

## Tab 4

# Independent Auditor's Report and Certification of Actual Costs

Note regarding state designated basis boost: Conners Senior Village Phase II, LP applied for and received a state designated basis boost of 126% per the requirements of the 2012 GA QAP. The 126% state designated basis boost is noted on the "Eligible Basis Adjustment for DDA/QCT Location" line item in "Part IV-Uses of Funds" as we did not see a line item specifically noted for the state designated basis boost.

**Final Cost Certification and  
Independent Auditor's Report**

**Certification of Actual Cost and Opinion as  
to Eligible Basis, Owner's Certification of Funding  
Sources and Project Subsidy  
and  
Building Allocation of Qualified Basis**

**Connors Senior Village Phase II, LP**

**December 31, 2014**

# Conners Senior Village II, LP

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Independent Auditor's ReportOwner's Name: Conners Senior Village Phase II, LPProject Name: Conners Senior Village Phase IIProject Number: 2012-012

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, the Owner's Certification of Funding Sources and Project Subsidy, and the building allocation of Qualified Basis Worksheet (the "Final Cost Certification") of Conners Senior Village Phase II, LP (the "Owner") for Conners Senior Village Phase II ("the Project") as of December 31, 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 financial reporting provisions and qualified allocation plan rules established by DCA. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Final Cost Certification that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the Final Cost Certification based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 and disclosures in the Final Cost Certification. The procedures selected depend on the auditor's 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 referred to above presents fairly, in all material respects, the actual costs of \$8,239,111 and adjusted eligible basis of \$9,473,126 of the Owner for the Project as of December 31, 2014, in accordance with financial reporting provisions and qualified allocation plan rules established by DCA.

*Basis of Accounting*

We draw attention to the financial reporting provisions of DCA, which require the Owner to account for actual costs and adjusted eligible basis in accordance with the basis of accounting the Owner uses for income tax purposes and to comply with the provisions of DCA's qualified allocation plan, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Restriction on Use*

Our report is intended solely for the information and use of the Owner and DCA and is not intended to be and should not be used by anyone other than these specified parties.

*Other*

We have no financial interest in the Project other than in the practice of our profession.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Atlanta, Georgia  
February 12, 2015

**I. PERMANENT FINANCING**

Financing Type	Name of Financing Entity	Principal Amount	Interest Rate	Term (Years)	Amort. (Years)	Annual Debt Svc Per Terms Given	Loan Type	Balloon?
First Mortgage	Sterling Bank	420,000	6.280%	20	30	31,131	Amortizing	Yes
Second Mortgage								
Third Mortgage								
Other Source (specify)								
Other Source (specify)								
Deferred Developer Fees	Peachtree Housing Communities, LLC	117,475						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Tax Credit Holdings - Conners II, LLC	5,881,736						
State Housing Credit Equity	Tax Credit Holdings - Conners II, LLC	1,819,900						
Historic Credit Equity								
Investment Earnings from Tax-Exempt Bonds								
Investment Earnings from Taxable Bonds								
Income from Operations								
Other Source (specify)								
Other Source (specify)								
Other Source (specify)								
Total Permanent Financing:		<b>8,239,111</b>						
Total Development Costs from Development Cost Schedule:		<b>8,239,111</b>						
Surplus/(Shortage) of Permanent Funds to Development Costs:		<b>0</b>						

DCA HOME loan interest rate per Operating Year for Projects located in Rural Areas:

Year:	1-7	8	9	10	11	12	13	14	15
Rate:									

**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>PRE-DEVELOPMENT COSTS</b>					<b>PRE-DEVELOPMENT COSTS</b>		
Property Appraisal			3,000	3,000			
Market Study			4,500	4,500			
Environmental Report(s)			6,500	6,500			
Soil Borings			5,455	5,455			
Boundary and Topographical Survey			5,400	5,400			
Zoning/Site Plan Fees			400	400			
Other: Aerial photos; noise assessment			420	420			
			<b>Subtotal</b>	<b>25,675</b>	-	-	-
<b>ACQUISITION</b>					<b>ACQUISITION</b>		
Land			282,144				282,144
Demolition							
Acquisition Legal Fees (if existing structures)							
Existing Structures							
			<b>Subtotal</b>		-		282,144
<b>SITE IMPROVEMENTS</b>					<b>SITE IMPROVEMENTS</b>		
Site Preparation (On-site)			1,205,734	1,205,734			
Site Preparation (Off-site)							
			<b>Subtotal</b>	<b>1,205,734</b>	-	-	-
<b>UNIT/BUILDING CONSTRUCTION</b>					<b>UNIT/BUILDING CONSTRUCTION</b>		
Unit/Building Construction/New Construction			4,018,202	4,018,202			
Unit/Building Construction/Rehab							
Project Amenities / Accessory Buildings							
Other:							
			<b>Subtotal</b>	<b>4,018,202</b>	-	-	-
<b>CONTRACTOR SERVICES</b>					<b>CONTRACTOR SERVICES</b>		
Builder's Overhead:	2.00%	104,479	90,225	90,225			
Builder Profit:	6.00%	313,436	136,031	136,031			
General Requirements	6.00%	313,436	304,607	304,607			
Payment/performance bond or letter-of-credit fee or premium							
			<b>Subtotal</b>	<b>530,863</b>	-	-	-
<b>Total Construction Costs</b>	<b>95,913.32 per unit</b>						
	<b>5,754,799</b>	<b>96.14 per sq ft</b>					

