tennessee. The Promissory Note will be paid through 36 monthly installments of principal and interest of $5,100. The Promissory Note is secured by the medical equipment and other personal property located at the borrowers principal place of business. The Promissory Note is guaranteed personally by the officer of the borrower who will make all required note payments if the borrower is unable to perform under the Promissory Note. For the three and six months ended June 30, 2014, the medical equipment note earned $3,963 and $8,326 of interest income, respectively.

*Mineral Processing Equipment*

On September 27, 2013, the Partnership entered into a loan facility to provide financing in an amount up to $3,000,000. The lessee is a Florida based company that builds, refurbishes and services mineral refining and mining equipment in the United States, Central and South America. The loan facility is secured by equipment that refines precious metals and other minerals. The Partnership advanced $2,500,000 to the lessee during September 2013. The loan facility requires 48 monthly payments of principal and interest of $68,718 (revised from original payment of $69,577 upon second funding discussed below) and a balloon payment of $500,000 in September 2017 which equates to an effective interest rate of 23.25%. The loan facility is scheduled to mature in September 2017. On May 9, 2014, the Partnership made a second funding of $500,000 to the lessee under the above agreement. Upon settlement of the transaction, the lessee made principal and interest payments for the months of July and May totaling $156,898. Net proceeds transferred to the lessee were $343,102. The loan facility requires 41 monthly payments of principal and interest of $15,764 and expires in September 2017. The loan facility is scheduled to mature in September 2017. The lessee’s obligations under the loan facility are also personally guaranteed by its two majority shareholders. For the three and six months ended June 30, 2014, the mineral processing equipment note earned $14,110 and $136,391 of interest income, respectively.

*Manufacturing Equipment*

On October 15, 2013, the Partnership entered into a $300,000 loan facility with a lessee secured by manufacturing equipment owned by the lessee. The lessee is a New Jersey based manufacturer and assembler of various consumer products. The loan facility is scheduled to be repaid in 29 equal monthly installments of $12,834. For the three and six months ended June 30, 2014, the manufacturing equipment note earned $10,518 and $22,322 of interest income, respectively. The lessee's obligations under the loan facility are also personally guaranteed by its majority shareholder.

*Brake Manufacturing Equipment*

On December 18, 2013 the Partnership entered into a forward purchase agreement with an unrelated lender. According to the agreement, the Partnership was obligated to purchase a promissory note secured by the brake manufacturing equipment with an aggregate principal amount of $432,000. The purchase of the promissory note was finalized on May 2, 2014. The promissory note requires monthly payments of $34,786, accrues interest at 12.5% per annum and matures in January 2018. For the three and six months ended June 30, 2014, the equipment note earned $8,420 of interest income. As of June 30, 2014, outstanding balance of the Promissory Note Receivable was $416,741.

The future maturities of the Partnership's notes receivable at June 30, 2014 are as follows:

| Years ending June 30, | | |
|---|---|---|
| 2015 | $ | 972,519 |
| 2016 | | 1,027,373 |
| 2017 | | 1,030,826 |
| 2018 | | 263,399 |
| | $ | 3,294,117 |

## 8. Equipment Loan Receivable

On December 20, 2013, Echo entered into an agreement with an unrelated third party for the purchase of two portfolios of leases for a combined total purchase price of $17,800,000. One of the portfolios consists of approximately $6,600,000 of equipment loans receivable. The loans accrue interest at a rate of 10%. The notes mature on various dates through October 2017. For the three and six months ended June 30, 2014, the Partnership earned $145,834 and $278,463 of interest income, respectively.

On March 28, 2014, Echo II entered into an agreement with the same unrelated third party as the Echo transaction for the purchase of two portfolios of leases for a combined total purchase price of $21,863,000. One of the portfolios consists of approximately $12,400,000 of equipment loans receivable. The loans accrue interest at a rate of 10%. The notes mature on various dates through October 2017. For the three and six months ended June 30, 2014, the Partnership earned $319,071 and $329,238 of interest income, respectively.

The composition of the equipment loans receivable in the Echo and Echo II transactions as of June 30, 2014 is as follows:

| Description | Maturity Date | | Balance |
|---|---|---|---|
| Furniture and fixtures | 6/30/2016 - 04/30/18 | $ | 1,316,696 |
| Fitness | 06/30/14 | | 22,569 |
| Computers | 6/30/2014 - 9/30/17 | | 709,956 |
| Forklifts and fuels cells | 03/31/14 - 10/31/17 | | 5,312,000 |
| Aircraft | 09/30/15 - 12/31/17 | | 1,979,379 |
| Industrial | 9/30/14 - 10/31/20 | | 2,962,553 |
| Machine tools | 09/01/14 | | 14,353 |
| Medical and research equipment | 01/31/15 - 12/31/17 | | 5,341,201 |
| | | $ | 17,658,707 |

The future maturities of the Partnership's loans receivable at June 30, 2014 are as follows:

| Years ending June 30, 2014 | | |
|---|---|---|
| 2015 | $ | 3,326,713 |
| 2016 | | 3,344,205 |
| 2017 | | 3,762,112 |
| 2018 | | 2,413,638 |
| 2019 | | 2,280,478 |
| Thereafter | | 2,531,561 |
| | $ | 17,658,707 |

**9. Collateralized Loan Receivable**

On November 27, 2013, the Partnership entered into a loan agreement with an unrelated third party that allows for the borrower to receive a total of $500,000 in advances from the Partnership. The maximum outstanding amount on any date is the lesser of $500,000 and 50% of the borrower's eligible receivables due within 90 days of the advance date. The loan accrues interest at 15% per annum and is collateralized by all of the assets of the borrower. As of June 30, 2014, the Partnership had advanced the borrower a total of $1,847,000 and has received payments from the borrower of $1,868,306. At June 30, 2014 and December 31, 2013, the outstanding balance of the loan was $300,694 and $322,000, respectively.

**10. Equipment Notes Payable**

In connection with the Echo and Echo II transactions, Echo and Echo II assumed approximately $8,500,000 and $11,400,000, respectively, in non-recourse debt in connection with the acquisition of portfolios of assets subject to lease. The debt is held by multiple lenders with interest rates ranging from 2.75% to 9.25% and maturity dates through 2020. The loan is secured by the underlying assets of each lease.

