PIQUA IMPROVEMENT CORPORATION
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

Mary Taylor, CPA
Auditor of State

Board of Directors
Piqua Improvement Corporation
201 W. Water Street
Piqua, Ohio 45356

We have reviewed the *Report of Independent Accountants* of the Piqua Improvement Corporation, Miami County, prepared by Joseph Decosimo and Company, LLC, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Piqua Improvement Corporation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 22, 2010

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PIQUA IMPROVEMENT CORPORATION AND SUBSIDIARY

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors and Stockholders
Piqua Improvement Corporation
Piqua, Ohio

We have audited the consolidated statements of financial position of Piqua Improvement Corporation, (a non-profit Corporation) and subsidiary (collectively, the Organization) as of December 31, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization'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 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. 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 the Piqua Improvement Corporation and subsidiary as of December 31, 2009 and 2008 and the changes in its net assets, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Organization changed its method of accounting for the ownership interest in a limited partnership.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2010, on our consideration of Piqua Improvement Corporation and subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Joseph Decosimo and Company, LLC

Cincinnati, Ohio
August 23, 2010

PIQUA IMPROVEMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 15,976	$ 2,468
Prepaid expenses	270	270
Investment in limited partnership	1,843,174	2,117,023
Notes receivable	2,275,000	600,000
Property held for sale	-	31,300
TOTAL ASSETS	$ 4,134,420	$ 2,751,061
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses - City of Piqua	$ 22,723	$ 22,723
Accrued interest	25,471	10,497
Line of credit	-	32,550
Note payable	4,008,303	2,333,303
Total liabilities	4,056,497	2,399,073
NET ASSETS		
Unrestricted	19,193	1,982
Temporarily restricted	58,730	350,006
Total net assets	77,923	351,988
TOTAL LIABILITIES AND NET ASSETS	$ 4,134,420	$ 2,751,061

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

PIQUA IMPROVEMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions from City of Piqua	$ 20,000	$ -	$ 20,000
Loss on investment in limited partnership	-	(273,849)	(273,849)
Miscellaneous income	1,951	4,188	6,139
Net assets released from restriction	21,615	(21,615)	-
Total revenues and support	43,566	(291,276)	(247,710)
EXPENSES			
Professional fees	11,517	-	11,517
Insurance	1,080	-	1,080
Miscellaneous expense	3,004	-	3,004
Travel, meetings and conferences	339	-	339
Interest expense	15,413	-	15,413
Total expenses	31,353	-	31,353
OTHER INCOME			
Gain on property held for sale	4,998	-	4,998
CHANGE IN NET ASSETS	17,211	(291,276)	(274,065)
NET ASSETS - beginning of year	1,982	350,006	351,988
NET ASSETS - end of year	$ 19,193	$ 58,730	$ 77,923

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

PIQUA IMPROVEMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Gain on investment in limited partnership	$ -	$ 18,893	$ 18,893
Net assets released from restriction	18,453	(18,453)	-
Total revenues and support	18,453	440	18,893
EXPENSES			
Professional fees	6,573	-	6,573
Bank charges	250	-	250
Insurance	1,125	-	1,125
Miscellaneous expense	2,955	-	2,955
Interest expense	10,512	-	10,512
Total expenses	21,415	-	21,415
CHANGE IN NET ASSETS	(2,962)	440	(2,522)
NET ASSETS - beginning of year, as restated	4,944	349,566	354,510
NET ASSETS - end of year	$ 1,982	$ 350,006	$ 351,988

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

PIQUA IMPROVEMENT CORPORATION AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2009 and 2008

	2009	2008
OPERATING ACTIVITIES		
Change in net assets	$ (274,065)	$ (2,522)
Adjustments to reconcile change in net assets to net cash flows from operating activities -		
Loss (gain) on investment in limited partnership	273,849	(18,893)
Gain from sale of property held for sale	(4,998)	-
Changes in operating assets and liabilities -		
Prepaid expenses	-	45
Accrued interest	14,974	18,244
Net cash flows from operating activities	9,760	(3,126)
INVESTMENT ACTIVITIES		
Advances on notes receivable	(1,675,000)	(600,000)
Purchases of property held for sale	-	(31,300)
Proceeds from property held for sale	36,298	-
Net cash flows from investment activities	(1,638,702)	(631,300)
FINANCING ACTIVITIES		
Proceeds from note payable	1,675,000	600,000
Net advances (repayments) on line of credit	(32,550)	32,550
Net cash flows from financing activities	1,642,450	632,550
NET CHANGE IN CASH AND CASH EQUIVALENTS	13,508	(1,876)
CASH AND CASH EQUIVALENTS - beginning of year	2,468	4,344
CASH AND CASH EQUIVALENTS - end of year	$ 15,976	$ 2,468

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and practices followed by the Organization are as follows:

ORGANIZATION DESCRIPTION - The Piqua Improvement Corporation through its wholly owned subsidiary, Fort Piqua Redevelopment Corporation (collectively, the Organization) is incorporated as a not-for-profit corporation under the laws of the State of Ohio for the purpose of furthering economic development in the City of Piqua. Its mission is to promote and encourage economic and civic welfare for the purpose of advancing the quality of life of the citizens of Piqua, Ohio. This is accomplished by attracting new and retaining/expanding existing businesses, working through a private/public cooperative, addressing quality of life issues within the community, and maintaining consistent communication with its stockholders.

