

INDEPENDENT AUDITOR'S REPORT
10% TEST FOR CARRYOVER ALLOCATION
****Must be submitted on Accounting Firm's letterhead**

Date: _____

TO: Iowa Finance Authority
2015 Grand Avenue
Des Moines, Iowa 50312

and

Owner _____
Street _____
City, State, Zip Code _____

Re: Project Name: _____
Project Number: _____
Owner Name: _____
Owner Tax ID: _____

We have examined the accompanying Schedule of Costs Incurred-Itemized Expenditures ("Exhibit A") of the Owner for _____ (the "Project") as of Date, Year. Exhibit A is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on Exhibit A based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Exhibit A and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The accompanying Exhibit A was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by the Iowa Finance Authority ("IFA"), which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, Exhibit A referred to above presents, in all material respects, the costs incurred for the Project in the eligible 10% Test Expenditures Column as of Date, Year on the basis of accounting described above.

In addition to examining Exhibit A., we have, at your request, performed certain agreed-upon procedures, as enumerated below, with respect to the Project. These procedures, which were agreed to by the Owner and IFA, were performed to assist you in determining whether the Project has met the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulations Section 1.42-6. The Owner is responsible for Exhibit A. The agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures:

1. We calculated, based on estimates of total development costs provided by the Owner, the Project's total reasonably expected basis, as defined in Treasury Regulation Section 1.42-6, to be \$_____ as of Date, Year (should be the December 2 years following allocating year).

2. We calculated the Owner's basis in the Project as of Date, Year to be \$_____.

3. We calculated the percentage of the development fee incurred by the Owner (within the meaning of Treasury Regulations Section 1.42-6(b)(2)) as of Date, Year to be _____% of the total development fee. [However, Exhibit A reflects the eligible portion for the 10% test expenditure limited to 20% of the total developer fee.]

4. We compared the Owner's basis incurred as of Date, Year to the total reasonably expected basis of the Project, and calculated that _____% had been incurred as of Date, Year.

5. We determined that the Owner uses the accrual method of accounting, and has not included any construction costs in carryover allocation basis that have not been properly accrued.

6. Based on the amount of total reasonably expected basis listed above, for the Owner to meet the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6, we calculated that the project needed to incur at least \$_____ of costs prior to December 31, Year (two years from allocating year) As of Date, Year, costs of at least \$_____ had been incurred, which is approximately _____% of the total reasonably expected basis of the Project.

We were not engaged to, and did not conduct an audit of the Owner's financial statements or of the Project's total reasonably expected basis in Exhibit A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with IFA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Name of Professional's Firm

Date

Signature of Professional

Title of Signatory

Printed Name of Signatory