The future maturities of the Partnership's equipment notes payable at June 30, 2014 are as follows:

| Years ending June 30, | | |
|---|---|---|
| 2015 | $ | 6,789,334 |
| 2016 | | 4,897,737 |
| 2017 | | 2,464,360 |
| 2018 | | 1,359,602 |
| 2019 | | 842,406 |
| 2020 | | 538,996 |
| | $ | 16,892,435 |

**11. Loan Payable**

In connection with the Echo transaction, the Partnership borrowed $6,800,000 with interest accruing at 10% per annum through February 28, 2014 then at 8.9% per annum when the Partnership made a one-time $600,000 payment which was applied to principal. The lender, as collateral, has a first priority security interest in all of the leased assets acquired by Echo. The lender has the right to receive 100% of the cash proceeds from the leased assets until the loan is repaid in full. Beginning January 1, 2014 and monthly thereafter, all of the cash received from these leased assets are applied first against interest with any excess applied against the outstanding principal balance. There is no stated repayment term for the principal. The outstanding balance of the loan as of June 30, 2014 was $5,860,309.

In connection with the Echo II transaction, the Partnership borrowed $9,500,000 with interest accruing at 10% per annum through July 1, 2014 then at 9% per annum when the Partnership made a one-time $817,525 payment which was applied to principal. The lenders, as collateral, have a first priority security interest in all of the leased assets acquired by Echo II. The lenders have the right to receive 100% of the cash proceeds from the leased assets until the loan is repaid in full. Beginning May 1, 2014 and monthly thereafter, all of the cash received from these leased assets are applied first against interest with any excess applied against the outstanding principal balance. There is no stated repayment term for the principal. The outstanding balance of the loan as of June 30, 2014 was $8,484,872.

**12. Fair Value Measurements**

The Partnership follows the fair value guidance in ASC Topic 820, Fair Value Measurements and Disclosures (“ASC 820”) for items that are required to be measured at fair value. ASC 820’s valuation techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect the Partnership’s market assumptions. ASC 820 classifies these inputs into the following hierarchy:

Level 1 Inputs — Quoted prices for identical instruments in active markets.

Level 2 Inputs — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs — Instruments with primarily unobservable value drivers.

Fair value information with respect to the Partnership’s leased assets and liabilities are not separately provided for since ASC 820 does not require fair value disclosures of leasing arrangements.

The Partnership’s carrying value of cash and cash equivalents, accounts payable and accrued liabilities, due to SQN AIF GP, LLC, due to SQN Securities, LLC and due to SQN Capital Management LLC, approximate fair value due to their short term until maturity.

The carrying amount of the Partnership’s equipment notes receivable, including accrued interest approximates, fair value at June 30, 2014, based on the following factors: (i) interest rates have been at or near historic low, (ii) interest rates have remained stable and the outlook for an increase in interest rates remains low and (iii) the short period of time between the Partnership funding of this equipment note receivable and the Partnership’s quarter end. Currently, due to the short-term existence of each of these transactions, management concluded that book value approximates the fair value of each of the assets. Management will continue to re-assess at each balance sheet date.

The Partnership’s carrying values and approximate fair values of Level 3 inputs were as follows:

| | June 30, 2014 | | December 31, 2013 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Assets: | | | | |
| Equipment notes receivable, including accrued interest | $ 3,312,613 | $ 3,500,552 | $ 2,692,900 | $ 2,747,972 |
| Equipment loan receivable, including accrued interest | $ 17,677,923 | $ 17,677,923 | $ 6,550,448 | $ 6,550,448 |
| Collateralized loan receivable, including accrued interest | $ 307,117 | $ 327,051 | $ 324,519 | $ 333,487 |
| Liabilities: | | | | |
| Equipment notes payable, including accrued interest | $ 16,836,417 | $ 16,836,417 | $ 8,541,339 | $ 8,541,339 |
| Loan payable, including accrued Interest | $ 14,378,744 | $ 15,420,939 | $ 6,825,755 | $ 6,825,755 |

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the six months ended June 30, 2014:

| | Equipment Notes Receivable | Equipment Loan Receivable | Collateralized Loan Receivable | Equipment Notes Payable | Loan Payable |
|---|---|---|---|---|---|
| Estimated fair value, January 1, 2014 | $ 2,803,044 | $ 6,550,448 | $ 342,455 | $ 8,541,339 | $ 6,825,755 |
| Issuance of additional notes | 803,638 | 12,369,999 | 1,847,000 | 11,447,351 | 9,500,000 |
| Total gains (losses) included in earnings: | | | | | |
| Interest income | 202,140 | 607,701 | 27,553 | — | — |
| Interest expense | — | — | — | (327,676) | (536,842) |
| Repayment of notes and accrued interest | (386,065) | (1,850,225) | (1,891,955) | (2,824,597) | (2,483,853) |
| Unrealized appreciation (depreciation) | 77,795 | — | 1,998 | — | 2,115,879 |
| Estimated fair value, June 30, 2014 | $ 3,500,552 | $ 17,677,923 | $ 327,051 | $ 16,836,417 | $ 15,420,939 |

**13. Business Concentrations**

For the six months ended June 30, 2014, the Partnership had two lessees which accounted for approximately 29% and 13% of the Partnership's income derived from operating leases. For the six months ended June 30, 2014, the Partnership had three lessees which accounted for approximately 26%, 21% and 17% of the Partnership's interest income.

At June 30, 2014, the Partnership had three lessees which accounted for approximately 39%, 28%, and 17% of the Partnership's investment in finance leases. At June 30, 2013, the Partnership had four lessees which accounted for approximately 50%, 19%, 13% and 11% of the Partnership's investment in operating leases. At June 30, 2013, the Partnership had one lessee which accounted for 100% of the Partnership's investment in operating leases. At June 30, 2014, the Partnership had two lessees which accounted for approximately 78% and 13% of the Partnership's investment in equipment notes receivable. At June 30, 2013, the Partnership had one lessee which accounted for approximately 86% of the Partnership's investment in equipment notes receivable.

