

July 30, 2012

To the Members of the Board of Directors
Palmyra Business Improvement District Management Corporation

In planning and performing our audit of the financial statements of Palmyra Business Improvement District Management Corporation as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Palmyra Business Improvement District Management Corporation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in Palmyra Business Improvement District Management Corporation's internal control to be significant deficiencies:

Cash disbursements

There should be increased documentation with regard to the processing of cash disbursements. The following recommendation would significantly increase internal control in the area of cash disbursements.

A voucher package should be prepared with every invoice received. This voucher package should include the invoice, delivery receipt, authorizing signature on invoice, and account to which the invoice should be applied. Once the checks are written and mailed each voucher package should be stamped paid.

Nonemployee compensation

The Organization should issue an IRS form 1099 for any independent contractor compensated during the fiscal year.

Preparation of financial statements

The Organization's financial statements and related disclosures were not prepared by management or its employees in accordance with accounting principles generally accepted in the United States (GAAP). Effective internal control over financial reporting involves the preparation of financial statements in accordance with GAAP unless regulatory or other reporting agencies require an accounting method other than GAAP. The preparation of financial statements

includes the disclosures required by GAAP. Effective March, 2012 a fee accountant was contracted to prepare the necessary financial statements.

This communication is intended solely for the information and use of management, those charged with your organization's governance and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We are available to answer any questions that you may have related to the control deficiencies we identified during your audit or discuss the benefits and associated costs of any options you have for remedying them if you would like to do so. If you would like to set up a meeting to discuss this communication or your organization's internal controls, please feel free to contact me.

Very truly yours,

A handwritten signature in black ink that reads "Bowman + Company LLP". The signature is written in a cursive, flowing style.

Bowman & Company LLP