Utah Fund of Funds, LLC

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

Utah Fund of Funds, LLC

INDEPENDENT AUDITOR'S REPORT

Chairman of the Board, Utah Fund of Funds, LLC

We have audited the accompanying balance sheet, including the schedule of investments, of Utah Fund of Funds, LLC (the Fund), a Utah Corporation, and the related statements of operations, statement of equity, and cash flows for the year then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BASIS FOR QUALIFIED OPINION

In accordance with the Utah Venture Capital Enhancement Act and in order to adhere and maintain investing partnerships with premier venture capital and private equity managers, these financials statements do not disclose the cost basis of individual investments. In our opinion, accounting principles generally accepted in the United States of America require that the cost basis of individual investments exceeding 5% of the investment portfolio on the Schedule of Investments be disclosed. However, in conjunction with our audit of the Utah Fund of Funds, we have audited the associated individualinvestment costs that would be disclosed in the Schedule of Investments presented in accordance with accounting principles generally accepted in the United States of America.

QUALIFIED OPINION

In our opinion, except for the effects of not disclosing the cost basis of investments on the Schedule of Investments as explained in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Utah Fund of Funds, LLC as of December 31, 2012, and the results of its operations, its change in net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

HANSEN, BARNETT & MAXWELL, P.C.
Salt Lake City, UT
August 21, 2013

Utah Fund of Funds, LLC

BALANCE SHEET

Year ended December 31, 2012

ASSETS	
Current Assets	
Cash and cash equivalents	$ 1,604,436
Receivable from UFOF II, LLC	1,629
Total current assets	**1,606,065**
Investments at fair value (cost - $65,325,693)	88,344,045
Total assets	**$ 89,950,110**

LIABILITIES	
Current Liabilities	
Management fees payable	$ 62,500
Payable to Utah Capital Investment Corporation	238,784
Interest payable	728,805
Accrued expenses	3,329
Total current liabilities	**1,033,418**
Line of Credit	6,156,654
Notes Payable	97,000,000
Total liabilities	**104,190,072**
Members' equity	
Accumulated deficit	(14,239,962)
Total liabilities and members' equity	**$ 89,950,110**

Utah Fund of Funds, LLC

SCHEDULE OF INVESTMENTS

Year ended December 31, 2012

	PERCENTAGE OF INVESTMENT PORTFOLIO	INTEREST HELD	FAIR VALUE
Cross Creek	8.4%	7.70%	$ 7,409,668
5AM Ventures	6.4%	4.88%	5,663,160
Foundry Venture Capital 2007	5.6%	1.73%	4,981,583
Highway 12 Venture Fund II, LP	5.3%	11.29%	4,704,025
Media Technology Ventures V	7.1%x	5.82%	6,279,125
New Enterprise Associates	5.2%	0.14%	4,553,653
UV Partners IV	6.5%	6.86%	5,766,612
	44.6%		**$ 39,357,826**
Total investments in other funds	55.4%		$ 48,986,220
Total Investments	**100%**		**$ 88,344,045**

*(**Note:** Investments in the schedule are shown as a percentage of net assets of $88,344,045 and only include investments that represents more than 5% of net assets.)*

Utah Fund of Funds, LLC

STATEMENT OF OPERATIONS

Year ended December 31, 2012

INCOME	
Realized gain on investments	$ 5,139,386
Total income	**5,139,386**
EXPENSES	
Management fees	580,141
Professional fees	534,052
Operating expenses	51,180
Loan fees	722,037
DBAH fees (see note 5)	4,825,000
Interest expense	1,389,290
Total expenses	**8,101,700**
Net investment loss	**(2,962,314)**
Net change in unrealized appreciation on investments	1,978,538
Net decrease in equity resulting from operations	**$ (983,776)**

Utah Fund of Funds, LLC

STATEMENT OF CASH FLOW

Year ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (983,776)
Adjustments to reconcile net income to cash used in operating activities:	
Realized gain on investments	(5,139,386)
Net change in unrealized appreciation of investments	(1,978,538)
Change in operating assets and liabilities:	
Accounts Receivable	(1,629)
Accounts Payable	52,155
Payable to Utah Capital Investment Corporation	(25,964)
Payable to Utah Fund of Funds II, LLC	(176,383)
Accrued Expenses	(4,040)
Interest Payable	728,805
Net cash used in operating activities	**(7,528,756)**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash paid for purchases of investments	(12,065,518)
Cash distributions from investments	20,408,392
Net cash provided by investing activities	**8,342,874**
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net proceeds from line of credit	6,156,654
Proceeds from notes payable	97,000,000
Distributions to member	(104,676,164)
Net cash used in financing activities	**(1,519,510)**
Net decrease in cash	(705,392)
Cash, beginning of period	2,309,828
Cash, end of period	**$ 1,604,436**