## 14. Geographic Information

Geographic information for revenue for the three months ended June 30, 2014 and 2013 was as follows:

| | Three Months Ended June 30, 2014 | | | |
|---|---|---|---|---|
| Revenue: | United States | Europe | Mexico | Total |
| Rental income | $ 1,240,844 | $ — | $ - | $ 1,240,844 |
| Finance income | $ 40,832 | $ 37,355 | $ — | $ 78,187 |
| Gain on asset sales | $ 3,113 | $ — | $ — | $ 3,113 |
| Interest income | $ 562,632 | $ — | $ 14,111 | $ 576,743 |

| | Three Months Ended June 30, 2013 | | | |
|---|---|---|---|---|
| Revenue: | United States | Europe | Mexico | Total |
| Rental income | $ — | $ — | $ — | $ — |
| Finance income | $ — | $ — | $ — | $ — |
| Other income | $ 1,000 | $ — | $ — | $ — |
| Interest income | $ 129 | $ — | $ — | $ — |

Geographic information for revenue for the six months ended June 30, 2014 and 2013 was as follows:

| | Six Months Ended June 30, 2014 | | | |
|---|---|---|---|---|
| Revenue: | United States | Europe | Mexico | Total |
| Rental income | $ 2,132,586 | $ — | $ — | $ 2,132,586 |
| Finance income | $ 40,832 | $ 37,355 | $ — | $ 78,187 |
| Gain on asset sales | $ 3,113 | $ — | $ — | $ 3,113 |
| Interest income | $ 763,737 | $ — | $ 136,391 | $ 900,128 |

| | Six Months Ended June 30, 2013 | | | |
|---|---|---|---|---|
| Revenue: | United States | Europe | Mexico | Total |
| Other income | $ 1,000 | $ — | $ — | $ 1,000 |
| Interest income | $ 129 | $ — | $ — | $ 129 |

Geographic information for long-lived assets at June 30, 2014 and December 31, 2013 was as follows:

| | June 30, 2014 | | | |
|---|---|---|---|---|
| Long-lived assets: | United States | Europe | Mexico | Total |
| Investment in finance leases, net | $ 1,054,261 | $ 914,752 | $ - | $ 2,419,013 |
| Investments in equipment subject to operating leases, net | $ 17,038,034 | $ - | $ - | $ 17,038,034 |
| Equipment notes receivable, including accrued interest | $ 769,790 | $ - | $ 2,542,823 | $ 3,312,613 |
| Equipment loans receivable, including accrued interest | $ 17,677,923 | $ - | $ - | $ 17,677,923 |
| Collateralized loan receivable, including accrued interest | $ 307,117 | $ - | $ - | $ 307,117 |

| | December 31, 2013 | | | |
|---|---|---|---|---|
| Long-lived assets: | United States | Europe | Mexico | Total |
| Investment in finance leases, net | $ - | $ - | $ - | $ - |
| Investments in equipment subject to operating leases, net | $ 11,165,590 | $ - | $ - | $ 11,165,590 |
| Equipment notes receivable, including accrued interest | $ 402,088 | $ - | $ 2,290,812 | $ 2,692,900 |
| Equipment loans receivable, including accrued interest | $ 6,550,448 | $ - | $ - | $ 6,550,448 |
| Collateralized loan receivable, including accrued interest | $ 324,519 | $ - | $ - | $ 324,519 |

## 15. Subsequent Events

From July 1, 2014 through August 14, 2014, the Partnership admitted an additional 63 Limited Partners with total cash contributions of $2,597,090, total capital contributions of $2,666,333 and 2,663.33 Units. The Partnership paid or accrued an underwriting fee to Securities and outside brokers totaling $79,990 and $120,190, respectively.

## Item 2. General Partner's Discussion and Analysis of Financial Condition and Results of Operations

As used in this Quarterly Report on Form 10-Q, references to "we," "us," "our" or similar terms include SQN AIF IV, L.P.

The following is a discussion of our current financial position and results of operations. This discussion should be read together with the financial statements and notes in our Form 10-K, filed on March 31, 2014. This discussion should also be read in conjunction with the disclosures below regarding "Forward-Looking Statements" and the "Risk Factors" set forth in Item 1A of Part II of this Quarterly Report on Form 10-Q.

### *Forward-Looking Statements*

Certain statements within this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). These statements are being made pursuant to the PSLRA, with the intention of obtaining the benefits of the "safe harbor" provisions of the PSLRA, and, other than as required by law, we assume no obligation to update or supplement such statements. Forward-looking statements are those that do not relate solely to historical fact. They include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. You can identify these statements by the use of words such as "may," "will," "could," "anticipate," "believe," "estimate," "expect," "intend," "predict," "continue," "further," "seek," "plan," or "project" and variations of these words or comparable words or phrases of similar meaning. These forward-looking statements reflect our current beliefs and expectations with respect to future events and are based on assumptions and are subject to risks and uncertainties and other factors outside our control that may cause actual results to differ materially from those projected. We undertake no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

### *Overview*

We were organized as a Delaware limited partnership on August 10, 2012 and are engaged in a single business segment, the ownership and investment in leased equipment and related financings which includes: (i) purchasing equipment and leasing it to third-party end users; (ii) providing equipment and other asset financing; (iii) acquiring equipment subject to lease and (iv) acquiring ownership rights (residual value interests) in leased equipment at lease expiration. We will terminate no later than December 31, 2036.

The General Partner of the Partnership is SQN AIF IV GP, LLC (the "General Partner"), a wholly-owned subsidiary of the Partnership's Investment Manager, SQN Capital Management, LLC (the "Investment Manager"). Both the Partnership's General Partner and its Investment Manager are Delaware limited liability companies. The General Partner manages and controls the day to day activities and operations of the Partnership, pursuant to the terms of the Partnership Agreement. The General Partner paid an aggregate capital contribution of $100 for a 1% interest in the Partnership's income, losses and distributions. The Investment Manager makes all investment decisions and manages the investment portfolio of the Partnership.

Our Investment Manager made a cash payment to us of $1,000 for an initial Limited Partnership interest. We refunded the initial Limited Partner's interest of $1,000 during early July 2013.

Our Offering period commenced on April 2, 2013 and will last until the earlier of (i) April 2, 2015, which is two years from the commencement of our Offering Period, or (ii) the date that we have raised $200,000,000. We are currently in negotiations with additional Selling Dealers to offer our Units for sale. We have been approved for sale under Blue Sky regulations in 49 states and the District of Columbia. Arkansas is the only state in which the application process has not been completed. During the Offering Period it is anticipated that the majority of our cash in-flows will be derived from financing activities and be the direct result of capital contributions from investors.

We are currently in negotiations with additional Selling Dealers to offer our Units for sale. We have been approved for sale under Blue Sky regulations in 49 states and the District of Columbia. Arkansas is the only state in which the application process has not been completed.