Piqua Improvement Corporation owns 100% of the assets and capital stock of the Fort Piqua Redevelopment Corporation (the Corporation) which in turn owns 51% of the assets and equity of the City of Piqua Downtown Redevelopment Project, L.P. (the Partnership).

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of the Piqua Improvement Corporation and its wholly-owned subsidiary, Fort Piqua Redevelopment Corporation. All significant intercompany balances and transactions have been eliminated.

BASIS OF ACCOUNTING - The Organization follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of change in net assets, financial position and cash flows.

FINANCIAL STATEMENT PRESENTATION - The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. Under this guidance, the Organization reports information regarding its consolidated financial position and activities according to three classes of net assets based on the existence of absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to stipulations and may be utilized at the discretion of the Board of Directors and Stockholders to support the Organization's purposes and operations.

Temporarily restricted net assets - Net assets subject to stipulations that will be met either by actions of the Organization satisfying the purpose or the passage of time.

Permanently restricted net assets - Net assets for which there is a stipulation that the principal be maintained in perpetuity and that only the income from the investment thereof be expended either for the general purpose of the Organization or for a specific purpose. The Organization had no permanently restricted net assets for the years ended December 31, 2009 or December 31, 2008.

CASH AND CASH EQUIVALENTS - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains at various financial institutions cash and cash equivalent accounts that may exceed federally insured amounts and which may at times significantly exceed consolidated statement of financial position amounts due to outstanding checks.

NOTES RECEIVABLE - The notes are stated at their outstanding principal balances. Interest income on the notes is accrued over the terms of the notes bases on the principal amounts outstanding. As of December 31, 2009 and 2008, management does not believe an allowance for loan losses is necessary.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

INVESTMENT IN LIMITED PARTNERSHIP - The Organization accounts for its investment in the limited partnership using the equity method of accounting. Under the equity method, the investment is recorded at cost, and increase or decreased by the Organization's share of the limited partnership's income or losses, and increased or decreased by the amount of any contributions made or distributions received, all to the extent the investment exceeds zero.

The Organization regularly assesses the carrying value of its investment in the Partnership. If the carrying value exceeds the estimated value derived by management, the Organization reduces its investment and reports such reduction as impairment loss. Fair value is measured as the remaining benefits, including projected flow-through income and guaranteed payments, to the Organization. As of December 31, 2009 and 2008, no impairment loss has been recognized.

FAIR VALUE MEASUREMENTS - Effective January 1, 2008, the Organization adopted the FASB's new interpretation, *Fair Value Measurements*, for all financial instruments that are required to be reported at fair value and all nonfinancial assets and liabilities that are recognized or disclosed at fair value on a recurring basis. Effective January 1, 2009, the Organization adopted the standard for nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. The adoption of this standard did not have a material effect on the Organization's consolidated financial statements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The fair value of the Organization's investment has been determined using Level 2 inputs including projected flow-through income and guaranteed payments.

PROPERTY HELD FOR SALE - Property was obtained by the Organization with the intentions of holding for resale. The property was acquired in late 2008 and, subsequently sold in early 2009. As of December 31, 2009 and 2008, property held for sale totaled $0 and $31,300, respectively.

REVENUES - The Organization is funded primarily by pledges from local businesses and contributions from the City of Piqua. Its subsidiary has no revenue other than that provided by bank interest on assets.

CONTRIBUTED SERVICES - The Organization receives management and financial services from the City of Piqua. The value of these services is considered immaterial and are not recognized in the consolidated financial statements.

INCOME TAXES - The Organization is exempt from federal and state income taxes under the provisions of the Internal Revenue Code.

Fort Piqua Redevelopment corporation, the wholly-owned subsidiary, is identified as a taxable c-corporation for federal and state income taxes under the provisions of the Internal Revenue Code. Due to its current loss position, no additional income tax provisions have been recognized during 2009 or 2008 for the Corporation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Effective January 1, 2009, the Organization adopted the FASB's new interpretation, *Accounting for Uncertainty in Income Taxes*. This interpretation prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The adoption of this interpretation did not have a material effect on the Organization's consolidated financial statements.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the amount of the position that will ultimately be sustained. The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the positions will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measures as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest or penalties that would be payable to the taxing authorities upon examination.

