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

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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 **(State or other jurisdiction of incorporation or organization)**	**36-4740732** **(I.R.S. Employer ID No.)**
100 Wall Street, 28th Floor **New York, NY** **(Address of principal executive offices)**	**10006** **(Zip code)**

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

Securities registered pursuant to Section 12 (b) of the Act:
None
Securities registered pursuant to Section 12 (g) of the Act: Units of Limited Partnership Interests

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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 [X] 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 [X]

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 [X]

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: **Not applicable. There is no established market for the units of limited partnership interests of the registrant.**

Number of outstanding units of limited partnership interests of the registrant on March 25, 2016 was 69,670.83.

DOCUMENTS INCORPORATED BY REFERENCE

None.

SQN AIF IV L.P.
Annual Report on Form 10-K for Year Ended December 31, 2015

PART I

As used in this Annual Report on Form 10-K, references to "we," "us," "our" or similar terms include SQN AIF IV, L.P. and its subsidiaries.

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 (the "PSLRA") or in releases made by the Securities and Exchange Commission (the "SEC"), all as may be amended from time to time, which are subject to the safe harbor created by those sections. Forward-looking statements are those that do not relate solely to historical fact and include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by our General Partner and our Investment Manager. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words "plan," "believe," "expect," "anticipate," "intend," "estimate," "project," "may," "will," "would," "could," "should," "seeks," or "scheduled to," or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors discussed from time to time in this Annual Report on Form 10-K, including the risks described in greater detail in "Risk Factors" in Item 1A of this report and "Management's Discussion and Analysis of Financial Condition and Results of Operation" in Item 7. In addition, such statements could be affected by risks and uncertainties related to our ability to raise additional equity contributions, investment objectives, competition, government regulations and requirements, the ability to find suitable equipment transactions, as well as general industry and market conditions and general economic conditions. Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this report.

AVAILABILITY OF INFORMATION

You may read and copy any of our materials filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of such materials also can be obtained free of charge at the SEC's website, www.sec.gov, or by mail from the Public Reference Room of the SEC, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC maintains an Internet site that contains reports and information statements, and other information regarding issuers that file electronically with the SEC. This information can be accessed at the web site http://www.sec.gov.

Item 1. Business

Our History

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 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 Periods. 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, 2016, which is three 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"), is a Delaware limited liability company and a majority-owned subsidiary of our Investment Manager. Securities, in its capacity as our selling agent, receives an underwriting fee of 3% of the gross proceeds from Limited Partners' capital contributions (excluding proceeds, if any, we receive from the sale of our Units to the General Partner or its affiliates). While Securities is currently acting as our exclusive selling agent, we may engage additional selling agents in the future. 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 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.

During the Operating Period, we plan to make quarterly distributions of cash to the Limited Partners if, in the opinion of our Investment Manager, such distributions are in our 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 December 6, 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 the us and 20% by SQN Alternate Investment Fund III ("Fund III"), an entity also sponsored by our Investment Manager. We 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 consolidated financial statements. On December 20, 2013, Echo entered into an agreement with a 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 consolidated financial statements. Echo paid approximately $9,300,000 in cash and assumed approximately $8,500,000 in non-recourse equipment notes payable. In February 2014, we 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. In June 2015, Echo sold all lease portfolios to a third party. The third party paid total cash proceeds of $6,001,324 and assumed related outstanding debt of $3,466,663. The net book value of lease portfolios at the time of sale was $9,978,526 which resulted in the Partnership recognizing a U.S. GAAP loss of $510,539, and a yield on investment of 11.603% which exceeded the originally projected yield of 10%. The Partnership received approximately $2,822,831 in cash from Echo.

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 Fund III. We 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 consolidated financial statements. On March 28, 2014, Echo II entered into an agreement with a third party for the purchase of two portfolios of leases for approximately $21,863,000. The first portfolio consists of (i) various types of equipment including material handling, semiconductor test and manufacturing equipment, computer, medical, and telecommunications equipment and (ii) direct finance leases in medical equipment. The second portfolio consists of lease financings, which have been accounted for as loans receivable in the accompanying consolidated financial statements. Echo II paid approximately $10,416,000 in cash and assumed approximately $11,447,000 in non-recourse equipment notes payable. 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. In June 2015, Echo II sold all lease portfolios to a third party. The third party paid total cash proceeds of $7,825,000 and assumed related outstanding debt of $5,041,652. The net book value of lease portfolios at the time of sale was $12,902,075 which resulted in the Partnership recognizing a U.S. GAAP loss of $35,423, and a yield on investment of 14.083% which exceeded the originally projected yield of 10%. The Partnership received approximately $1,517,202 in cash from Echo II.

On January 19, 2015, the Investment Manager, through a wholly-owned subsidiary, entered into an agreement to acquire the leasing division of Summit Asset Management Limited ("Summit Asset Management"). Upon the acquisition, the Origination and Servicing Agreement between the Investment Manager and Summit Asset Management was terminated. From January 1, 2015, all activities of Summit Asset Management are conducted under SQN Capital Management (UK) Limited ("SQN UK"). Where Summit Asset Management was previously the servicer on transactions sold to us, SQN UK will now act as servicer.

On June 3, 2015, SQN Alpha, LLC ("Alpha"), a special purpose entity which is 32.5% owned by the Partnership and 67.5% owned by SQN Portfolio Acquisition Company, LLC ("SQN PAC"), acquired a promissory note with a principal amount equal to $2,650,000. The promissory note accrues interest at the rate of 11.1% per annum, payable quarterly in arrears, and matures on June 30, 2020. The promissory note is secured by a pledge of shares in an investment portfolio of insurance companies under common control of the third party which include equipment leases, direct hard assets and infrastructure investments, and other securities. On June 3, 2015, a participation agreement was entered into between SQN PAC ("Participation A"), the Partnership ("Participation B"), Alpha and SQN Capital Management, LLC. Under the agreement, Alpha created two collateralized participation interests for the collateral ("Promissory Note"); Participation A's principal contribution is $1,788,750 and accrues interest at 9% per annum and Participation B's principal contribution is $861,250 and accrues interest at 15.05% per annum. SQN Capital Management, LLC was appointed as a servicer for the Promissory Note. Participation A's interest is senior to Participation B's interest. Since the Partnership bears the primary risks and rewards of Alpha, the Partnership consolidates Alpha into the consolidated financial statements. SQN PAC's 67.5% investment in Alpha is presented as non-controlling interest on the consolidated financial statements.

On December 2, 2015, the Partnership formed a special purpose entity SQN Juliet, LLC ("Juliet"), a limited liability company registered in the state of Delaware which is wholly owned by the Partnership. On December 29, 2015, Juliet entered into a loan agreement with a third party to borrow $3,071,000 for the funding of two loan facilities. The loan accrues interest at the rate of 8.5% per annum and matures on December 29, 2016. On December 31, 2015, Juliet extended two separate loan facilities to two borrowers. The borrowers are both subsidiaries of a UK based parent company that provides small and medium sized secured business loans ("Just Loans"). Each facility provides financing up to a maximum borrowing of £5,037,500, or together a total of £10,075,000, and accrues interest at a rate of 10% per annum. The funds can be drawn down in increments of up to £1,000,000 per month per facility with the exception of the first draws which were each in the amount of £1,037,500 in order to fund a certain third party fee of £37,500. The funds can be drawn up to the one year anniversary of the loan facilities or December 31, 2016 ("Availability Date"). The loan is repayable in monthly interest only payments due on the last day of each month. Principal is due nine months after the Availability Date or September 30, 2017 ("Termination Date"). The loans are secured by share pledges of the borrowers, a guaranty from the UK based parent company, and the underlying loan portfolio that Just Loans generates. On December 29, 2015, a participation agreement was entered into between a third party ("Participation A"), the Partnership ("Participation B"), and Juliet. In connection with the participation agreement, the Partnership assigned to Juliet various finance leases and equipment notes receivables with a total value equal to $4,866,750. Under the agreement, Juliet created two collateralized participation interests for the underlying loans ("Underlying Loans"); Participation A's principal balance is $3,071,000 and accrues interest at 8.5% per annum and Participation B's principal balance is the value of their assigned finance leases and equipment notes receivable of $4,866,750. Participation A's interest is senior to Participation B's interest.

On December 16, 2015, SQN Marine, LLC (“Marine”), a special purpose vehicle which is wholly owned by the Partnership, entered into a sale and assignment of partnership interest agreement with the Partnership and a third party. Under the terms of the agreement, Marine acquired an 88.20% (90% of 98%) economic interest in a portfolio of container feeder vessels, for an aggregate investment of $28,266,789. Marine contributed cash of $12,135,718 and entered into two loans payable with separate third parties of $7,500,000 and $9,604,091. Marine acquired their economic interest in the vessels through a limited partnership interest in CONT Feeder Portfolio GmbH & Co. KG, a Germany based limited partnership (“CONT Feeder”), which acquired and operates the container feeder vessels, and entered into a separate note payable with an unrelated third party of $14,375,654. Marine bears the risks and rewards of ownership of CONT Feeder and therefore Marine consolidates the financial statements of CONT Feeder. Since the Partnership bears the primary risks and rewards of Marine, the Partnership consolidates Marine into the consolidated financial statements. An unrelated third party contributed $3,140,754 to purchase a 10% share of CONT Feeder which is presented as non-controlling interest on the consolidated financial statements.

Our Business

Our principal investment strategy is to invest in business-essential, revenue-producing (or cost-savings) equipment and other physical assets 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.

Our fund operates under a structure in which we pool the capital invested by our limited partners. This pool of capital is then used to invest in business-essential, revenue-producing (or cost-saving) equipment and other physical assets with substantial economic lives and, in many cases, associated revenue streams. The pooled capital contributions are also used to pay fees and expenses associated with our organization and to fund a capital reserve.

Many of our investments are anticipated to be structured as full payout or operating equipment leases. In addition, we invest by way of participation agreements and residual sharing agreements where we 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 structure investments as project financings that are secured by, among other things, essential use equipment and/or assets. Finally, we use other investment structures, such as vendor and rental programs that our Investment Manager believes will provide us the appropriate level of security, collateralization, and flexibility to optimize our return on investment while protecting against downside risk. In most cases, the structure includes us holding title to or a priority position in the equipment or other assets.

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.

The life cycle of our fund is divided into three distinct stages: (i) the Offering Period, (ii) the Operating Period and (iii) the Liquidation Period. Our Offering period commenced on April 2, 2013 and will last until the earlier of (i) April 2, 2016, which is three 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 all 50 states and the District of Columbia. During the Offering Period it is anticipated that the majority of our cash inflows will be derived from financing activities and be the direct result of capital contributions from investors.

During the Operating Period, we plan to make quarterly distributions of cash to the Limited Partners, if, in the opinion of our Investment Manager’s such distributions are in our 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).

From May 29, 2013 through December 31, 2015, we admitted 1,119 Limited Partners with total capital contributions of $55,314,985 resulting in the sale of 55,314.99 Units. We received cash of $53,357,586 and applied $1,957,399 which would have otherwise been paid as sales commission to the purchase of 1,957.40 additional Units. During the year ended December 31, 2015, we paid or accrued an underwriting fee to Securities totaling $845,343.

A Limited Partner may not redeem their Units without the prior written consent of our General Partner. Our General Partner has the sole discretion to approve or deny any redemption requested by a Limited Partner.

At December 31, 2015, we had total assets of $82,014,646. Of this amount, $72,688,424 was for various investments: (i) $3,358,435 related to investments in finance leases, (ii) $1,025,127 related to investments in equipment subject to operating leases, (iii) $11,025,523 was associated with a portfolio of equipment notes receivable and accrued interest, (iv) $10,370,610 was associated with a portfolio of collateralized loans receivable and accrued interest, (v) a residual value investment in equipment on lease of $2,938,065, (vi) equity method investments of $1,873,992 and (vi) an equipment investment through SPV of $42,408,395. We also had initial direct costs of 323,697 associated with the origination and funding of lease assets, and other assets of $3,908,546. For the year ended December 31, 2015, we had a net loss of $3,149,051.

At December 31, 2014, we had total assets of $43,539,431. Of this amount, $34,953,405 was for various investments: (i) $1,492,778 related to investments in finance leases in the Echo II portfolio, (ii) $14,265,326 related to investments in equipment subject to operating leases in the Echo and Echo II portfolios, (iii) $4,341,220 was associated with a portfolio of equipment notes receivable and accrued interest, (iv) $11,429,927 was associated with a portfolio of the Echo and Echo II equipment loans receivable and accrued interest, (v) a residual value investment in equipment on lease of $2,192,362, and (vi) an equity method investment of $1,231,792. We also had initial direct costs of 313,688 associated with the origination and funding of lease assets, and other assets of $4,237,124. For the year ended December 31, 2014, we had a net loss of $39,582.

At December 31, 2015 and 2014, our investment portfolio consisted of the following transactions:

Just Loans

On December 31, 2015, Juliet extended two separate loan facilities to two borrowers. The borrowers are both subsidiaries of a UK based parent company that provides small and medium sized secured business loans (“Just Loans”). Each facility provides financing up to a maximum borrowing of £5,037,500 or together a total of £10,075,000 and accrues interest at a rate of 10% per annum. The funds can be drawn down in increments of up to £1,000,000 per month per facility with the exception of the first draws which were each in the amount of £1,037,500 in order to fund a certain third party fee of £37,500. The funds can be drawn up to the one year anniversary of the loan facilities or December 31, 2016 (“Availability Date”). The loan is repayable in monthly interest only payments due on the last day of each month. Principal is due nine months after the Availability Date or September 30, 2017 (“Termination Date”). The loans are secured by share pledges of the borrowers, a guaranty from the UK based parent company, and the underlying loan portfolio that Just Loans generates. On December 29, 2015, Juliet advanced a total of $2,974,000 to the borrowers.

Furniture, Fixtures and Equipment, as well as Computer Hardware & Software

On December 30, 2015, we entered into a new finance lease transaction for furniture, fixtures and equipment, as well as computer hardware and software for $1,500,000. The finance lease requires 30 monthly payments of $58,950.

Manufacturing Equipment

On October 7, 2015, we entered into a new finance lease transaction for manufacturing equipment for $58,000 (“SCHWRD 1”). The equipment is subject to a 60 month lease with a Connecticut-based engraving, decal and die manufacturing company. The finance lease requires 60 monthly payments of $1,277. On December 29, 2015, we entered into a second finance lease transaction for manufacturing equipment for $94,300 (“SCHWRD 2”). The finance lease requires 60 monthly payments of $2,077. On December 30, 2015, we assigned the SCHWRD 1 finance lease to Juliet.

Equipment Investment through SPV

On December 16, 2015, SQN Marine, LLC (“Marine”), a special purpose vehicle which is wholly owned by the Partnership, entered into a sale and assignment of partnership interest agreement with the Partnership and a third party. Under the terms of the agreement, Marine acquired an 88.20% (90% of 98%) economic interest in container feeder vessels. Marine acquired their economic interest in the vessels through a limited partnership interest in CONT Feeder Portfolio GmbH & Co. KG, a Germany based limited partnership (“CONT Feeder”), which acquired and operates the container feeder vessels. CONT Feeder acquired six container feeder vessels for $37,911,665, drydocking fees of $4,158,807 and inventory supplies of $337,923 for an aggregate investment of $42,408,395.

CONT Feeder acquired and operates six container feeder vessels which collect shipping containers from different ports and transport them to central container terminals where they are loaded to bigger vessels. For the year ended December 31, 2015, CONT Feeder recorded income of approximately $4,545,000 from charter rental fees less total expenses of $5,194,000, consisting of ship operating expenses, of approximately $2,164,000, ship management fees and charter commissions fees of approximately $772,000, general and administrative expenses, of approximately $1,167,000, depreciation expense, of approximately $972,000 and interest expense of approximately $82,000 resulting in a net loss of approximately $649,000.

Computer Networking Equipment

On September 1, 2015, we entered into a new finance lease transaction for computer networking equipment for $446,677 (“Comp Net 1”). The Comp Net 1 finance lease requires 36 monthly payments of $14,195. On October 30, 2015, we entered into a second finance lease transaction for computer networking equipment for $297,689 (“Comp Net 2”). The Comp Net 2 finance lease requires 36 monthly payments of $9,460. On December 29, 2015, we entered into a third finance lease transaction for computer networking equipment for $389,266 (“Comp Net 3”). The Comp Net 3 finance lease requires 36 monthly payments of $12,456. On December 30, 2015, we assigned the Comp Net 1 and Comp Net 2 finance leases to Juliet.

Loan Note

On October 2, 2015, we entered in a syndicated loan agreement. Under the terms of the agreement, we agreed to contribute $5,000,000 of the $40,000,000 facility which will be secured by all equipment that will be located a newly constructed lumber mill in Texas. Repayment of the facility is also secured by the lumber mill as well as the real property on which the lumber mill is to be situated. The borrower’s parent company also pledged assets located at the parent’s company’s headquarters in Germany as additional collateral for the loan. In January 2016, we received cash of $2,610,959 as payment from this facility.

Loan Note

On September 30, 2015, we entered into a loan agreement and a $5,000,000 promissory note with a borrower. The promissory note accrues interest at the rate of 11% per annum, payable quarterly in arrears, and matures on September 30, 2020. The promissory note is secured by a pledge of shares in an investment portfolio of insurance companies under common control of the borrower which include equipment leases, direct hard asset and infrastructure investments, and other securities. On November 3, 2015, we received cash of $5,082,192 as payment in full of this collateralized loan receivable. On December 28, 2015, we entered into a $2,000,000 promissory note with the borrower, with similar terms as above.

Loan Note Instrument

On August 13, 2015, we entered into a Loan Note Instrument to provide €1,640,000 ($1,824,992 applying exchange rate of 1.1128 at August 13, 2015) (the "Facility") of financing to a borrower to acquire shares of a special purpose entity (the "SPE"). The SPE previously acquired, by assignment, the rights to lease a parcel of land in Ireland on which planning permissions have been granted to construct an aerobic digestion plant ("AD Plant"). The Facility accrues interest at the rate of 18% per annum, compounding monthly on the last business day of each month, and matures on May 16, 2016. The Facility is secured by the shares of the SPE and also secured by a personal guaranty from the principal owner of the borrower.

Alpha Promissory Note

On June 3, 2015, SQN Alpha, LLC ("Alpha"), a special purpose entity which is 32.5% owned by us and 67.5% owned by SQN Portfolio Acquisition Company, LLC ("SQN PAC"), acquired a promissory note issued by a third party with a principal amount equal to $2,650,000. The promissory note accrues interest at the rate of 11.1% per annum, payable quarterly in arrears, and matures on June 30, 2020. The promissory note is secured by a pledge of shares in an investment portfolio of insurance companies under common control of the third party which include equipment leases, direct hard asset and infrastructure investments, and other securities. On June 3, 2015, a participation agreement was entered into between SQN PAC ("Participation A"), the Partnership ("Participation B"), Alpha and SQN Capital Management, LLC. Under the agreement, Alpha created two collateralized participation interests for the collateral; Participation A's principal contribution is $1,788,750 and accrues interest at 9% per annum and Participation B's principal contribution is $861,250 accruing interest at 15.05% per annum. SQN Capital Management, LLC was appointed as a servicer for the promissory note. Participation A's interest is senior to Participation B's interest.

Computer Networking Equipment

On June 10, 2015, we entered into a loan facility to provide financing up to a maximum borrowing of $1,000,000. The loan facility was secured by computer networking equipment. Under this loan facility, in June 2015, we advanced $319,147 to the borrower ("Loan Schedule 01"). In September 2015, we advanced another $319,147 to the borrower ("Loan Schedule 02"). Each loan schedule requires 36 monthly payments of approximately $10,200, accrues interest at a rate of 16.85% per annum and has a final balloon payment of approximately $48,000. Loan Schedule 01 and Loan Schedule 02 have final repayment dates of April 1, 2018 and August 1, 2018, respectively.