Our income, losses and distributions are allocated 99% to the Limited Partners and 1% to the General Partner until the Limited Partners have received total distributions equal to their capital contributions plus an 8% per year, compounded annually, cumulative return on their capital contributions. After such time, all distributable cash will be allocated 80% to the Limited Partners and 20% to the General Partner. We are currently in the Offering and Operating Period. The Offering Period expires the earlier of raising $200,000,000 in limited partner contributions (200,000 units at $1,000 per unit) or April 2, 2015, which is two years from the date we were declared effective by the Securities and Exchange Commission ("SEC"). During the Operating Period, we will invest most of the net proceeds from our offering in business-essential, revenue-producing (or cost-saving) equipment, other physical assets with substantial economic lives and, in many cases, associated revenue streams and project financings. The Operating Period began on the date of our initial closing, which occurred on May 29, 2013 and will last for three years unless extended at the sole discretion of the General Partner. The Liquidation Period, which tentatively begins three years after the start of the Operating Period, is the period in which we will sell our assets in the ordinary course of business and will last two years, unless it is extended, at the sole discretion of the General Partner.

SQN Securities, LLC ("Securities"), a majority-owned subsidiary of the Investment Manager, is currently acting as our exclusive selling agent. We may engage additional selling agents in the future. We pay 3% of the gross proceeds of the offering (excluding proceeds, if any, we receive from the sale of its Units to the General Partner or its affiliates) to its selling agent or selling agents as an underwriting fee. In addition, we will pay a 7% sales commission to broker-dealers unaffiliated with our General Partner who will be selling our Units, on a best efforts basis. When Units are not sold by unaffiliated broker-dealers, the 7% sales commission is not required to be paid. We apply the proceeds that would otherwise be payable as Sales Commission toward the purchase of additional fractional Units at $1,000 per Unit. We record an underwriting fee discount for the difference between the Unit price and cash selling price for these sales.

During our Operating Period, which began on May 29, 2013, the date of our initial closing, we will use the majority of our net offering proceeds from Limited Partner capital contributions to acquire our initial investments. As our investments mature, we anticipate reinvesting the cash proceeds in additional investments in leased equipment and project financing transactions, to the extent that the cash will not be needed for expenses, reserves and distributions to our Limited Partners. During this time-frame we expect both rental income and finance income to increase substantially as well as related expenses such as depreciation and amortization. During the Operating Period we believe the majority of our cash out-flows will be from investing activities as we acquire additional investments and to a lesser extend from financing activities from our paying quarterly distributions to our Limited Partners. Our cash flow from operations is expected to increase, primarily from the collection of rental payments.

During the six months ended June 30, 2014, the Partnership made distributions to its Limited Partners totaling approximately $471,812.

Our principal investment strategy is to invest in business-essential, revenue-producing (or cost-savings) equipment with high in-place value and long, relative to the investment term, economic life and project financings. We expect to achieve our investment strategy by making investments in equipment already subject to lease or originating equipment leases in such equipment, which will include: (i) purchasing equipment and leasing it to third-party end users; (ii) providing equipment and other asset financing; (iii) acquiring equipment subject to lease and (iv) acquiring ownership rights (residual value interests) in leased equipment at lease expiration. From time to time, we may also purchase equipment and sell it directly to our leasing customers.

Many of our investments will be structured as full payout or operating leases. Full payout leases generally are leases under which the rent over the initial term of the lease will return our invested capital plus an appropriate return without consideration of the residual value, and where the lessee may acquire the equipment or other assets at the expiration of the lease term. Operating leases generally are leases under which the aggregate non-cancelable rental payments during the original term of the lease, on a net present value basis, are not sufficient to recover the purchase price of the equipment or other assets leased under the lease.

We also intend to invest by way of participation agreements and residual sharing agreements where we would acquire an interest in a pool of equipment or other assets, or rights to the equipment or other assets, at a future date. We also may structure investments as project financings that are secured by, among other things, essential use equipment and/or assets. Finally, we may use other investment structures that our Investment Manager believes will provide us with the appropriate level of security, collateralization, and flexibility to optimize our return on our investment while protecting against downside risk, such as vendor and rental programs. In many cases, the structure will include us holding title to or a priority or controlling position in the equipment or other asset.

Although the final composition of our portfolio cannot be determined at this stage, we expect to invest in equipment and other assets that are considered essential use or core to a business or operation in the agricultural, energy, environmental, medical, manufacturing, technology, and transportation industries. Our Investment Manager may identify other assets or industries that meet our investment objectives. We expect to invest in equipment, other assets and project financings located primarily within the United States of America and the European Union but may also make investments in other parts of the world.

***Recent Significant Transactions***

*Echo II Leases*

On March 26, 2014, we formed a special purpose entity SQN Echo II, LLC (“Echo II”), a Limited Liability Company registered in the state of Delaware which is 80% owned by us and 20% by SQN Alternate Investment Fund III (“Fund III”), an affiliate. We contributed $800,000 and Fund III contributed $200,000 to purchase a 20% share of Echo II which is presented as non-controlling interest on the accompanying condensed consolidated financial statements. In June 2014, we funded an additional $600,000 into Echo II (at the same time, an additional $150,000 was funded by Fund III) to decrease the principal of the debt originally obtained to finance the acquisition and reduce the interest rate. On March 28, 2014, Echo II entered into an agreement with an unrelated third party for the purchase of two portfolios of leases for approximately $21,863,000. The first portfolio consists of various types of equipment including material handling, semiconductor test and manufacturing equipment, computer, medical, and telecommunications equipment. The second portfolio consists of lease financings, which have been accounted for as loans receivable in the accompanying condensed consolidated financial statements. The third portfolio consists of direct finance leases in medical equipment. Echo II paid approximately $10,415,000 in cash and assumed approximately $11,447,000 in non-recourse equipment notes payable.

*Echo Leases*

In December 2013, we formed a special purpose entity SQN Echo LLC (“Echo”), a Limited Liability Company registered in the state of Delaware which is 80% owned by us and 20% by SQN Alternate Investment Fund III (“Fund III”), an affiliate. On December 20, 2013, Echo entered into an agreement with an unrelated third party for the purchase of two portfolios of leases for approximately $17,800,000. The portfolio consists of various types of equipment including material handling, semiconductor test and manufacturing equipment, computer, medical, and telecommunications equipment. Echo paid approximately $9,300,000 in cash and assumed approximately $8,500,000 in non-recourse equipment notes payable.

