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IOWA DESIGNATED INVESTOR, INC.

Financial Statements

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

IOWA DESIGNATED INVESTOR, INC.

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Independent Auditors' Report

The Shareholders
Iowa Designated Investor, Inc.:

We have audited the accompanying balance sheet of Iowa Designated Investor, Inc. as of December 31, 2009, and the related statements of operations, shareholders' deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The accompanying financial statements of Iowa Designated Investor, Inc. as of December 31, 2008, were audited by other auditors whose report thereon dated June 30, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of Iowa Designated Investor, Inc. as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

June 25, 2010

IOWA DESIGNATED INVESTOR, INC.
(Preferred Limited Partner)

Balance sheets

December 31, 2009 and 2008

Assets		**2009**	**2008**
Cash and cash equivalents	$	612	179
Investment in Iowa Fund of Funds, Fund A, LLLP		17,703,051	12,075,132
Accounts receivable		—	23,599
Loan origination fees, net of accumulated amortization of $49,917 and $30,333		16,250	31,250
Total assets	$	17,719,913	12,130,160
Liabilities and Shareholders' Deficit			
Liabilities:			
Interest payable	$	—	124,060
Accounts payable		168	1,988
Line of credit		24,916,766	17,430,105
Total liabilities		24,916,934	17,556,153
Shareholders' deficit:			
Common stock, $1.00 par value. Authorized 5,000 shares; issued and outstanding 300 shares		300	300
Accumulated deficit		(7,197,321)	(5,426,293)
Total shareholders' deficit		(7,197,021)	(5,425,993)
Total liabilities and shareholders' deficit	$	17,719,913	12,130,160

See accompanying notes to financial statements.

IOWA DESIGNATED INVESTOR, INC.
(Preferred Limited Partner)

Statements of Operations

Years ended December 31, 2009 and 2008

		2009	2008
Equity in loss of investment in Iowa Fund of Funds, Fund A, LLLP	$	(1,256,669)	(1,625,731)
Expenses:			
Interest expense		465,065	533,201
Legal expense		18,389	19,205
General and administrative expenses		30,905	32,688
Total expenses		514,359	585,094
Net loss	$	(1,771,028)	(2,210,825)

See accompanying notes to financial statements.

IOWA DESIGNATED INVESTOR, INC.
(Preferred Limited Partner)

Statements of Shareholders' Deficit

Years ended December 31, 2009 and 2008

		Common stock	Accumulated deficit	Total
Balance, January 1, 2008	$	300	(3,215,468)	(3,215,168)
Net loss		—	(2,210,825)	(2,210,825)
Balance, December 31, 2008		300	(5,426,293)	(5,425,993)
Net loss		—	(1,771,028)	(1,771,028)
Balance, December 31, 2009	$	300	(7,197,321)	(7,197,021)

See accompanying notes to financial statements.

IOWA DESIGNATED INVESTOR, INC.
(Preferred Limited Partner)

Statements of Cash Flows

Years ended December 31, 2009 and 2008

		2009	2008
Cash flows from operating activities:			
Net loss	$	(1,771,028)	(2,210,825)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization of loan origination fees		15,000	17,278
Equity in loss of investment		1,256,669	1,625,731
Change in:			
Accounts payable		(1,820)	(5,132)
Interest payable		(124,060)	64,526
Accounts receivable		23,598	—
Net cash used in operating activities		(601,641)	(508,422)
Cash flows from investing activities:			
Investment in Iowa Fund of Funds, Fund A, LLLP		(7,288,953)	(7,489,071)
Distributions received from investee		404,366	87,707
Net cash used in investing activities		(6,884,587)	(7,401,364)
Cash flows from financing activities:			
Payments for debt issuance costs		—	(45,000)
Borrowings on line of credit		7,914,627	17,446,293
Repayments on line of credit		(427,966)	(9,491,572)
Net cash provided by financing activities		7,486,661	7,909,721
Net change in cash and cash equivalents		433	(65)
Cash and cash equivalents:			
Beginning of year		179	244
End of year	$	612	179
Supplemental cash flow information:			
Cash paid for interest	$	589,125	451,397

See accompanying notes to financial statements.