Gamma Knife Suite

On April 30, 2015, we acquired from a third party, 20 quarterly lease payments with respect to a gamma knife suite leased to a hospital in the United Kingdom. We paid £375,000 ($576,750 applying exchange rate of 1.5380 at April 30, 2015) for the equipment lease receivables which are payable under the lease from July 2015 through April 2020. The finance lease requires 20 quarterly payments of £25,060. The equipment lease receivables are secured by the gamma knife suite.

Anaerobic Digestion Plant

On April 1, 2015, we entered into a loan facility with a borrower. Under the terms of the loan facility, we agreed to provide the borrower with financing in an amount up to £310,000 (approximately $475,000 applying various exchange rates) in connection with the construction financing of a waste water processing anaerobic digestion plant (the "Plant") located in the United Kingdom. The loan facility accrues interest at a rate of 12% per annum and has a final repayment date of July 31, 2015. The loan facility was extended until completion of the Plant. The loan facility is secured by the Plant. On October 15, 2015, we made an additional advance of approximately £150,000 (approximately $232,485 applying exchange rate of 1.550 at October 15, 2015). After construction of the Plant is completed, the Plant operator has agreed to lease the Plant from the lender for a five year term. We have agreed in advance to purchase the lease receivables from the lender. The lease receivables will be secured by the lender's ownership of the Plant. As of December 31, 2015, we advanced the full amount under this facility. On January 31, 2016, construction of the anaerobic digestion plant was completed and the lease commenced. The lease requires 20 quarterly payments of £41,616 beginning on April 30, 2016.

Collateralized Loan Facility

On February 4, 2015, we entered into a loan facility with a borrower to provide financing up to a maximum borrowing of $5,000,000. The borrower entered into an Export Prepayment Facility Agreement dated as of January 21, 2015 and in connection with the Export Prepayment Facility Agreement, the borrower entered into the loan facility with the Partnership and a third party to provide financing up to a maximum borrowing of $50,000,000, whereby the third party funded a total of $13,500,000 and is the senior lender and the Partnership funded a total of $1,500,000 and is the subordinate lender. The loan facility is secured by the borrower's rights under the Export Prepayment Facility Agreement. In connection with the loan facility, the Partnership entered into a $1,500,000 promissory note with the borrower. The note accrues interest at LIBOR plus 6.75% per annum and matures on February 4, 2020. The borrower will make 10 semi-annual payments of 10% of the outstanding principal and interest.

Investment in SQN Helo, LLC

On January 7, 2015, we acquired a junior participation interest in a portfolio of eight helicopters for $1,500,000. The Partnership, SQN PAC, SQN Asset Finance Income Fund Limited ("SQN AFIF") and a third party formed a special purpose entity SQN Helo, LLC ("SQN Helo") whose sole purpose is to acquire the helicopter portfolio. SQN Helo is the sole owner of eight special purpose entities each of which own a helicopter. The purchase price of the helicopter portfolio was approximately $23,201,000 comprised of approximately $11,925,000 in cash and the assumption of approximately $11,276,000 of nonrecourse indebtedness. SQN PAC also acquired a junior participation interest in SQN Helo for $1,500,000. The senior participation interests in SQN Helo were acquired by SQN AFIF and the third party.

Aircraft Rotable Parts

On October 31, 2014, we entered into an agreement for the purchase of two operating leases for aircraft rotable parts equipment located in the United States of America with a total basis of $1,330,616. Each operating lease has a remaining term of 28 months and monthly payments of $26,493 and $1,800, respectively. On that same date, we entered into a participation agreement with the rotable parts servicer, whereby the servicer purchased a 5% interest in these operating leases.

Investment in Informage SQN Technologies LLC

On August 1, 2014, the Partnership, SQN Portfolio Acquisition Company, LLC ("SQN PAC"), an entity managed by the Partnership's Investment Manager, and a third party formed a special purpose entity, Informage SQN Technologies LLC ("Informage SQN"), a limited liability company registered in the state of Texas. Informage SQN was formed to finance cellular communications field measurement and testing and other related services to telecom clients on a contractual basis. The Partnership and SQN PAC each own 24.5% of Informage SQN, while the third party owns 51%. The Partnership accounts for its investment in Informage SQN using the equity method. The Partnership may make additional contributions up to $3,850,000.

Echo II Leases

On March 28, 2014, Echo II entered into an agreement with a third party for the purchase of two portfolios of leases for approximately $21,863,000. The first portfolio consists of (i) various types of equipment including material handling, semiconductor test and manufacturing equipment, computer, medical, and telecommunications equipment and (ii) direct finance leases in medical equipment. The second portfolio consists of lease financings, which have been accounted for as loans receivable in the accompanying consolidated financial statements. Echo II paid approximately $10,416,000 in cash and assumed approximately $11,447,000 in non-recourse equipment notes payable. In June 2015, Echo II sold all lease portfolios to a third party. The third party paid total cash proceeds of $7,825,000 and assumed related outstanding debt of $5,041,652. The net book value of lease portfolios at the time of sale was $12,902,075 which resulted in the Partnership recognizing a U.S. GAAP loss of $35,423, and a yield on investment of 14.083% which exceeded the originally projected yield of 10%. The Partnership received approximately $1,517,202 in cash from Echo II.

Echo Leases

On December 20, 2013, Echo entered into an agreement with a 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. The second portfolio consists of lease financings, which have been accounted for as loans receivable in the accompanying consolidated financial statements. Echo paid approximately $9,300,000 in cash and assumed approximately $8,500,000 in non-recourse equipment notes payable. In June 2015, Echo sold all lease portfolios to a third party. The third party paid total cash proceeds of $6,001,324 and assumed related outstanding debt of $3,466,663. The net book value of lease portfolios at the time of sale was $9,978,526 which resulted in the Partnership recognizing a U.S. GAAP loss of $510,539, and a yield on investment of 11.603% which exceeded the originally projected yield of 10%. The Partnership received approximately $2,822,831 in cash from Echo.

Medical Equipment Financing

On June 28, 2013, we 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. As of December 31, 2015, the balance of the equipment note receivable has been repaid in full.

Mineral Processing Equipment Financing

On September 27, 2013, we entered into a loan facility to provide financing up to a maximum borrowing of $3,000,000. The borrower 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 was secured by equipment that refines precious metals and other minerals. We advanced $2,500,000 to the borrower during September 2013. The loan facility required 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. The loan facility was scheduled to mature in September 2017. On May 9, 2014, we made a second funding of $500,000 to the borrower under the above agreement. The loan facility required 41 monthly payments of principal and interest of $15,764 and matures in September 2017. The borrower’s obligations under the loan facility were also personally guaranteed by its majority shareholders.

On December 22, 2014, the outstanding principal of $2,537,822 and accrued interest of $204,721 of this note receivable was restructured into a new note receivable of $2,883,347. The new loan facility is secured by equipment that refines precious metals and other minerals and is guaranteed by the majority shareholders of the Florida based company referred to above. The new loan facility requires 48 monthly payments of principal and interest of $79,255 commencing on February 24, 2015 and a balloon payment of $500,000 in January 2019. The loan facility is scheduled to mature in September 2017. In connection with above restructured note, on December 22, 2014, we entered into a $200,000 promissory note with the same counterparty. The promissory note requires 5 annual payments of $150,000 commencing on January 25, 2019 and matures in January 2023. As of December 31, 2014, we advanced $100,000. In January 2015, we advanced the remaining $100,000. In June 2015, we received a principal payment of $40,000. For the years ended December 31, 2015 and 2014, the mineral processing equipment note is in non-accrual status as a result of non-payment. Based on a third party appraisal of the collateral value of the equipment, the Investment Manager believes that there is sufficient collateral value to cover the outstanding balance of the restructured note receivable and the promissory note.

Brake Manufacturing Equipment Financing

On May 2, 2014, we purchased a promissory note secured by brake manufacturing equipment with an aggregate principal amount of $432,000. The promissory note requires quarterly payments of $34,786, accrues interest at 12.5% per annum and matures in January 2018.

Medical Equipment Financing

On December 19, 2014, we entered into a $667,629 promissory note to finance the purchase of medical equipment located in Texas. The promissory note will be paid through 60 monthly installments of principal and interest of $15,300. The promissory note is secured by a first priority security interest in the medical equipment and other personal property located at the borrowers principal place of business. On December 30, 2015, we assigned this equipment notes receivable to Juliet.

Towing Equipment Financing

On October 30, 2015, we acquired a loan note from a third party leasing company for approximately $96,000. The loan is secured by a heavy duty tow truck which is owned by a Connecticut-based towing and repair company. Under the terms of the loan agreement, the borrower is required to make 60 monthly payments of principal and interest of $2,041. The loan is scheduled to mature on October 31, 2020. On December 30, 2015, we assigned this equipment notes receivable to Juliet.

Tractor and Trailer Equipment Financing

On October 30, 2015 and on November 4, 2015, we acquired two loan notes from a third party leasing company for approximately $147,919 and $15,000, respectively. The loans are secured by tractor and trailer equipment. Under the terms of the loans agreements, the borrower is required to make 60 monthly payments of principal and interest of $3,255 and $330, respectively. The loans are scheduled to mature on October 31, 2020. On December 30, 2015, we assigned these equipment notes receivable to Juliet.

Furniture, Fixtures and Equipment Financing

On October 30, 2015, we acquired a loan note from a third party leasing company for approximately $817,045. The loan is secured by furniture, fixtures and equipment. Under the terms of the loan agreement, the borrower is required to make 35 monthly payments of approximately $26,145, accrues interest at a rate of 18.84% per annum and has a final balloon payment of approximately $123,000 on November 1, 2018. On December 30, 2015, we assigned this equipment note receivable to Juliet.

Furniture and Fixtures and Server Equipment Financing

On August 5, 2015, we entered into a Master Equipment Lease agreement to lease approximately $2,700,000 of servers, fixtures and furniture to a third party lessee, an innovative provider of professional office environments. The lessee is required to make monthly payments until all equipment has been delivered and accepted by the lessee. After lease commencement, the equipment will be leased for a 3 year term. At lease maturity the lessee has the option to purchase the equipment for a fixed purchase price. All of the lessee's obligations under the lease are guaranteed by the lessee's parent company. As of December 31, 2015, we funded approximately $1,797,763 under eight draws under the Master Equipment Lease agreement. On December 30, 2015, we assigned this equipment note receivable to Juliet.

Honey Production Equipment Financing

On December 14, 2015, we acquired a loan note from a third party leasing company for approximately $12,789. The loan is secured by honey production equipment. Under the terms of the loan agreement, the borrower is required to make 36 monthly payments of principal and interest of $425. The loan is scheduled to mature on November 30, 2018.

Smart Safes

On September 15, 2014, we entered into a Residual Interest Purchase Agreement with a leasing company to purchase up to $3 million of residual value interests in equipment. The leasing company has entered into a Master Lease Agreement with another party to lease cash handling machines or smart safes under one or more lease schedules with original equipment cost of $20 million ("OEC") and a term of five years from initiation of each lease schedule. In connection with the Master Lease Agreement, the leasing company has entered into a finance arrangement with another party to finance 85% of the OEC up to an aggregate facility of $17 million and we agreed to finance the remaining 15% of the OEC up to an aggregate facility of $3 million. As of December 31, 2015, we had advanced a net total of $2,938,065.

Segment Information

We are engaged in a single business segment, the ownership and investment in leased equipment, 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. From time to time, we may also purchase equipment and sell it directly to our leasing customers.

Competition

The commercial leasing and financing industry is highly competitive and is characterized by competitive factors that vary based upon product and geographic region. Our competitors are varied and include other equipment leasing and finance funds, hedge funds, private equity funds, captive and independent finance companies, commercial and industrial banks, manufacturers and vendors.

Other equipment finance companies and equipment manufacturers or their affiliated financing companies may be in a position to offer equipment to prospective customers on financial terms that are more favorable than those that we can offer. There are numerous other potential entities, including entities organized and managed similarly to us, seeking to make investments in leased equipment. Many of these potential competitors are larger and have greater financial resources than us.

We compete primarily on the basis of terms and structure, particularly on structuring flexible, responsive, and customized financing solutions for our customers. Our investments are often made directly rather than through competition in the open market. This approach limits the competition for our typical investment, which may enhance returns. We believe our investment model may represent the best way for individual investors to participate in investing in leased equipment. Nevertheless, to the extent that our competitors compete aggressively on any combination of the foregoing factors, we could fail to achieve our investment objectives. For additional information about our competition and other risks related to our operations, please see “Item 1A. Risk Factors.”

Employees

We have no direct employees. Our General Partner and/or our Investment Manager supervise and control our business affairs and service our investments.

Available Information

Our Annual Report on Form 10-K, our most recent Quarterly Reports on Form 10-Q and any amendments to those reports and our Current Reports on Form 8-K, if any, and any amendments to those reports are available free of charge on the SEC’s website at http://www.sec.gov or from our website at http://www.sqncapital.com.

Financial Information Regarding Geographic Areas

We have long-lived assets, which include finance leases, operating leases, residual value investments and project financings, and we generate revenues in geographic areas outside of the United States of America. For additional information, refer to Part II. Item 8. Financial Statement and Supplementary Data, Note 21 Geographic Information in our consolidated financial statements included in this Annual Report on Form 10-K.

Item 1A. Risk Factors

Smaller reporting companies are not required to provide the information required by this item.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We neither own nor lease office space or any other real property in our business at the present time.

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5; Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Units are not publicly traded and there is no established public trading market for our Units. It is unlikely that any such market will develop.

Title of Class	Number of Partners at March 30, 2016
General Partner	1
Limited Partners	1,386

We pay, at the sole discretion of our Investment Manager and contingent upon the availability of funds, quarterly cash distributions to each Limited Partner computed at 1.625% (pro-rated to the date of admission for each Limited Partner) of each Limited Partner's capital contribution. During the years ended December 31, 2015 and 2014, we made quarterly cash distributions to our Limited Partners totaling approximately $2,500,200 and $817,700, respectively, and we accrued $1,014,328 and $429,140 respectively, for distributions due to Limited Partners which resulted in a Distributions payable to Limited Partners of $1,014,328 and $429,140 at December 31, 2015 and 2014. We made a cash distribution of $15,000 to the General Partner during the year ended December 31, 2015 but did not make a cash distribution to the General Partner during the year ended December 31, 2014; we accrued $29,855 and $12,468, respectively, for distributions due to the General Partner which resulted in a Distributions payable to General Partner of $27,860 and $13,005 at December 31, 2015 and 2014.

We are required pursuant to FINRA Rule 2310(b)(5) to disclose in each annual report distributed to our Limited Partners a per Unit estimated value of our Units, the method by which we developed the estimated value, and the date used to develop the estimated value. In addition, our Investment Manager prepares statements of our estimated Unit values to assist fiduciaries of retirement plans subject to the annual reporting requirements of ERISA in the preparation of their reports relating to an investment in our Units. For these purposes, the estimated value of our Units is deemed to be $1,000 per Unit at December 31, 2015. This estimated value is provided to assist plan fiduciaries in fulfilling their annual valuation and reporting responsibilities and should not be used for any other purpose. Because this is only an estimate, we may subsequently revise this valuation.

During the offering of our Units and consistent with NASD Rule 2340(c), the value of our Units are estimated to be the offering price of $1,000 per Unit. At December 31, 2015, we were in our Operating Period which we began on May 29, 2013.

Following the completion of our Offering Period, the estimated value of our Units will be based on fair value assumptions of our various equipment investments using cash flow modeling techniques. To estimate the cash flow for each investment, we calculate the sum of: (i) the unpaid balance of minimum rents for our finance lease, (ii) amounts that will reasonably be expected to be collectible from our notes receivable, (iii) future rental income payments from non-cancellable lease agreements for equipment subject to operating leases and (iv) the residual value of our equipment leases, all discounted to arrive at the net present value for each such transaction and (v) our cash on hand. From this amount, we then subtract our total liabilities outstanding and then divide that difference by the total number of Units outstanding for the period.

The foregoing valuation is an estimate only. The methodology incorporated by our Investment Manager in estimating our per Unit value is subject to various limitations and is based on a number of assumptions and estimates that may or may not be accurate or complete. No liquidity discounts or discounts relating to the fact that we are currently externally managed were applied to our estimated per Unit valuation, and no attempt was made to value us as an enterprise.

As noted above, the foregoing valuation was performed solely for ERISA and FINRA purposes described above and was based solely on our Investment Manager's perception of market conditions and the types and amounts of our assets as of the reference date for such valuation and should not be viewed as an accurate reflection of the value of our Units or our assets. Our Investment Manager did not obtain independent third-party appraisals for any of our assets. In addition, as stated above, as there is no significant public trading market for our Units at this time and none is expected to develop, there can be no assurance that Limited Partners could receive $1,000 per Unit if such a market did exist and they sold their Units or that they will be able to receive such amount for their Units in the future. Furthermore, there can be no assurance:

- as to the amount you may actually receive if and when we seek to liquidate our assets or the amount of lease and note receivable payments and asset disposition proceeds we will actually receive over our remaining term; the total amount of distributions our Limited Partners may receive may be less than $1,000 per Unit primarily due to the fact that the funds initially available for investment were reduced from the gross offering proceeds in order to pay distribution expenses and organizational and offering expenses;

- that the foregoing valuation, or the method used to establish the value, will satisfy the technical requirements imposed on plan fiduciaries under ERISA; or

- that the foregoing valuation, or the method used to establish value, will not be subject to challenge by the IRS if used for any tax (income, estate, gift or otherwise) valuation purposes as an indicator of the current value of our Units.

The redemption price we offer to repurchase our Units utilizes a different valuation methodology than that which we use to determine the current value of our Units for ERISA and FINRA purposes described above. Therefore, the $1,000 per Unit does not reflect the amount that a Limited Partner should expect to receive under our redemption plan. In addition, there can be no assurance that a Limited Partner will be able to redeem their Units under our redemption plan. A Limited Partner may not redeem their Units without the prior written consent of our General Partner. Our General Partner has the sole discretion to approve or deny any redemption requested by any of our Limited Partners.

Item 6. Selected Financial Data

The selected financial data should be read in conjunction with the financial statements and related notes included in "Item 8. Financial Statements and Supplementary Data" contained elsewhere in this Annual Report on Form 10-K.

	Years Ended December 31,	
	2015	2014
Total revenue	$ 7,654,758	$ 7,399,910
Net loss	$ (3,149,051)	$ (39,582)
Net loss allocable to Limited Partners	$ (2,969,227)	$ (173,466)
Weighted average number of limited partnership interests outstanding	38,284.68	16,301.74
Net loss per weighted average number of limited partnership interests outstanding	$ (77.56)	$ (10.64)
Distributions paid to Limited Partners	$ 2,985,405	$ 1,246,846
Distributions per weighted average number of limited partnership interests outstanding	$ 77.98	$ 76.49

	December 31,	
	2015	2014
Total assets	$ 82,014,646	$ 43,539,431
Partners' Equity	$ 39,537,933	$ 20,059,857

Item 7. General Partner's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Certain statements within this Annual Report on Form 10-K 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 are a Delaware limited partnership formed on August 10, 2012. Our fund operates under a structure which we pool the capital invested by our partners. This pool of capital is then used to invest in business-essential, revenue-producing (or cost-saving) equipment and other physical assets with substantial economic lives and, in many cases, associated revenue streams and project financings. The pooled capital contributions are also used to pay fees and expenses associated with our organization and to fund a capital reserve.

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.

