

**Georgia Department of Community Affairs
Low Income Housing Tax Credits Final Allocation Application
New Meadowbrook Village Apartments, LLC**

Tab 4 Independent Auditor's Report and Certification of Actual Costs

Auditor's Report and Certification of Actual Costs for New Meadowbrook Village Apartments, LLC prepared by Dixon Hughes Goodman LLP is attached.

**New Meadowbrook Village
Apartments, LLC**

Meadowbrook Village Apartments

Certification of Actual Cost and Opinion as to
Eligible Basis and Building by Building Credit
Allocation

Together with Auditors' Report



DIXON HUGHES GOODMAN^{LLP}
Certified Public Accountants and Advisors



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

Owner's Name: New Meadowbrook Village Apartments, LLC
Project Name: Meadowbrook Village Apartments
Project Number: TCAA # 2011-505

We have audited the costs included in the accompanying Georgia Department of Community Affairs ("DCA") Certification of Actual Cost and Opinion as to Eligible Basis and the Building by Building Credit Allocation (the "Final Cost Certification") of New Meadowbrook Village Apartments, LLC (the "Owner") for Meadowbrook Village Apartments ("the Project") as of January 22, 2014.

Management's Responsibility for the Final Cost Certification

Management is responsible for the preparation and fair presentation of the Final Cost Certification in accordance with accounting principles prescribed by the Internal Revenue Service under the accrual method of accounting and in conformity with the format and Qualified Allocation Plan rules set by DCA. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a Final Cost Certification that is free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on the Final Cost Certification based on our audit. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Final Cost Certification is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the Final Cost Certification. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Final Cost Certification, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Final Cost Certification in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Final Cost Certification.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Final Cost Certification presents fairly, in all material respects, the actual costs of \$3,595,548 and eligible basis of \$3,576,461 of the Owner for the Project as of January 22, 2014, on the basis of accounting described below.

Basis of Accounting

The accompanying Final Cost Certification was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in conformity with the format and qualified allocation plan rules set by DCA, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Restrictions on Use

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with DCA and should not be used for any other purpose.

Dixon Hughes Goodman LLP

*High Point, North Carolina
February 7, 2014*

PART FOUR - USES OF FUNDS - Meadowbrook Village Apartments - 2011-505

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
PRE-DEVELOPMENT COSTS					
Property Appraisal	5,368			4,657	711
Market Study	3,000			3,000	
Environmental Report(s)	3,020			3,020	
Soil Borings					
Boundary and Topographical Survey					
Zoning/Site Plan Fees	9,997			9,070	927
Other: <u>Alta Survey, Capital Needs Assessment</u>	21,385			19,747	1,638
Subtotal					
ACQUISITION					
Land	200,453				200,453
Demolition					
Acquisition Legal Fees (if existing structures)	1,312,864		1,312,864		
Existing Structures	1,513,317		1,312,864		200,453
Subtotal					
SITE IMPROVEMENTS					
Site Preparation (On-site)	118,105			118,105	
Site Preparation (Off-site)	118,105			118,105	
Subtotal					
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	989,788			989,788	
Project Amenities / Accessory Buildings					
Other: <u>Construction Costs Outside of Contract</u>	12,632			12,632	
Subtotal	1,002,420			1,002,420	
CONTRACTOR SERVICES					
Builder's Overhead:	22,158			22,157	
Builder Profit:	66,474			66,473	
General Requirements	66,474			66,473	
Payment/performance bond or letter-of-credit fee or premium					
Total Construction Costs	23,193.24 per unit			155,103	
	32.86 per sq ft				

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	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee	3,150			2,507	643
Construction Loan Interest					
Construction Legal Fees	11,956			11,956	
Construction Period Real Estate Tax	5,468			5,468	
Construction Insurance					
Bridge Loan Fee and Bridge Loan Interest					
Other:					
Subtotal	20,574	-	-	19,931	643
PROFESSIONAL SERVICES					
Architectural Fee - Design	24,376			24,376	
Architectural Fee - Supervision	13,126			13,126	
Engineering	2,100			2,100	
Real Estate Attorney	7,325		6,164		1,161
Accounting	10,000			10,000	
Other:					
Subtotal	56,927	-	6,164	49,602	1,161
LOCAL GOVERNMENT FEES					
Building Permits					
Impact Fees					
Water Tap Fees					
Sewer Tap Fees					
Real Estate Taxes					
Subtotal	-	-	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	16,640				16,640
Permanent Loan Legal Fees	15,022				15,022
Title and Recording Fees	150				150
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount	44,934				44,934
Other: Financial Advisor, Bond Costs, Application Fees	3,695				3,695
Subtotal	80,441	-	-	-	80,441

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I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
DCA-RELATED COSTS					
DCA Loan Application Fee					
Tax Credit Application Fee	3,000				3,000
DCA Waiver Fees	8,033				8,033
LIHTC Allocation Processing Fee	8,112				8,112
LIHTC Compliance Monitoring Fee	38,500				38,500
DCA Front End Analysis Fee (when ID of Interest)	500				500
DCA Final Inspection Fee	6,242				6,242
Other: <u>DCA Bond Allocation, DCA Bond Eligibility Option</u>					
Subtotal	26,025				26,025
EQUITY COSTS					
Partnership Organization Fees	160				160
Tax Credit Legal Opinion					
Other:					
Subtotal	160				160
DEVELOPER'S FEE					
Developer's Overhead	221,501		99,129		
Consultant's Fee	221,501		99,129	122,372	
Developer's Fee	443,002		198,258	244,744	
Subtotal	443,002		297,387	367,116	
START-UP AND RESERVES					
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	75,174				75,174
Furniture, Fixtures and Equipment	1,570			1,570	
Other: <u>PRA Escrow, Debt Service Reserve</u>	41,420			41,420	
Subtotal	118,164			43,010	116,594
OTHER COSTS					
Relocation	2,109			2,109	
Other: <u>Project Admin Expenses</u>	192				192
Other: <u>Other Assets Purchased</u>	37,624				37,624
Subtotal	39,925			2,109	37,816
TOTAL DEVELOPMENT COST	3,595,548		1,517,286	1,613,331	464,931
Per Unit	65,373.60				
Per Square Foot	92.62				

