Cherry Bekaert LLP
CPAs & Advisors

The Partners
Richland PDT, A Joint Venture
Columbia, South Carolina

We were engaged to audit the financial statements of Richland PDT, A Joint Venture (the "Joint Venture") for the year ended June 30, 2017, and have issued our report thereon dated February 4, 2019. 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 January 30, 2018. 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 the Joint Venture are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Joint Venture 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.

> Management's estimate of the allowance for doubtful accounts is based on an analysis of historical collection trends, current customer relations, contract specifications, industry factors, and current and anticipated economic conditions. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

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 letter dated February 4, 2019.

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 Joint Venture'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.

Disclaimer of Opinion Due to Material Uncertainty

We encountered difficulty in performing and completing our audit due to a material uncertainty. The Joint Venture is involved in a legal dispute related to a contractual arrangement with its sole customer. We determined the uncertainty surrounding this ongoing legal matter to be both material and pervasive in nature to the financial statements. Because of the significance of this matter, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

This information is intended solely for the use of the Partners of the Joint Venture and is not intended to be, and should not be, used by anyone other than these specified parties.

Cherry Bekaert LLP

Augusta, Georgia
February 4, 2019

The Partners
Richland PDT, A Joint Venture
Columbia, South Carolina

In planning and performing our audit of the financial statements of Richland PDT, A Joint Venture (the "Joint Venture") as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Joint Venture's internal control over financial reporting ("internal control") as a basis for designing audit 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 Joint Venture's internal control. Accordingly, we do not express an opinion on the effectiveness of the Joint Venture'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 Joint Venture'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 the Joint Venture's internal control to be significant deficiencies:

> We noted the internal control structure of the Joint Venture was insufficient to include the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and, therefore, in accordance with your request, we drafted the Joint Venture's financial statements and related disclosures for the year ended June 30, 2017, which included the preparation of significant adjustments to your accounts so that the financial statements comply with accounting principles generally accepted in the United States of America ("U.S. GAAP"). An adjustment noted during the audit indicates a deficiency in the internal control process, as it is evidence that the error was not detected by the Joint Venture's internal control system. Specifically, these deficiencies result from a conscious decision on the part of management to conduct internal financial reporting that does not comply with U.S. GAAP.
>
> We noted a lack of segregation of duties as it relates to the Joint Venture's internal control. Due to the nature of the Joint Venture and the structure of their contract with Richland County, the Joint Venture subcontracts its Partners to perform work as vendors. During the performance of audit procedures, we noted that all change orders on subcontracts and vendor invoices were approved by management of a Partner of the Joint Venture. As a result, there is an inherent conflict of interest due to the lack of an outside party's involvement in the approval process.

This communication is intended solely for the information and use of the Partners of the Joint Venture, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry Bekaert LLP

Augusta, Georgia
February 4, 2019

RICHLAND PDT, A JOINT VENTURE

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2017

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

RICHLAND PDT, A JOINT VENTURE
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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

The Partners
Richland PDT, A Joint Venture
Columbia, South Carolina

We were engaged to audit the accompanying financial statements of Richland PDT, A Joint Venture (the "Joint Venture"), which comprise the balance sheet as of June 30, 2017, and the related statements of income, partners' capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As discussed in Note 4 to the financial statements, the Joint Venture is involved in an ongoing legal matter with its sole customer. Since multiple account balances included in the financial statements of the Joint Venture are driven by the business that is conducted with its sole customer, the uncertainty surrounding this unresolved legal matter is both material and pervasive in nature.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

Cherry Bekaert LLP

Augusta, Georgia
February 4, 2019

RICHLAND PDT, A JOINT VENTURE
BALANCE SHEET

JUNE 30, 2017

ASSETS		
Current Assets:		
Cash and cash equivalents	$	4,806,697
Contracts receivable		1,208,949
Total Current Assets		6,015,646
Total Assets	$	6,015,646
LIABILITIES AND PARTNERS' CAPITAL		
Current Liabilities:		
Accounts payable	$	492,336
Accounts payable - related party		105,673
Accounts payable - partners		1,105,328
Total Current Liabilities		1,703,337
Total Liabilities		1,703,337
Partners' Capital:		
Partners' capital		4,312,309
Total Partners' Capital		4,312,309
Total Liabilities and Partners' Capital	$	6,015,646

The accompanying notes to the financial statements are an integral part of this statement.

RICHLAND PDT, A JOINT VENTURE

STATEMENT OF INCOME

YEAR ENDED JUNE 30, 2017

Contract revenues earned	$ 14,682,319
Less cost of revenues earned	11,863,169
Gross profit	2,819,150
Operating expenses	340,805
Operating income	2,478,345
Other Income (Expenses):	
Interest income	989
Total Other Income	989
Net income	$ 2,479,334

The accompanying notes to the financial statements are an integral part of this statement.

RICHLAND PDT, A JOINT VENTURE

STATEMENT OF PARTNERS' CAPITAL

YEAR ENDED JUNE 30, 2017

Partners' capital, beginning of year	$	2,432,975
Net income		2,479,334
Distributions to partners		(600,000)
Partners' capital, end of year	$	4,312,309

The accompanying notes to the financial statements are an integral part of this statement.