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, 2016, which is three years from the date we were declared effective by the Securities and Exchange Commission (the "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 we admitted our first Limited Partners, the initial closing, which occurred on May 29, 2013 and will last for three years unless extended at the sole discretion of the Investment Manager. At our initial closing, we reimbursed our Investment Manager for a portion of the fees and expenses associated with our organization and offering which they previously paid on our behalf and we funded a small capital reserve. The Liquidation Period is the period in which we will sell assets in the ordinary course of business and will last two years, unless it is extended, at the sole discretion of the Investment Manager.

Our General Partner, our Investment Manager and their affiliates, including Securities in its capacity as our selling agent and certain non-affiliates (namely, Selling Dealers) receive fees and compensation from the offering of our Units, including the following, with any and all compensation paid to our General Partner solely in cash. We pay an underwriting fee of 3% of the gross proceeds of this offering (excluding proceeds, if any, we receive from the sale of our Units to our General Partner or its affiliates) to our selling agent or selling agents. While Securities initially acts as our exclusive selling agent, we may engage additional selling agents in the future. From these underwriting fees, a selling agent may pay Selling Dealers, a non-accountable marketing fee based upon such factors as the volume of sales of such Selling Dealers, the level of marketing support provided by such participating dealers and the assistance of such Selling Dealers in marketing the offering, or to reimburse representatives of such Selling Dealers for the costs and expenses of attending our educational conferences and seminars. This fee will vary, depending upon separately negotiated agreements with each Selling Dealer. In addition, we pay a sales commission to Selling Dealers up to 7% of the gross proceeds of this offering (excluding proceeds, if any, we receive from the sale of our Units to our General Partner or its affiliates) to Selling Dealers.

Our General Partner receives an organizational and offering expense allowance of up to 2% of our offering proceeds to reimburse it for expenses incurred in preparing us for registration or qualification under federal and state securities laws and subsequently offering and selling our Units. The organizational and offering expense allowance will be paid out of the proceeds of this offering. The organizational and offering expense allowance will not exceed the actual fees and expenses incurred by our General Partner and its affiliates. 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.

During our Operating Period and our Liquidation Period, our Investment Manager receives a management fee in an amount 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 has 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 our Limited Partners' capital contributions returned to them, such amounts to be measured on the last day of each month.

Our General Partner will initially receive 1% of all distributed distributable cash. Our General Partner has a Promotional Interest in us equal to 20% of all distributed distributable cash after we have provided a return to our Limited Partners of their respective capital contributions plus an 8% per annum, compounded annually, cumulative return on their capital contributions.

Current Business Environment and Outlook

We believe that 2016 will continue to present attractive opportunities for equipment lease and asset finance investments. While interest rates have been at historical lows, we expect rates to increase later in the year. Increasing interest rates generally result in increased returns on asset based investments but it also increases the cost of leverage so we do not see much of a net effect on our gross margins on the leverage portions of our portfolios. Our single investor leases and loans should benefit from any increase in interest rates over the long term. In the short term, we are seeing a lot of downward pressure on returns in certain of the asset classes that we have historically invested in in the United Kingdom. Specifically, alternative energy products tied to UK government subsidies such as solar installations and LED lighting. Specialty finance firms have raised a tremendous amount of capital targeted toward these asset classes which has driven down financing rates across the sector. The competitive environment is firming up with a few large participants exiting the market, which we believe to be the last, but with a growing number of well capitalized new participants prepared to absorb market share. As the market settles, we think there is more opportunity than there has been in years to acquire season portfolios of equipment leases. We also think that there may be opportunity for consolidation in the next year or two. Overall we think that companies have a positive outlook for growth in 2016 and we anticipate capital asset and equipment acquisition will be an essential part of that growth.

Current Industry Trends

According to the Equipment Leasing and Finance Foundation's "*2016 Equipment Leasing and Financing U.S. Economic Outlook"* the U.S. economy's growth is expected to be above 4.3% in 2016, the fastest pace since the 2008-2009 recession. The moderate growth forecast reflects economic crosswinds, as weakness in the global economy (particularly China), low commodity prices, and a strong dollar are diminishing businesses' incentive to invest, while a strengthening U.S. economy and elevated propensity to finance should propel growth in the equipment finance sector. The U.S. credit system is healthy and financial stress is muted, limiting financial risks going into next year. Solid U.S. economic data are setting the stage for gradual Fed interest rate increases in 2016, which may alleviate spread compression for equipment lessors. Ships and boats investment growth is poised to strengthen in 2016. Economic growth will be driven by a number of positive factors such as a strong housing market recovery, falling natural gas prices, robust auto sales, record high household wealth, steadily improving credit availability, and improving employment. However, these positive trends are counter-balanced by high oil prices, slow international growth, moderating fiscal consolidation and the continued threat of policy uncertainty. More dependable economic growth will help to generate stronger overall investment in equipment and software. Additionally, a rising interest rate environment could induce companies to lock in lower rates. Overall, these trends could yield a positive result for the equipment finance industry.

Recent Significant Transactions

Just Loans

On December 31, 2015, Juliet extended two separate loan facilities to two borrowers. The borrowers are both subsidiaries of a UK based parent company that provides small and medium sized secured business loans ("Just Loans"). Each facility provides financing up to a maximum borrowing of £5,037,500 or together a total of £10,075,000 and accrues interest at a rate of 10% per annum. The funds can be drawn down in increments of up to £1,000,000 per month per facility with the exception of the first draws which were each in the amount of £1,037,500 in order to fund a certain third party fee of £37,500. The funds can be drawn up to the one year anniversary of the loan facilities or December 31, 2016 ("Availability Date"). The loan is repayable in monthly interest only payments due on the last day of each month. Principal is due nine months after the Availability Date or September 30, 2017 ("Termination Date"). The loans are secured by share pledges of the borrowers, a guaranty from the UK based parent company, and the underlying loan portfolio that Just Loans generates. On December 29, 2015, Juliet advanced a total of $2,974,000 to the borrowers.

Furniture, Fixtures and Equipment, as well as Computer Hardware & Software

On December 30, 2015, we entered into a new finance lease transaction for furniture, fixtures and equipment, as well as computer hardware and software for $1,500,000. The finance lease requires 30 monthly payments of $58,950.

Equipment Investment through SPV

On December 16, 2015, SQN Marine, LLC ("Marine"), a special purpose vehicle which is wholly owned by the Partnership, entered into a sale and assignment of partnership interest agreement with the Partnership and a third party. Under the terms of the agreement, Marine acquired an 88.20% (90% of 98%) economic interest in a portfolio of container feeder vessels. Marine acquired their economic interest in the vessels through a limited partnership interest in CONT Feeder Portfolio GmbH & Co. KG, a Germany based limited partnership ("CONT Feeder"), which acquired and operates the container feeder vessels. CONT Feeder acquired six container feeder vessels for $37,911,665, drydocking fees of $4,158,807 and inventory supplies of $337,923 for an aggregate investment of $42,408,395.

CONT Feeder acquired and operates six container feeder vessels which collect shipping containers from different ports and transport them to central container terminals where they are loaded to bigger vessels. For the year ended December 31, 2015, CONT Feeder recorded income of approximately $4,545,000 from charter rental fees less total expenses of $5,194,000, consisting of ship operating expenses, of approximately $2,164,000, ship management fees and charter commissions fees of approximately $772,000, general and administrative expenses, of approximately $1,167,000, depreciation expense, of approximately $972,000 and interest expense of approximately $82,000 resulting in a net loss of approximately $649,000.

Honey Production Equipment

On December 14, 2015, we acquired a loan note from a third party leasing company for approximately $12,789. The loan is secured by honey production equipment. Under the terms of the loan agreement, the borrower is required to make 36 monthly payments of principal and interest of $425. The loan is scheduled to mature on November 30, 2018.

Manufacturing Equipment

On October 7, 2015, we entered into a new finance lease transaction for manufacturing equipment for $58,000 ("SCHWRD 1"). The equipment is subject to a 60 month lease with a Connecticut-based engraving, decal and die manufacturing company. The finance lease requires 60 monthly payments of $1,277. On December 29, 2015, we entered into a second finance lease transaction for manufacturing equipment for $94,300 ("SCHWRD 2"). The finance lease requires 60 monthly payments of $2,077. On December 30, 2015, we assigned the SCHWRD 1 finance lease to Juliet.

Computer Networking Equipment

On September 1, 2015, we entered into a new finance lease transaction for computer networking equipment for $446,677 ("Comp Net 1"). The Comp Net 1 finance lease requires 36 monthly payments of $14,195. On October 30, 2015, we entered into a second finance lease transaction for computer networking equipment for $297,689 ("Comp Net 2"). The Comp Net 2 finance lease requires 36 monthly payments of $9,460. On December 29, 2015, we entered into a third finance lease transaction for computer networking equipment for $389,266 ("Comp Net 3"). The Comp Net 3 finance lease requires 36 monthly payments of $12,456. On December 30, 2015, we assigned the Comp Net 1 and Comp Net 2 finance leases to Juliet.

Towing Equipment

On October 30, 2015, we acquired a loan note from a third party leasing company for approximately $96,000. The loan is secured by a heavy duty tow truck which is owned by a Connecticut-based towing and repair company. Under the terms of the loan agreement, the borrower is required to make 60 monthly payments of principal and interest of $2,041. The loan is scheduled to mature on October 31, 2020. On December 30, 2015, we assigned this equipment notes receivable to Juliet.

Tractor and Trailer Equipment

On October 30, 2015 and on November 4, 2015, we acquired two loan notes from a third party leasing company for approximately $147,919 and $15,000, respectively. The loans are secured by tractor and trailer equipment. Under the terms of the loans agreements, the borrower is required to make 60 monthly payments of principal and interest of $3,255 and $330, respectively. The loans are scheduled to mature on October 31, 2020. On December 30, 2015, we assigned these equipment notes receivable to Juliet.

Furniture, Fixtures and Equipment

On October 30, 2015, we acquired a loan note from a third party leasing company for approximately $817,045. The loan is secured by furniture, fixtures and equipment. Under the terms of the loan agreement, the borrower is required to make 35 monthly payments of approximately $26,145, accrues interest at a rate of 18.84% per annum and has a final balloon payment of approximately $123,000 on November 1, 2018. On December 30, 2015, we assigned this equipment note receivable to Juliet.

Furniture and Fixtures and Server Equipment

On August 5, 2015, we entered into a Master Equipment Lease agreement to lease approximately $2,700,000 of servers, fixtures and furniture to a third party lessee, an innovative provider of professional office environments. The lessee is required to make monthly payments until all equipment has been delivered and accepted by the lessee. After lease commencement, the equipment will be leased for a 3 year term. At lease maturity the lessee has the option to purchase the equipment for a fixed purchase price. All of the lessee’s obligations under the lease are guaranteed by the lessee’s parent company. As of December 31, 2015, we funded approximately $1,797,763 under eight draws under the Master Equipment Lease agreement. On December 30, 2015, we assigned this equipment note receivable to Juliet.

Loan Note

On October 2, 2015, we entered in a syndicated loan agreement. Under the terms of the agreement, we agreed to contribute $5,000,000 of the $40,000,000 facility which will be secured by all equipment that will be located a newly constructed lumber mill in Texas. Repayment of the facility is also secured by the lumber mill as well as the real property on which the lumber mill is to be situated. The borrower’s parent company also pledged assets located at the parent’s company’s headquarters in Germany as additional collateral for the loan. In January 2016, we received cash of $2,610,959 as payment from this facility.

Loan Note

On September 30, 2015, we entered into a loan agreement and a $5,000,000 promissory note with a borrower. The promissory note accrues interest at the rate of 11% per annum, payable quarterly in arrears, and matures on September 30, 2020. The promissory note is secured by a pledge of shares in an investment portfolio of insurance companies under common control of the borrower which include equipment leases, direct hard asset and infrastructure investments, and other securities. On November 3, 2015, we received cash of $5,082,192 as payment in full of this collateralized loan receivable. On December 28, 2015, we entered into a $2,000,000 promissory note with the borrower, with similar terms as above.

Loan Note Instrument

On August 13, 2015, we entered into a Loan Note Instrument to provide €1,640,000 ($1,824,992 applying exchange rate of 1.1128 at August 13, 2015) (the "Facility") of financing to a borrower to acquire shares of a special purpose entity (the "SPE"). The SPE previously acquired, by assignment, the rights to lease a parcel of land in Ireland on which planning permissions have been granted to construct an aerobic digestion plant ("AD Plant"). The Facility accrues interest at the rate of 18% per annum, compounding monthly on the last business day of each month, and matures on May 16, 2016. The Facility is secured by the shares of the SPE and also secured by a personal guaranty from the principal owner of the borrower.

Alpha Promissory Note

On June 3, 2015, SQN Alpha, LLC ("Alpha"), a special purpose entity which is 32.5% owned by us and 67.5% owned by SQN Portfolio Acquisition Company, LLC ("SQN PAC"), acquired a promissory note issued by a third party with a principal amount equal to $2,650,000. The promissory note accrues interest at the rate of 11.1% per annum, payable quarterly in arrears, and matures on June 30, 2020. The promissory note is secured by a pledge of shares in an investment portfolio of insurance companies under common control of the third party which include equipment leases, direct hard asset and infrastructure investments, and other securities. On June 3, 2015, a participation agreement was entered into between SQN PAC ("Participation A"), the Partnership ("Participation B"), Alpha and SQN Capital Management, LLC. Under the agreement, Alpha created two collateralized participation interests for the collateral; Participation A's principal contribution is $1,788,750 and accrues interest at 9% per annum and Participation B's principal contribution is $861,250 accruing interest at 15.05% per annum. SQN Capital Management, LLC was appointed as a servicer for the promissory note. Participation A's interest is senior to Participation B's interest.

Computer Networking Equipment

On June 10, 2015, we entered into a loan facility to provide financing up to a maximum borrowing of $1,000,000. The loan facility was secured by computer networking equipment. Under this loan facility, in June 2015, we advanced $319,147 to the borrower ("Loan Schedule 01"). In September 2015, we advanced another $319,147 to the borrower ("Loan Schedule 02"). Each loan schedule requires 36 monthly payments of approximately $10,200, accrues interest at a rate of 16.85% per annum and has a final balloon payment of approximately $48,000. Loan Schedule 01 and Loan Schedule 02 have final repayment dates of April 1, 2018 and August 1, 2018, respectively.

Gamma Knife Suite

On April 30, 2015, we acquired from a third party, 20 quarterly lease payments with respect to a gamma knife suite leased to a hospital in the United Kingdom. We paid £375,000 ($576,750 applying exchange rate of 1.5380 at April 30, 2015) for the equipment lease receivables which are payable under the lease from July 2015 through April 2020. The finance lease requires 20 quarterly payments of £25,060. The equipment lease receivables are secured by the gamma knife suite.

Anaerobic Digestion Plant

On April 1, 2015, we entered into a loan facility with a borrower. Under the terms of the loan facility, we agreed to provide the borrower with financing in an amount up to £310,000 (approximately $475,000 applying various exchange rates) in connection with the construction financing of a waste water processing anaerobic digestion plant (the "Plant") located in the United Kingdom. The loan facility accrues interest at a rate of 12% per annum and has a final repayment date of July 31, 2015. The loan facility was extended until completion of the Plant. The loan facility is secured by the Plant. On October 15, 2015, we made an additional advance of approximately £150,000 (approximately $232,485 applying exchange rate of 1.550 at October 15, 2015). After construction of the Plant is completed, the Plant operator has agreed to lease the Plant from the lender for a five year term. We have agreed in advance to purchase the lease receivables from the lender. The lease receivables will be secured by the lender's ownership of the Plant. As of December 31, 2015, we advanced the full amount under this facility. On January 31, 2016, construction of the anaerobic digestion plant was completed and the lease commenced. The lease requires 20 quarterly payments of £41,616 beginning on April 30, 2016.

Collateralized Loan Facility

On February 4, 2015, we entered into a loan facility with a borrower to provide financing up to a maximum borrowing of $5,000,000. The borrower entered into an Export Prepayment Facility Agreement dated as of January 21, 2015 and in connection with the Export Prepayment Facility Agreement, the borrower entered into the loan facility with the Partnership and a third party to provide financing up to a maximum borrowing of $50,000,000, whereby the third party funded a total of $13,500,000 and is the senior lender and the Partnership funded a total of $1,500,000 and is the subordinate lender. The loan facility is secured by the borrower's rights under the Export Prepayment Facility Agreement. In connection with the loan facility, the Partnership entered into a $1,500,000 promissory note with the borrower. The note accrues interest at LIBOR plus 6.75% per annum and matures on February 4, 2020. The borrower will make 10 semi-annual payments of 10% of the outstanding principal and interest.

Investment in SQN Helo, LLC

On January 7, 2015, we acquired a junior participation interest in a portfolio of eight helicopters for $1,500,000. The Partnership, SQN PAC, SQN Asset Finance Income Fund Limited ("SQN AFIF") and a third party formed a special purpose entity SQN Helo, LLC ("SQN Helo") whose sole purpose is to acquire the helicopter portfolio. SQN Helo is the sole owner of eight special purpose entities each of which own a helicopter. The purchase price of the helicopter portfolio was approximately $23,201,000 comprised of approximately $11,925,000 in cash and the assumption of approximately $11,276,000 of nonrecourse indebtedness. SQN PAC also acquired a junior participation interest in SQN Helo for $1,500,000. The senior participation interests in SQN Helo were acquired by SQN AFIF and the third party.

Aircraft Rotable Parts

On October 31, 2014, we entered into an agreement for the purchase of two operating leases for aircraft rotable parts equipment located in the United States of America with a total basis of $1,330,616. Each operating lease has a remaining term of 28 months and monthly payments of $26,493 and $1,800, respectively. On that same date, we entered into a participation agreement with the rotable parts servicer, whereby the servicer purchased a 5% interest in these operating leases.

Investment in Informage SQN Technologies LLC

On August 1, 2014, the Partnership, SQN PAC and a third party formed Informage SQN. Informage SQN was formed to finance cellular communications field measurement and testing and other related services to telecom clients on a contractual basis. The Partnership and SQN PAC each own 24.5% of Informage SQN, while the third party owns 51%. The Partnership accounts for its investment in Informage SQN using the equity method. The Partnership may make additional contributions up to $3,850,000.

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 L.P. ("Fund III"), an entity also sponsored by our Investment Manager. 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 consolidated financial statements. On March 28, 2014, Echo II entered into an agreement with a third party for the purchase of two portfolios of leases for approximately $21,863,000. The first portfolio consists of (i) various types of equipment including material handling, semiconductor test and manufacturing equipment, computer, medical, and telecommunications equipment and (ii) direct finance leases in medical equipment. The second portfolio consists of lease financings, which have been accounted for as loans receivable in the accompanying consolidated financial statements. Echo II paid approximately $10,416,000 in cash and assumed approximately $11,447,000 in non-recourse equipment notes payable. 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. In June 2015, Echo II sold all lease portfolios to a third party. The third party paid total cash proceeds of $7,825,000 and assumed related outstanding debt of $5,041,652. The net book value of lease portfolios at the time of sale was $12,902,075 which resulted in the Partnership recognizing a U.S. GAAP loss of $35,423, and a yield on investment of 14.083% which exceeded the originally projected yield of 10%. The Partnership received approximately $1,517,202 in cash from Echo II.

Echo Leases

On December 6, 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 Fund III. We 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 consolidated financial statements. On December 20, 2013, Echo entered into an agreement with a 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 consolidated financial statements. Echo paid approximately $9,300,000 in cash and assumed approximately $8,500,000 in non-recourse equipment notes payable. In February 2014, we 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. In June 2015, Echo sold all lease portfolios to a third party. The third party paid total cash proceeds of $6,001,324 and assumed related outstanding debt of $3,466,663. The net book value of lease portfolios at the time of sale was $9,978,526 which resulted in the Partnership recognizing a U.S. GAAP loss of $510,539, and a yield on investment of 11.603% which exceeded the originally projected yield of 10%. The Partnership received approximately $2,822,831 in cash from Echo.

