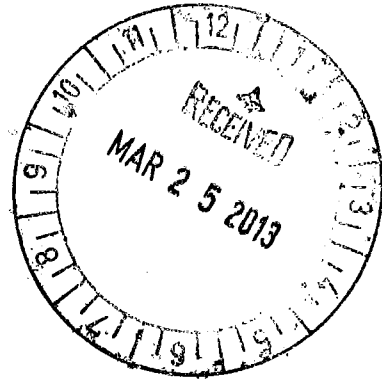




March 18, 2013

Natalie L. Erdman
Burr Oaks Senior Housing, LLC
c/o CDA of the City of Madison
215 Martin Luther King Jr. Blvd., Room 312
Madison, WI 53703

John K. Faust
c/o Horizon Management Services, Inc.
5201 East Terrace Drive, Suite 300
Madison, WI 53718



This letter includes a summary of our comments and suggestions with respect to financial, administrative and other matters that came to our attention during the course of our audit engagement. These matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of improving accounting controls and other financial practices and procedures. This letter also includes a brief summary of our responsibilities regarding considerations of fraud and internal control in the performance of our audit engagement. In addition, this letter summarizes certain matters required to be communicated to you under professional standards in your oversight responsibilities for the company's financial reporting process.

Recommendations and suggestions

Review of Journal Entries

The property accountants are responsible for posting journal entries for each of their assigned properties. No one is currently reviewing the posted journal entries.

We recommend that the CEO/CFO of Horizon Management Services, Inc. or other qualified individual who does not have the ability to enter or post transactions in the accounting system review the posted journal entries each month for unusual items.

Written Policies and Procedures

We recommend that all of the accounting policies and procedures in place at Horizon Management Services, Inc. be documented in writing. A well written accounting manual will aid in the training of new employees and assist management in delegating and segregating duties. In addition, a manual ensures that proper accounting principles are being applied, similar transactions are treated consistently, and that financial reports are produced in the form desired by management.

Required communications

Professional standards require that we provide you with certain information related to our audit. This required communication is attached to this letter as Exhibit A.

Consideration of internal control and fraud

Fraud Considerations

As described in our engagement letter, we planned and performed our audit to obtain reasonable assurance about whether the financial statements were free of material misstatements, whether from errors, fraudulent reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the company or to acts by management or employees acting on behalf of the company. An audit is not designed to provide absolute assurance, and because we do not perform a detailed testing of all transactions, there is a risk that material misstatements may exist and not be detected by us. An audit is also not designed to detect immaterial misstatements or violations of laws or regulations that do not have a direct and material effect on the financial statements.

Internal Control Considerations

As described in our engagement letter, our audit included obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or identify deficiencies in internal control, that is, significant deficiencies in the design or operation of internal control. However, we would communicate to you internal control matters that are required to be communicated under professional standards. Our findings are presented in the internal control communication attached to this letter as Exhibit B.

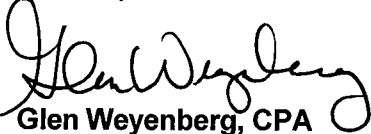
Conclusion

We would like to thank you and your employees for the assistance provided to us in the performance of our engagement. We hope we have provided you with valuable information during the course of our engagement. We have already discussed many of these recommendations and suggestions with you, and we will be pleased to discuss them in further detail at your convenience, to perform any other additional study of these matters, or to assist you in implementing the recommendations.

Burr Oaks Senior Housing, LLC
Page 3
March 18, 2013

This information is intended solely for the information and use of management, the members, and others within the company, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen Weyenberg". The signature is fluid and cursive, with a large initial "G" and a long, sweeping underline.

Glen Weyenberg, CPA
Principal
SVA Certified Public Accountants, S.C.
P: 608.826.2005
weyenbergg@sva.com

Encl.