*Medical Equipment Financing*

On June 28, 2013, we entered into a $150,000 Promissory Note to finance the purchase of medical equipment located in the United States of America. The Promissory Note accrues interest at 14.48% per year and is payable in 36 monthly installments of principal and interest of $5,100. The Promissory Note is secured by the machinery and other personal property located at the borrowers principal place of business. The Promissory Note is guaranteed personally by the officer of the borrower who will make all required note payments if the borrower is unable to perform under the Promissory Note.

*Mineral Processing Equipment Financing*

On September 27, 2013, the Partnership entered into a loan facility to provide financing in an amount up to $3,000,000. The lessee is a Florida based company that builds, refurbishes and services mineral refining and mining equipment in the United States, Central and South America. The loan facility is secured by equipment that refines precious metals and other minerals. The Partnership advanced $2,500,000 to the lessee during September 2013. The loan facility requires 48 monthly payments of principal and interest of $68,718 (revised from original payment of $69,577 upon second funding discussed below) and a balloon payment of $500,000 in September 2017 which equates to an effective interest rate of 23.25%. The loan facility is scheduled to mature in September 2017. On May 9, 2014, the Partnership made a second funding of $500,000 to the lessee under the above agreement. Upon settlement of the transaction, the lessee made principal and interest payments for the months of July and May totaling $156,898. Net proceeds transferred to the lessee was $343,102. The loan facility requires 41 monthly payments of principal and interest of $15,764 and expires in September 2017. The loan facility is scheduled to mature in September 2017. The lessee’s obligations under the loan facility are also personally guaranteed its two majority shareholders. For the three and six months ended June 30, 2014, the mineral processing equipment note earned $14,110 and $136,391 of interest income.

*Manufacturing Equipment Financing*

On October 15, 2013, the Partnership extended a $300,000 loan facility with a borrower secured by manufacturing equipment owned by the borrower. Established in 1982, the borrower is a New Jersey based manufacturer and assembler of various consumer products. The loan facility is scheduled to be repaid in 29 equal monthly installments. The lessee’s obligations under the loan facility are personally guaranteed by its majority shareholder.

*Brake Manufacturing Equipment*

On December 18, 2013 the Partnership entered into a forward purchase agreement with an unrelated lender. According to the agreement, the Partnership was obligated to purchase a promissory note secured by the brake manufacturing equipment with an aggregate principal amount of $432,000. The purchase of the promissory note was finalized on May 2, 2014. The promissory note requires monthly payments of $34,786, accrues interest at 12.5% per annum and matures in January 2018. As of June 30, 2014, outstanding balance of the Promissory Note Receivable was $416,741.

***Recent Accounting Pronouncements***

Refer to Part II Item 8. Financial Statements, Note 2 Summary of Significant Accounting Policies, Recent Accounting Pronouncements in our financial statements included in the Annual Report on Form 10-K filed with the SEC on March 31, 2014.

***Critical Accounting Policies***

An understanding of our critical accounting policies is necessary to understand our financial results. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires our General Partner and our Investment Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates will primarily include the determination of allowance for doubtful accounts, depreciation and amortization, impairment losses and the estimated useful lives and residual values of the leased equipment we acquire. Actual results could differ from those estimates.

*Lease Classification and Revenue Recognition*

Each equipment lease we enter into is classified as either a finance lease or an operating lease, which is determined at lease inception, based upon the terms of each lease, or when there are significant changes to the lease terms. We capitalize initial direct costs associated with the origination and funding of lease assets. Initial direct costs include both internal costs (e.g., labor and overhead), if any, and external broker fees incurred with the lease origination. Costs related to leases that are not consummated are not eligible for capitalization as initial direct costs and are expensed as incurred as acquisition expense. For a finance lease, initial direct costs are capitalized and amortized over the lease term using the effective interest rate method. For an operating lease, the initial direct costs are included as a component of the cost of the equipment and depreciated over the lease term.

For finance leases, we record, at lease inception, the total minimum lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment at lease termination, the initial direct costs related to the lease, if any, and the related unearned income. Unearned income represents the difference between the sum of the minimum lease payments receivable, plus the estimated unguaranteed residual value, minus the cost of the leased equipment. Unearned income is recognized as finance income over the term of the lease using the effective interest rate method.

For operating leases, rental income is recognized on the straight-line basis over the lease term. Billed operating lease receivables are included in accounts receivable until collected. Accounts receivable is stated at its estimated net realizable value. Deferred revenue is the difference between the timing of the receivables billed and the income recognized on the straight-line basis.

Our Investment Manager has an investment committee that approves each new equipment lease and other project financing transaction. As part of its process, the investment committee determines the residual value, if any, to be used once the investment has been approved. The factors considered in determining the residual value include, but are not limited to, the creditworthiness of the potential lessee, the type of equipment considered, how the equipment is integrated into the potential lessee's business, the length of the lease and the industry in which the potential lessee operates. Residual values are reviewed for impairment in accordance with our impairment review policy.

The residual value assumes, among other things, that the asset will be utilized normally in an open, unrestricted and stable market. Short-term fluctuations in the marketplace are disregarded and it is assumed that there is no necessity either to dispose of a significant number of the assets, if held in quantity, simultaneously or to dispose of the asset quickly. The residual value is calculated using information from various external sources, such as trade publications, auction data, equipment dealers, wholesalers and industry experts, as well as inspection of the physical asset and other economic indicators.

*Equipment Notes Receivable*

Equipment notes receivable are reported in our balance sheets as the outstanding principal balance net of any unamortized deferred fees, premiums or discounts on purchased loans. Costs to originate loans, if any, are reported as other assets in our balance sheets. Income is recognized over the life of the note agreement. On certain equipment notes receivable, specific payment terms were reached requiring prepayments which resulted in the recognition of unearned interest income. Unearned income, discounts and premiums, if any, are amortized to interest income in the statements of operations using the effective interest rate method. Equipment notes receivable are generally placed in a non-accrual status when payments are more than 90 days past due. Additionally, the Investment Manager periodically reviews the creditworthiness of companies with payments outstanding less than 90 days. Based upon the Investment Manager's judgment, accounts may be placed in a non-accrual status. Accounts on a non-accrual status are only returned to an accrual status when the account has been brought current and we believe recovery of the remaining unpaid receivable is probable. Revenue on non-accrual accounts is recognized only when cash has been received.