Medical Equipment Financing

On June 28, 2013, we 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. As of December 31, 2015, the balance of the equipment note receivable has been repaid in full.

Mineral Processing Equipment Financing

On September 27, 2013, we entered into a loan facility to provide financing up to a maximum borrowing of $3,000,000. The borrower 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 was secured by equipment that refines precious metals and other minerals. We advanced $2,500,000 to the borrower during September 2013. The loan facility required 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. The loan facility was scheduled to mature in September 2017. On May 9, 2014, we made a second funding of $500,000 to the borrower under the above agreement. The loan facility required 41 monthly payments of principal and interest of $15,764 and matures in September 2017. The borrower's obligations under the loan facility were also personally guaranteed by its majority shareholders.

On December 22, 2014, the outstanding principal of $2,537,822 and accrued interest of $204,721 of this note receivable was restructured into a new note receivable of $2,883,347. The new loan facility is secured by equipment that refines precious metals and other minerals and is guaranteed by the majority shareholders of the Florida based company referred to above. The new loan facility requires 48 monthly payments of principal and interest of $79,255 commencing on February 24, 2015 and a balloon payment of $500,000 in January 2019. The loan facility is scheduled to mature in September 2017. In connection with above restructured note, on December 22, 2014, we entered into a $200,000 promissory note with the same counterparty. The promissory note requires 5 annual payments of $150,000 commencing on January 25, 2019 and matures in January 2023. As of December 31, 2014, we advanced $100,000. In January 2015, we advanced the remaining $100,000. In June 2015, we received a principal payment of $40,000. For the years ended December 31, 2015 and 2014, the mineral processing equipment note is in non-accrual status as a result of non-payment. Based on a third party appraisal of the collateral value of the equipment, the Investment Manager believes that there is sufficient collateral value to cover the outstanding balance of the restructured note receivable and the promissory note.

Brake Manufacturing Equipment Financing

On May 2, 2014, we purchased a promissory note secured by brake manufacturing equipment with an aggregate principal amount of $432,000. The promissory note requires quarterly payments of $34,786, accrues interest at 12.5% per annum and matures in January 2018.

Medical Equipment Financing

On December 19, 2014, we entered into a $667,629 promissory note to finance the purchase of medical equipment located in Texas. The promissory note will be paid through 60 monthly installments of principal and interest of $15,300. The promissory note is secured by a first priority security interest in the medical equipment and other personal property located at the borrowers principal place of business.

Smart Safes

On September 15, 2014, we entered into a Residual Interest Purchase Agreement with a leasing company to purchase up to $3 million of residual value interest in equipment. This leasing company has entered into a Master Lease Agreement with another third party to lease cash handling machines or smart safes under one or more lease schedules with original equipment cost of $20 million ("OEC") and a term of five years from initiation of each lease schedule. In connection with the Master Lease Agreement, the leasing company has entered into a finance arrangement with another third party to finance 85% of the OEC up to an aggregate facility of $17 million (85% of $20 million) and we agreed to finance the remaining 15% of the OEC up to an aggregate facility of $3 million (15% of $20 million). As of December 31, 2015, we had advanced a net total of $2,938,065.

Critical Accounting Policies

An understanding of our critical accounting policies is necessary to understand our financial results. The preparation of consolidated 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 notes and leases, 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.

Asset Impairments

The significant assets in our investment 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.

Equipment Notes and Loans Receivable

Equipment notes and loans receivable are reported in our consolidated balance sheets at the outstanding principal balance net of any unamortized deferred fees, premiums or discounts on purchased notes and loans. Costs to originated notes, if any, are reported as other assets in our consolidated balance sheets. 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 and loans receivable are generally placed in a non-accrual status when payments are more than 90 days past due. Additionally, we periodically review 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.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued new guidance to improve consolidation guidance for legal entities (Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842): Amendments to Leases Analysis)*, effective for fiscal years beginning after December 15, 2018 and interim periods within those years and early adoption is permitted. The standard amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Partnership is currently evaluating the impact of this guidance on its consolidated financial statements.

In February 2015, the Financial Accounting Standards Board ("FASB") issued new guidance to improve consolidation guidance for legal entities (Accounting Standards Update ("ASU") 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis)*, effective for fiscal years beginning after December 15, 2015 and interim periods within those years and early adoption is permitted. The new standard is intended to improve targeted areas of the consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures. The amendments in the ASU affect the consolidation evaluation for reporting organizations. In addition, the amendments in this ASU simplify and improve current U.S. GAAP by reducing the number of consolidation models. The Partnership is currently evaluating the impact of this guidance on its consolidated financial statements.

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

Business Overview

Our Offering period commenced on April 2, 2013 and will last until the earlier of (i) April 2, 2016, which is three 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 50 states and the District of Columbia. During the Offering Period it is anticipated that the majority of our cash inflows will be derived from financing activities and be the direct result of capital contributions from investors.

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 outflows 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 and interest payments.

Results of Operations for the Year Ended December 31, 2015 ("2015") as compared to the Year Ended December 31, 2014 ("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 inflow from financing activities though the sale of our Units to investors. Through December 31, 2015, we admitted 1,119 Limited Partners with total capital contributions of $55,314,985 resulting in the sale of 55,314.99 Units. We received cash of $53,357,586 and applied $1,957,399 which would have otherwise been paid as sales commission to the purchase of additional Units.

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 outflows from investing activities as we acquire leased equipment. We also expect our operating activities to generate cash inflows during this time as we collect rental payments from the leased assets we acquire.

Our revenue for the years ended December 31, 2015 and 2014 is summarized as follows:

	Year Ended December 31, 2015	Year Ended December 31, 2014
Revenue:		
Rental income	$ 1,726,134	$ 4,619,188
Finance income	139,754	192,438
Interest income	1,496,067	2,409,283
Income from equipment investment through SPV	4,545,014	—
Investment (loss) income from equity method investments	(350,397)	12,701
(Loss) gain on sale of assets	(254,914)	160,000
Other income	353,100	6,300
Total Revenue	$ 7,654,758	$ 7,399,910

For the year ended December 31, 2015, we earned $1,726,134 in rental income. The majority of which was a result of the portfolios of leases obtained by us through the Echo and Echo II transactions, which we sold in June 2015, leaving us with rental income from two operating leases of aircraft rotable parts equipment. We also recognized $1,496,067 in interest income, the majority of which was generated by the equipment notes and loans receivable. We recognized $139,754 in finance income from various finance leases. We also recognized an investment loss of $350,397 from our equity method investments. We also recognized income of $4,545,014 from our equipment investment through SPV. We also recognized a loss on sale of assets of $254,914 from the sale of operating leases and finance leases. The decrease in our rental income, finance income and interest income in 2015 as compared to 2014 is a result of the sale by Echo and Echo II of all their portfolios of leases and equipment loan receivables to a third party in June 2015.

For the year ended December 31, 2014, we earned $4,619,188 in rental income. The majority of which is a result of the portfolios of leases obtained by us through the Echo and Echo II transactions. We also recognized $2,409,283 in interest income, the majority of which was generated by the equipment notes and loans receivable. We recognized $192,438 in finance income from five finance leases. We also recognized $12,701 in equity method investment income. We also recognized a gain on sale of assets of $160,000 from the sale of operating leases and finance leases. As we acquire additional finance leases and operating leases, as well as, additional project financings we believe that our revenue will grow significantly. A substantial portion of our total revenue was a result of the portfolio of leases and equipment loan receivables we obtained in the Echo and Echo II transactions which did not occur until the end of the fourth quarter of 2013 and first quarter of 2014.

Our expenses for the years ended December 31, 2015 and 2014 are summarized as follows:

	Year Ended December 31, 2015	Year Ended December 31, 2014
Expenses:		
Management fees — Investment Manager	$ 1,500,000	$ 1,500,000
Depreciation and amortization	1,641,625	3,193,750
Professional fees	277,640	270,676
Acquisition costs	—	57,381
Administration expense	67,301	45,535
Interest expense	1,676,020	2,268,414
Other expenses	385,069	45,648
Expenses from equipment investment through SPV (including depreciation expense of approx.. $972,000)	5,194,405	—
Total Expenses	$ 10,742,060	$ 7,381,404
Foreign currency transaction losses	$ 61,749	$ 58,088

For the year ended December 31, 2015, we incurred $10,742,060 in total expenses. There was no increase in management fees paid to our Investment Manager in 2015 as compared to 2014. 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. We recognized $1,641,625 in depreciation and amortization expense. We also incurred $277,640 in professional fees, which is consistent with prior year. In conjunction with the Echo and Echo II transactions, we assumed approximately $19,947,000 non-recourse equipment notes payable with various financial institutions for the equipment held for lease which resulted in $1,676,020 in interest expense during the year ended December 31, 2015. We also incurred expenses of $5,194,405 from our equipment investment through SPV. The decrease in depreciation and amortization and in interest expense in 2015 as compared to 2014 is a result of the sale by Echo and Echo II of all their portfolios of leases and equipment notes to a third party in June 2015. This sale also resulted in us paying off our loans payable resulting in a decrease in interest expense.

For the year ended December 31, 2014, we incurred $7,381,404 in total expenses. We incurred $1,500,000 for management fees paid to our Investment Manager. 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 and Echo II transactions, we recognized $3,193,750 in depreciation and amortization expense. We also incurred $270,676 in professional fees. The increase is primarily 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 and Echo II transactions, we assumed approximately $19,947,000 non-recourse equipment notes payable with various financial institutions for the equipment held for lease which resulted in $2,268,414 in interest expense during the year ended December 31, 2014.

Net Loss

As a result of the factors discussed above, we reported a net loss for the year ended December 31, 2015 of $3,149,051, prior to the allocation for non-controlling interest, as compared to a net loss of $39,582 for the year ended December 31, 2014. The non-controlling interest represents the 20% investment by Fund III in the Echo and Echo II transactions, the 67.5% investment by SQN PAC in the Alpha transaction and the 10% investment by a third party in the CONT Feeder transaction. For the year ended December 31, 2015, the non-controlling interest recognized a net loss of $86,276 due to its interest in Echo, a net loss of $0 due to its interest in Echo II, net income of $1,383 due to its interest in Alpha and a net loss of $64,939 due to its interest in CONT Feeder.

Liquidity and Capital Resources

Sources and Uses of Cash

	Year Ended December 31, 2015	Year Ended December 31, 2014
Cash provided by (used in):		
Operating activities	$ 1,240,676	$ 1,273,675
Investing activities	$ (48,209,907)	$ (11,377,001)
Financing activities	$ 47,716,273	$ 13,992,200

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 inflows 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 cash inflows 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 year ended December 31, 2015 was $1,240,676 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 and amortization expense of $1,641,625 and (iv) an increase in minimum rents receivable for finance leases acquired during the period and a net loss on sale of assets of approximately $255,000. Offsetting these fluctuations was a net loss for the year ended December 31, 2015 of approximately $3,149,000, an increase in other assets of approximately $695,000 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.

Cash provided by operating activities for the year ended December 31, 2014 was $1,273,675 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 and amortization expense of $3,193,750 and (iv) an increase in minimum rents receivable for finance leases acquired during the period. Offsetting these fluctuations was a net loss for the year ended December 31, 2014 of approximately $39,500, a net gain on sale of assets of approximately $160,000, an increase in other assets of approximately $2,373,000 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 $48,209,907 for the year ended December 31, 2015. This was related to our equipment investment through SPV of approximately $42,408,000. We received proceeds from the sale of assets of approximately $15,235,000. In addition, we paid approximately $3,400,000 for the purchase of equipment subject to finance leases, respectively. We also paid approximately $746,000 for the purchase of a residual value interest in equipment subject to operating leases and approximately $139,000 for an investment in Informage SQN Technologies. We made additional advances on the collateralized loans receivable of approximately $15,350,000 and received repayments of approximately $5,150,000 from the borrowers during the year. We also paid approximately $7,258,000 for the acquisition of equipment notes receivable. The borrowers repaid approximately $675,000 during the year. The borrowers of our equipment loans receivable made payments of approximately $1,100,000 during the year.

Cash used in investing activities was $11,377,001 for the year ended December 31, 2014. This was related to our entering into the equipment loans receivable transaction for approximately $5,840,000. The borrowers made payments of approximately $2,800,000 during the period. We received proceeds from the sale of assets of approximately $3,000,000. In addition, we paid approximately $4,300,000 and $2,600,000 for the purchase of equipment subject to operating leases and finance leases, respectively. We also paid approximately $2,200,000 for the purchase of a residual value interest in equipment subject to operating leases and approximately $1,200,000 for an investment in Informage SQN Technologies. We made additional advances on the collateralized loan receivable of approximately $2,690,000 and received repayments of approximately $3,000,000 from the borrower during the year. We also paid approximately $1,600,000 for the acquisition of equipment notes receivable. The borrowers repaid approximately $280,000 during the period.

Financing Activities

Cash provided by financing activities for the year ended December 31, 2015 was $47,716,273 and was primarily due to cash proceeds received of $34,550,000 from a loan payable in relation to the CONT Feeder and Just Loans transactions as well as approximately $28,673,000 received for the sale of our Units to investors. Offsetting this increase were payments of approximately $2,460,000 for equipment loans with various financial institutions in relation to the Echo and Echo II portfolios, principal payments of approximately $11,305,000 on loans with unrelated lenders, underwriting fees, organizational and offering costs of approximately $3,047,000 and payments for distributions totaling approximately $2,500,000. During the year we also received $4,930,000 from a third party for its portion of the CONT Feeder transaction.

Cash provided by financing activities for the year ended December 31, 2014 was $13,992,200 and was primarily due to cash proceeds received of $9,500,000 from a loan payable in relation to the Echo II transaction as well as approximately $18,133,000 received for the sale of our Units to investors. Offsetting this increase were payments of approximately $6,570,000 for equipment loans with various financial institutions in relation to the Echo and Echo II portfolios, principal payments of approximately $4,995,000 on loans with unrelated lenders, underwriting fees, organizational and offering costs of approximately $1,632,000 and payments for distributions totaling approximately $818,000. During the year 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, the equivalent rate of 6.5% per annum, 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. On July 1, 2014, we paid a quarterly distribution to our Limited Partners at a rate of 7.0% per annum. This distribution rate reflects an increase of 0.5% per annum above the targeted distribution rate of 6.5% per annum. On October 1, 2014, January 1, 2015 and April 1, 2015, we paid a quarterly distribution to our Limited Partners at a rate of 7.1% per annum. This distribution rate reflects an increase of 0.6% per annum above the targeted distribution rate of 6.5% per annum. On July 1, 2015, October 1, 2015 and January 1, 2016, we paid quarterly distributions to our Limited Partners at a rate of 8.0% per annum. This distribution rate reflects an increase of 1.5% per annum above the targeted distribution rate of 6.5% per annum. During the years ended December 31, 2015 and 2014, we made quarterly cash distributions to our Limited Partners totaling approximately $2,500,200 and $817,700, respectively, and we accrued $1,014,328 and $429,140 respectively, for distributions due to Limited Partners which resulted in a Distributions payable to Limited Partners of $1,014,328 and $429,140 at December 31, 2015 and 2014. We made a cash distribution of $15,000 to the General Partner during the year ended December 31, 2015 but did not make a cash distribution to the General Partner during the year ended December 31, 2014; we accrued $29,855 and $12,468, respectively, for distributions due to the General Partner which resulted in a Distributions payable to General Partner of $27,860 and $13,005 at December 31, 2015 and 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 transaction, we appointed the seller of the equipment leases as the exclusive remarketing agent of the equipment after the expiration of the existing lease terms. If certain yields were achieved, we were required to pay the seller a remarketing fee. 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.

In conjunction with the Smart Safes transaction, we appointed the leasing company to remarket the equipment after the expiration of each lease schedule. We are not required to pay the seller a remarketing fee when remarketing proceeds are received.

Contractual Obligations

None.

Subsequent Events

Subsequent to December 31, 2015, the Partnership acquired a loan note from a third party leasing company for approximately $247,194. The loan is secured by transportation equipment. Under the terms of the loan agreement, the borrower is required to make 72 monthly payments of principal and interest of $4,697. The loan is scheduled to mature on January 23, 2022.

On January 22, 2016, the Partnership advanced a total of $178,403 for die board cutting equipment on lease.

On January 12, 2016 and February 1, 2016, Juliet funded approximately $63,325 and $295,918, respectively, for two draws under the furniture and fixtures and servers equipment lease.

On February 18, 2016, Juliet received cash of $600,291 as payment in full on two equipment notes receivables.

On February 19, 2016, Juliet funded $2,878,000 in connection with the Just Loans collateralized loan receivable.

On February 26, 2016, the Partnership financed the purchase of transportation equipment totaling approximately $198,000 after applicable exchange rates.

On March 8, 2016, the Partnership loaned $1,992,000 to a California-based LED lighting manufacturer located in California. The loan is secured by manufacturing and testing equipment located at one of the manufacturer's facilities.

From January 1, 2016 through March 25, 2016, we admitted an additional 267 Limited Partners with total cash contributions of $13,976,611, total capital contributions of $14,355,842 and 14,355.84 Units. The Partnership paid or accrued an underwriting fee to Securities and outside brokers totaling $419,298 and $625,678, respectively.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

We, like most other companies, are exposed to certain market risks, which include changes in interest rates and the demand for equipment owned by us. We believe that our exposure to other market risks, including commodity risk and equity price risk, are insignificant at this time to both our financial position and our results of operations.

We currently have no debt on the portfolio level and do not anticipate taking on any debt for the foreseeable future. The non-recourse debt that we do have is tied to fixed receivables and therefore not affected by the credit markets. Our Investment Manager has evaluated the impact of the condition of the credit markets on our future cash flows and we do not believe that we will experience any material adverse impact on our cash flows should credit conditions in general remain the same or deteriorate further.

At times we may have large cash positions in a bank located in the United Kingdom and a substantial portion of our transactions are currently denominated in British Pound Sterling, exposing us to both currency risk, in the form of foreign currency exposure and market risk, in that the majority of our leased assets and financings are located within the United Kingdom. We currently do not anticipate entering into agreements to hedge our foreign currency risk so we may experience large fluctuations in our operating results due to the currency changes in the British Pound Sterling from year to year but we believe this is mitigated by rapid amortization of our leases and our ability to adjust residual pricing to offset currency changes. We do not expect any undue exposure to market risk as our various lease transactions are in diversified industry segments and we believe a downturn in any one industry segment will not have a negative impact on other industry segments.

We manage our exposure to equipment and residual risk by monitoring the markets our equipment is in and maximizing remarketing proceeds through the re-lease or sale of equipment.