(1) Basis of Presentation

Iowa Designated Investor, Inc. (the Company) was organized under the Delaware General Corporation Law. The Company, which began operations on June 24, 2005, was formed for the purpose of making equity investments in and being a Preferred Limited Partner of Iowa Fund of Funds, Fund A, LLLP (the Fund). The Company, upon making a commitment to invest in the Fund, received tax credit certificates from the Iowa Capital Investment Board (ICIB) that assures its receipt of a Scheduled Return (see note 5).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Company prepares its financial statements on the accrual basis of accounting, which recognizes revenue as earned and expenses when incurred, rather than when cash is actually received or disbursed.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash Equivalents

Cash equivalents include highly liquid securities, investments in interest-bearing money market deposits, and short-term debt securities with maturities of three months or less when purchased.

(d) Organization Costs

Costs incurred in connection with the establishment of the Company, consisting principally of professional fees, have been expensed as incurred.

(e) Investment in Iowa Fund of Funds, Fund A, LLLP

The Company has a capital commitment obligation to the Fund for an amount equal to $30,000,000, in exchange for an economic interest in the Fund described in note 3. The Company does not control or have significant influence over the Fund. However, the Company's officers do exercise significant influence over the Fund through their control of Cimarron Capital Associates I, LLC (Cimarron), which is employed by the general partner of the Fund as the Fund's manager. The investment is included in the balance sheets at the Company's ratable share of the underlying net assets of the Fund. Equity in loss of investment represents the Company's share of the Fund's losses as provided for under the terms of the Limited Partnership Agreement of the Fund dated June 9, 2005 (the Partnership Agreement).

(f) ***Income Taxes***

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* (FIN 48), which is now included in FASB ASC Subtopic 740-10, *Income Taxes – Overall*. The Company's current policy is to recognize the effect of income tax positions only if those positions are more likely than not of being sustained. There were no tax contingency accruals reflected in the Company's financial statements at December 31, 2009 and 2008. The Company adopted the provisions of FIN 48 effective January 1, 2009. The adoption of this guidance did not have an impact on the financial statements.

The Company files income tax returns in the U.S. federal jurisdiction and multiple state jurisdictions. The Company is currently not under income tax examination by the IRS or any state. For federal and state tax purposes, the Company's 2006 through 2008 tax years remain open for examination by the tax authorities due to net operating losses remaining to be utilized. The Company had no unrecognized tax benefits at the time of adoption of FIN 48 on January 1, 2009, or as of December 31, 2009.

(g) ***Risks and Uncertainties***

The Company's ability to recover its investment in the Fund is dependent upon a number of factors, including the ability of the individual portfolio funds of the Fund to generate and distribute cash flow to the Fund, their ability to execute investment exit strategies in accordance with their individual objectives, the economic and industry conditions in the geographical areas in which the portfolio partnerships operate, and other factors that may affect national securities markets. The tax credit certificates issued by the ICIB to assure the Company of a Scheduled Return (see note 5) are intended to mitigate these risks.

(h) ***Fair Value of Instruments***

In September 2006, the FASB issued SFAS No. 157, included in ASC Topic 820, *Fair Value Measurements*. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 does not impose fair value measurements on items not already accounted for at fair value; rather it applies, with certain exceptions, to other accounting pronouncements that either require or permit fair value measurements.

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Under ASC 820, fair value measurements are classified among three levels based on the nature of the inputs used to determine fair value. The classification is determined based on the lowest level input that is significant to the valuation. Following is a discussion of each of the levels:

Level 1 – The valuation is based on quoted prices in active markets for identical instruments.