*Asset Impairments*

The significant assets in our portfolio are periodically reviewed, no less frequently than annually or when indicators of impairment exist, to determine whether events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss will be recognized only if the carrying value of a long-lived asset is not recoverable and exceeds its fair value. If there is an indication of impairment, we will estimate the future cash flows (undiscounted and without interest charges) expected from the use of the asset and its eventual disposition. Future cash flows are the future cash in-flows expected to be generated by an asset less the future out-flows expected to be necessary to obtain those in-flows. If an impairment is determined to exist, the impairment loss will be measured as the amount by which the carrying value of a long-lived asset exceeds its fair value and recorded in the statement of operations in the period the determination is made.

The events or changes in circumstances that generally indicate that an asset may be impaired are, (i) the estimated fair value of the underlying equipment is less than its carrying value, (ii) the lessee is experiencing financial difficulties and (iii) it does not appear likely that the estimated proceeds from the disposition of the asset will be sufficient to satisfy the residual position in the asset. The preparation of the undiscounted cash flows requires the use of assumptions and estimates, including the level of future rents, the residual value expected to be realized upon disposition of the asset, estimated downtime between re-leasing events and the amount of re-leasing costs. Our Investment Manager's review for impairment includes a consideration of the existence of impairment indicators including third-party appraisals, published values for similar assets, recent transactions for similar assets, adverse changes in market conditions for specific asset types and the occurrence of significant adverse changes in general industry and market conditions that could affect the fair value of the asset.

*Depreciation*

We record depreciation expense on equipment when the lease is classified as an operating lease. In order to calculate depreciation, we first determine the depreciable equipment cost, which is the cost less the estimated residual value. The estimated residual value is our estimate of the value of the equipment at lease termination. Depreciation expense is recorded by applying the straight-line method of depreciation to the depreciable equipment cost over the lease term.

***Results of Operations for the three months ended June 30, 2014***

We are currently in both our Offering Period and our Operating Period. The Offering Period is designated as the period in which we raise capital from investors. During this period we expect to generate the majority of our cash in-flow from financing activities though the sale of our Units to investors. Through June 30, 2014, we admitted 211 Limited Partners with total capital contributions of $16,548,633 resulting in the sale of 16,548.63 Units. We received cash of $15,525,911 and applied $1,022,722 which would have otherwise been paid as sales commission to the purchase of additional Units. We paid or accrued an underwriting fee to Securities totaling $268,860.

We have also entered our Operating Period, which is defined as the period in which we invest the net proceeds from the Offering Period into business-essential, revenue-producing (or cost-saving) equipment and other physical assets with substantial economic lives and, in many cases, associated revenue streams. During this period we anticipate substantial cash out-flows from investing activities as we acquire leased equipment. We also expect our operating activities to generate cash in-flows during this time as we collect rental payments from the leased assets we acquire.

*Our revenue for the three months ended June 30, 2014 is summarized as follows:*

| | Three Months Ended June 30, 2014 | Three Months Ended June 30, 2013 |
|---|---|---|
| Revenue: | | |
| Rental income | $ 1,240,844 | $ — |
| Finance income | 78,187 | |
| Interest income | 576,743 | 129 |
| Gain on sale of assets | 3,113 | — |
| Other income | — | 1,000 |
| Total Revenue | $ 1,898,887 | $ 1,129 |

For the three months ended June 30, 2014 we earned $1,240,844 in rental income. This majority of this revenue is a result of the portfolios of leases obtained by us through the Echo transactions. We also recognized $576,743 in interest income, the majority of which was generated by the equipment notes and loans receivable. We recognized $78,187 in finance income due to the acquisition of five finance leases. We also incurred a gain of $3,113 due to the sale of assets. As we acquire finance leases and operating leases, as well as, additional project financings we believe that our revenue will grow significantly.

*Our expenses for the three months ended June 30, 2014 are summarized as follows:*

| | Three Months Ended June 30, 2014 | Three Months Ended June 30, 2013 |
|---|---|---|
| Expenses: | | |
| Management fees - Investment Manager | $ 375,000 | $ 125,000 |
| Depreciation and amortization | 932,602 | — |
| Professional fees | 131,734 | 16,500 |
| Organizational costs | — | 20,000 |
| Acquisition costs | 1,443 | — |
| Administration expense | 9,524 | 650 |
| Interest expense | 679,027 | — |
| Other expenses | 17,433 | — |
| Foreign currency transaction gains | (15,101) | — |
| Total Expenses | $ 2,131,662 | $ 162,150 |

For the three months ended June 30, 2014 and 2013 we incurred $2,131,662 and $162,150 in total expenses, respectively. This period we incurred $375,000 for management fees paid to our Investment Manager compared to $125,000 in the comparable 2013 period. The increase is due to that fact that we were in operating period for a full quarter in 2014 compared to one month in 2013. We pay our Investment Manager a management fee during the Operating Period and the Liquidation Period equal to the greater of, (i) 2.5% per annum of the aggregate offering proceeds, or (ii) $125,000, payable monthly, until such time as an amount equal to at least 15% of our Limited Partners' capital contributions have been returned to them, after which the monthly management fee will equal 100% of the management fee as initially calculated above, less 1% for each additional 1% of the Partnership's Limited Partners' capital contributions returned to them, such amounts to be measured on the last day of each month. With the addition of the operating leases and initial direct costs from the Echo transactions, we recognized $932,602 in depreciation and amortization expense for the three months ended June 30, 2014. We also incurred $131,734 in professional fees compared to $16,500 for the three months ended June 30, 2013. The increase since the prior year is attributable to the increase in fees related to audit and income tax compliance. As the size and complexity of our activities grow we expect professional fees will increase accordingly. In conjunction with the Echo transactions, we assumed approximately $20,000,000 non-recourse notes payable with various financial institutions for the equipment held for lease which resulted in $679,027 in interest expense for the three months ended June 30, 2014.

***Net Loss***

As a result of the factors discussed above we incurred a net loss for the three months ended June 30, 2014 of $232,775 prior to the allocation for non-controlling interest compared to a net loss of $161,021 for the comparable period in 2013. The non-controlling interest represents the 20% investment by Fund III in the Echo and Echo II agreements. The non-controlling interest recognized net income of $12,012 due to its interest in Echo and a net income of $7,827 due to its interest in Echo II.