Item 8. Financial Statements and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners
SQN AIF IV, L.P. and Subsidiaries
New York, New York

We have audited the accompanying consolidated balance sheets of SQN AIF IV, L.P. and Subsidiaries (the "Partnership") as of December 31, 2015 and 2014, and the related consolidated statements of operations, changes in partners' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of its internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SQN AIF IV, L.P. and Subsidiaries as of December 31, 2015 and 2014 and the results of their operations and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Baker Tilly Virchow Krause, LLP

New York, New York
March 30, 2016

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

	December 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$ 4,782,256	$ 4,035,214
Investments in finance leases, net	3,358,435	1,492,778
Investments in equipment subject to operating leases, net	1,025,127	14,265,326
Equipment notes receivable, including accrued interest of $151,448 and $22,488	11,025,523	4,341,220
Equipment loans receivable, including accrued interest of $0 and $30,448	-	11,429,927
Residual value investment in equipment on lease	2,938,065	2,192,362
Initial direct costs, net of accumulated amortization of $51,055 and $199,396	323,697	313,688
Collaterized loans receivable, including accrued interest of $166,577 and $0	10,370,610	-
Investment in Informage SQN Technologies LLC	649,055	1,231,792
Investment in SQN Helo LLC	1,224,937	-
Equipment investment through SPV	42,408,395	-
Other assets	3,908,546	4,237,124
Total Assets	$ 82,014,646	$ 43,539,431
Liabilities and Partners' Equity		
Liabilities:		
Equipment notes payable, non-recourse	$ -	$ 10,380,386
Loans payable	34,550,746	11,304,675
Accounts payable and accrued liabilities	1,924,212	178,713
Distributions payable to Limited Partners	1,014,328	429,140
Distributions payable to General Partner	27,860	13,005
Security deposits payable	94,942	12,324
Total Liabilities	37,612,088	22,318,243
Commitments and Contingencies	-	-
Partners' Equity (Deficit):		
Limited Partners	39,621,119	20,083,196
General Partner	(83,186)	(23,339)
Total Partners' Equity attributable to the Partnership	39,537,933	20,059,857
Non-controlling interest in consolidated entities	4,864,625	1,161,331
Total Equity	44,402,558	21,221,188
Total Liabilities and Partners' Equity	$ 82,014,646	$ 43,539,431

The accompanying notes are an integral part of these consolidated financial statements.

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

	For the Years Ended December 31, 2015	2014
Revenue:		
Rental income	$ 1,726,134	$ 4,619,188
Finance income	139,754	192,438
Interest income	1,496,067	2,409,283
Income from equipment investment through SPV	4,545,014	-
Investment (loss) income from equity method investments	(350,396)	12,701
(Loss) gain on sale of assets	(254,914)	160,000
Other income	353,099	6,300
Total Revenue	7,654,758	7,399,910
Expenses:		
Management fees - Investment Manager	1,500,000	1,500,000
Depreciation and amortization	1,641,625	3,193,750
Professional fees	277,640	270,676
Acquisition costs	-	57,381
Administration expense	67,301	45,535
Interest expense	1,676,020	2,268,414
Other expenses	385,069	45,648
Expenses from equipment investment through SPV (including depreciation expense of approximately $972,000)	5,194,405	-
Total Expenses	10,742,060	7,381,404
Foreign currency transaction losses	61,749	58,088
Net loss	(3,149,051)	(39,582)
Net (loss) income attributable to non-controlling interest in consolidated entities	(149,832)	135,636
Net loss attributable to the Partnership	$ (2,999,219)	$ (175,218)
Net loss attributable to the Partnership		
Limited Partners	$ (2,969,227)	$ (173,466)
General Partner	(29,992)	(1,752)
Net loss attributable to the Partnership	$ (2,999,219)	$ (175,218)
Weighted average number of limited partnership interests outstanding	38,284.68	16,301.74
Net loss attributable to Limited Partners per weighted average number of limited partnership interests outstanding	$ (77.56)	$ (10.64)

The accompanying notes are an integral part of these consolidated financial statements.

SQN AIF IV, L.P. and Subsidiaries
(A Delaware Limited Partnership)
Consolidated Statements of Changes in Partners' Equity
Years Ended December 31, 2014 and 2013

	Limited Partnership Interests	Total Equity	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 Partners' capital contributions	18,856.36	18,856,356	-	18,856,356	-
Non-controlling interest contribution to consolidated entities	-	470,000	-	-	470,000
Offering expenses	-	(491,043)	-	(491,043)	-
Underwriting fees	-	(1,863,935)	-	(1,863,935)	-
Net (loss) income	-	(39,582)	(1,752)	(173,466)	135,636
Distributions to partners	-	(1,259,314)	(12,468)	(1,246,846)	-
Redemption of initial Limited Partners' contributions	-	(97,183)	-	(97,183)	-
Balance, December 31, 2014	26,444.01	21,221,188	(23,339)	20,083,196	1,161,331
Limited Partners' capital contributions	28,871.98	28,871,979	-	28,871,979	-
Non-controlling interest contribution to consolidated entities	-	4,929,564	-	-	4,929,564
Offering expenses	-	(380,306)	-	(380,306)	-
Underwriting fees	-	(2,866,380)	-	(2,866,380)	-
Net loss	-	(3,149,051)	(29,992)	(2,969,227)	(149,832)
Distributions to partners	-	(3,015,260)	(29,855)	(2,985,405)	-
Redemption of non-controlling interest to consolidated entities	-	(1,076,438)	-	-	(1,076,438)
Redemption of initial Limited Partners' contributions	-	(132,738)	-	(132,738)	-
Balance, December 31, 2015	55,315.99	$ 44,402,558	$ (83,186)	$ 39,621,119	$ 4,864,625

The accompanying notes are an integral part of these consolidated financial statements.

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

	For the Years Ended December 31, 2015	2014
Cash flows from operating activities:		
Net loss	$ (3,149,051)	$ (39,582)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Finance income	(139,754)	(192,438)
Accrued interest income	(1,261,266)	(1,888,347)
Investment loss (income) from equity method investments	350,396	(12,701)
Depreciation and amortization	1,641,625	3,193,750
Loss (gain) on sale of assets	254,914	(160,000)
Rental income adjustment for Echo and Echo II	186,048	-
Foreign currency transaction gains	54,101	(4,317)
Change in operating assets and liabilities:		
Minimum rents receivable	491,410	611,449
Accrued interest income	963,523	1,516,233
Other assets	695,439	(2,373,633)
Accounts payable and accrued liabilities	1,745,499	(38,691)
Unearned income	-	(82,024)
Due to SQN Securities, LLC	-	(10,797)
Security deposits payable	82,618	12,324
Accrued interest on note payable	(674,826)	742,449
Net cash provided by operating activities	1,240,676	1,273,675
Cash flows from investing activities:		
Cash paid for purchase of equipment subject to operating leases	-	(4,336,148)
Purchase of finance leases	(3,362,682)	(2,582,377)
Purchase of residual value investments of equipment subject to lease	(745,703)	(2,192,362)
Cash paid for initial direct costs	(277,292)	(180,584)
Cash paid for collateralized loans receivable	(15,354,033)	(2,686,056)
Cash received from collateralized loans receivable	5,150,000	3,008,056
Cash paid for equipment loans receivable	-	(5,836,265)
Cash received from equipment loans receivable	1,128,812	2,851,286
Proceeds from sale of leased assets	15,234,421	3,080,993
Investment in Informage SQN Technologies	(138,532)	(1,219,091)
Proceeds from Informage SQN Technologies	610,936	-
Investment in SQN Helo	(1,465,000)	-
Equipment investment through SPV	(42,408,395)	-
Cash paid for equipment notes receivable	(7,257,621)	(1,562,375)
Repayment of equipment notes receivable	675,182	277,922
Net cash used in investing activities	(48,209,907)	(11,377,001)
Cash flows from financing activities:		
Cash received from loan payable	34,550,746	9,500,000
Repayments of loan payable	(11,304,675)	(4,995,324)
Cash paid to financial institutions for equipment notes payable	(2,460,262)	(6,568,965)
Cash received from non-controlling interest contribution	4,929,564	470,000
Cash received from Limited Partner capital contributions	28,178,084	18,133,012
Cash paid for Limited Partner distributions	(2,500,217)	(817,706)
Cash paid for Initial Limited Partners contribution redemption	(32,738)	(97,183)
Cash paid for General Partner distributions	(15,000)	-
Cash paid for non-controlling interest distributions	(1,076,438)	-
Cash paid for underwriting fees	(2,172,485)	(1,140,591)
Cash paid for offering costs	(380,306)	(491,043)
Net cash provided by financing activities	47,716,273	13,992,200
Net increase in cash and cash equivalents	747,042	3,888,874
Cash and cash equivalents, beginning of period	4,035,214	146,340
Cash and cash equivalents, end of period	$ 4,782,256	$ 4,035,214

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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

	For the Years Ended December 31,	
	2015	**2014**
Supplemental disclosure of other cash flow information:		
Cash paid for interest	$ 351,678	$ 1,159,611
Supplemental disclosure of non-cash investing and financing activities:		
Debt assumed in lease purchase agreement	$ -	$ 11,447,351
Units issued as underwriting fee discount	$ 693,895	$ 723,344
Distributions payable to General Partner	$ 29,855	$ 12,468
Distributions payable to Limited Partners	$ 1,014,328	$ 429,140
Reclassification of equipment subject to operating leases to other assets	$ (181,778)	$ (1,735,991)
Increase in equipment loans receivable	$ (108,636)	$ -

The accompanying notes are an integral part of these unaudited consolidated financial statements.

1. Organization and Nature of Operations

Organization — 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.

Nature of Operations — The principal investment strategy of the Partnership is to invest in business-essential, revenue-producing (or cost-savings) equipment or other physical assets with high in-place value and long, relative to the investment term, economic life and project financings. The Partnership executes its 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 and project financings; (iii) acquiring equipment subject to lease and (iv) acquiring ownership rights (residual value interests) in leased equipment at lease expiration. From time to time, the Partnership may also purchase equipment and sell it directly to its leasing customers. The Partnership may use other investment structures that SQN Capital Management, LLC (the "Investment Manager") believes will provide the Partnership with an appropriate level of security, collateralization, and flexibility to optimize its return on its investment while protecting against downside risk. In many cases, the structure will include the Partnership holding title to or a priority or controlling position in the equipment or other asset.

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. 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 Limited 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.

On December 6, 2013, the Partnership formed a special purpose entity SQN Echo LLC ("Echo"), a limited liability company registered in the state of Delaware which was 80% owned by the Partnership and 20% by SQN Alternative Investment Fund III L.P. ("Fund III"), an entity also sponsored by the Partnership's Investment Manager. 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 was presented as non-controlling interest on the consolidated financial statements. On December 20, 2013, Echo entered into an agreement with a third party for the purchase of two portfolios of leases for $17,800,000. The first portfolio consisted of various types of equipment including material handling, semiconductor test and manufacturing equipment, computer, medical, and telecommunications equipment. The second portfolio consisted of lease financings, which were accounted for as loans receivable in the consolidated financial statements. Echo paid approximately $9,300,000 in cash and assumed approximately $8,500,000 in non-recourse equipment notes payable. 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. In June 2015, Echo sold all lease portfolios to a third party. The third party paid total cash proceeds of $6,001,324 and assumed related outstanding debt of $3,466,663. The net book value of lease portfolios at the time of sale was $9,978,526, which resulted in the Partnership recognizing a U.S. GAAP loss of $510,539, and a yield on investment of 11.603% which exceeded the originally projected yield of 10%. The Partnership received approximately $2,822,831 in cash from Echo.

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 was 80% owned by the Partnership and 20% by Fund III. 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 was presented as non-controlling interest on the consolidated financial statements. On March 28, 2014, Echo II entered into an agreement with a third party for the purchase of two portfolios of leases for approximately $21,863,000. The first portfolio consisted of (i) various types of equipment including material handling, semiconductor test and manufacturing equipment, computer, medical, and telecommunications equipment and (ii) direct finance leases in medical equipment. The second portfolio consisted of lease financings, which were accounted for as loans receivable in the consolidated financial statements. Echo II paid approximately $10,416,000 in cash and assumed approximately $11,447,000 in non-recourse equipment notes payable. 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. In June 2015, Echo II sold all lease portfolios to a third party. The third party paid total cash proceeds of $7,825,000 and assumed related outstanding debt of $5,041,652. The net book value of lease portfolios at the time of sale was $12,902,075, which resulted in the Partnership recognizing a U.S. GAAP loss of $35,423, and a yield on investment of 14.083% which exceeded the originally projected yield of 10%. The Partnership received approximately $1,517,202 in cash from Echo II.

On January 19, 2015, the Investment Manager, through a wholly-owned subsidiary, entered into an agreement to acquire the leasing division of Summit Asset Management Limited ("Summit Asset Management"). Upon the acquisition, the Origination and Servicing Agreement between the Investment Manager and Summit Asset Management was terminated. From January 1, 2015, all activities of Summit Asset Management are conducted under SQN Capital Management (UK) Limited ("SQN UK"). Where Summit Asset Management was previously the servicer on transactions sold to the Partnership, SQN UK will now act as servicer.

On June 3, 2015, SQN Alpha, LLC ("Alpha"), a special purpose entity which is 32.5% owned by the Partnership and 67.5% owned by SQN Portfolio Acquisition Company, LLC ("SQN PAC"), acquired a promissory note with a principal amount equal to $2,650,000. The promissory note accrues interest at the rate of 11.1% per annum, payable quarterly in arrears, and matures on June 30, 2020. The promissory note is secured by a pledge of shares in an investment portfolio of insurance companies under common control of the third party which include equipment leases, direct hard assets and infrastructure investments, and other securities. On June 3, 2015, a participation agreement was entered into between SQN PAC ("Participation A"), the Partnership ("Participation B"), Alpha and SQN Capital Management, LLC. Under the agreement, Alpha created two collateralized participation interests for the collateral ("Promissory Note"); Participation A's principal contribution is $1,788,750 and accrues interest at 9% per annum and Participation B's principal contribution is $861,250 and accrues interest at 15.05% per annum. SQN Capital Management, LLC was appointed as a servicer for the Promissory Note. Participation A's interest is senior to Participation B's interest. Since the Partnership bears the primary risks and rewards of Alpha, the Partnership consolidates Alpha into the consolidated financial statements. SQN PAC's 67.5% investment in Alpha is presented as non-controlling interest on the consolidated financial statements.

On December 2, 2015, the Partnership formed a special purpose entity SQN Juliet, LLC ("Juliet"), a limited liability company registered in the state of Delaware which is wholly owned by the Partnership. On December 29, 2015, Juliet entered into a loan agreement with a third party to borrow $3,071,000 for the funding of two loan facilities. The loan accrues interest at the rate of 8.5% per annum and matures on December 29, 2016. On December 31, 2015, Juliet extended two separate loan facilities to two borrowers. The borrowers are both subsidiaries of a UK based parent company that provides small and medium sized secured business loans ("Just Loans"). Each facility provides financing up to a maximum borrowing of £5,037,500 or together a total of £10,075,000 and accrues interest at a rate of 10% per annum. The funds can be drawn down in increments of up to £1,000,000 per month per facility with the exception of the first draws which were each in the amount of £1,037,500 in order to fund a certain third party fee of £37,500. The funds can be drawn up to the one year anniversary of the loan facilities or December 31, 2016 ("Availability Date"). The loan is repayable in monthly interest only payments due on the last day of each month. Principal is due nine months after the Availability Date or September 30, 2017 ("Termination Date"). The loans are secured by share pledges of the borrowers, a guaranty from the UK based parent company, and the underlying loan portfolio that Just Loans generates. On December 29, 2015, a participation agreement was entered into between a third party ("Participation A"), the Partnership ("Participation B"), and Juliet. In connection with the participation agreement, the Partnership assigned to Juliet various finance leases and equipment notes receivables with a total value equal to $4,866,750. Under the agreement, Juliet created two collateralized participation interests for the underlying loans ("Underlying Loans"); Participation A's principal balance is $3,071,000 and accrues interest at 8.5% per annum and Participation B's principal balance is the value of their assigned finance leases and equipment notes receivable of $4,866,750. Participation A's interest is senior to Participation B's interest.

On December 16, 2015, SQN Marine, LLC ("Marine"), a special purpose vehicle which is wholly owned by the Partnership, entered into a sale and assignment of partnership interest agreement with the Partnership and a third party. Under the terms of the agreement, Marine acquired an 88.20% (90% of 98%) economic interest in a portfolio of container feeder vessels, for an aggregate investment of $28,266,789. Marine contributed cash of $12,135,718 and entered into two loans payable with separate third parties of $7,500,000 and $9,604,091. Marine acquired their economic interest in the vessels through a limited partnership interest in CONT Feeder Portfolio GmbH & Co. KG, a Germany based limited partnership ("CONT Feeder"), which acquired and operates the container feeder vessels, and entered into a separate note payable with an unrelated third party of $14,375,654. Marine bears the risks and rewards of ownership of CONT Feeder and therefore Marine consolidates the financial statements of CONT Feeder. Since the Partnership bears the primary risks and rewards of Marine, the Partnership consolidates Marine into the consolidated financial statements. A third party contributed $3,140,754 to purchase a 10% share of CONT Feeder which is presented as non-controlling interest on the consolidated financial statements.

The Partnership's 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 income, losses and distributable cash will be allocated 80% to the Limited Partners and 20% to the General Partner. The Partnership is 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, 2016, which is three years from the date the Partnership was declared effective by the Securities and Exchange Commission ("SEC"). During the Operating Period the Partnership will invest most of the net proceeds from its 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 the Partnership's 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 the Partnership will sell its 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"), is a Delaware limited liability company and a majority-owned subsidiary of the 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 its Units to the General Partner or its affiliates). While Securities is currently acting as the Partnership's exclusive selling agent, the Partnership may engage additional selling agents in the future. In addition, the Partnership will pay a 7% sales commission to broker-dealers unaffiliated with the General Partner who will be selling the Partnership's Units, on a best efforts basis. When the 7% sales commission is not required to be paid, the Partnership applies the proceeds that would otherwise be payable as sales commission toward the purchase of additional fractional Units at $1,000 per Unit.

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. On July 1, 2014, the Partnership paid a quarterly distribution to its Limited Partners at a rate of 7.0% per annum. This distribution rate reflects an increase of 0.5% per annum above the targeted distribution rate of 6.5% per annum. On October 1, 2014, January 1, 2015 and April 1, 2015, the Partnership paid a quarterly distribution to its Limited Partners at a rate of 7.1% per annum. This distribution rate reflects an increase of 0.6% per annum above the targeted distribution rate of 6.5% per annum. On July 1, 2015, October 1, 2015 and January 1, 2016, the Partnership paid a quarterly distribution to its Limited Partners at a rate of 8.0% per annum. This distribution rate reflects an increase of 1.5% per annum above the targeted distribution rate of 6.5% per annum. During the years ended December 31, 2015 and 2014, the Partnership declared quarterly cash distributions to its Limited Partners totaling $2,500,217 and $817,706, respectively, and accrued $1,014,328 and $429,140 respectively, for distributions due to Limited Partners which resulted in a Distributions payable to Limited Partners of $1,014,328 and $429,140 at December 31, 2015 and 2014. The Partnership declared a cash distribution of $15,000 to the General Partner during the year ended December 31, 2015 but did not make a cash distribution to the General Partner during the year ended December 31, 2014; and accrued $29,855 and $12,468, respectively, for distributions due to the General Partner which resulted in a Distributions payable to General Partner of $27,860 and $13,005 at December 31, 2015 and 2014.

From May 29, 2013 through December 31, 2015, the Partnership has admitted 1,119 Limited Partners with total capital contributions of $55,314,985 resulting in the sale of 55,314.99 Units. The Partnership received cash contributions of $53,357,586 and applied $1,957,399 which would have otherwise been paid as sales commission to the purchase of 1,957.40 additional Units.

2. Summary of Significant Accounting Policies

Basis of Presentation — The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principles of Consolidation — The consolidated financial statements include the accounts of the Partnership and its entities, 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.

Non-controlling interest represents the minority equity holders' investment in Echo, Echo II, Alpha and CONT Feeder plus the minority's share of the net operating results and other components of equity relating to the non-controlling interest.