Level 2 – The valuation is based on observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – The valuation is based on models where significant inputs are not observable. Level 3 valuations are typically performed using pricing models, discounted cash flow methodologies, or similar techniques, which incorporate management's own estimates of assumptions that market participants would use in pricing the instrument or valuations that require significant management judgment or estimation.

The Company adopted ASC 820 on January 1, 2008, and it had no impact on amounts recorded in the financial statements or the notes thereto as the Company's investment are recorded on the cost method.

(3) Iowa Fund of Funds, Fund A, LLLP: Partnership Profits, Losses, and Cash Distributions

The Fund has four partners: the Company (a Preferred Limited Partner); Cimarron; the Iowa Revolving Fund, LP (the Special Limited Partner); and Iowa Capital Investment Corporation (the General Partner). Additional Preferred Limited Partners may be admitted from time to time as provided in the Partnership Agreement.

The Partnership Agreement provides that amounts received by the Fund from a portfolio investment (including proceeds realized by the Fund from a sale of property distributed by a portfolio investment), net of expenses and reserves (collectively considered to be net cash flow), generally shall be distributed first to Cimarron as Fund Manager to defray any income tax liabilities arising from its ownership of an interest in the Fund (determined pursuant to the Partnership Agreement), and thereafter among the Partners as follows:

- First, to the Preferred Limited Partners, in proportion to their Unpaid Distribution Preferences (as defined in the Partnership Agreement) in respect of the particular portfolio investment which includes compounding at a Minimum Rate (as calculated from time to time per the Partnership Agreement) until the Preferred Limited Partners have received distributions equal to their Distribution Preference (as defined, in the Partnership Agreement) with respect to such portfolio investment;
- Second, to Cimarron, until Cimarron has received distributions equal to a 7.5% "carried interest" on the Fund's profits, net of losses, from interests in portfolio investments (as determined under the Partnership Agreement);
- Third, to the Preferred Limited Partners, in proportion to their respective Aggregated Unpaid Distribution Preferences (as defined in the Partnership Agreement which includes compounding at a Minimum Rate as calculated from time to time per the Partnership Agreement) until the Preferred

Limited Partners have received distributions equal to the sum of their Distribution Preferences with respect to all portfolio investments;

- Fourth, to the Preferred Limited Partners, in proportion to their respective unpaid Scheduled Return (see note 5) until each Preferred Limited Partner has received distributions equal to their Scheduled Return;
- Fifth, 100% to the Special Limited Partner until the cumulative distributions to the Special Limited Partner equals the product of 10 multiplied by the cumulative distributions previously made to Cimarron as "carried interest" above;
- Thereafter, 99% to the Special Limited Partner and 1% to Cimarron.

For the years ended December 31, 2009 and 2008, net cash flow was used to pay for operating expenses and management fees.

Amended

Distributions of $0 and $87,707 were received from the Fund during the years ended December 31, 2009 and 2008, respectively.

The Partnership Agreement provides that profit and loss of the Fund shall be allocated among the Partners in a manner consistent with each Partner's share of distributions of net cash flow.

(4) Investment in Iowa Fund of Funds, Fund A, LLLP

A summary of the financial information for the Fund, which the Company does not control, but over which the Company's officers have significant influence through their control of Cimarron, which is employed by the General Partner of the Fund as the Fund's manager, as of December 31 is as follows:

		2009	2008
Assets:			
Cash and cash equivalents	$	3,089	7,764
Investment in portfolio funds		16,802,775	11,815,040
Other assets		847,039	847,039
Total assets	$	17,652,903	12,669,843
Liabilities and partners' equity:			
Accounts payable	$	—	632,164
Partners' equity		17,652,903	12,037,679
Total liabilities and partners' equity	$	17,652,903	12,669,843
Income	$	108,860	106,350
Expenses		(1,378,223)	(1,748,338)
Net loss	$	(1,269,363)	(1,641,988)

(5) Tax Credit Certificates

Contingent tax credit certificates are issued by the Iowa Capital Investment Board, an agency of the State of Iowa, under authority granted by the Fund's enabling statute and rules (Iowa Code 15E.61 and Iowa

Administrative Code, Section 123, Chapter 4.1). Tax credit certificates are issued based upon a commitment by the Company to invest in the Iowa Fund of Funds, Fund A, LLLP. Each contingent tax credit certificate contains on its face a maximum value along with maturity dates and a calculation formula for its "Scheduled Return." Generally, Scheduled Return is defined as the sum of all of the Company's expenses and liabilities – including principal and accumulated interest – related to the Company's investment in the Fund.