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing various programs and other activities has been summarized on a functional basis. Accordingly, 100% of these costs have been allocated to program services based upon the actual direct expenditures of these related activities.

ESTIMATES AND UNCERTAINTIES - The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS - The Organization has evaluated subsequent events for potential recognition and disclosure through August 23, 2010, the date the consolidated financial statements were available to be issued.

NOTE 2 - RESTATEMENT OF PRIOR YEAR NET ASSETS

The Organization changed its method of accounting for an investment in a limited partnership. In prior periods, this investment was accounted for by consolidating the ownership interest. The following is a restatement of the prior net assets and related carrying values of the statement of financial position:

	Balance as of January 1, 2008, as previously reported	Adjustment - change in accounting method	Balance as of January 1, 2008, as restated
ASSETS			
Cash and cash equivalents	$ 10,460,844	$ (10,456,500)	$ 4,344
Account receivable	285	(285)	-
Prepaid insurance - director's liability	315	-	315
Investment in limited partnership	-	2,098,130	2,098,130
Land and building acquisition	285,000	(285,000)	-
Construction in progress	8,212,755	(8,212,755)	-
TOTAL ASSETS	$ 18,959,199	$ (16,856,410)	$ 2,102,789
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	$ 24,061	$ (9,085)	$ 14,976
Accrued interest payable	3,595	(3,595)	-
Construction costs payable	447,034	(447,034)	-
Mortgage payable	14,380,846	(14,380,846)	-
Note payable	-	1,733,303	1,733,303
Total liabilities	14,855,536	(13,107,257)	1,748,279
NET ASSETS			
Minority interest in limited partnership	2,015,850	(2,015,850)	-
Net assets - unrestricted	4,944	-	4,944
Net assets - temporarily restricted	2,082,869	(1,733,303)	349,566
Total net assets	4,103,663	(3,749,153)	354,510
TOTAL LIABILITIES AND NET ASSETS	$ 18,959,199	$ (16,856,410)	$ 2,102,789

NOTE 3 - INVESTMENT IN LIMITED PARTNERSHIP

The City of Piqua Downtown Redevelopment Project, L.P. was formed as a limited partnership under the laws of the State of Ohio on January 14, 2005. The Partnership was formed for the purpose of rehabilitating and operating the Old Fort Piqua Hotel (the Property) located in Piqua, Ohio. The Partnership was also formed to qualify for Historic Tax Credits pursuant to Section 47 of the Internal Revenue Code of 1986, as amended, and to pass future historic tax credits through to Fort Piqua Hotel Master Tenant, LLC (the Master Tenant) under a Master Lease, and qualify as a Qualified Active Low-Income Community Business in accordance with the terms under the New Markets Tax Credit program pursuant to Section 45D of the Internal Revenue Code.

NOTE 3 - INVESTMENT IN LIMITED PARTNERSHIP - continued

The general partner of the partnership is Fort Piqua Redevelopment Corporation and the limited partner is the Master Tenant. The Property was placed in service on October 19, 2008.

The partners' interest in the partnership are as follows:

Fort Piqua Redevelopment Corporation (wholly-owned subsidiary of Piqua Improvement Corporation)	51 %
Fort Piqua Hotel Master Tenant, LLC (Master Tenant)	49 %
	100 %

The Property is a certified historic structure that is eligible for Historic Tax Credits for qualifying rehabilitation expenditures pursuant to Section 47 of the Internal Revenue Code.

As of December 31, 2009 and 2008, the Organization holds a 51% membership interest in the Partnership which is accounted for using the equity method of accounting as described in Note 1. Overriding qualitative factors which determined that controlling financial interest rests with the minority interest holder (Master Tenant) and that the equity method is the preferred method of reporting the investment in the limited partnership. Those factors include the inurement of New Market and Historic Tax Credits and the related risk of recapture to the Master Tenant. The other key qualitative factor involves a lease/sublease arrangement with the Partnership and Master Tenant wherein the Master Tenant will be absorbing any variability resulting from operations, including any losses.