Variable interests are investments or other interests that absorb portions of a variable interest entity's ("VIE") expected losses or receive portions of the Partnership's expected residual returns and are contractual, ownership, or other pecuniary interests in a VIE that change with changes in the fair value of the VIE. An entity is considered to be a VIE if any of the following conditions exist. (1) The total equity investment at risk is insufficient to permit the legal entity to finance its activities without additional subordinated financial support; or (2) As a group, the holders of equity investments at risk lack any of the three characteristics of a controlling financial interest:(a) The direct or indirect ability through voting or similar rights to make decisions that have a significant effect on the success of the legal entity. The equity holders at risk are deemed to lack this characteristic if: i. the voting rights of some investors are not proportional to their obligation to absorb the expected losses of the legal entity or rights to receive expected residual returns; and ii. substantially all of the legal entity's activities are either involved with or are conducted on behalf of an investor that has disproportionately few voting rights (b) The obligation to absorb the expected losses of the legal entity (c) The right to receive the expected residual returns of the legal entity. An entity that is determined to be a VIE is required to be consolidated by its primary beneficiary. The primary beneficiary of a VIE is determined to be the party that has both the power to direct the activities that most significantly affect the VIE's economic performance ("Power") and the obligation to absorb losses of, or the right to receive benefits from the VIE, that could potentially be significant to the VIE ("Benefits"). The determination of whether a reporting entity is the primary beneficiary involves complex and subjective analyses.

Use of Estimates — The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates primarily include the determination of allowances for doubtful lease, notes and loan accounts, depreciation and amortization, impairment losses, estimated useful lives, and residual values. Actual results could differ from those estimates.

Cash and Cash Equivalents — The Partnership considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of funds maintained in checking and money market accounts maintained at financial institutions.

The Partnership's cash and cash equivalents are held principally at one financial institution and at times may exceed federally insured limits. The Partnership has placed these funds in an international financial institution in order to minimize risk relating to exceeding insured limits. The Partnership, through Summit Asset Management Limited, maintains an unrestricted bank account at a major financial institution in the United Kingdom for purposes of receiving payments and funding transactions in Pound Sterling.

Credit Risk — In the normal course of business, the Partnership is exposed to credit risk. Credit risk is the risk that the Partnerships' counterparty to an agreement either has an inability or unwillingness to make contractually required payments. The Partnership expects concentrations of credit risk with respect to lessees to be dispersed across different industry segments and different regions of the world.

Asset Impairments — Assets in the Partnership's investment portfolio, which are considered long-lived assets, 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 the asset may not be recoverable. An impairment loss is recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. If there is an indication of impairment, the Partnership estimates 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 inflows expected to be generated by an asset less the future outflows expected to be necessary to obtain those inflows. If an impairment is determined to exist, the impairment loss is measured as the amount by which the carrying value of a long-lived asset exceeds its fair value and is 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 recover the carrying value of the asset. The preparation of the undiscounted cash flows requires the use of assumptions and estimates, including the level of future rents or receipts from the sale of the investment, estimated downtime between re-leasing events, and the amount of re-leasing costs. The 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.

Lease Classification and Revenue Recognition — The Partnership records revenue based upon the lease classification determined at the inception of the transaction and based upon the terms of the lease or when there are significant changes to the lease terms.

The Partnership leases equipment to third parties and each such lease may be classified as either a finance lease or an operating lease. Initial direct costs are capitalized and amortized over the term of the related lease for a finance lease. For an operating lease, initial direct costs are included as a component of the cost of the equipment and depreciated.

For finance leases, the Partnership records, at lease inception, the total minimum lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment upon lease termination, the initial direct costs, if any, related to the lease 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 and uncollected operating lease receivables will be included in accounts receivable. Accounts receivable are stated at their estimated net realizable value. Rental income received in advance is the difference between the timing of the cash payments and the income recognized on the straight line basis.

The investment committee of the Investment Manager approves each new equipment lease, financing transaction, and lease acquisition. As part of this process it determines the unguaranteed residual value, if any, to be used once the acquisition has been approved. The factors considered in determining the unguaranteed residual value include, but are not limited to, the creditworthiness of the potential lessee, the type of equipment being considered, how the equipment is integrated into the potential lessees' business, the length of the lease and the industry in which the potential lessee operates. Unguaranteed residual values are reviewed for impairment in accordance with the Partnership's policy relating to impairment review.

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.

Finance Lease Receivables and Allowance for Doubtful Lease, Notes and Loan Accounts — In the normal course of business, the Partnership provides credit or financing to its customers, performs credit evaluations of these customers, and maintains reserves for potential credit losses. These credit or financing transactions are normally collateralized by the equipment being financed. In determining the amount of allowance for doubtful lease, notes and loan accounts, the Investment Manager considers historical credit losses, the past due status of receivables, payment history, and other customer-specific information, including the value of the collateral. The past due status of a receivable is based on its contractual terms. Expected credit losses are recorded as an allowance for doubtful lease, notes and loan accounts. Receivables are written off when the Investment Manager determines they are uncollectible. At December 31, 2015 and 2014, an allowance for doubtful lease, notes and loan accounts is not currently provided since, in the opinion of the Investment Manager, all accounts recorded on the books are deemed collectible.

Equipment Notes and Loans Receivable — Equipment notes and loans receivable are reported in the consolidated financial statements as the outstanding principal balance net of any unamortized deferred fees, and premiums or discounts on purchased loans. Costs to originate loans, if any, are reported as other assets in the consolidated financial statements and amortized to expense over the estimated life of the loan. Income is recognized over the life of the note agreement. On certain equipment notes and loans 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 and loans receivable are generally placed in a non-accrual status when payments are more than 90 days past due and all unpaid accrued interest is reversed. 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 the Partnership believes recovery of the remaining unpaid receivable is probable. Revenue on non-accrual accounts is recognized only when cash has been received.

Initial Direct Costs — The Partnership capitalizes initial direct costs associated with the origination and funding of lease assets. These costs are amortized on a lease by lease basis over the actual contract term of each lease using the effective interest rate method for finance leases and the straight-line method for operating leases. Upon disposal of the underlying lease assets, both the initial direct costs and the associated accumulated amortization are relieved. 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.

Equity Method — The Partnership records its 24.5% investment in Informage SQN Technologies LLC and its 50% investment in SQN Helo, LLC using the equity method of accounting. According to U.S. GAAP, a company that holds 20% or greater investment in another company could potentially exercise significant influence over the investee company’s operating and financing activities and should therefore utilize the equity method of accounting. The Partnership’s portion of earnings in the investee are recorded as an increase in its investment and recognized in the consolidated statements of operations, and any distributions received from the investee are recorded as a reduction in its investment.

Acquisition Expense — Acquisition expense represents costs which include, but are not limited to, legal fees and expenses, travel and communication expenses, cost of appraisals, accounting fees and expenses, and miscellaneous expenses related to the selection and acquisition of leased equipment which are incurred by the Partnership under the terms of the Partnership Agreement, as amended. As these costs are not eligible for capitalization as initial direct costs, such amounts are expensed as incurred.

Income Taxes — As a partnership, no provision for income taxes is recorded since the liability for such taxes is the responsibility of each of the Partners rather than the Partnership. The Partnership's income tax returns are subject to examination by the federal and state taxing authorities, and changes, if any, could adjust the individual income tax of the Partners.

The Partnership has adopted the provisions of FASB Topic 740, *Accounting for Uncertainty in Income Taxes.* This accounting guidance prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Additionally, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Partnership has evaluated its entity level tax positions for the years ended December 31, 2015 and 2014, and does not expect any material adjustments to be made. The tax years 2015, 2014 and 2013 remain open to examination by the major taxing jurisdictions to which the Partnership is subject.

Per Share Data — Net income or loss attributable to Limited Partners per weighted average number of limited partnership interests outstanding is calculated as follows; the net income or loss allocable to the Limited Partners divided by the weighted average number of limited partnership interests outstanding during the period.

Foreign Currency Transactions — The Partnership has designated the United States of America dollar as the functional currency for the Partnership's investments denominated in foreign currencies. Accordingly, certain assets and liabilities are translated at either the reporting period exchange rates or the historical exchange rates, revenues and expenses are translated at the average rate of exchange for the period, and all transaction gains or losses are reflected in the consolidated statements of operations.

Depreciation — The Partnership, and all consolidated entities, 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 Partnership's 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.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued new guidance to improve consolidation guidance for legal entities (Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842): Amendments to Leases Analysis)*, effective for fiscal years beginning after December 15, 2018 and interim periods within those years and early adoption is permitted. The standard amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Partnership is currently evaluating the impact of this guidance on its consolidated financial statements.

In February 2015, the Financial Accounting Standards Board ("FASB") issued new guidance to improve consolidation guidance for legal entities ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis)*, effective for fiscal years beginning after December 15, 2015 and interim periods within those years and early adoption is permitted. The new standard is intended to improve targeted areas of the consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures. The amendments in the ASU affect the consolidation evaluation for reporting organizations. In addition, the amendments in this ASU simplify and improve current U.S. GAAP by reducing the number of consolidation models. The Partnership is currently evaluating the impact of this guidance on its consolidated financial statements.

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

3. Related Party Transactions

The General Partner is responsible for the 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 a fee 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 at December 31, 2015.

The Partnership pays the Investment Manager during the Offering Period, Operating Period and the Liquidation Period a management fee equal to or the greater of, (i) 2.5% per annum of the aggregate offering proceeds, or (ii) $125,000 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 total equity raised. For the years ended December 31, 2015 and 2014, the Partnership paid $1,500,000 in management fee expense to the Investment Manager.

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 years ended December 31, 2015 and 2014, the Partnership incurred the following transactions with Securities:

	Year Ended December 31, 2015	Year Ended December 31, 2014
Balance - beginning of year	$ —	$ 10,797
Underwriting fees earned by Securities	845,343	543,990
Payments by the Partnership to Securities	(845,343)	(554,787)
Balance - end of year	$ —	$ —

For the years ended December 31, 2015 and 2014, the Partnership incurred the following underwriting fee transactions:

	Year Ended December 31, 2015	Year Ended December 31, 2014
Underwriting discount incurred by the Partnership	$ 693,895	$ 723,344
Underwriting fees earned by Securities	845,343	543,990
Underwriting fees paid to outside brokers	1,327,142	596,601
Total underwriting fees	$ 2,866,380	$ 1,863,935

4. Investments in Finance Leases

At December 31, 2015 and 2014, net investments in finance leases consisted of the following:

	2015	2014
Minimum rents receivable	$ 4,007,515	$ 1,389,721
Estimated unguaranteed residual value	113,363	360,000
Unearned income	(762,443)	(256,943)
	$ 3,358,435	$ 1,492,778

Furniture, Fixtures and Equipment, as well as Computer Hardware & Software

On December 30, 2015, the Partnership entered into a new finance lease transaction for furniture, fixtures and equipment, as well as computer hardware and software for $1,500,000. The finance lease requires 30 monthly payments of $58,950.

Manufacturing Equipment

On October 7, 2015, the Partnership entered into a new finance lease transaction for manufacturing equipment for $58,000 (“SCHWRD 1”). The equipment is subject to a 60 month lease with a Connecticut-based engraving, decal and die manufacturing company. The finance lease requires 60 monthly payments of $1,277. On December 29, 2015, the Partnership entered into a second finance lease transaction for manufacturing equipment for $94,300 (“SCHWRD 2”). The finance lease requires 60 monthly payments of $2,077. On December 30, 2015, the Partnership assigned the SCHWRD 1 finance lease to Juliet.

Computer Networking Equipment

On September 1, 2015, the Partnership entered into a new finance lease transaction for computer networking equipment for $446,677 (“Comp Net 1”). The Comp Net 1 finance lease requires 36 monthly payments of $14,195. On October 30, 2015, the Partnership entered into a second finance lease transaction for computer networking equipment for $297,689 (“Comp Net 2”). The Comp Net 2 finance lease requires 36 monthly payments of $9,460. On December 29, 2015, the Partnership entered into a third finance lease transaction for computer networking equipment for $389,266 (“Comp Net 3”). The Comp Net 3 finance lease requires 36 monthly payments of $12,456. On December 30, 2015, the Partnership assigned the Comp Net 1 and Comp Net 2 finance leases to Juliet.

Gamma Knife Suite - TRCL

On April 30, 2015, the Partnership acquired from a third party, 20 quarterly lease payments with respect to a gamma knife suite leased to a hospital in the United Kingdom. The Partnership paid £375,000 ($576,750 applying exchange rate of 1.538 at April 30, 2015) for the equipment lease receivables which are payable under the lease from July 2015 through April 2020. The finance lease requires 20 quarterly payments of £25,060. The equipment lease receivables are secured by the gamma knife suite.

Medical Equipment

On March 31, 2014, the Partnership entered into a finance lease transaction for medical equipment for $247,920. The finance lease requires 48 monthly payments of $7,415. On December 30, 2015, the Partnership assigned this finance lease to Juliet.

Medical Equipment

On March 28, 2014, Echo II purchased three finance leases for medical equipment located in the United States of America. One of the leases had a remaining term of 37 months and monthly payments of $4,846. The second lease also had 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. In June 2015, Echo II sold these finance leases to a third party.

5. Investment in Equipment Subject to Operating Leases

On October 31, 2014, the Partnership entered into an agreement for the purchase of two operating leases for aircraft rotable parts equipment located in the United States of America with a total basis of $1,330,616. Each operating lease has a remaining term of 28 months and monthly payments of $26,493 and $1,800, respectively. On that same date, the Partnership entered into a participation agreement with the rotable parts servicer, whereby the servicer purchased a 5% interest in these operating leases.

In June 2015, Echo and Echo II sold all their remaining operating leases to a third party. See Note 1 for detailed information on these sales.

On March 28, 2014, Echo II entered into an agreement for the purchase of two portfolios of leases located in the United States of America 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.

On December 20, 2013, Echo entered into an agreement for the purchase of two portfolios of leases located in the United States of America 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.

The composition of the equipment subject to operating leases of the Partnership as of December 31, 2015 and in the Echo and Echo II transactions as of December 31, 2014 is as follows:

December 31, 2015:

As of December 31, 2015, Echo and Echo II did not hold equipment subject to operating leases, as all portfolio assets were sold.

Description	Cost Basis	Accumulated Depreciation	Net Book Value
Aircraft equipment	$ 1,330,616	$ 305,489	$ 1,025,127
	$ 1,330,616	$ 305,489	$ 1,025,127

December 31, 2014:

The December 31, 2014, equipment subject to operating leases reflect the portfolio assets held within Echo and Echo II.

Description	Cost Basis	Accumulated Depreciation	Net Book Value
Agricultural equipment	$ 807,239	$ 125,677	$ 681,562
Aircraft equipment	3,469,297	250,394	3,218,903
Computer equipment	671,809	233,776	438,033
Forklifts and fuels cells	7,188,160	1,166,572	6,021,588
Heavy equipment	3,047,443	435,563	2,611,880
Industrial	518,399	97,295	421,104
Machine tools	556,686	68,778	487,908
Medical	518,588	134,240	384,348
	$ 16,777,621	$ 2,512,295	$ 14,265,326

Depreciation expense for the years ended December 31, 2015 and 2014 was $1,374,342 and $3,010,407, respectively.

6. 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 is repaid 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 years ended December 31, 2015 and 2014, the medical equipment note earned interest income of $8,621 and $14,991, respectively. As of December 31, 2015, the balance of the equipment note receivable has been repaid in full.

Mineral Processing Equipment

On September 27, 2013, the Partnership entered into a loan facility to provide financing up to a maximum borrowing of $3,000,000. The borrower 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 was secured by equipment that refines precious metals and other minerals. The Partnership advanced $2,500,000 to the borrower during September 2013. The loan facility required 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. The loan facility was scheduled to mature in September 2017. On May 9, 2014, the Partnership made a second funding of $500,000 to the borrower under the above agreement. The loan facility required 41 monthly payments of principal and interest of $15,764 and matures in September 2017. The borrower’s obligations under the loan facility were also personally guaranteed by its majority shareholders.

On December 22, 2014, the outstanding principal of $2,537,822 and accrued interest of $204,721 of this note receivable was restructured into a new note receivable of $2,883,347. The new loan facility is secured by equipment that refines precious metals and other minerals and is guaranteed by the majority shareholders of the Florida based company referred to above. The new loan facility requires 48 monthly payments of principal and interest of $79,255 commencing on February 24, 2015 and a balloon payment of $500,000 in January 2019. The loan facility is scheduled to mature in September 2017. In connection with above restructured note, on December 22, 2014, the Partnership entered into a $200,000 promissory note with the same borrower. The promissory note requires five annual payments of $150,000 commencing on January 25, 2019 and matures in January 2023. As of December 31, 2014, the Partnership advanced $100,000. In January 2015, the Partnership advanced the remaining $100,000. In June 2015, the Partnership received a principal payment of $40,000. For the years ended December 31, 2015 and 2014, the mineral processing equipment note is in non-accrual status as a result of non-payment. Based on a third party appraisal of the collateral value of the equipment, the Investment Manager believes that there is sufficient collateral value to cover the outstanding balance of the restructured note receivable and the promissory note.

Brake Manufacturing Equipment

On May 2, 2014, the Partnership purchased a promissory note secured by brake manufacturing equipment with an aggregate principal amount of $432,000. The promissory note requires quarterly payments of $34,786, accrues interest at 12.5% per annum and matures in January 2018. For the years ended December 31, 2015 and 2014, the equipment note earned interest income of $41,496 and $32,865, respectively.

Medical Equipment

On December 19, 2014, the Partnership entered into a $667,629 promissory note to finance the purchase of medical equipment located in Texas. The promissory note will be paid through 60 monthly installments of principal and interest of $15,300. The promissory note is secured by a first priority security interest in the medical equipment and other personal property located at the borrowers principal place of business. For the years ended December 31, 2015 and 2014, the medical equipment note earned interest income of $85,038 and $1,997, respectively. On December 30, 2015, the Partnership assigned this equipment note receivable to Juliet.

Anaerobic Digestion Plant

On April 1, 2015, the Partnership entered into a loan facility with a borrower. Under the terms of the loan facility, the Partnership agreed to provide the borrower with financing in an amount up to £310,000 (approximately $475,000 applying various exchange rates) in connection with the construction financing of a waste water processing anaerobic digestion plant (the "Plant") located in the United Kingdom. The loan facility accrues interest at a rate of 12% per annum and has a final repayment date of July 31, 2015. The loan facility was extended until completion of the Plant. The loan facility is secured by the Plant. On October 15, 2015, the Partnership made an additional advance of approximately £150,000 (approximately $232,485 applying exchange rate of 1.550 at October 15, 2015). After construction of the Plant is completed, the Plant operator has agreed to lease the Plant from the lender for a five year term. The Partnership has agreed in advance to purchase the lease receivables from the lender. The lease receivables will be secured by the lender's ownership of the Plant. As of December 31, 2015, the Partnership advanced the full amount under this facility. For the year ended December 31, 2015, the equipment note earned interest income of $45,719. On January 31, 2016, construction of the anaerobic digestion plant was completed and the lease commenced. The lease requires 20 quarterly payments of £41,616 beginning on April 30, 2016.

Computer Networking Equipment

On June 10, 2015, the Partnership entered into a loan facility to provide financing up to a maximum borrowing of $1,000,000. The loan facility was secured by computer networking equipment. Under this loan facility, in June 2015, the Partnership advanced $319,147 to the borrower ("Loan Schedule 01"). In September 2015, the Partnership advanced another $319,147 to the borrower ("Loan Schedule 02"). Each loan schedule requires 36 monthly payments of approximately $10,200, accrues interest at a rate of 16.85% per annum and has a final balloon payment of approximately $48,000. Loan Schedule 01 and Loan Schedule 02 have final repayment dates of April 1, 2018 and August 1, 2018, respectively. For the year ended December 31, 2015, the equipment notes earned interest income of $42,004. On December 30, 2015, the Partnership assigned these equipment notes receivable to Juliet.