The Company borrows under a revolving credit agreement (see note 6) to fund its investments in the Fund. All borrowings are collateralized by the contingent tax credit certificates which have value to the extent that the actual return from the Fund is less than the Scheduled Return. As such, they are "contingent," having a value equal to such deficiency should it occur. If the actual return equals or exceeds the Scheduled Return, then the tax credit certificates are retired unused. The tax credit certificates are assigned to the Company's lenders.

If the Company determines and is otherwise permitted to redeem the tax credit certificates, the contingent certificates are first certified in total amount by the General Partner and then presented to the ICIB under the rules noted above for issuance of a verified tax credit certificate. Once verified, the Company would recognize revenue for reporting purposes under U.S. generally accepted accounting principles. The verified tax credit certificates may be used by any holder against current or future liabilities for payment of Iowa income, premium, or franchise taxes and are freely transferable. Tax credit certificates may be verified in amounts up to $20 million that might first become redeemable in any one year. Tax credit certificates may not be carried back against past liabilities but they may be carried forward up to seven years.

At December 31, 2009 and 2008, the Company was the holder of a contingent tax credit certificate with a maximum amount of $36 million. This certificate was pledged as security to fully collateralize the line of credit (see note 6).

(6) Line of Credit

The Company renewed their existing revolving credit agreement on February 1, 2008. The agreement provides for not more than $30,000,000 outstanding at any point in time and expires on February 1, 2011. Interest is payable quarterly in arrears and will be determined as the prime rate minus one percent. All advances shall be repaid in full on the maturity date (February 1, 2011). The Company had borrowings outstanding under the credit agreement of $24,916,766 and $17,430,105 at December 31, 2009 and 2008, respectively.

At the time the revolving credit agreement was entered into the Company paid commitment fees of $66,000, of which $50,000 has been amortized.

(Continued)

(7) Income Taxes

Deferred income taxes as of December 31 are as follows:

		2009	2008
Deferred income tax liabilities	$	—	—
Deferred income tax assets		5,257,726	2,160,888
Valuation allowance		(5,257,726)	(2,160,888)
Net deferred tax asset	$	—	—

Temporary differences giving rise to deferred taxes at December 31, 2009 and December 31, 2008 include primarily net operating loss carryforwards and basis differences in partnership investments.

The components of income tax benefit (expense) for the year ended December 31 are as follows:

		2009	2008
Current	$	—	—
Deferred		3,096,838	874,700
Valuation allowance		(3,096,838)	(874,700)
Total	$	—	—

Deferred income tax assets are calculated based on an assumed effective tax rate of approximately 40%, determined based on a federal income tax rate of 35% and then increased for additional state income taxes, net of federal tax benefits arising from deductions for state income taxes.

As of December 31, 2009 and 2008, the Company has net operating loss carryforwards for federal income tax purposes of approximately $9.3 million and $1,557,000, respectively. The carryforwards will begin to expire in 2025 if not used.

Realization of the Company's net deferred tax assets is dependent upon the Company generating sufficient taxable income in future years in the appropriate tax jurisdictions to obtain a benefit from the reversal of deductible temporary differences and from tax loss carryforwards.

The Company has concluded that, based on expected future results and the future reversals of existing taxable temporary differences, it is not more likely than not that certain deferred tax assets will be used in the next twelve months or the near term. Accordingly, a valuation allowance has been established for these tax benefits.

(8) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through June 25, 2010, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.