

CONSOLIDATED BALANCE SHEET

ICON Capital Corp. and Subsidiaries
December 31, 2009
With Report of Independent Auditors

ICON Capital Corp. and Subsidiaries

Consolidated Balance Sheet

December 31, 2009

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Report of Independent Auditors

The Board of Directors and Stockholder
ICON Capital Corp.

We have audited the accompanying consolidated balance sheet of ICON Capital Corp. and subsidiaries (the “Company”) as of December 31, 2009. This balance sheet is the responsibility of the Company’s management. Our responsibility is to express an opinion on the balance sheet based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audit included consideration of 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 Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated balance sheet referred to above presents fairly, in all material respects, the consolidated financial position of ICON Capital Corp. and subsidiaries at December 31, 2009, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

April 16, 2010

ICON Capital Corp. and Subsidiaries

Consolidated Balance Sheet

December 31, 2009

Assets

| | |
|---|---------------------|
| Cash | \$ 2,089,585 |
| Receivables from Managed Funds | 1,527,315 |
| Prepaid expenses and other assets | 2,375,240 |
| Fixed assets and leasehold improvements, net of accumulated depreciation of \$3,722,004 | 1,764,139 |
| Restricted cash | 100,000 |
| Total assets | <u>\$ 7,856,279</u> |

Liabilities and stockholder's equity

| | |
|--|------------------|
| Accounts payable, accrued expenses and other liabilities | \$ 1,779,136 |
| Capital lease obligations | 308,679 |
| Due to Parent, net | 533,340 |
| Notes payable | 3,269,327 |
| Total liabilities | <u>5,890,482</u> |

Commitments and contingencies (*Note 9*)

Stockholder's equity:

| | |
|---|---------------------|
| Common stock, no par value; \$10 stated value; 3,000 shares authorized; 1,500 shares issued and outstanding | 15,000 |
| Additional paid-in capital | 2,999,760 |
| Accumulated deficit | (1,048,963) |
| Total stockholder's equity | <u>1,965,797</u> |
| Total liabilities and stockholder's equity | <u>\$ 7,856,279</u> |

See accompanying notes to consolidated balance sheet.

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet

December 31, 2009

1. Organization

ICON Capital Corp., together with its subsidiaries (the “Company”), is a wholly-owned subsidiary of ICON Holdings Corp. (“Holdings” or “Parent”). Holdings is a wholly-owned subsidiary of Warrenton Capital Corp. (the “Ultimate Parent”). The primary activity of the Company is the development, marketing and management of equipment leasing and financing funds in the United States of America.

The Company is the trustee, general partner, manager, or investment manager of eight publicly owned Trusts, Limited Partnerships or Limited Liability Companies (the “Managed Funds”):

- ICON Cash Flow Partners L.P. Seven Liquidating Trust (“ICON Cash Flow Seven”)
- ICON Income Fund Eight A L.P. Liquidating Trust (“ICON Fund Eight A”)
- ICON Income Fund Eight B L.P. (“ICON Fund Eight B”)
- ICON Income Fund Nine, LLC (“ICON Fund Nine”)
- ICON Income Fund Ten, LLC (“ICON Fund Ten”)
- ICON Leasing Fund Eleven, LLC (“ICON Fund Eleven”)
- ICON Leasing Fund Twelve, LLC (“ICON Fund Twelve”)
- ICON Equipment and Corporate Infrastructure Fund Fourteen, L.P. (“ICON Fund Fourteen”)

The Company is a Delaware corporation that manages and/or controls the business affairs of the Managed Funds, including, but not limited to, the equipment leases and other financing transactions that the Managed Funds enter into, pursuant to the terms of the Managed Funds’ limited liability company or limited partnership agreements. The Managed Funds are publicly registered equipment leasing and financing entities that were formed for the purpose of acquiring equipment and leasing such equipment to third parties and for entering into equipment financing transactions. The Company indirectly earns fees from the Managed Funds from the sales proceeds of limited partnership interests or shares of limited liability company interests. Additionally, the Company earns acquisition and management fees during the Managed Funds’ operating periods and is generally entitled to 1% of each Managed Fund’s profits, losses, cash distributions and liquidation proceeds.