Towing Equipment

On October 30, 2015, the Partnership acquired a loan note from a third party leasing company for approximately $96,000. The loan is secured by a heavy duty tow truck which is owned by a Connecticut-based towing and repair company. Under the terms of the loan agreement, the borrower is required to make 60 monthly payments of principal and interest of $2,041. The loan is scheduled to mature on October 31, 2020. For the year ended December 31, 2015, the equipment note earned interest income of $1,631. On December 30, 2015, the Partnership assigned this equipment notes receivable to Juliet.

Tractor and Trailer Equipment

On October 30, 2015 and on November 4, 2015, the Partnership acquired two loan notes from a third party leasing company for approximately $147,919 and $15,000, respectively. The loans are secured by tractor and trailer equipment. Under the terms of the loans agreements, the borrower is required to make 60 monthly payments of principal and interest of $3,255 and $330, respectively. The loans are scheduled to mature on October 31, 2020. For the year ended December 31, 2015, the equipment notes earned interest income of $3,232. On December 30, 2015, the Partnership assigned these equipment notes receivable to Juliet.

Furniture, Fixtures and Equipment

On October 30, 2015, the Partnership acquired a loan note from a third party leasing company for approximately $817,045. The loan is secured by furniture, fixtures and equipment. Under the terms of the loan agreement, the borrower is required to make 35 monthly payments of approximately $26,145, accrues interest at a rate of 18.84% per annum and has a final balloon payment of approximately $123,000 on November 1, 2018. For the year ended December 31, 2015, the equipment notes earned interest income of $23,579. On December 30, 2015, the Partnership assigned this equipment note receivable to Juliet.

Furniture and Fixtures and Server Equipment

On August 5, 2015, the Partnership entered into a Master Equipment Lease agreement to lease approximately $2,700,000 of servers, fixtures and furniture to a third party lessee, an innovative provider of professional office environments. The lessee is required to make monthly payments until all equipment has been delivered and accepted by the lessee. After lease commencement, the equipment will be leased for a 3 year term. At lease maturity the lessee has the option to purchase the equipment for a fixed purchase price. All of the lessee’s obligations under the lease are guaranteed by the lessee’s parent company. As of December 31, 2015, the Partnership funded approximately $1,797,763 under the eight draws under the Master Equipment Lease agreement. For the year ended December 31, 2015, the equipment note earned interest income of $76,880. On December 30, 2015, the Partnership assigned this equipment note receivable to Juliet.

Honey Production Equipment

On December 14, 2015, the Partnership acquired a loan note from a third party leasing company for approximately $12,789. The loan is secured by honey production equipment. Under the terms of the loan agreement, the borrower is required to make 36 monthly payments of principal and interest of $425. The loan is scheduled to mature on November 30, 2018. For the year ended December 31, 2015, the equipment note earned interest income of $136.

Just Loans

On December 31, 2015, Juliet extended two separate loan facilities to two borrowers. The borrowers are both subsidiaries of a UK based parent company that provides small and medium sized secured business loans (“Just Loans”). Each facility provides financing up to a maximum borrowing of £5,037,500 or together a total of £10,075,000 and accrues interest at a rate of 10% per annum. The funds can be drawn down in increments of up to £1,000,000 per month per facility with the exception of the first draws which were each in the amount of £1,037,500 in order to fund a certain third party fee of £37,500. The funds can be drawn up to the one year anniversary of the loan facilities or December 31, 2016 (“Availability Date”). The loan is repayable in monthly interest only payments due on the last day of each month. Principal is due nine months after the Availability Date or September 30, 2017 (“Termination Date”). The loans are secured by share pledges of the borrowers, a guaranty from the UK based parent company, and the underlying loan portfolio that Just Loans generates. On December 29, 2015, Juliet advanced a total of $2,974,000 to the borrowers.

The future principal maturities of the Partnership’s equipment notes receivable at December 31, 2015 are as follows:

Years ending December 31,		
2016	$	7,138,947
2017		1,462,965
2018		1,166,995
2019		905,168
2020		200,000
Total	$	10,874,075

7. Equipment loans receivable

In June 2015, Echo and Echo II sold all their operating leases to a third party. See Note 1 for detailed information on these sales. As a result, as of December 31, 2015, the Partnership did not hold any equipment loans receivable.

On December 20, 2013, Echo entered into an agreement for the purchase of two portfolios of leases for a combined total purchase price of $17,800,000. One of the portfolios consisted of approximately $6,600,000 of equipment loans receivable. The loans accrued interest at a rate of 10%. For the years ended December 31, 2015 and 2014, the Partnership earned $192,642 and $537,072 of interest income, respectively.

On March 28, 2014, Echo II entered into an agreement with the same 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 consisted of approximately $12,400,000 of equipment loans receivable. The loans accrued interest at a rate of 10%. For the years ended December 31, 2015 and 2014, the Partnership earned $270,455 and $893,741 of interest income, respectively.

8. Residual Value Investment in Equipment on Lease

On September 15, 2014, the Partnership entered into a Residual Interest Purchase Agreement with a leasing company to acquire cash handling machines known as Smart Safes having an Original Equipment Cost ("OEC") of $20,000,000. This leasing company has entered into a Master Lease Agreement with another third party to lease the Smart Safes under one or more lease schedules each having a term of five years from initiation of each lease schedule. In connection with the Master Lease Agreement, the leasing company has entered into a finance arrangement with another third party to finance 85% of the OEC up to an aggregate facility of $17,000,000 (85% of $20,000,000) and the Partnership has agreed to finance the remaining 15% of the OEC up to an aggregate facility of $3,000,000 (15% of $20,000,000). As of December 31, 2015, the Partnership had advanced a net total of $2,938,065.

9. Collateralized Loan Receivable

On February 4, 2015, the Partnership entered into a loan facility with a borrower to provide financing up to a maximum borrowing of $5,000,000. The borrower entered into an Export Prepayment Facility Agreement dated as of January 21, 2015 and in connection with the Export Prepayment Facility Agreement, the borrower entered into the loan facility with the Partnership and a third party to provide financing up to a maximum borrowing of $50,000,000, whereby the third party funded a total of $13,500,000 and is the senior lender and the Partnership funded a total of $1,500,000 and is the subordinate lender. The loan facility is secured by the borrower's rights under the Export Prepayment Facility Agreement. In connection with the loan facility, the Partnership entered into a $1,500,000 promissory note with the borrower. The note accrues interest at LIBOR plus 6.75% per annum and matures on February 4, 2020. The borrower will make 10 semi-annual payments of 10% of the outstanding principal and interest. For the year ended December 31, 2015, the promissory note earned $94,195 of interest income.

On June 3, 2015, Alpha, a special purpose entity which is 32.5% owned by the Partnership and 67.5% owned by SQN PAC, acquired a promissory note issued by a third party with a principal amount equal to $2,650,000. The promissory note accrues interest at the rate of 11.1% per annum, payable quarterly in arrears, and matures on June 30, 2020. The promissory note is secured by a pledge of shares in an investment portfolio of insurance companies under common control of the third party which include equipment leases, direct hard asset and infrastructure investments, and other securities. On June 3, 2015, a participation agreement was entered into between SQN PAC ("Participation A"), the Partnership ("Participation B"), Alpha and SQN Capital Management, LLC. Under the agreement, Alpha created two collateralized participation interests for the collateral; Participation A's principal contribution is $1,788,750 and accruses interest at 9% per annum and Participation B's principal contribution is $861,250 and accrues interest at 15.05% per annum. SQN Capital Management, LLC was appointed as a servicer for the promissory note. Participation A's interest is senior to Participation B's interest. For the year ended December 31, 2015, the Alpha Participation B earned $75,596 of interest income.

On August 13, 2015, the Partnership entered into a Loan Note Instrument to provide €1,640,000 ($1,824,992 applying exchange rate of 1.1128 at August 13, 2015) (the "Facility") of financing to a borrower to acquire shares of a special purpose entity (the "SPE"). The SPE previously acquired, by assignment, the rights to lease a parcel of land in Ireland on which planning permissions have been granted to construct an aerobic digestion plant ("AD Plant"). The Facility accrues interest at the rate of 18% per annum, compounding monthly on the last business day of each month, and matures on May 16, 2016. The Facility is secured by the shares of the SPE and also secured by a personal guaranty from the principal owner of the borrower. For the year ended December 31, 2015, the Loan Note Instrument earned $125,999 of interest income.

On September 30, 2015, the Partnership entered into a loan agreement and a $5,000,000 promissory note with a borrower. The promissory note accrues interest at the rate of 11% per annum, payable quarterly in arrears, and matures on September 30, 2020. The promissory note is secured by a pledge of shares in an investment portfolio of insurance companies under common control of the borrower which include equipment leases, direct hard asset and infrastructure investments, and other securities. On November 3, 2015, the Partnership received cash of $5,082,192 ($5,000,000 of principal and $82,092 of interest) as payment in full of this collateralized loan receivable. On December 28, 2015, the Partnership entered into a $2,000,000 promissory note with the borrower, with similar terms as above. For the year ended December 31, 2015, the promissory note earned $1,808 of interest income.

On October 2, 2015, the Partnership entered in a syndicated loan agreement. Under the terms of the agreement, the Partnership agreed to contribute $5,000,000 of the $40,000,000 facility which will be secured by all of the equipment that will be located a newly constructed lumber mill in Texas. Repayment of the facility is also secured by the lumber mill as well as the real property on which the lumber mill is to be situated. The borrower's parent company also pledged assets located at the parent's company's headquarters in Germany as additional collateral for the loan. In January 2016, the Partnership received cash of $2,610,959 as payment from this facility.

10. Investment in Informage SQN Technologies LLC

On August 1, 2014, the Partnership, SQN PAC, and a third party formed a special purpose entity, Informage SQN Technologies, LLC ("Informage SQN"), a Limited Liability Company registered in the state of Texas. Informage SQN was formed to finance cellular communications field measurement and testing and other related services to telecom clients on a contractual basis. The Partnership and SQN PAC each own 24.5% of Informage SQN, while the third party owns 51%. The Partnership accounts for its investment in Informage SQN using the equity method. The Partnership will make additional contributions up to $3,850,000 of total aggregate outstanding capital contributions. On February 9, 2015, the primary customer of Informage SQN filed for bankruptcy protection under Chapter 11 in order to reorganize the company. Informage SQN is not in default under any of the agreements with the Partnership. As of December 31, 2015, the Partnership has advanced a total of $1,357,622. During the year ended December 31, 2015, the Partnership received a return of capital of $610,936. For the years ended December 31, 2015 and 2014, the Partnership recorded investment loss of $110,333 and investment income of $12,701, respectively, for its proportionate share of Informage SQN's earnings under the equity method pursuant to U.S. GAAP.

11. Investment in SQN Helo LLC

On January 7, 2015, the Partnership acquired a junior participation interest in a portfolio of eight helicopters for $1,500,000. The Partnership, SQN PAC, SQN Asset Finance Income Fund Limited ("SQN AFIF"), a Guernsey incorporated closed ended investment company, a fund managed by the Partnership's Investment Manager, and a third party formed a special purpose entity SQN Helo, LLC ("SQN Helo") whose sole purpose is to acquire the helicopter portfolio. SQN Helo is the sole owner of eight special purpose entities each of which own a helicopter. The purchase price of the helicopter portfolio was approximately $23,201,000 comprised of approximately $11,925,000 of cash payments and the assumption of approximately $11,276,000 of nonrecourse indebtedness. SQN PAC also acquired a junior participation interest in SQN Helo for $1,500,000. The senior participation interests in SQN Helo were acquired by SQN AFIF and the third party. The Partnership and SQN PAC each own 50% of SQN Helo. The Partnership accounts for its investment in SQN Helo using the equity method. As of December 31, 2015, the Partnership has advanced a total of $1,465,000. For the year ended December 31, 2015, the Partnership recorded investment loss of $240,063, for its proportionate share of SQN Helo's net loss under the equity method pursuant to U.S. GAAP.

12. Equipment Investment through SPV

On December 16, 2015, SQN Marine, LLC ("Marine"), a special purpose vehicle which is wholly owned by the Partnership, entered into a sale and assignment of partnership interest agreement with a third party. Under the terms of the agreement, Marine acquired an 88.20% (90% of 98%) economic interest in a portfolio of container feeder vessels. Marine acquired their economic interest in the vessels through a limited partnership interest in CONT Feeder Portfolio GmbH & Co. KG, a Germany based limited partnership ("CONT Feeder"), which acquired and operates the container feeder vessels. CONT Feeder acquired six container feeder vessels for $37,911,665, drydocking fees of $4,158,807 and inventory supplies of $337,923 for an aggregate investment of $42,408,395.

CONT Feeder acquired and operates six container feeder vessels which collect shipping containers from different ports and transport them to central container terminals where they are loaded to bigger vessels. For the year ended December 31, 2015, CONT Feeder recorded income of approximately $4,545,000 from charter rental fees less total expenses of $5,194,000, consisting of ship operating expenses, of approximately $2,164,000, ship management fees and charter commissions fees of approximately $772,000, general and administrative expenses, of approximately $1,167,000, depreciation expense, of approximately $972,000 and interest expense of approximately $82,000 resulting in a net loss of approximately $649,000.

13. Other Assets

Other assets primarily include $2,610,959 related to a collateralized loan facility, of which the Partnership received payment in January 2016, and $1,061,271 related to the Partnership's equipment investment through SPV.

14. Equipment Notes Payable

In June 2015, Echo and Echo II sold all their operating leases to a third party. See Note 1 for detailed information on these sales. As a result, as of December 31, 2015, the Partnership did not hold any equipment notes payable.

In connection with the Echo and Echo II transactions, Echo and Echo II assumed approximately $8,500,000 and $11,447,000, respectively, in non-recourse debt in connection with the acquisition of portfolios of assets subject to lease. The debt was held by multiple lenders with interest rates which ranged from 2.75% to 9.25%. The notes were secured by the underlying assets of each lease.

15. Loans Payable

In connection with the Just Loans transaction, Juliet entered into a loan agreement with a third party to borrow $3,071,000 for the funding of two loan facilities. The loan accrues interest at the rate of 8.5% per annum and matures on December 29, 2016.

In connection with the CONT Feeder transaction, Marine borrowed $7,500,000 and $9,604,091 in the form of a senior participation instrument with a third party and the third party's affiliate. The senior participation instrument accrues interest at the rate of 10% per annum and matures on December 16, 2020. The senior participants, as collateral, have a first priority security interest in all of the assets acquired by CONT Feeder as well as a senior participation interest in the proceeds from the assets, while Marine has a junior participation interest until the loan is repaid in full. All of the cash received from these assets will be applied first against the outstanding principal balance of the senior participation with any excess distributed to the junior participants. There was no stated repayment term for the principal.

In connection with the acquisition of container vessels, CONT Feeder borrowed $14,375,654 from third parties.

In June 2015, Echo and Echo II sold all their operating leases to a third party. See Note 1 for detailed information on these sales. As of December 31, 2015, the Partnership, through Echo and Echo II, did not hold any loans payable since Echo and Echo II paid off these loans in full.

In connection with the Echo transaction, the Partnership borrowed $6,800,000 in the form of a senior participation 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 senior participant, as collateral, had a first priority security interest in all of the leased assets acquired by Echo as well as a senior participation interest in the proceeds from the leased assets, while the Partnership had a junior participation interest until the loan is repaid in full. Beginning January 1, 2014, and monthly thereafter, all of the cash received from these leased assets was applied first against accrued and unpaid interest of the senior participant, second, against any cumulative interest shortfall of the senior participant, third, against accrued and unpaid interest of the junior participants, and fourth, against the outstanding principal balance of the senior participation with any excess distributed to the junior participants. There was no stated repayment term for the principal. In June 2015, Echo paid back approximately $2,564,675 in cash as payment in full of this loan payable.

In connection with the Echo II transaction, the Partnership borrowed $9,500,000 in the form of a senior participation 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 senior participant, as collateral, had a first priority security interest in all of the leased assets acquired by Echo II as well as a senior participation interest in the proceeds from the leased assets, while the Partnership had a junior participation interest until the loan is repaid in full. Beginning May 1, 2014, and monthly thereafter, all of the cash received from these leased assets was applied first against accrued and unpaid interest of the senior participant, second, against any cumulative interest shortfall of the senior participant, third, against accrued and unpaid interest of the junior participants, and fourth, against the outstanding principal balance of the senior participation with any excess distributed to the junior participants. There was no stated repayment term for the principal. On September 29, 2014, all rights, title and interest in this senior participation was assigned from the unrelated third party to SQN AFIF. In June 2015, Echo II paid back approximately $5,989,864 in cash as payment in full of this loan payable.

16. Fair Value of Financial Instruments

The Partnership's carrying value of cash and cash equivalents, accounts payable and accrued liabilities, and other liabilities, approximate fair value due to their short term until maturities.

The Partnership's carrying values and approximate fair values of its financial instruments were as follows:

	December 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Equipment notes receivable	$ 10,874,075	$ 10,791,180	$ 4,318,732	$ 4,396,712
Equipment loans receivable	$ —	$ —	$ 11,399,479	$ 11,399,479
Collateralized loans receivable	$ 10,204,033	$ 10,049,441	$ —	$ —
Liabilities:				
Equipment notes payable	$ —	$ —	$ 10,380,386	$ 10,380,386
Loans payable	$ 34,550,746	$ 34,550,746	$ 11,304,675	$ 10,984,066

17. Income Tax Reconciliation (unaudited)

As of December 31, 2015 and 2014, total Partners' Equity attributable to the Partnership included in the consolidated financial statements was $39,537,933 and $20,059,857, respectively. As of December 31, 2015 and 2014, total Partners' equity for federal income tax purposes was $39,537,933 and $19,170,521, respectively. The primary differences are organizational and offering expenses and distribution expenses, which are a reduction in Limited Partners' capital accounts for financial reporting purposes but not for federal income tax reporting purposes and differences in depreciation and amortization for financial reporting purposes and federal income tax purposes.

The following table reconciles the net loss for financial statement reporting purposes to the net loss for federal income tax purposes for the years ended December 31, 2015 and 2014:

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Net loss per consolidated financial statements	$ (2,999,219)	$ (175,218)
Depreciation and amortization	(125,388)	—
Gain on sale of partnership interest	82,705	—
Income from domestic partnerships	242,353	—
Interest income for tax purposes only	626,657	—
Guaranteed payments	1,500,000	—
Other book/tax differences	203,281	—
Income attributable to non-controlling interest	—	135,636
Organizational costs	—	51,155
SQN Echo LLC	—	998,317
Net income (loss) for federal income tax purposes	$ (469,611)	$ 1,009,890

18. Indemnifications

The Partnership enters into contracts that contain a variety of indemnifications. The Partnership's maximum exposure under these arrangements is not known.

In the normal course of business, the Partnership enters 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 the General Partner and the Investment Manager, no liability will arise as a result of these provisions. The General Partner and Investment Manager knows of no facts or circumstances that would make the Partnership's contractual commitments outside standard mutual covenants applicable to commercial transactions between businesses. Accordingly, the Partnership believes that these indemnification obligations are made in the ordinary course of business as part of standard commercial and industry practice, and that any potential liability under the Partnership's similar commitments is remote. Should any such indemnification obligation become payable, the Partnership would separately record and/or disclose such liability in accordance with U.S. GAAP.

