

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

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

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

**New Laurel Village Apartments, LLC**

Laurel Village Apartments

Schedules of 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



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**INDEPENDENT AUDITORS' REPORT**

Owner's Name: New Laurel Village Apartments, LLC

Project Name: Laurel Village Apartments

Project Number: TCAA # 2011-509

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

**Management's Responsibility for the Schedules**

Management is responsible for the preparation and fair presentation of the Schedules 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 the Schedules that are free from material misstatement, whether due to error or fraud.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Schedules 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 Schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the Schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedules, 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 Schedules 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 Schedules.

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 Schedules present fairly, in all material respects, the actual costs of \$1,697,632 and eligible basis of \$1,744,035 of the Owner for the Project as of January 22, 2014, on the basis of accounting described below.

## **Basis of Accounting**

The accompanying Schedules were 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 19, 2014*

PART FOUR - USES OF FUNDS - Laurel Village Apartments - 2011-509

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

I. DEVELOPMENT COST SCHEDULE

DEVELOPMENT COST SCHEDULE	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
<b>PRE-DEVELOPMENT COSTS</b>			<b>PRE-DEVELOPMENT COSTS</b>		
Property Appraisal	4,504			4,363	141
Market Study	3,000			3,000	
Environmental Report(s)	2,920			2,920	
Soil Borings					
Boundary and Topographical Survey					
Zoning/Site Plan Fees					
Other: Alta Survey, Capital Needs Assessment	5,553			5,457	96
<b>Subtotal</b>	<b>15,977</b>			<b>15,740</b>	<b>237</b>
<b>ACQUISITION</b>			<b>ACQUISITION</b>		
Land	18,793				18,793
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures	582,111		582,111		
<b>Subtotal</b>	<b>600,904</b>		<b>582,111</b>		<b>18,793</b>
<b>SITE IMPROVEMENTS</b>			<b>SITE IMPROVEMENTS</b>		
Site Preparation (On-site)	41,841			41,841	
Site Preparation (Off-site)					
<b>Subtotal</b>	<b>41,841</b>			<b>41,841</b>	
<b>UNIT/BUILDING CONSTRUCTION</b>			<b>UNIT/BUILDING CONSTRUCTION</b>		
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	528,155			528,155	
Project Amenities / Accessory Buildings					
Other: Construction Costs Outside of Contract	7,104			7,104	
<b>Subtotal</b>	<b>535,259</b>			<b>535,259</b>	
<b>CONTRACTOR SERVICES</b>			<b>CONTRACTOR SERVICES</b>		
Builder's Overhead:					
2.00%	11,400			11,398	
Builder Profit:					
6.00%	34,200			34,199	
General Requirements					
6.00%	34,200			34,199	
Payment/performance bond or letter-of-credit fee or premium					
<b>Total Construction Costs</b>	<b>27,370.67 per unit</b>			<b>11,398</b>	
	<b>656,896</b>			<b>34,199</b>	
				<b>34,199</b>	
				<b>79,796</b>	

PART FOUR - USES OF FUNDS - Laurel Village Apartments - 2011-509

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

1. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
<b>CONSTRUCTION PERIOD FINANCING</b>					
Construction Loan Fee	1,991			1,244	447
Construction Loan Interest					
Construction Legal Fees	2,619			2,619	
Construction Period Real Estate Tax	2,687			2,687	
Construction Insurance					
Bridge Loan Fee and Bridge Loan Interest					
Other:					
<b>Subtotal</b>	<b>6,997</b>			<b>6,550</b>	<b>447</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	12,353			12,353	
Architectural Fee - Supervision	6,652			6,652	
Engineering	1,500			1,500	
Real Estate Attorney	3,395		3,190		205
Accounting	10,000			10,000	
Other:					
<b>Subtotal</b>	<b>33,900</b>		<b>3,190</b>	<b>30,505</b>	<b>205</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits					
Impact Fees					
Water Tap Fees	waived?				
Sewer Tap Fees	waived?				
Real Estate Taxes					
<b>Subtotal</b>					
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	8,600				8,600
Permanent Loan Legal Fees	6,555				6,555
Title and Recording Fees	150				150
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount	19,926				19,926
Other: Financial Advisor and Application Fees	1,816				1,816
<b>Subtotal</b>	<b>37,047</b>				<b>37,047</b>