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	28,262	1,688			26,574
Construction Loan Interest	127,816	121,098			6,718
Construction Legal Fees					
Construction Period Real Estate Tax	1,905	1,905			
Construction Insurance	5,255	5,188			67
Bridge Loan Fee and Bridge Loan Interest					
Other: _____					
<b>Subtotal</b>	<b>163,238</b>	<b>129,879</b>	<b>-</b>	<b>-</b>	<b>33,359</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	118,200	118,200			
Architectural Fee - Supervision	28,400	28,400			
Engineering	53,250	53,250			
Real Estate Attorney	111,500	100,350			11,150
Accounting	18,600	18,600			
Other: _____					
<b>Subtotal</b>	<b>329,950</b>	<b>318,800</b>	<b>-</b>	<b>-</b>	<b>11,150</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits	20,543	20,543			
Impact Fees					
Water Tap Fees <i>waived?</i>	92,800	92,800			
Sewer Tap Fees <i>waived?</i>	74,600	74,600			
Real Estate Taxes					
<b>Subtotal</b>	<b>187,943</b>	<b>187,943</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	4,200				4,200
Permanent Loan Legal Fees					
Title and Recording Fees	14,519	14,032			487
As-Built Survey	4,500	4,500			
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other: _____					
<b>Subtotal</b>	<b>23,219</b>	<b>18,532</b>	<b>-</b>	<b>-</b>	<b>4,687</b>

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	1,000				1,000
Tax Credit Application Fee	6,500				6,500
DCA Waiver Fees					-
LIHTC Allocation Processing Fee 49,293	56,335				56,335
LIHTC Compliance Monitoring Fee 42,000	48,000				48,000
DCA Front End Analysis Fee (when ID of Interest)					-
DCA Final Inspection Fee	3,000				3,000
Other: Proj concept change fee & qual determination fee	2,500				2,500
<b>Subtotal</b>	<b>117,335</b>				<b>117,335</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees	242				242
Tax Credit Legal Opinion					
Other:					
<b>Subtotal</b>	<b>242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>242</b>
<b>DEVELOPER'S FEE</b>					
Developer's Overhead	518,933	518,933			
Consultant's Fee					
Developer's Fee	518,933	518,933			
<b>Subtotal</b>	<b>1,037,865</b>	<b>1,037,865</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>START-UP AND RESERVES</b>					
Marketing					
Rent -Up Reserves	13,000				13,000
Operating Deficit Reserve:	138,840				138,840
Replacement Reserve					
Furniture, Fixtures and Equipment	31,671	31,671			
Other:					
<b>Subtotal</b>	<b>183,511</b>	<b>31,671</b>	<b>-</b>	<b>-</b>	<b>151,840</b>
<b>OTHER COSTS</b>					
Relocation					
Other: GA Power-underground service & site lighting	57,850	57,850			
Other: Accessibility, ECC/Green bldg costs/constr insp	75,340	75,340			
<b>Subtotal</b>	<b>133,190</b>	<b>133,190</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>8,239,111</b>	<b>7,638,354</b>	<b>-</b>	<b>-</b>	<b>600,757</b>
<b>Per Unit</b>	<b>137,318.52</b>				
<b>Per Square Foot</b>	<b>137.65</b>				

**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      Anticipated 45L credits (\$2,000/unit)	120,000		
<b>Total Subtractions From Basis:</b>	<b>120,000</b>		<b>0</b>
<b>Eligible Basis Calculation</b>			
Total Basis	7,638,354	0	0
Less Total Subtractions From Basis (see above)	120,000		0
Total Eligible Basis	7,518,354	0	0
Eligible Basis Adjustment for DDA/QCT Location	126.00%		
Adjusted Eligible Basis	9,473,126	0	0
Multiply Adjusted Eligible Basis by Applicable Fraction	100.00%	100.00%	100.00%
Qualified Basis	9,473,126	0	0
Multiply Qualified Basis by Applicable Credit Percentage	9.00%		
Maximum Tax Credit Amount	852,581	0	0
<b>Total Basis Method Tax Credit Calculation</b>	<b>852,581</b>		

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

<b>Equity Gap Calculation</b>			
Total Development Cost	8,239,111		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	420,000		
Equity Gap	7,819,111		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	781,911		
Enter Final Federal and State Equity Factors ( <b>not including GP contribution</b> )	1.0939	=	Federal
Total Gap Method Tax Credit Calculation	<b>714,822</b>		+      State
			0.8439      0.2500

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year 2012 704,191

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

704,191

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