***Results of Operations for the six months ended June 30, 2014***

*Our revenue for the six months ended June 30, 2014 is summarized as follows:*

| | Six Months Ended June 30, 2014 | Six Months Ended June 30, 2013 |
|---|---|---|
| Revenue: | | |
| Rental income | $ 2,132,586 | $ — |
| Finance income | 78,187 | |
| Interest income | 900,128 | 129 |
| Gain on sale of assets | 3,113 | — |
| Other income | — | 1,000 |
| Total Revenue | $ 3,114,014 | $ 1,129 |

For the six months ended June 30, 2014 we earned $2,132,586 in rental income. This majority of this revenue is a result of the portfolios of leases obtained by us through the Echo transactions. We also recognized $900,128 in interest income, the majority of which was generated by the equipment notes and loans receivable. We recognized $78,187 in finance income due to the acquisition of five finance leases. We also incurred a gain of $3,113 due to the sale of assets. As we acquire finance leases and operating leases, as well as, additional project financings we believe that our revenue will grow significantly.

*Our expenses for the six months ended June 30, 2014 are summarized as follows:*

| | Six Months Ended June 30, 2014 | Six Months Ended June 30, 2013 |
|---|---|---|
| Expenses: | | |
| Management fees - Investment Manager | $ 750,000 | $ 125,000 |
| Depreciation and amortization | 1,506,363 | — |
| Professional fees | 189,734 | 16,500 |
| Organizational costs | — | 20,000 |
| Acquisition costs | 28,532 | — |
| Administration expense | 14,790 | 650 |
| Interest expense | 974,656 | — |
| Other expenses | 19,057 | — |
| Foreign currency transaction gains | (15,101) | — |
| Total Expenses | $ 3,468,031 | $ 162,150 |

For the six months ended June 30, 2014 and 2013 we incurred $3,468,031 and $162,150 in total expenses, respectively. This period we incurred $750,000 for management fees paid to our Investment Manager compared to $125,000 in the comparable 2013 period. The increase is due to that fact that we were in operating period for six months in 2014 compared to 2013. We pay our Investment Manager a management fee during the Operating Period and the Liquidation Period equal to the greater of, (i) 2.5% per annum of the aggregate offering proceeds, or (ii) $125,000, payable monthly, until such time as an amount equal to at least 15% of our Limited Partners' capital contributions have been returned to them, after which the monthly management fee will equal 100% of the management fee as initially calculated above, less 1% for each additional 1% of the Partnership's Limited Partners' capital contributions returned to them, such amounts to be measured on the last day of each month. With the addition of the operating leases and initial direct costs from the Echo transactions, we recognized $1,506,363 in depreciation and amortization expense for the six months ended June 30, 2014. We also incurred $189,734 in professional fees compared to $16,500 for the six months ended June 30, 2013. The increase since the prior year is attributable to the increase in fees related to audit and income tax compliance. As the size and complexity of our activities grow we expect professional fees will increase accordingly. In conjunction with the Echo transactions, we assumed approximately $20,000,000 non-recourse notes payable with various financial institutions for the equipment held for lease which resulted in $974,656 in interest expense for the six months ended June 30, 2014.

***Net Loss***

As a result of the factors discussed above we incurred a net loss for the six months ended June 30, 2014 of $354,017 prior to the allocation for non-controlling interest compared to a net loss of $161,021 for the comparable period in 2013. The non-controlling interest represents the 20% investment by Fund III in the Echo and Echo II agreements. The non-controlling interest recognized net income of $43,982 due to its interest in Echo and a net income of $6,888 due to its interest in Echo II.

***Liquidity and Capital Resources***

***Sources and Uses of Cash***

| | Six Months Ended June 30, 2014 |
|---|---|
| Cash provided by (used in): | |
| Operating activities | $ 1,478,177 |
| Investing activities | $ (10,680,821) |
| Financing activities | $ 12,304,565 |

***Sources of Liquidity***

We are currently in both our Offering Period and our Operating Period. The Offering Period is the time frame in which we raise capital contributions from investors through the sale of our Units. As such, we expect that during our Offering Period a substantial portion of our cash in-flows will be from financing activities. The Operating Period is the time frame in which we acquire equipment under lease or enter into other equipment financing transactions. During this time period we anticipate that a substantial portion of our cash out-flows will be for investing activities. We believe that the cash in-flows will be sufficient to finance our liquidity requirements for the foreseeable future, including quarterly distributions to our Limited Partners, general and administrative expenses, fees paid to our Investment Manager and new investment opportunities.

***Operating Activities***

Cash provided by operating activities for the six months ended June 30, 2014 was $1,478,177 and was primarily driven by the following factors; (i) an increase in accrued interest receivable, (ii) an increase in accrued interest on loans payable from an unrelated insurance company as part of the Echo and Echo II transactions, (iii) depreciation expense of $1,506,000 and (iv) an increase in minimum rents receivable for finance leases acquired during the quarter. Offsetting these fluctuations was a net loss for the 6 months ended June 30, 2014 of $449,000 as well as increases in finance accrued interest. We expect our accounts payable and accrued expenses will fluctuate from period to period primarily due to the timing of payments related to lease and financings transactions we will enter into. We anticipate that as we enter into additional equipment leasing and financing transactions we will generate greater net cash in-flows from operations principally from rental payments received from lessees.

***Investing Activities***

Cash used in investing activities was $10,680,821 for the six months ended June 30, 2014. This increase was related to our entering into the equipment notes receivable transaction for approximately $5,840,000. The borrowers made payments of approximately $1,240,000 during the period. In addition, we paid approximately $2,900,000 and $2,600,000 for the purchase of equipment subject to operating leases and finance leases, respectively. We made additional advances on the collateralized loan receivable of $1,847,000 and received repayments of approximately $1,870,000 from the borrower during the period. We also paid approximately $800,000 for the acquisition of equipment notes receivable. The borrowers repaid approximately $200,000 during the period.

***Financing Activities***

Cash provided by financing activities for the six months ended June 30, 2014 was $12,304,565 and was primarily due to the cash proceeds of $9,500,000 from a loan payable in relation to the Echo II transaction as well as $8,962,000 received for the sale of our Units to investors. Offsetting this increase were payments of approximately $3,000,000 for equipment loans with various financial institutions in relation to the Echo and Echo II portfolios, principal payments of approximately $1,950,000 on loans with unrelated lenders, underwriting fees of $883,000 and payments for distributions totaling approximately $504,000. During the period we also received $470,000 from Fund III for its portion of the Echo I and Echo II transactions.