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet (continued)

1. Organization (continued)

The following table includes pertinent offering information for each of the Managed Funds:

| Managed Fund | Date of Initial Offering | Date of Final Offering | Gross Proceeds Raised Through December 31, 2009 |
|----------------------|---------------------------------|-------------------------------|--|
| ICON Cash Flow Seven | January 19, 1996 | September 16, 1998 | \$ 99,999,681 |
| ICON Fund Eight A | October 14, 1998 | May 17, 2000 | 74,996,504 |
| ICON Fund Eight B | May 25, 2000 | October 17, 2001 | 75,000,000 |
| ICON Fund Nine | December 18, 2001 | April 30, 2003 | 99,653,474 |
| ICON Fund Ten | August 22, 2003 | April 5, 2005 | 149,994,502 |
| ICON Fund Eleven | April 21, 2005 | April 20, 2007 | 365,198,690 |
| ICON Fund Twelve | May 7, 2007 | April 30, 2009 | 347,686,947 |
| ICON Fund Fourteen | May 18, 2009 | Active | 68,300,139 ^(a) |
| | | | <u><u>\$ 1,280,829,937</u></u> |

^(a) As of March 26, 2010, gross proceeds raised for ICON Fund Fourteen were \$98,336,934.

ICON Fund Twelve was formed on October 3, 2006 as a Delaware limited liability company. Its initial closing date was May 25, 2007 (the “Commencement of Operations”), the date at which it had raised \$1,200,000. ICON Fund Twelve has completed its offering period, which commenced on May 7, 2007 and ended on April 30, 2009. ICON Fund Twelve offered shares of limited liability company interests and raised \$347,686,947 of capital from the sale of 348,826 shares of limited liability company interests.

ICON GP 14, LLC (“GP 14”), the general partner of ICON Fund Fourteen, is a wholly-owned subsidiary of the Company whose primary activity is managing ICON Fund Fourteen. GP 14 is a Delaware limited liability company and was formed on August 20, 2008.

ICON Fund Fourteen is currently in its offering period, which commenced on May 18, 2009 and is anticipated to end no later than May 2011. The initial capitalization of ICON Fund Fourteen was \$1,001, which consisted of \$1 from GP 14 and \$1,000 from the Company, which is the investment manager of ICON Fund Fourteen (the “Investment Manager”). ICON Fund Fourteen

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet (continued)

1. Organization (continued)

is offering limited partnership interests (“Interests”) on a “best efforts” basis with the intention of raising up to \$418,000,000 of capital, consisting of 420,000 Interests, of which 20,000 have been reserved for ICON Fund Fourteen’s distribution reinvestment plan (the “DRIP Plan”). The DRIP Plan allows limited partners to purchase Interests with distributions received from ICON Fund Fourteen and/or certain affiliates of ICON Fund Fourteen. Upon raising the minimum of \$1,200,000, which occurred on June 19, 2009, ICON Fund Fourteen admitted limited partners and ICON Fund Fourteen redeemed the Company’s limited partnership interest. As of December 31, 2009, ICON Fund Fourteen has raised \$68,300,139 of capital from the sale of 68,411 limited partnership interests.

The Company accounts for its investments in the Managed Funds using the equity method of accounting. Each of the investments has been reduced to \$0 to reflect the distributions received from each individual Managed Fund as well as the Company’s 1% share of such Managed Fund’s profits and losses.

ICON Securities Corp., a wholly-owned subsidiary of the Company, is a registered broker-dealer and a member of the Financial Industry Regulatory Authority, Inc. Its primary business activity is to underwrite and sell equity interests of the Managed Funds.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying consolidated balance sheet of the Company has been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”). The consolidated balance sheet includes the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The management of the Company has evaluated all subsequent events through April 16, 2010, the date the balance sheet was issued.

Cash

The Company maintains bank balances with commercial financial institutions that, at times, may exceed FDIC insured limits. Management periodically evaluates the creditworthiness of these institutions and has not experienced any losses on such deposits. The Company did not have any cash equivalents at December 31, 2009.

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet (continued)

2. Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk

Concentrations of credit risk with respect to receivables from Managed Funds are limited to the various funds that the Company manages. Accordingly, the Company is exposed to business and economic risk. Although the Company does not currently foresee a significant credit risk associated with these receivables, repayment is dependent upon the financial stability of each of the Managed Funds.

