

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

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

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

New Briarwood Village Apartments, LLC

Briarwood 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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Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

Owner's Name: New Briarwood Village Apartments, LLC
Project Name: Briarwood Village Apartments
Project Number: TCAA # 2011-532

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 Briarwood Village Apartments, LLC (the "Owner") for Briarwood 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 presents fairly, in all material respects, the actual costs of \$2,734,737 and eligible basis of \$2,665,592 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 12, 2014*

PART FOUR - USES OF FUNDS - Briarwood Village Apartments - 2011-532

CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

I. DEVELOPMENT COST SCHEDULE

PRE-DEVELOPMENT COSTS

Property Appraisal	7,144				
Market Study	5,800				
Environmental Report(s)	3,465				
Soil Borings					
Boundary and Topographical Survey					
Zoning/Site Plan Fees	8,584				
Other: <u>Site Survey/Capital Needs Assessment</u>					
Subtotal	24,993				

TOTAL COST	
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New Construction Basis	
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Acquisition Basis	
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Rehabilitation Basis	
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Amortizable or Non-Depreciable Basis	
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PRE-DEVELOPMENT COSTS	
	6,840
	5,800
	3,465
	8,379
	24,484

ACQUISITION

Land	46,744
Demolition	
Acquisition Legal Fees (if existing structures)	
Existing Structures	1,052,167
Subtotal	1,098,911

ACQUISITION

	1,052,167
	1,052,167

	46,744
	46,744

SITE IMPROVEMENTS

Site Preparation (On-site)	95,614
Site Preparation (Off-site)	
Subtotal	95,614

SITE IMPROVEMENTS

	95,614
	95,614

UNIT/BUILDING CONSTRUCTION

Unit/Building Construction/New Construction	
Unit/Building Construction/Rehab	784,954
Project Amenities / Accessory Buildings	
Other: <u>Construction Costs Outside of Contract</u>	12,446
Subtotal	797,400

UNIT/BUILDING CONSTRUCTION

	784,954
	12,446
	797,400

CONTRACTOR SERVICES

Builder's Overhead:	2.00%	17,611
Builder Profit:	6.00%	52,834
General Requirements	6.00%	52,834
Payment/performance bond or letter-of-credit fee or premium		
Total Construction Costs	26,744.55 per unit	123,279
	34.74 per sq ft	

CONTRACTOR SERVICES

	17,611
	52,834
	52,834
	123,279

PART FOUR - USES OF FUNDS - Briarwood Village Apartments - 2011-532

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
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee	2,387			1,604	783
Construction Loan Interest					
Construction Legal Fees	4,956			4,956	
Construction Period Real Estate Tax	4,031			4,031	
Construction Insurance					
Bridge Loan Fee and Bridge Loan Interest					
Other:					
Subtotal	11,374	-	-	10,591	783
PROFESSIONAL SERVICES					
Architectural Fee - Design	19,268			19,268	
Architectural Fee - Supervision	10,375			10,375	
Engineering	900			900	
Real Estate Attorney	5,141		4,775		366
Accounting	10,000			10,000	
Other:			4,775		366
Subtotal	45,684	-	4,775	40,543	366
LOCAL GOVERNMENT FEES					
Building Permits					
Impact Fees					
Water Tap Fees	waived?				
Sewer Tap Fees	waived?				
Real Estate Taxes					
Subtotal	-	-	-	-	-
PERMANENT FINANCING FEES					
Permanent Loan Fees	16,200				16,200
Permanent Loan Legal Fees	10,379				10,379
Title and Recording Fees	150				150
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount	31,840				31,840
Other: Financial Advisor and Application Fees	2,767				2,767
Subtotal	61,336	-	-	-	61,336

PART FOUR - USES OF FUNDS - Briarwood Village Apartments - 2011-532

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
DCA-RELATED COSTS					
DCA Loan Application Fee					
Tax Credit Application Fee	3,000				3,000
DCA Waiver Fees	6,025				6,025
LIHTC Allocation Processing Fee	6,042				6,042
LIHTC Compliance Monitoring Fee	26,600				26,600
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	500				500
Other: <u>DCA Bond Allocation, DCA Bond Eligibility Option</u>	5,820				5,820
Subtotal	21,045				21,045
EQUITY COSTS					
Partnership Organization Fees	160				160
Tax Credit Legal Opinion					
Other:	160				160
Subtotal	160				160
DEVELOPER'S FEE					
Developer's Overhead	175,326				
Consultant's Fee	175,326				
Developer's Fee	350,652				
Subtotal	350,652				
START-UP AND RESERVES					
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	2,500				2,500
Furniture, Fixtures and Equipment	66,530				66,530
Other: <u>PRA Escrow</u>	1,302				1,302
Subtotal	72,216				70,914
OTHER COSTS					
Relocation	1,325				
Other: <u>Project Admin Expenses</u>	192				192
Other: <u>Other Assets Purchased</u>	30,556				30,556
Subtotal	32,073				30,748
TOTAL DEVELOPMENT COST					
	2,734,737		1,215,630	1,286,502	232,605
Per Unit	71,966.76				
Per Square Foot	93.48				

PART FOUR - USES OF FUNDS - Briarwood Village Apartments - 2011-532

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

New Construction Basis	0
4% Acquisition Basis	16,950
Rehabilitation Basis	16,950

Total Subtractions From Basis:

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	1,215,630
0	1,215,630
0	1,215,630
100.00%	1,215,630
0	3,200%
0	38,900
0	86,314

1,286,502	1,449,962
16,950	100.00%
1,269,552	1,449,962
114,21%	3,27%
47,414	

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

2,734,737	0,7469	+	0,2330
1,888,924			
845,813			
/ 10			
84,581			
0,9799			
86,316			

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year

2011

V. FINAL TAX CREDIT ALLOCATION REQUEST

86,314

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: *[Signature]*

Name - Please Type: *J. Williams, Member, Briarwood Village Apartments LLC*

Date: *2/10/14*