Exhibit A: Required Communications

We have audited the financial statements of Burr Oaks Senior Housing, LLC for the year ended December 31, 2012, and have issued our report thereon dated March 18, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 29, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Burr Oaks Senior Housing, LLC are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of depreciable assets and the related depreciation methods, as described in Note A, are based on historical factors and industry practice. We evaluated the key factors and assumptions used to develop the estimated useful lives and related depreciation methods in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures of the Land Use Restriction Agreement and the HOME Program Agreement in Note G to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letters dated March 18, 2013. Copies of these letters are included as Exhibit C.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Supplementary Information Accompanying the Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles the method of preparing it has not changed from the prior period; and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Exhibit B: Internal Control Communication

In planning and performing our audit of the financial statements of Burr Oaks Senior Housing, LLC as of and for the year ended December 31, 2012 in accordance with auditing standards generally accepted in the United States of America, we considered the company's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances 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 company's internal control. Accordingly, we do not express an opinion on the effectiveness of the company's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the members, and others within the company, and is not intended to be and should not be used by anyone other than these specified parties.

Exhibit C

Signed Management Representation Letters

SVA Certified Public Accountants, S.C.
P.O. Box 44966
Madison, WI 53744-4966

Dear Sir or Madam:

This representation letter is provided in connection with your audits of the financial statements of Burr Oaks Senior Housing, LLC which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of operations, members' equity, and cash flows for the year ended December 31, 2012 and the period from inception (August 9, 2010) through December 31, 2011, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 29, 2012.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
9. Material concentrations have been properly disclosed in accordance with U.S. GAAP. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
10. Guarantees, whether written or oral, under which the entity is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit or similar arrangements have been properly disclosed.
12. Amounts of contractual obligations for construction and/or purchase of real property, equipment, other assets, and intangibles have been properly disclosed.
13. All liabilities which are subordinated to any other actual or possible liabilities of Burr Oaks Senior Housing, LLC have been properly disclosed.
14. All leases and material amounts of rental obligations under long-term leases have been properly disclosed.
15. Burr Oaks Senior Housing, LLC has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
16. Note A to the financial statements describes Burr Oaks Senior Housing, LLC's open tax periods that are generally subject to examination. Burr Oaks Senior Housing, LLC recognizes tax benefits only to the extent it believes it is "more likely than not" its tax positions will be sustained upon IRS examination.
17. Receivables recorded in the financial statements represent valid claims against tenants and other parties for rent or other charges arising on or before the balance sheet dates.

Information Provided

18. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters. Among other things, relevant information may include minutes of the meetings of the members, or summaries of actions of recent meetings for which minutes have not yet been prepared as well as communications from regulatory

agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

- b. Additional Information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
19. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
20. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
21. We have no knowledge of any fraud or suspected fraud that affects Burr Oaks Senior Housing, LLC and involves:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
22. We have no knowledge of any allegations of fraud or suspected fraud affecting Burr Oaks Senior Housing, LLC's financial statements communicated by employees, former employees, analysts, regulators, or others.
23. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
24. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
25. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
26. Except as made known to you and disclosed in the notes to the financial statements, the entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
27. Burr Oaks Senior Housing, LLC does not have any Variable Interest Entities as of December 31, 2012 and 2011 that will require disclosure or consolidation as a result of adopting the provisions of U.S.GAAP.
28. We acknowledge our responsibility for presenting the supplementary schedules of other revenue and expenses in accordance with U.S. GAAP, and we believe the schedules of

other revenue and expenses, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the schedules of other revenue and expenses have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

29. In regards to the financial statement and tax return preparation services performed by you, we have:
 - a. Assumed all management responsibilities.
 - b. Designated an individual with suitable skill, knowledge, or experience to oversee the services.
 - c. Evaluated the adequacy and results of the services performed.
 - d. Accepted responsibility for the results of the services.
30. We have managed this entity in compliance with:
 - a. Section 42 requirements.
 - b. Land Use Restriction Agreement.
 - c. Mortgage and other long-term debt arrangements.
31. We are responsible for compliance with Internal Revenue Code (IRC) Section 42 and HOME loan requirements. We acknowledge that we have not requested that you perform audit procedures or give an opinion on our tenant files or compliance with IRC Section 42 and HOME loan rules and regulations.
32. As managing member of Burr Oaks Senior Housing, LLC, I hereby certify that for the period from January 1, 2012 through the date of this letter except as disclosed to you, there have been no:
 - a. Amendments to the operating agreement.
 - b. Sales or purchases of membership interests.
 - c. Acquisitions of other properties.
 - d. Changes in managing member.
 - e. New employment and other contracts with the members.
 - f. Company guarantees of the obligations of others.