RICHLAND PDT, A JOINT VENTURE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

Cash flows from operating activities:		
Net income	$	2,479,334
Increase (decrease) in:		
Contracts receivable		(350,034)
Accounts payable		319,139
Accounts payable - related party		(440,763)
Accounts payable - partners		1,054,385
Net cash from operating activities		3,062,061
Cash flows from financing activities:		
Distributions to partners		(600,000)
Net cash from financing activities		(600,000)
Net change in cash and cash equivalents		2,462,061
Cash and cash equivalents, beginning of year		2,344,636
Cash and cash equivalents, end of year	$	4,806,697

The accompanying notes to the financial statements are an integral part of this statement.

Note 1—Nature of operations

Nature of Operations – Richland PDT, A Joint Venture (the "Joint Venture") is a legal entity governed by the Joint Venture Agreement (the "Agreement"), which sets forth the mutual understanding and intent of M.B. Kahn Construction Co., Inc., a South Carolina corporation, ICA Engineering, Inc., a Kentucky corporation, and Brownstone Construction Group, LLC, a South Carolina limited liability company (referred to collectively as the "Partners"), regarding their joint performance of the implementation of the Richland County (South Carolina) Sales Tax Transportation Improvement Program (the "Project") as detailed in the "Program Management Agreement Between Richland County, South Carolina (the "County") and the Joint Venture for Program Development, Program Management, and Other Services Relating to the Richland County Sales Tax Transportation Improvement Program" (the "Contract").

Joint Venture Agreement – The rights and obligations of the Joint Venture are governed by the Agreement dated November 3, 2014. Allocation of income and losses are specifically defined within the Agreement. The Partners' obligation to the County to perform the Contract shall be joint and several. The term of the Joint Venture shall begin effective November 3, 2014 and, unless terminated sooner as provided in the Agreement, shall expire on a date eight (8) years from the date the Joint Venture's services under the Contract are completed or terminated, including the receipt of final payment and resolution of any Project disputes. The term may be extended with the consent of all Partners.

Note 2—Summary of significant accounting policies

Cash Equivalents – The Joint Venture considers certificates of deposit and all highly liquid investments purchased with original maturities of three months or less, or which have immaterial penalties resulting from early withdrawals, to be cash equivalents.

Contracts Receivable – Contracts receivable are stated at invoiced amount less an allowance for doubtful accounts. Management's determination of the allowance for doubtful accounts is based on an evaluation of the contracts receivable, past experience, current economic conditions, and other risks inherent in the Contract. No allowance for bad debts was considered necessary at June 30, 2017.

Revenue and Cost Recognition – The Joint Venture has entered into the Contract, under which the Joint Venture incurs costs for time and expenses as directed by the Contract. Contract revenue is recognized when the Joint Venture has invoiced the County. Management believes this method of revenue recognition is not materially different from the percentage completion method, due to the nature of the Contract with the County.

Contract costs include all direct material and labor costs and indirect costs related to contract performance, such as indirect labor, payroll taxes, insurance, supplies, tools, and repairs.

General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Note 2—Summary of significant accounting policies (continued)

Income Taxes – Under the provisions set forth in the Internal Revenue Code, the Joint Venture does not pay income taxes on its taxable income. Instead, the Partners are liable for individual income taxes on the Joint Venture's federal and state income taxes.

Management has evaluated the effect of the guidance provided by U.S. Generally Accepted Accounting Principles on Accounting for Uncertainty in Income Taxes. Management has evaluated all tax positions that could have a significant effect on the financial statements and determined the Joint Venture had no uncertain income tax positions at June 30, 2017.

Concentrations of Credit Risk – Financial instruments that potentially expose the Joint Venture to concentrations of credit risk consist primarily of contracts receivable and cash and cash equivalents.

All 100% of the Joint Venture's contracts receivable was from one customer at June 30, 2017. All 100% of the Joint Venture's contract revenue was from one customer for the year ended June 30, 2017.

The Joint Venture places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. The Joint Venture from time to time may have amounts on deposit in excess of the insured limits. As of June 30, 2017, the Company had approximately $4,556,697 which exceeded these insured amounts.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any 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.

Warranties – The Joint Venture provides a one-year warranty covering defects specific to its portion of the Contract. No reserve for warranties was considered necessary as of June 30, 2017.

Note 3—Related party transactions

At June 30, 2017, the Joint Venture has accounts payable due to the Partners in the amount of $1,105,327. The Joint Venture pays expenses to the Partners for subcontract and project management work during the normal course of business. During the year ended June 30, 2017, the Company paid $8,152,655 and the amount is included in costs of revenues earned in the accompanying statement of income.

At June 30, 2017, the Joint Venture has accounts payable due to an entity related through common ownership of one of the Partners in the amount of $105,673. The Joint Venture pays expenses to this entity for consulting services. During the year ended June 30, 2017, the Company paid $618,274 and the amount is included in costs of revenues earned in the accompanying statement of income.

Note 4—Material uncertainty

In 2014 the Joint Venture contracted with Richland County South Carolina to serve as the Program Development Team for the Richland County Sales Tax Transportation Improvement Program. On or about January 31, 2017, Richland County requested reimbursement of certain expenses that had previously been approved and paid to the Joint Venture pursuant to this contractual arrangement. At that time, Richland County also began withholding certain "Reimbursable Expenses" from the Joint Venture’s monthly billing. The Joint Venture contests Richland County's request for reimbursement and its withholding of Reimbursable Expenses. As of June 30, 2017, the disputed amount was approximately $1.3 million. Richland County and the Joint Venture continue to discuss these areas of disagreement.

Note 5—Subsequent events

Management has evaluated subsequent events through February 4, 2019, the date which the financial statements were available to be issued. As of this date, there were no material subsequent events requiring adjustment to or disclosure in the financial statements for the year ended June 30, 2017.