



SVP

February 26, 2014

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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.

Financial information presented in this letter was derived from the partnership's financial statements which were audited by us, and such financial information should be read in conjunction with those financial statements and our report thereon.

Recommendations and suggestions

Review of Financial Information

During the course of our audit, we noted that during the monthly financial statement review process, management does not initial or otherwise indicate that a review has been completed. We recommend that a policy be established that once the monthly financial statements and other financial documents have been reviewed, the reviewer initials or signs the document to let others know that the document has been reviewed.

Cash in Excess of FDIC Limits

During the course of our audit, we noted that the cash balances held at Johnson Bank in the project's name exceeded the current FDIC limit of \$250,000 as of December 31, 2013. The credit and liquidity crisis in the

United States and throughout the global financial system has had a negative impact on the banking system. Therefore, we recommend that you frequently monitor the bank's rating to assess its condition and consider ensuring that the company's deposits in financial institutions are under the FDIC limit at all times.

Replacement reserve

The operating agreement requires that a replacement reserve be established prior to qualified occupancy and that the required deposit increase by 3% per year. As of December 31, 2013, the replacement reserve was underfunded by \$4,890 based on the requirements of the operating agreement. We recommend that management fund the excess amounts required by the operating agreement.

Cash flow

We recommend that management prepare a cash flow analysis to determine if there is any available cash flow to pay related party fees (i.e. asset management fees and managing member management fees) and to make principal and interest payments on the CDA infrastructure loan. In addition, we recommend that management review the terms of the operating agreement for the determination of cash flow and the order and priority of available cash flow in a given year.

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 various company personnel, 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.

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,



Glen Weyenberg, CPA

Principal

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Encl.

Exhibit A: Required Communications

We have audited the financial statements of Allied Drive Redevelopment, LLC for the year ended December 31, 2013, and have issued our report thereon dated February 26, 2014. 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 October 2, 2013. 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 Allied Drive Redevelopment, 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 2013. 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 disclosure affecting the financial statements was:

The disclosure of the Land Use Restriction Agreement in Note H 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.

There were no misstatements detected as a result of audit procedures.

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 February 26, 2014. 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 Allied Drive Redevelopment, LLC, as of and for the year ended December 31, 2013 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.

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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in the company's internal control to be material weaknesses:

Segregation of Duties

There are times when the accounting assistant deposits cash in the bank and also makes the entry into the accounting software. One person should make the entry into the system and another person should deposit the cash. These duties need to be segregated.

There is also a lack of segregation of duties concerning cash disbursements. SHD occasionally utilizes a manual check stamp which is kept in a non-secured location. The above mentioned item should be kept in a secured location in order to prevent unauthorized use.

The Controller at SHD prepares all bank reconciliations. Currently, no one reviews the reconciliations after the Controller has prepared them. There should be a person or persons designated to review the bank reconciliations after being prepared by the Controller.

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.