As of December 31, 2009 and 2008, the carrying value of the investment in the Partnership was $1,843,174 and $2,117,023, respectively. The following is the summarized financial position and results of operations of the Partnership as of and for the years ended December 31, 2009 and 2008:

SUMMARIZED BALANCE SHEETS

	2009	2008
ASSETS		
Cash	**$ 486,097**	$ 1,717,733
Accounts receivable	**87,500**	131,250
Fixed assets, net	**20,059,110**	19,426,641
TOTAL ASSETS	**$ 20,632,707**	$ 21,275,624
LIABILITIES AND PARTNERS' EQUITY		
LIABILITIES		
Notes payable	**$ 14,380,846**	$ 14,380,846
Other liabilities	**2,637,795**	2,743,752
Total liabilities	**17,018,641**	17,124,598
PARTNERS' EQUITY	**3,614,066**	4,151,026
TOTAL LIABILITIES AND PARTNERS' EQUITY	**$ 20,632,707**	$ 21,275,624

NOTE 3 - INVESTMENT IN LIMITED PARTNERSHIP - continued

SUMMARIZED STATEMENTS OF OPERATIONS

	2009	2008
OPERATING INCOME		
Interest income	**$ 6,265**	$ 121,713
Rental income	**175,000**	131,250
Total operating income	**181,265**	252,963
OPERATING EXPENSES		
Interest expense	**72,903**	12,250
Other expenses	**645,321**	203,668
Total operating expenses	**718,224**	215,918
Net (loss) income	**$ (536,959)**	$ 37,045
Organization's share of (loss) income	**$ (273,849)**	$ 18,893

NOTE 4 - NOTES RECEIVABLE

The Organization executed a note receivable with the Master Tenant on December 29, 2008, in the original amount of $1,800,000. The note bears interest at the rate of 0.5% per annum and is secured by collateral as defined in the loan agreement. The note and any related interest are due on demand as defined in the loan agreement. As of December 31, 2009 and 2008, the outstanding principal balance on the loan totaled $1,800,000 and $600,000, respectively.

The Organization executed a second note receivable with the Master Tenant on September 1, 2009, in the original amount of $960,000. The note bears interest at the rate of 0.5% per annum and is secured by collateral as defined in the loan agreement. The note and any interest are due on demand as defined in the loan agreement. As of December 31, 2009, the outstanding principal balance on the loan was $475,000.

NOTE 5 - NOTES PAYABLE

The Organization executed a note payable with The City of Piqua (Lender) on December 29, 2008, in the original amount of $1,800,000. The note bears interest at the rate of 0.5% per annum and is secured by collateral as defined in the loan agreement. The note and any related interest are due on demand by the Lender. As of December 31, 2009 and 2008, the outstanding principal balance on the note totaled $1,800,000 and $600,000, respectively.

The Organization executed a second note payable with the Lender on October 16, 2007, in the amount of $1,733,303. The note bears interest at the rate of 0.5% per annum and is secured by collateral as defined in the loan agreement. The note and any related interest are due on demand by the Lender.

The Organization executed a third note payable with the Lender on September 1, 2009, in the original amount of $960,000. The note bears interest at a rate of 0.5% per annum and is secured by collateral as defined in the loan agreement. The note and any related interest are due on demand by the Lender. As of December 31, 2009, the outstanding principal balance on the note totaled $475,000.

NOTE 5 - NOTES PAYABLE - continued

As of December 31, 2009 and 2008, accrued interest payable on the notes totaled $25,471 and $10,497, respectively.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31 were available for the following purposes or periods:

	2009	2008
Investment in limited partnership - purpose of rehabilitating and operating the Old Fort Piqua Hotel	**$ 58,730**	$ 350,006

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose as follows:

	2009	2008
For the purpose of rehabilitating and operating the Old Fort Piqua Hotel	**$ 21,615**	$ 18,453

NOTE 8 - RELATED PARTY TRANSACTIONS

The Executive Director of the Organization is the Economic Development Director and full-time employee of the City of Piqua. The Organization's Treasurer is the Finance Director for the City of Piqua. A value for the contributions of their time has not been recorded since it has been determined that they devote an immaterial number of hours to the Organization.

INTERNAL CONTROL AND COMPLIANCE

DECOSIMO
CERTIFIED PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Piqua Improvement Corporation
Piqua, Ohio

We have audited the consolidated financial statements of Piqua Improvement Corporation, (a non-profit corporation) and subsidiary (collectively, the Organization) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 23, 2010. We conducted our audits 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 audits, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 an entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of 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 audits, 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*.

This report is intended solely for the information and use of the Board of Directors, stockholders and management of Piqua Development Corporation and subsidiary, and is not intended to be and should not be used by anyone other than these specified parties.

Joseph Decosimo and Company, LLC

Cincinnati, Ohio
August 23, 2010

PIQUA IMPROVEMENT CORPORATION AND SUBSIDIARY

SCHEDULE OF PRIOR AUDIT FINDINGS

Years Ended December 31, 2009 and 2008

No prior audit findings noted.

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Mary Taylor, CPA
Auditor of State

PIQUA IMPROVEMENT CORPORATION

MIAMI COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 4, 2010

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