Deferred Charges

Pursuant to the terms of the respective organizational documents of the Managed Funds, the Company is either entitled to a fee for or reimbursement of actual expenses incurred in organizing and offering the equity interests of the Managed Funds. The fee is determined based on the gross proceeds raised and is subject to certain limitations. With respect to those Managed Funds from which the Company received a fee, the costs of organizing and offering each Managed Fund are capitalized by the Company and amortized over such Managed Fund's estimated offering period, generally two years from the initial closing date of the offering of the equity interests of such Managed Fund. Actual expenses incurred in organizing and offering interests in ICON Fund Fourteen are reimbursed, and the Company does not recognize any revenue or expense related to these amounts.

Fixed Assets and Leasehold Improvements

Fixed assets and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight line method over the estimated useful lives of the assets. Estimated useful lives are generally three years for computer equipment and software and five years for furniture and fixtures, office equipment and telephone equipment. Amortization of leasehold improvements is computed using the shorter of the lease term or the estimated useful life of the improvement. Normal maintenance and repair costs, which do not extend the useful lives of the fixed assets and leasehold improvements, are expensed as incurred while renewal, betterments and major repairs that materially extend the useful lives of the assets are capitalized.

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet (continued)

2. Summary of Significant Accounting Policies (continued)

Asset Impairments

The Company's long-lived assets are periodically reviewed, at least annually, to determine whether events or changes in circumstances indicate that the carrying value of an 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 market value. If there is an indication of impairment, the Company estimates the future cash flows (undiscounted and without interest charges) expected to result 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, an impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Income Taxes

The Ultimate Parent files combined State income tax returns with the Company. These combined income tax returns include the operations of the Company and its wholly-owned subsidiaries.

The Company records its provision for combined State income taxes as amounts due to its Parent based upon the estimated taxes that would be due if the Company had filed its income tax returns on a separate entity basis. The Company's share of current and deferred combined State tax obligations are recorded as payables to Holdings. Amounts due to Holdings for current and deferred income taxes are included in due to Parent, net in the accompanying consolidated balance sheet.

The Company accounts for its deferred State income taxes using the asset and liability method. Under this method, deferred State income tax assets and liabilities are determined based on the differences between the financial reporting basis and tax basis of assets and liabilities. Deferred State income tax assets and liabilities are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are established when it is determined that it is more likely than not that the deferred State income tax assets will not be realized.

In accordance with the accounting standard on accounting for uncertainty in income taxes, the Company records a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company recognizes interest and penalties, if any, related to unrecognized tax benefit in income tax expense.

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet (continued)

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of the consolidated balance sheet in conformity with US GAAP requires the Company 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 balance sheet. Significant estimates primarily include the determination of allowance for doubtful accounts, estimated useful lives and residual values. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

In 2009, the Company adopted the accounting pronouncement regarding the general standards of accounting for, and disclosure of, events that occur after the balance sheet date, but before the financial statements are issued. This pronouncement was effective prospectively for interim and annual reporting periods ending after June 15, 2009. The adoption of this accounting pronouncement did not have a significant impact on the Company's consolidated balance sheet.

In 2009, the Company adopted Accounting Standards Codification 105, "Generally Accepted Accounting Principles," which establishes the Financial Accounting Standards Board Accounting Standards Codification (the "Codification"), which supersedes all existing accounting standard documents and is the single source of authoritative non-governmental US GAAP. All other accounting literature not included in the Codification is considered non-authoritative. This accounting standard is effective for interim and annual periods ending after September 15, 2009. The Codification did not change or alter existing US GAAP and it did not result in a change in accounting practices for the Company upon adoption. The Company has conformed its consolidated balance sheet and related notes to the new Codification for the year ended December 31, 2009.