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
<b>DCA-RELATED COSTS</b>					
DCA Loan Application Fee					3,000
Tax Credit Application Fee					3,947
DCA Waiver Fees	3,944				3,600
LIHTC Allocation Processing Fee	16,800				500
LIHTC Compliance Monitoring Fee					5,305
DCA Front End Analysis Fee (when ID of Interest)					16,352
DCA Final Inspection Fee					
Other: DCA Bond Allocation, DCA Bond Eligibility Option					
<b>Subtotal</b>					
<b>EQUITY COSTS</b>					
Partnership Organization Fees	160				160
Tax Credit Legal Opinion					
Other:					
<b>Subtotal</b>					
<b>DEVELOPER'S FEE</b>					
Developer's Overhead	87,890				
Consultant's Fee	131,119				65,555
Developer's Fee	219,000				65,555
<b>Subtotal</b>					131,110
<b>START-UP AND RESERVES</b>					
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	61,479				61,479
Furniture, Fixtures and Equipment	3,737				
Other:					
<b>Subtotal</b>					61,479
<b>OTHER COSTS</b>					
Relocation	288				
Other: Project Admin: Expenses	241				241
Other: Other Assets Purchased	44,654				44,654
<b>Subtotal</b>					44,895
<b>TOTAL DEVELOPMENT COST</b>	<b>1,697,632</b>				<b>179,615</b>
<b>Per Unit</b>	<b>70,734.67</b>				<b>844,826</b>
<b>Per Square Foot</b>	<b>102.45</b>				<b>673,191</b>

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

II. TAX CREDIT CALCULATION - BASIS METHOD

Subtractions From Eligible Basis

- Amount of federal grant(s) used to finance qualifying development costs
- Amount of federal below market rate loan
- Amount of nonqualified nonrecourse financing
- Costs of Nonqualifying units of higher quality
- Nonqualifying excess portion of higher quality units
- Historic Tax Credit (Residential Portion Only)
- Other
- GA Power Rebate

Total Subtractions From Basis:

New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
0		21,100
		21,100

Eligible Basis Calculation

- Total Basis
- Less Total Subtractions From Basis (see above)
- Total Eligible Basis
- Eligible Basis Adjustment for DDA/QCT Location
- Adjusted Eligible Basis
- Multiply Adjusted Eligible Basis by Applicable Fraction
- Qualified Basis
- Multiply Qualified Basis by Applicable Credit Percentage
- Maximum Tax Credit Amount
- Total Basis Method Tax Credit Calculation

0	673,191	844,826
0		21,100
0	673,191	823,726
		130.00%
0	673,191	1,070,844
100.00%		100.00%
0	673,191	1,070,844
		3.25%
0	21,542	34,802
	56,345	

III. TAX CREDIT CALCULATION - GAP METHOD

Equity Gap Calculation

- Total Development Cost
- Subtract Non-LIHTC (excluding deferred fee) Source of Funds
- Equity Gap
- Divide Equity Gap by 10
- Annual Equity Required
- Enter Final Federal and State Equity Factors (not including GP contribution)
- Total Gap Method Tax Credit Calculation

1,697,632
1,088,042
609,590
/ 10
60,959
1,0100
60,355

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year 2011

Federal	0.7700
State	0.2400

V. FINAL TAX CREDIT ALLOCATION REQUEST

56,345
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I certify that all information provided above is true, correct, complete and reflects the full extent of all project costs and eligible basis which apply (or are expected to apply) to the above-mentioned development.

Owner Signature: *J. Wilczyński*

Name, Please Type: *J. Wilczyński, Member Board LLC*  
 Member, The Laurel Village Apartments LLC

Date: *3/7/11*





