

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

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

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

**New Pine Village Apartments, LLC**

**Pine 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<sup>LLP</sup>**  
Certified Public Accountants and Advisors



**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors

## ***INDEPENDENT AUDITORS' REPORT***

Owner's Name: New Pine Village Apartments, LLC  
Project Name: Pine Village Apartments  
Project Number: TCAA # 2011-534

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 Pine Village Apartments, LLC (the "Owner") for Pine Village Apartments ("the Project") as of December 6, 2013.

### **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 \$4,759,680 and eligible basis of \$4,272,554 of the Owner for the Project as of December 6, 2013, 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  
December 16, 2013*

PART FOUR - USES OF FUNDS - Pine Village Apartments - 2011-534

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>PRE-DEVELOPMENT COSTS</b>					
Property Appraisal	7,144			6,739	405
Market Study	5,250			5,250	
Environmental Report(s)	4,115			4,115	
Soil Borings					
Boundary and Topographical Survey					
Zoning/Site Plan Fees					
Other: Alta Survey, Capital Needs Assessment	12,147			11,671	476
<b>Subtotal</b>	<b>28,656</b>	<b>-</b>	<b>-</b>	<b>27,775</b>	<b>881</b>
<b>ACQUISITION</b>					
Land	108,399				108,399
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures	1,804,529		1,804,529		
<b>Subtotal</b>	<b>1,912,928</b>	<b>-</b>	<b>1,804,529</b>	<b>-</b>	<b>108,399</b>
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	128,745			128,745	
Site Preparation (Off-site)					
<b>Subtotal</b>	<b>128,745</b>	<b>-</b>	<b>-</b>	<b>128,745</b>	<b>-</b>
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	1,391,852			1,391,852	
Project Amenities / Accessory Buildings					
Other: Construction Costs Outside of Contract	9,058			9,058	
<b>Subtotal</b>	<b>1,400,910</b>	<b>-</b>	<b>-</b>	<b>1,400,910</b>	<b>-</b>
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead: 2.00%	30,412			30,411	
Builder Profit: 6.00%	91,236			91,236	
General Requirements 6.00%	91,236			91,236	
Payment/performance bond or letter-of-credit fee or premium					
<b>Subtotal</b>	<b>212,883</b>	<b>-</b>	<b>-</b>	<b>212,883</b>	<b>-</b>
<b>Total Construction Costs</b>	<b>26,402.09 per unit</b>				
	<b>1,742,538</b>				
					<b>32.78 per sq ft</b>

PART FOUR - USES OF FUNDS - Pine Village Apartments - 2011-534

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>CONSTRUCTION PERIOD FINANCING</b>					
Construction Loan Fee					
Construction Loan Interest	4,035			1,367	2,668
Construction Legal Fees					
Construction Period Real Estate Tax	4,792			4,792	
Construction Insurance	3,908			3,908	
Bridge Loan Fee and Bridge Loan Interest					
Other:					
<b>Subtotal</b>	<b>12,735</b>	<b>-</b>	<b>-</b>	<b>10,067</b>	<b>2,668</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	31,451			31,451	
Architectural Fee - Supervision	16,935			16,935	
Engineering	6,000			6,000	
Real Estate Attorney	8,630		7,897		733
Accounting	10,000			10,000	
Other:					
<b>Subtotal</b>	<b>73,016</b>	<b>-</b>	<b>7,897</b>	<b>64,386</b>	<b>733</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits					
Impact Fees					
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	21,820				21,820
Permanent Loan Legal Fees	18,026				18,026
Title and Recording Fees	150				150
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount	54,873				54,873
Other: Financial Advisor and Application Fees	4,534				4,534
<b>Subtotal</b>	<b>99,403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,403</b>

**PART FOUR - USES OF FUNDS - Pine Village Apartments - 2011-534**

**CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS**

**I. DEVELOPMENT COST SCHEDULE**

	<b>TOTAL COST</b>	<b>New Construction Basis</b>	<b>Acquisition Basis</b>	<b>Rehabilitation Basis</b>	<b>Amortizable or Non-Depreciable Basis</b>
<b>DCA-RELATED COSTS</b>					
DCA Loan Application Fee					
Tax Credit Application Fee					
DCA Waiver Fees	3,000				3,000
LIHTC Allocation Processing Fee	9,476 9,316				9,316
LIHTC Compliance Monitoring Fee	46,200 9,900				9,900
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>	6,731				6,731
<b>Subtotal</b>	<b>29,447</b>				<b>29,447</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees	160				160
Tax Credit Legal Opinion					
Other:					
<b>Subtotal</b>	<b>160</b>	-	-	-	160
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					
Consultant's Fee	303,389		136,059	167,330	
Developer's Fee	303,389		136,059	167,330	
<b>Subtotal</b>	<b>606,778</b>	-	<b>272,118</b>	<b>334,660</b>	-
<b>START-UP AND RESERVES</b>					
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	173,609				173,609
Furniture, Fixtures and Equipment	1,426			1,426	
Other: <u>PRA Escrow</u>	4,848				4,848
<b>Subtotal</b>	<b>179,883</b>	-	-	<b>1,426</b>	<b>178,457</b>
<b>OTHER COSTS</b>					
Relocation	7,158			7,158	
Other: <u>Project Admin Expenses</u>	222				222
Other: <u>Other Assets Purchased</u>	66,756				66,756
<b>Subtotal</b>	<b>74,136</b>	-	-	<b>7,158</b>	<b>66,978</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>4,759,680</b>	<b>-</b>	<b>2,084,544</b>	<b>2,188,010</b>	<b>487,126</b>
<b>Per Unit</b>	<b>72,116.36</b>				
<b>Per Square Foot</b>	<b>89.53</b>				

**PART FOUR - USES OF FUNDS - Pine Village Apartments - 2011-534**

**CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS**

**II. TAX CREDIT CALCULATION - BASIS METHOD**

	New Construction Basis	4% Acquisition Basis	Rehabilitation Basis
<b>Subtractions From Eligible Basis</b>			
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 <u>GA Power Rebate</u>			<b>68,600</b>
<b>Total Subtractions From Basis:</b>	<b>0</b>		<b>68,600</b>
<b>Eligible Basis Calculation</b>			
Total Basis	0	2,084,544	2,188,010
Less Total Subtractions From Basis (see above)	0		68,600
Total Eligible Basis	0	2,084,544	2,119,410
Eligible Basis Adjustment for DDA/QCT Location			100.00%
Adjusted Eligible Basis	0	2,084,544	2,119,410
Multiply Adjusted Eligible Basis by Applicable Fraction	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Qualified Basis	0	2,084,544	2,119,410
Multiply Qualified Basis by Applicable Credit Percentage		3.20%	3.24%
Maximum Tax Credit Amount	0	66,705	68,669
Total Basis Method Tax Credit Calculation	<b>135,374</b>		

**III. TAX CREDIT CALCULATION - GAP METHOD**

**Equity Gap Calculation**

Total Development Cost	4,759,680		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	3,081,210		
Equity Gap	1,678,470		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	167,847		
Enter Final Federal and State Equity Factors (not including GP contribution)	1.2399	=	Federal
Total Gap Method Tax Credit Calculation	<b>135,374</b>		State
			0.9459 + 0.2940

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year 2011

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

**135,374**

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

\_\_\_\_\_  
Name - Please Type

\_\_\_\_\_  
Date