STATEMENT OF MEMBER'S EQUITY

Year ended December 31, 2012

	UFOF	REGULAR MEMBER	TOTAL CAPITAL
Balances as of December 31, 2011	$ -	$ 90,842,444	$ 90,842,444
Distributions to member	-	(104,098,630)	(104,098,630)
Net investment loss	(2,962,314)	-	(2,962,314)
Net change in unrealized			
appreciation on investments	1,978,538	-	1,978,538
Allocation of realized losses from Regular Member to UFOF	(13,256,186)	13,256,186	-
Balances as of December 31, 2012	**$ (14,239,962)**	**$ -**	**$ (14,239,962)**

(Note: Investments in the schedule are shown as a percentage of net assets of $88,344,045 and only include investments that represents more than 5% of net assets.)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fund is a limited liability company organized under the laws of the State of Utah. The Fund commenced operations on March 16, 2006. The Fund is scheduled to terminate on the earlier of March 16, 2105 or the occurrence of an "Event of Dissolution" as specified in the Amended and Restated Limited Liability Company Agreement (the Agreement).

The Fund is a $100 million State of Utah economic development program aimed at providing access to alternative or non-traditional capital by Utah entrepreneurs. The Fund does not invest money into any company or individual but rather invests in venture capital and private equity funds that commit to establishing a working relationship with the Fund and with Utah's start-up and business community, and making investments in qualified companies. The fund invests in venture capital and private equity funds located both in Utah and outside of Utah. As of December 31, 2012 the Fund's portfolio of funds had 28 investments.

The Managing Member is Utah Capital Investment Corporation, UCIC (a Utah quasi-public non-profit corporation) (the Managing Member). The Managing Member was created upon the enactment of the Utah Venture Capital Enhancement Act to establish and provide management services to the Fund.

The accounting policies of Utah Fund of Funds, LLC (the Fund) conform to accounting principles generally accepted in the United States of America (GAAP). The following policies are considered to be significant:

Use of Estimates in the Preparation of Financial Statements – The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

Cash and Cash Equivalents – Cash and Cash Equivalents include all cash balances and highly liquid investments with original maturities of less than three months.

Concentrations of Credit Risk – The Fund's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits.

The Fund maintains its cash deposits at financial institutions. At times such deposits may exceed federally insured limits. As of December 31, 2012, the Fund had deposits in excess of FDIC insurance of $1,354,340.

Gains or Losses on Investments – Unrealized gains and losses on investments reflect the difference between fair value and cost basis.

Realized gains and losses on investments are recognized in the period of disposal or exchange and are measured by the difference between the proceeds of the sale or the fair value at the date of distribution and the cost basis of the investment.

Allocation of Profits and Losses – The Agreement provides for the allocation of profits and losses to be allocated among Members such that the Members would receive distributions equivalent to the distributions that would be received if the Fund were dissolved.

Income Taxes – The results of operations of the Fund are includable in the taxable income of the individual

members and, accordingly, no provision for deferral or state income taxes has been made in the accompanying

financial statements. No income tax returns are currently under examination. The Fund's US federal tax

returns for the years ended December 31, 2009 through December 31, 2011 remain open.

NOTE 2 – RELATED PARTY TRANSACTIONS

Under the Agreement, the Fund pays UCIC, the Managing Member, management fees for reasonable expenses incurred in providing management services to the Fund. For the year ended December 31, 2012, management fee expense to the Managing Member totaled $580,141. As of December 31, 2012, the Fund owed $238,784 to the Managing Member.

As of December 31, 2012, the Fund had a receivable due of $1,629 from Utah Fund of Funds II, LLC (Fund II), a financing vehicle used to make additional funds available for investing. The Fund reimburses the Fund II for interest incurred on the Fund II's debt, which amounted to $840,146 for the year ended December 31, 2012.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Fund uses a fair value hierarchy that prioritizes inputs used to measure fair value into three broad levels. The Fund's investments are measured at fair value using the following fair value hierarchy levels:

Level 1 Quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs that are both significant to the fair value measurement and observable, including net asset value per share (or equivalent) for certain investment funds.

Level 3 Inputs that are both significant to the fair value measurement and unobservable, including inputs that are not derived from market data or cannot be corroborated by market data.

As a fund of hedge funds, all of the Fund's investments consist of investments in private investment funds. The classification level within the fair value hierarchy for investments in investment funds is determined by the Fund's ability to redeem the investment with the investee at net asset value (NAV) per share or its equivalent member units or interest in partners' capital at the measurement date.

For Level 2 classification, the Fund analyzed the investments in investment funds and determined that the investments were redeemable at NAV(or its equivalent) at the measurement date or within the near term.

For Level 3 classification, the Fund determined that the investments in Investment Funds cannot be redeemed at December 31, 2012, but may be redeemed at a future date because of a lock-up period or gate.