- g. The pledging of Burr Oaks Senior Housing, LLC's assets and/or revenue as collateral for the obligations of others.
- h. Authorization for the members to borrow funds for Burr Oaks Senior Housing, LLC, to enter into restrictive covenants on behalf of Burr Oaks Senior Housing, LLC, and to pledge Burr Oaks Senior Housing, LLC's assets and/or revenue as collateral for the loans.
- i. Distributions to the members.
- j. Amendments to or new management contracts.
- k. Refinancing of long-term debt.
- l. Matters that would have a significant effect on the financial statements for the periods ended December 31, 2012 and 2011.

The above representations related to your audits are made to you as of 3/18 2013, the date of your audit report.

Sincerely,

Burr Oaks Senior Housing, LLC



Natalie Erdman, Executive Director
Community Development Authority of the City of Madison, Managing Member

R-AFPRE (GAAP)



SVA Certified Public Accountants, S.C.
P.O. Box 44966
Madison, WI 53744-4966

Dear Sir or Madam:

This representation letter is provided in connection with your audits of the financial statements of Burr Oaks Senior Housing, LLC which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of operations, members' equity, and cash flows for the year ended December 31, 2012 and the period from inception (August 9, 2010) through December 31, 2011, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits:

Financial Statements

1. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
5. As management agent, all related party relationships and transactions of which we are aware have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

5201 East Terrace Drive, Suite 300 • Madison, WI 53718 • (608) 354-0900
MAIN FAX (608) 354-0880 • CONSTRUCTION FAX (608) 354-0902 • MANAGEMENT FAX (608) 354-0903
1660 Embassy West Drive, Suite 250 • Dubuque, IA 52002 • (563) 556-1188 • FAX (563) 556-4890
3900 South Prairie Hill Lane • Greenfield, WI 53228 • (414) 541-3900 • FAX (414) 541-3100
Internet Sites • www.horizondbmn.com • Management: www.horizonseniorhousing.com

6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
8. Material concentrations have been properly disclosed in accordance with U.S. GAAP. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
9. Receivables recorded in the financial statements represent valid claims against tenants and other parties for rent or other charges arising on or before the balance sheet dates.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters. Among other things, relevant information may include communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
 12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 13. We have no knowledge of any fraud or suspected fraud that affects Burr Oaks Senior Housing, LLC and involves:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
 14. We have no knowledge of any allegations of fraud or suspected fraud affecting Burr Oaks Senior Housing, LLC's financial statements communicated by employees, former employees, analysts, regulators, or others.
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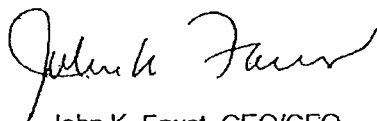
15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
 16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
 17. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
 18. We acknowledge that you have orally communicated to us certain deficiencies in internal control that were not considered significant and certain other matters.
 19. We acknowledge our responsibility for presenting the schedules of other revenue and expenses in accordance with U.S. GAAP, and we believe the schedules of other revenue and expenses, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the schedules of other revenue and expenses have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 20. In regards to the financial statement preparation services performed by you, we have:
 - a. Assumed all management responsibilities.
 - b. Designated an individual with suitable skill, knowledge, or experience to oversee the services.
 - c. Evaluated the adequacy and results of the services performed.
 - d. Accepted responsibility for the results of the services.
 21. We have managed this entity in compliance with:
 - a. Section 42 requirements.
 - b. Land Use Restriction Agreement.
 - c. Mortgage and other long-term debt arrangements.
 22. As management agent, we are responsible for compliance with Internal Revenue Code (IRC) Section 42 and HOME loan requirements. We acknowledge that we have not requested that you perform audit procedures or give an opinion on our tenant files or compliance with IRC Section 42 and HOME loan rules and regulations.
-

SVA Certified Public Accountants, S.C.
Page 4

The above representations related to your audits are made to you as of 3-18 2013, the date of your audit report.

Sincerely,

Horizon Management Services, Inc., Management Agent for
Burr Oaks Senior Housing, LLC



John K. Faust, CEO/CFO
Horizon Management Services, Inc.

R-AFPRE-MA (GAAP)