***Distributions***

During our Operating Period, we intend to pay cash distributions on a quarterly basis to our Limited Partners at 1.625% per quarter, of each Limited Partners' capital contribution (pro-rated to the date of admission for each Limited Partner). The amount and rate of cash distributions could vary and are not guaranteed. During the six months ended June 30, 2014, we made quarterly distributions to our limited partners totaling approximately $472,000. We did not make a cash distribution to the General Partner during the six months ended June 30, 2014; however, we accrued $5,255 for distributions due to the General Partner at June 30, 2014.

***Commitments and Contingencies and Off-Balance Sheet Transactions***

*Commitment and Contingencies*

Our income, losses and distributions are allocated 99% to our Limited Partners and 1% to our General Partner until the Limited Partners have received total distributions equal to each Limited Partners' capital contribution plus an 8%, compounded annually, cumulative return on each Limited Partners' capital contribution. After such time, income, losses and distributions will be allocated 80% to our Limited Partners and 20% to our General Partner.

We enter into contracts that contain a variety of indemnifications. Our maximum exposure under these arrangements is not known.

In the normal course of business, we enter into contracts of various types, including lease contracts, contracts for the sale or purchase of lease assets, and management contracts. It is prevalent industry practice for most contracts of any significant value to include provisions that each of the contracting parties, in addition to assuming liability for breaches of the representations, warranties, and covenants that are part of the underlying contractual obligations, to also assume an obligation to indemnify and hold the other contractual party harmless for such breaches, and for harm caused by such party's gross negligence and willful misconduct, including, in certain instances, certain costs and expenses arising from the contract. Generally, to the extent these contracts are performed in the ordinary course of business under the reasonable business judgment of our General Partner and our Investment Manager, no liability will arise as a result of these provisions. Should any such indemnification obligation become payable, we would separately record and/or disclose such liability in accordance with accounting principles generally accepted in the United States of America.

*Off-Balance Sheet Transactions*

In conjunction with the Echo transactions, we appointed the seller of the equipment leases as its exclusive agent to remarket the equipment for us after the expiration of the existing lease terms. We will pay the seller a remarketing fee when remarketing proceeds are received. Remarketing proceeds are defined as the proceeds derived from the fixed or month to month extension of any existing lease, the proceeds from the sale of any equipment to the lessee, the proceeds from the sale or re-lease of any equipment to a third party other than the lessee in the event that such equipment is returned by the lessee, or any other proceeds received regarding the equipment.

*Contractual Obligations*

During our Operating Period, we pay cash distributions on a quarterly basis to our Limited Partners at 1.625% per quarter, of each Limited Partners' capital contribution (pro-rated to the date of admission for each Limited Partner). The amount and rate of cash distributions could vary and are not guaranteed.

***Subsequent Events***

*Limited Partner Contributions*

From July 1, 2014 through August 14, 2014, the Partnership admitted an additional 63 Limited Partners with total cash contributions of $2,597,090, total capital contributions of $2,666,333 and 2,663.33 Units. The Partnership paid or accrued an underwriting fee to Securities and outside brokers totaling $79,990 and $120,190, respectively.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Not Applicable for Smaller Reporting Companies.

## Item 4. Controls and Procedures

*Evaluation of disclosure controls and procedures*

In connection with the preparation of this Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, our General Partner and Investment Manager carried out an evaluation, under the supervision and with the participation of the management of our General Partner and Investment Manager, including its Chief Executive Officer, of the effectiveness of the design and operation of our General Partner's and Investment Manager's disclosure controls and procedures as of the end of the period covered by this Report pursuant to the Securities Exchange Act of 1934. Based on the foregoing evaluation, the Chief Executive Officer concluded that our General Partner's and Investment Manager's disclosure controls and procedures were effective.

In designing and evaluating our General Partner's and Investment Manager's disclosure controls and procedures, our General Partner and Investment Manager recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our General Partner's and Investment Manager's disclosure controls and procedures have been designed to meet reasonable assurance standards. Disclosure controls and procedures cannot detect or prevent all error and fraud. Some inherent limitations in disclosure controls and procedures include costs of implementation, faulty decision-making, simple error and mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all anticipated and unanticipated future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with established policies or procedures.

*Evaluation of internal control over financial reporting*

Our General Partner is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended, as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our General Partner and our Investment Manager have assessed the effectiveness of their internal control over financial reporting as of June 30, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control—Integrated Framework."

Based on their assessment, our General Partner and our Investment Manager believe that, as of June 30, 2014, its internal control over financial reporting is effective.

## PART II - OTHER INFORMATION

**Item 1. Legal Proceedings**

We are not aware of any material legal proceedings that are currently pending against us or against any of our assets.

**Item 1A. Risk Factors**

Not applicable.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Our Registration Statement on Form S-1, as amended, was declared effective by the SEC on April 2, 2013. Our Offering Period commenced on April 2, 2013 and is anticipated to end no later than April 2, 2015. We had our initial closing for the admission of Limited Partners in the partnership on May 29, 2013. From May 29, 2013 through June 30, 2014, we admitted 211 Limited Partners with total capital contributions of $16,548,633 resulting in the sale of 16,548.63 Units. The Partnership received cash of $15,525,911 and applied $1,022,722 which would have otherwise been paid as sales commission to the purchase of additional Units. The Partnership paid or accrued an underwriting fee to Securities totaling $268,860.

**Item 3. Defaults Upon Senior Securities**

Not applicable.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

31.1 Certification of President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 Certification of President and Chief Executive pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 Interactive Data Files

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacity and on the dates indicated.

File No. 333-184550
SQN AIF IV GP, LLC
General Partner of the Registrant

August 14, 2014

/s/ Jeremiah Silkowski
Jeremiah Silkowski
President and CEO

**EXHIBIT 31.1**

**CERTIFICATION**

I, Jeremiah Silkowski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SQN AIF IV, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 14, 2014

/s/ Jeremiah Silkowski

Jeremiah Silkowski
Chief Executive Officer and Principal Financial Officer
(Principal Executive Officer)

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SQN AIF IV, L.P. (the "Company") on Form 10-Q for the period ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, the undersigned, Jeremiah Silkowski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: August 14, 2014

/s/ Jeremiah Silkowski

Jeremiah Silkowski
Chief Executive Officer and Principal Financial Officer
(Principal Executive Officer)