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet (continued)

3. Prepaid Expenses and Other Assets

Prepaid expenses and other assets consisted of the following at December 31, 2009:

| | |
|--|---------------------|
| Prepaid management fees | \$ 1,362,349 |
| Prepaid organization & offering expenses | 222,262 |
| Security deposits | 143,434 |
| Prepaid insurance | 111,685 |
| Other prepaid expenses and other assets | 535,510 |
| | <u>\$ 2,375,240</u> |

4. Fixed Assets and Leasehold Improvements

Fixed assets and leasehold improvements consisted of the following at December 31, 2009:

| | |
|---------------------------------|---------------------|
| Computer equipment and software | \$ 3,045,315 |
| Furniture and fixtures | 826,081 |
| Office and other equipment | 442,172 |
| Leasehold improvements | 864,239 |
| Telephone equipment | 308,336 |
| | <u>5,486,143</u> |
| Less: accumulated depreciation | <u>(3,722,004)</u> |
| | <u>\$ 1,764,139</u> |

The Company has entered into leases for certain equipment, which have been accounted for as capitalized leases. Fixed assets acquired under capitalized leases, and included in the above table, consist of the following:

| | |
|---------------------------------|-------------------|
| Computer equipment and software | \$ 388,737 |
| Office and other equipment | 184,370 |
| Telephone equipment | 159,037 |
| Less: accumulated depreciation | <u>(467,162)</u> |
| | <u>\$ 264,982</u> |

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet (continued)

5. Accounts Payable, Accrued Expenses and Other Liabilities

Accounts payable, accrued expenses and other liabilities consisted of the following at December 31, 2009:

| | |
|-------------------------------|---------------------|
| Accounts payable | \$ 543,700 |
| Accrued salaries and benefits | 166,151 |
| Security deposits payable | 442,443 |
| Deferred revenue | 105,618 |
| Other liabilities | 521,224 |
| | <u>\$ 1,779,136</u> |

6. Notes Payable

During the period April 2007 to December 2007, the Company issued several notes to finance the purchase of a new general ledger software system. These notes are payable over thirty-six months with annual interest rates ranging from 7.95% to 8.169%. Maturity dates range from September 2010 to December 2010. At December 31, 2009, the aggregate remaining outstanding principal balance of these notes payable was \$146,224.

In March 2008, the Company borrowed \$3,200,000 from an unrelated third party to prepay management fees to its Ultimate Parent. The debt was to be repaid over thirty-seven months. On April 1, 2009, the Company refinanced, with the same lender, its note payable of \$3,200,000. At the time of the refinancing, the outstanding principal balance, including accrued interest, was approximately \$2,600,000. Under the new note payable, the Company borrowed \$3,500,000 for thirty-six months with a stated interest rate of 6.0%. This new note will be repaid in thirty-five monthly payments of approximately \$70,886 each, beginning May 1, 2009, with a final balloon payment on April 1, 2012 of approximately \$1,471,000. This loan is senior to all liabilities of the Company. As part of this agreement, the Company is required to comply with certain financial covenants, including minimum debt coverage ratios, a tangible net worth covenant and various EBITDA covenants. Certain terms of the covenants take into account the financial position of the Parent and Ultimate Parent. At December 31, 2009, the Company was in compliance with all covenants. At December 31, 2009, the remaining outstanding principal balance of this note payable was \$3,065,362.

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet (continued)

6. Notes Payable (continued)

In addition, the same lender provided the Company with a three-year, \$2,000,000 revolving line of credit with a stated interest rate of the London Interbank Offered Rate (LIBOR) plus 3%. No amounts had been drawn under this revolving line of credit as of December 31, 2009. On March 29, 2010, the Company borrowed \$500,000 under this facility.

On April 26, 2009, the Company issued a note for \$169,915 to finance the purchase of directors and officers insurance and workers' compensation insurance. The note payable accrues interest at 4.95% per year and is payable in ten equal monthly installments of \$17,379 each, including principal and interest. At December 31, 2009, the remaining outstanding principal balance of this note payable was \$17,308.

On August 1, 2009, the Company issued a note for \$100,081 to finance the purchase of various business insurance and workers' compensation insurance. The note payable accrues interest at 4.0% per year and is payable in ten equal monthly installments of \$10,192 each, including principal and interest. At December 31, 2009, the remaining outstanding principal balance of this note payable was \$40,433.

The aggregate annual maturities of notes payable at December 31, 2009 were as follows:

| | |
|--------------------------|---------------------|
| Year ending December 31: | |
| 2010 | \$ 889,320 |
| 2011 | 727,627 |
| 2012 | 1,652,380 |
| Total | <u>\$ 3,269,327</u> |

7. Leases

The Company leases certain equipment for use in its business and accounts for these leases as capital leases. The aggregate remaining balance for capital leases that are payable in monthly installments at December 31, 2009 was \$308,679.