19. Selected Quarterly Financial Data

The following table is a summary of selected financial data, by quarter:

	Quarterly Information (unaudited)				Year Ended December 31,
	March 31,	June 30,	September 30,	December 31,	2015
Total revenue	$ 1,665,114	$ 671,576	$ 231,878	$ 5,086,190	$ 7,654,758
Net loss allocable to Limited Partners	$ (174,541)	$ (662,139)	$ (383,210)	$ (1,749,337)	$ (2,969,227)
Weighted average number of limited partnership interests outstanding	29,035.58	33,750.85	40,521.23	49,453.14	38,284.68
Net loss attributable to Limited Partners per weighted average number of limited partnership interest outstanding	$ (6.01)	$ (19.62)	$ (9.46)	$ (35.37)	$ (77.56)

	Quarterly Information (unaudited)				Year Ended December 31,
	March 31,	June 30,	September 30,	December 31,	2014
Total revenue	$ 1,215,127	$ 1,898,887	$ 2,559,864	$ 1,726,032	$ 7,399,910
Net (loss) income allocable to Limited Partners	$ (150,748)	$ (250,088)	$ 372,374	$ (145,004)	$ (173,466)
Weighted average number of limited partnership interests outstanding	9,062.09	12,652.66	19,314.82	23,982.31	16,301.74
Net (loss) income attributable to Limited Partners per weighted average number of limited partnership interest outstanding	$ (16.64)	$ (19.77)	$ 19.28	$ (6.05)	$ (10.64)

20. Business Concentrations

For the year ended December 31, 2015, the Partnership had three leases which accounted for approximately 20%, 19% and 15% of the Partnership's rental income derived from operating leases. For the year ended December 31, 2014, the Partnership had two leases, which accounted for approximately 23% and 12% of the Partnership's rental income derived from operating leases. For the year ended December 31, 2015, the Partnership had four leases which accounted for approximately 32%, 26%, 16%, and 13% of the Partnership's income derived from finance leases. For the year ended December 31, 2014, the Partnership had four leases which accounted for approximately 38%, 26%, 14%, and 14% of the Partnership's income derived from finance leases. For the year ended December 31, 2015, the Partnership had one lessee which accounted for approximately 11% of the Partnership's interest income. For the year ended December 31, 2014, the Partnership had two lessees which accounted for approximately 19% and 11% of the Partnership's interest income.

At December 31, 2015, the Partnership had three lessees which accounted for approximately 45%, 31%, and 15% of the Partnership's investment in finance leases. At December 31, 2014, the Partnership had three lessees which accounted for approximately 46%, 24%, and 20% of the Partnership's investment in finance leases. At December 31, 2015, the Partnership had one lessee which accounted for approximately 100% of the Partnership's investment in operating leases. At December 31, 2014, the Partnership had two lessees which accounted for approximately 21% and 16% of the Partnership's investment in operating leases.

At December 31, 2015, the Partnership had three lessees which accounted for approximately 28%, 27% and 17% of the Partnership's investment in equipment notes receivable. At December 31, 2014, the Partnership had two lessees which accounted for approximately 69% and 15% of the Partnership's investment in equipment notes receivable. At December 31, 2015, the Partnership had five lessees which accounted for approximately 26%, 23%, 19%, 19% and 13% of the Partnership's investment in collateralized loans receivable. At December 31, 2014, the Partnership had one lessee, which accounted for approximately 18% of the Partnership's investment in equipment loans receivable.

21. Geographic Information

Geographic information for revenue for the years ended December 31, 2015 and 2014 was as follows:

	Year Ended December 31, 2015			
	United States	Europe	Mexico	Total
Revenue:				
Rental income	$ 1,726,134	$ —	$ —	$ 1,726,134
Finance income	$ 90,285	$ 49,469	$ —	$ 139,754
Interest income	$ 1,450,203	$ 45,864	$ —	$ 1,496,067
Income from equipment investment through SPV	$ —	$ 4,545,014	$ —	$ 4,545,014
Investment loss	$ (350,396)	$ —	$ —	$ (350,396)
Loss on sale of assets	$ (254,914)	$ —	$ —	$ (254,914)
Other income	$ 353,099	$ —	$ —	$ 353,099

	Year Ended December 31, 2014			
	United States	Europe	Mexico	Total
Revenue:				
Rental income	$ 4,619,188	$ —	$ —	$ 4,619,188
Finance income	$ 114,963	$ 77,475	$ —	$ 192,438
Interest income	$ 1,923,811	$ —	$ 485,472	$ 2,409,283
Investment income	$ 12,701	$ —	$ —	$ 12,701
Gain on sale of assets	$ 160,00	$ —	$ —	$ 160,000
Other income	$ 6,300	$ —	$ —	$ 6,300

Geographic information for long-lived assets at December 31, 2015 and 2014 was as follows:

	December 31, 2015			
	United States	Europe	Mexico	Total
Long-lived assets:				
Investment in finance leases, net	$ 2,839,853	$ 518,582	$ —	$ 3,358,435
Investments in equipment subject to operating leases, net	$ 1,025,127	$ —	$ —	$ 1,025,127
Equipment notes receivable, including accrued interest	$ 5,008,176	$ 2,974,000	$ 3,043,347	$ 11,025,523
Equipment investment through SPV	$ —	$ 42,408,395	$ —	$ 42,408,395
Collateralized loan receivable, including accrued interest	$ 6,030,578	$ 4,340,032	$ —	$ 10,370,610

	December 31, 2014			
	United States	Europe	Mexico	Total
Long-lived assets:				
Investment in finance leases, net	$ 1,268,085	$ 224,693	$ —	$ 1,492,778
Investments in equipment subject to operating leases, net	$ 14,265,326	$ —	$ —	$ 14,265,326
Equipment notes receivable, including accrued interest	$ 1,358,372	$ —	$ 2,983,347	$ 4,341,220
Equipment loans receivable, including accrued interest	$ 11,429,927	$ —	$ —	$ 11,429,927

22. Commitments and Contingencies

As of December 31, 2015, the Partnership does not have any unfunded commitments for any investments.

23. Subsequent Events

Subsequent to December 31, 2015, the Partnership acquired a loan note from a third party leasing company for approximately $247,194. The loan is secured by transportation equipment. Under the terms of the loan agreement, the borrower is required to make 72 monthly payments of principal and interest of $4,697. The loan is scheduled to mature on January 23, 2022.

On January 22, 2016, the Partnership advanced a total of $178,403 for die board cutting equipment on lease.

On January 12, 2016 and February 1, 2016, Juliet funded approximately $63,325 and $295,918, respectively, for two draws under the furniture and fixtures and servers equipment lease.

On February 18, 2016, Juliet received cash of $600,291 as payment in full on two equipment notes receivables.

On February 19, 2016, Juliet funded $2,878,000 in connection with the Just Loans collateralized loan receivable.

On February 26, 2016, the Partnership financed the purchase of transportation equipment totaling approximately $198,000 after applicable exchange rates.

On March 8, 2016, the Partnership loaned $1,992,000 to a California-based LED lighting manufacturer located in California. The loan is secured by manufacturing and testing equipment located at one of the manufacturer's facilities.

From January 1, 2016 through March 25, 2016, the Partnership admitted an additional 267 Limited Partners with total cash contributions of $13,976,611, total capital contributions of $14,355,842 and 14,355.84 Units. The Partnership paid or accrued an underwriting fee to Securities and outside brokers totaling $419,298 and $625,678, respectively.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures

In connection with the preparation of this Annual Report on Form 10-K for the year ended December 31, 2015, our General Partner and our Investment Partner carried out an evaluation, under the supervision and with the participation of the management of our General Partner and our Investment Manager, including its Chief Executive Officer, of the effectiveness of the design and operation of our General Partner's and our Investment Manager's disclosure controls and procedures as of the end of the year covered by this report pursuant to the Securities Exchange Act of 1934, as amended. Based on the foregoing evaluation, the Chief Executive Officer concluded that our General Partner's and our Investment Manager's disclosure controls and procedures were effective.

In designing and evaluating our General Partner's and our Investment Manager's disclosure controls and procedures, our General Partner and our 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 our 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.

Our General Partner's and our Investment Manager's Chief Executive Officer has determined that no weakness in disclosure controls and procedures had any material effect on the accuracy and completeness of our financial reporting and disclosure included in this Annual Report on Form 10-K.

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 December 31, 2015. 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 December 31, 2015, its internal control over financial reporting is effective.

Changes in internal control over financial reporting

There were no additional material changes in our General Partner's or our Investment Manager's internal control over financial reporting during the quarter ended December 31, 2015, that materially affected, or are reasonably likely to materially affect, their internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Our General Partner

Our General Partner is SQN AIF IV GP, LLC, a Delaware limited liability company and was formed in August 2012. The sole member of our General Partner is SQN Capital Management, LLC, our Investment Manager. The executive officers of our General Partner are as follows:

Name	Age	Position
Jeremiah J. Silkowski	41	President and Chief Executive Officer
Michael C. Ponticello	37	Senior Vice President and National Sales Manager
Claudine Aquillon	51	Chief Operating Officer
Matthew Leszyk	36	General Counsel

Biographical information regarding the officers and directors of our General Partner follows the table setting forth information regarding our Investment Manager's current executive officers and directors.

Our Investment Manager

Our Investment Manager is SQN Capital Management, LLC, a Delaware limited liability company that was formed in December 2007 to act as the manager of direct participation programs and its managing directors and executive officers will be responsible for selecting, managing and disposing of our assets, equipment and leases. In this regard, after we receive the minimum offering proceeds and hold our initial closing, we intend to enter into the Management, Origination and Servicing Agreement under which our Investment Manager will originate leases and other investments for us, and our Investment Manager will service our portfolio of leases and other investments. Our Investment Manager is responsible for all aspects of the performance by its affiliates of services necessary to our operation and for the facilities, personnel, equipment, financial and other resources used by its affiliates in the performance of those services. The executive officers of our Investment Manager are as follows:

Name	Age	Position
Jeremiah J. Silkowski	41	President and Chief Executive Officer
Michael C. Ponticello	37	Senior Vice President and National Sales Manager
Claudine Aquillon	51	Chief Operating Officer
Matthew Leszyk	36	General Counsel

Jeremiah J. Silkowski has been President and Chief Executive Officer of SQN Capital Corporation, a company that provides asset-backed and lease-based financing to multiple under-served market sectors including the off-shore oilfield services industry, since its inception in January 2006. Mr. Silkowski has served as Managing Director of our Investment Manager since December 2007 and President and Chief Executive Officer since April 2010 and has served as President and Chief Executive Officer of our General Partner since March 2010. Prior to forming SQN Capital Corporation, Mr. Silkowski spent 13 years in various capacities with ICON Capital Corp., including Senior Vice President of Operations and head of Portfolio Management, Remarketing, Cash Management, Tax, Middle Market Acquisitions, and Structured Finance. Mr. Silkowski was responsible for the day-to-day management of over $1.0 billion dollars of assets including two securitizations and eight public partnerships. Mr. Silkowski received his B.A. in Economics from New York University. He also holds Series 7, 24, and 63 licenses.

Michael C. Ponticello has served as Vice President of SQN Capital Corporation since April 2007 and was responsible for the establishment and development of the equity-raising arm of the company through our Investment Manager. Mr. Ponticello has also served as Senior Vice President and National Sales Manager of our Investment Manager since December 2007 and of our General Partner since March 2010. From June 2001 until December 2004, Mr. Ponticello served as a Management Associate of ICON Capital Corp., from December 2004 to January 2006, he served as Regional Marketing Director of the Southwest for ICON Securities Corp. and from March 2006 to April 2007, he served as Assistant Vice President of Operations at ICON Capital Corp. responsible for the management and monitoring of eight-investment funds with assets in excess of $1.0 billion. Mr. Ponticello received his B.B.A. from the Zicklin School of Business at Baruch College. He also holds Series 7, 24, and 63 licenses.

Claudine Aquillon serves as the Chief Operating Officer of our Investment Manager and General Partner. Ms. Aquillon joined our Investment Manager and General Partner in September 2014 and brings over 25 years of operations experience, in both the public and private sectors. During her career in the financial services industry, Ms. Aquillon has served in multiple senior management and director positions at independent leasing companies, international banks, and financial consulting and due diligence firms where her primary responsibility was to oversee and manage the administrative, financial, legal, operational and risk functions. Ms. Aquillon also brings mergers & acquisition experience, having been part of a team that structured several successful acquisitions in the banking and financial services industry. Ms. Aquillon received her BA in Business Administration & Finance from Bradford College and has a Master Black Belt in Six Sigma.

Matthew Leszyk serves as General Counsel and has served as Vice President of our Investment Manager since June 2011. Prior to joining SQN Capital Management, LLC, Mr. Leszyk worked in various capacities at financial institutions, an investment fund manager, and in the private practice of law. From July 2010 to May 2011, Mr. Leszyk was employed at the Law Office of John F. O'Halloran in Bayonne, New Jersey where his practice included acting as counsel to a local bank for commercial loan transactions. From October 2009 to July 2010, Mr. Leszyk was employed at the Law Office of Richard A. Leszyk in Ontario, New York where his practice primarily focused on residential and commercial real estate transactions. From February 2009 to October 2009, Mr. Leszyk was engaged by Sterling National Bank to assist the workout department restructure and negotiate underperforming accounts. From November 2001 to May 2008, Mr. Leszyk was employed by ICON Capital Corp. During his tenure he was responsible for various matters including legal, operations, tax, portfolio management and remarketing. Mr. Leszyk received a J.D. from New York Law School and a B.A. from the University of Rochester with majors in Economics and Japanese. He is an attorney licensed in New York and New Jersey and he holds Series 7, 63 and 99 licenses.

Code of Business Conduct and Ethics

We do not directly employ any persons, we rely on a Code of Business Conduct and Ethics adopted by our General Partner that applies to the principal executive officer, principal financial officer and principal accounting officer of our General Partner, as well as to persons performing services for us generally. You may request a copy of this code of ethics from our General Partner at SQN AIF IV GP, LLC, 100 Wall Street, 28th Floor, New York, New York, 10005.

We are not required to and do not have an independent audit committee or a financial expert.

Item 11. Executive Compensation

We do not pay the officers or directors of our General Partner, our Investment Manager or their affiliates any compensation. However, we will pay our General Partner, our Investment Manager and their affiliate's fees and reimburse certain of their expenses incurred on our behalf. These expense reimbursements include reimbursing our General Partner, our Investment Manager and their affiliate's for certain costs incurred on our behalf, including the cost of personnel, other than controlling persons of our General Partner, our Investment Manager and their affiliates, who will perform administration, accounting, secretarial, transfer and other services required by us. These individuals also will perform similar services for our General Partner, our Investment Manager or their affiliates and other affiliated investment programs, including our Investment Manager's prior equipment leasing and finance programs, as well as investment programs to be formed in the future by our General Partner and its affiliates. We entered into an agreement which provides that expense reimbursements paid by us to our General Partner, our Investment Manager and their affiliates must be limited to the lesser of their actual cost or the cost of comparable services from third-parties. We expect that we will allocate the cost of compensation and benefits of our General Partner's officers, the officers and employees of our Investment Manager, and the officers and employees of their affiliates, excluding expenses allocable to their controlling persons, based on the amount of their business time spent on our business.

Our General Partner, Investment Manager and their affiliates were paid or accrued the following compensation and reimbursement for costs and expenses:

Entity	Capacity	Description	Year Ended December 31, 2015
SQN Capital Management, LLC	Investment Manager	Management fees (1)	$ 1,500,000
SQN Securities, LLC	Dealer—Manager	Underwriting expense (2)	845,343
			$ 2,345,343

(1) Amount charged directly to operations.

(2) Amount charged directly to partners' equity.

Our General Partner has a 1% interest in our income, losses and distributions 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 20% to our General Partner. We made a cash distribution of $15,000 to our General Partner during the year ended December 31, 2015 but did not make a cash distribution to our General Partner during the year ended December 31, 2014. As of December 31, 2015 and 2014, we accrued $29,855 and $12,468, respectively, for distributions payable to our General Partner. For the years ended December 31, 2015 and 2014, the General Partner's 1% interest in our net loss was $29,992 and $1,752, respectively.

Item 12. Security Ownership of Certain Beneficial Owners and the General Partner and Related Security Holder Matters

a We do not have any securities authorized for issuance under any equity compensation plan.
b We have no Limited Partner who owns over 5% of our Units at December 31, 2015.
c. As of March 30, 2016, no directors or officers of our General Partner or our Investment Manager own any of our equity securities.
d. Neither we nor our General Partner or our Investment Manager are aware of any arrangements with respect to our securities, the operation of which may at a subsequent date result in a change of control of us.

Item 13. Certain Relationships and Related Transactions, and Director Independence

For information regarding executive compensation and related party transactions refer to Part III Item 11. Executive Compensation and Part II Item. 8. Financial Statements and Supplementary Data, Note 3. Related Party Transactions in our consolidated financial statements for a discussion of our related party transactions.

Because we are not listed on any national securities exchange or inter-dealer quotation system, we have elected to use the Nasdaq Stock Market's definition of "independent director" in evaluating whether any of our General Partner's and Investment Manager's directors are independent. Under this definition, the board of directors of both our General Partner and our Investment Manager has determined that they do not have any independent directors, nor are we required to have any.

Item 14. Principal Accounting Fees and Services

During the years ended December 31, 2015 and 2014 our auditors provided audit services relating to our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. Additionally, our auditors provided other services in the form of tax compliance work. The following table presents the fees for both audit and non—audit services rendered by Baker Tilly Virchow Krause LLP, for the years ended December 31, 2015 and 2014:

	Years Ended December 31,	
Description of fees	2015	2014
Audit fees (1)	$ 120,000	$ 117,500
Tax compliance fees	20,000	19,994
	$ 140,000	$ 137,494

(1) Includes audits and interim quarterly reviews.

PART IV

Item 15. Exhibits, Financial Statement Schedules

1) Documents filed as part of this Report.

a) The following financial statements are filed herewith in Part II Item 8. Financial Statements and Supplementary Data of this Annual Report on Form 10-K:

i) Report of Independent Registered Public Accounting Firm
ii) Consolidated Balance Sheets at December 31, 2015 and 2014
iii) Consolidated Statements of Operations for the years ended December 31, 2015 and 2014
iv) Consolidated Statements of Changes in Partners' Equity for the years ended December 31, 2015 and 2014
v) Consolidated Statements of Cash Flows for the years ended December 31, 2015 and 2014
vi) Notes to Consolidated Financial Statements for the years ended December 31, 2015 and 2014

b) Listing of Exhibits:

31.1. Certification of Jeremiah Silkowski, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2. Certification of Claudine Aquillon, Chief Accounting Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1. Certification of Jeremiah Silkowski, President and Chief Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2. Certification of Claudine Aquillon, Chief Accounting Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 The following financial statements from SQN AIV IV L.P.'s annual report on Form 10-K for the year ended December 31, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) Balance Sheets, (ii) Statements of Operations, (iii) Statements of Changes in Partners' Equity, (iv) Statements of Cash Flows, (v) Notes to Financial Statements and (vi) document and entity information.

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. 333-166195
SQN AIF IVGP, LLC
General Partner of the Registrant

March 30, 2016

/s/ *JEREMIAH SILKOWSKI*

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

EXHIBIT 31.1

CERTIFICATION

I, Jeremiah Silkowski, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 30, 2016

/s/ Jeremiah Silkowski

Jeremiah Silkowski
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Claudine Aquillon, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 30, 2016

/s/ Claudine Aquillon

Claudine Aquillon
Chief Accounting Officer
(Principal Financial 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 Annual Report of SQN AIV IV, L.P. (the “Company”) on Form 10-K for the year ended December 31, 2015, 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: March 30, 2016

/s/ Jeremiah Silkowski

Jeremiah Silkowski
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

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 Annual Report of SQN AIV IV, L.P. (the "Company") on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, the undersigned, Claudine Aquillon, Chief Accounting 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: March 30, 2016

/s/ Claudine Aquillon
Claudine Aquillon
Chief Accounting Officer
(Principal Financial Officer)