The following is a summary of the inputs used to value the Fund's investment as of December 31, 2012:

	Level 1	Level 2	Level 3
Investments	$ -	$ -	$ 88,344,045

The following table includes a roll-forward of the amounts for the year ended December 31, 2012 for investments classified within Level 3. The classification of an investment within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

Balance at December 31, 2011	$89,568,995
Purchases	12,065,518
Distributions	(20,408,392)
Gains	
Realized	5,139,386
Unrealized	1,978,538
Balance at December 31, 2012	**$88,344,045**

All net realized and unrealized gains in the table above are reflected in the accompanying statement of operations. The fair values assigned to the investments where no market quotation exists are based upon available information and may not necessarily represent amount that will ultimately be realized. Such estimated amounts depend on future circumstances. These estimated amounts will not be realized until the individual investments are liquidated.

NOTE 4 – LONG-TERM DEBT OBLIGATIONS

During 2012, the Fund entered into several new debt agreements to buyout the Regular Members' equity interest (See Note 5). On February 13, 2012, the Fund entered into a line of credit agreement with a financial institution for $35,000,000. The proceeds were used to pay down $30,000,000 of the Regular Members' interest plus fees and expenses. Interest is calculated at the 90 day Libor rate plus 3.25%. This loan was paid in full as part of the debt agreements entered into on October 22, 2012.

On October 22, 2012, the Fund entered into an agreement with a financial institution for a note payable of $80,000,000 with a maturity date of October 2017. The Fund is required to have an interest reserve of $13,000,000. The note bears interest at 3.9% annually and the Fund is required to make quarterly interest payments. The total amount of the note payable is due at maturity. Utah Capital Investment Corporation is the guarantor of the debt and the debt is secured by the investments of the Fund.

On October 22, 2012, the Fund entered into an additional note payable with a financial institution for $30,000,000 with a maturity date of October 2017. Interest is calculated at the 90 day Libor rate plus 2.95% with interest payments due quarterly. As of December 31, 2012, the interest rate was 3.75%. Principal payments of $2,000,000 are required quarterly starting June 2014, and the remaining balance of $2,000,000 will be due at maturity. Utah Capital Investment Corporation is the guarantor of the debt and the debt is secured by the investments of the Fund. Below is a summary of the required principal payments.

Years Ending December 31,	Principal
2013	$ -
2014	6,000,000
2015	8,000,000
2016	8,000,000
2017	8,000,000
	$ 30,000,000

Lastly, on October 22, 2012, the Fund entered into a line of credit agreement with a financial institution for $20,000,000 with a maturity date of October 2017. This line of credit replaced the line of credit from Utah Fund of Funds II, LLC that was previously outstanding. At October 22, 2012, $687,323 of outstanding debt on the line of credit was assumed by the Fund from Fund II. Interest is calculated at the 90 day Libor rate plus 3.1% with interest payments due quarterly. As of December 31, 2012, the interest rate was 3.41%. The line of credit will be reduced by $1,000,000 each quarter beginning on December 31, 2014, with the outstanding balance being due at maturity. Utah Capital Investment Corporation is the guarantor of the debt and the debt is secured by the investments of the Fund.

NOTE 5 – EQUITY

The Fund reached an agreement with the DBAH Captial, LLC (the Regular Member) to buy out their equity interest in 2012. The Fund paid $100,000,000 during the year to the Regular Member to buy out the original equity contribution. In addition, the Fund paid $4,676,164 which represents the current year preferred dividends of $4,098,631 as well as preferred dividends accrued but not paid last year of $577,534. As part of the payoff, the Fund incurred transaction fees of $4,825,000 which represents penalties and fee's associated with the buyout of the Regular Member. As of December 31, 2012, the Regular Member had no equity ownership in the Fund.

NOTE 6 – FINANCIAL HIGHLIGHTS

The following financial highlights are being presented in accordance with the provisions of ASC 946, *Financial Services – Investment Companies*.

These financial highlights may not be indicative of the future performance of the Fund.

Total return	2.34%
Operating expense ratio	16.77%
Net investment loss ratio	-16.77%

The net investment loss and operating expense ratios are computed as a percentage of average member's equity. The total return was computed based on the actual dates of cash inflows (capital contributions), cash outflows (distributions), and ending balance of equity as of the measurement date (residual value).

NOTE 7 – COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Fund is party to various claims, actions, and complaints. In the opinion of management, the resolution of these matters will not have a material adverse effect on the Fund's financial position or activities.

The Fund has outstanding capital commitments of $33,432,751 to their current investments. These capital calls are determined by the investment and can be made at any time.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated all events subsequent to the balance sheet date of December 31, 2012, through August 21, 2013, which is the date these financial statements were available to be issued, and have determined that there are no subsequent events that require disclosure.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

HANSEN, BARNETT & MAXWELL, P.C.
Certified Public Accountants

Chairman of the Board, Utah Fund of Funds, LLC

We have audited the financial statements of the Utah Fund of Funds LLC (the Fund) as of and for the year ended December 31, 2012, and have issued our report thereon August 21, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HANSEN, BARNETT & MAXWELL, P.C.
Salt Lake City, UT
August 21, 2013

Instructure, Salt Lake City, UT

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