The Company has operating leases for commercial real estate. These lease terms range from less than one year remaining to up to four years remaining. Certain leases contain provisions for rental, operating cost and real estate tax escalations.

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet (continued)

7. Leases (continued)

On January 27, 2009, the Company entered into a lease agreement for additional office space. The lease term is from February 1, 2009 to September 30, 2013.

Payments under the terms of the Company's non-cancelable operating leases consisted of the following at December 31, 2009:

| | |
|--------------------------|---------------------|
| Year ending December 31: | |
| 2010 | \$ 1,169,200 |
| 2011 | 1,098,200 |
| 2012 | 1,098,600 |
| 2013 | 700,800 |
| Total | <u>\$ 4,066,800</u> |

8. Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The change in deferred tax assets and liabilities is recognized as income tax expense.

Effective April 1, 2008, in conjunction with the Company's election to be treated as a subchapter S corporation under the Internal Revenue Code of 1986, as amended (the "IRS Code"), the Company is no longer a federal taxpaying entity. Accordingly, all federal deferred tax liabilities accounts were reduced to zero at March 31, 2008. Deferred State taxes are provided for in States that do not recognize the subchapter S tax status, in which the Company will continue to file income tax returns.

As of December 31, 2009, the Company has recorded State net deferred tax liabilities of \$192,968, which are primarily the result of temporary differences relating to the carrying value of the fixed assets and leasehold improvements and the Company's equity interest in each of the Managed Funds.

As discussed in Note 2, the Company is included in combined State returns of the Ultimate Parent. The Ultimate Parent's tax returns for March 31, 2008 and prior are no longer subject to examination by federal or State tax authorities.

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet (continued)

8. Income Taxes (continued)

ICON Funding ULC, a wholly-owned Canadian subsidiary of the Company, had generated net operating loss carryforwards for Canadian tax purposes. In May 2008, the Company sold substantially all of the assets of ICON Funding ULC and has no other Canadian operations. The Company does not expect to utilize the Canadian net operating loss carryforwards.

9. Commitments and Contingencies

On January 29, 2009, the Company established an irrevocable standby letter of credit for \$100,000 in favor of 120 Partners LLC, the landlord of one of the Company's offices, in connection with an office lease agreement. The Company has deposited \$100,000 in an account as security for the letter of credit. The \$100,000 deposit is presented as restricted cash on the balance sheet.

Certain of the Company's assets have been pledged as collateral related to its notes payable (see Note 6).

In the ordinary course of conducting its business, the Company may be subject to certain claims, suits and complaints filed against it. The Company believes that the outcome of such matters, if any, will not have a material impact on its consolidated financial position or results of operations.

10. Transactions with Related Parties

As discussed in Note 2, the Company earns fees from the Managed Funds for the organization and offering of, and indirectly from the underwriting of, the equity interests of each Managed Fund and for the investment acquisition/origination and management of each Managed Fund's investments. In addition, the Company is entitled to reimbursement for administrative expenses incurred on behalf of the Managed Funds. At December 31, 2009, the Company had amounts due from the Managed Funds for the various fees earned and reimbursements totaling \$1,527,315.

In March 2008, the Company prepaid \$3,200,000 of management fees to the Ultimate Parent. These management fees will be amortized to management fee expense on a straight-line basis over thirty-six months. Management fee expense is classified on the income statement as a component of selling, general and administrative expenses. The unamortized balance of \$1,362,349 is included as a component of Prepaid expenses and other assets (see Note 3).

ICON Capital Corp. and Subsidiaries

Notes to Consolidated Balance Sheet (continued)

10. Transactions with Related Parties (continued)

At December 31, 2009, the Company had a payable due to its Parent for \$533,340. Amounts owed between the Parent and the Company are non-interest bearing and due on demand.

Total dividends declared and paid to Holdings during the year ended December 31, 2009 amounted to \$6,325,381.

At December 31, 2009, the Company had notes receivable from employees in the amount of \$149,527. The interest rates on these notes range from 1.65% to 2.05%. Principal plus interest on these notes may be forgiven, at the Company's option, beginning with their one year anniversary through 2014, if full time employment is maintained. The Company may demand payment in full without notice, at any time, including upon termination, with or without cause.