

**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**

**Foxworth, LP**

**November 30, 2017**

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**Foxworth, LP**

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Independent Auditor's Report

Owner's Name: Foxworth, LP  
Project Name: Foxworth Forest  
Project Number: 2015-011

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 Foxworth, LP (the "Owner") for Foxworth Forest ("the Project") as of November 30, 2017.

*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 \$13,808,373 and rehabilitation eligible basis of \$8,347,734 and adjusted eligible basis of \$10,852,055 for the Owner for the Project as of November 30, 2017, 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.

*CohnReznick LLP*

Atlanta, Georgia  
December 12, 2017

**PART THREE - SOURCES OF FUNDS - Foxworth, LP - 2015-011**

**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	CICCAR	1,810,478	5.750%	18	30	126,785	Amortizing	
Second Mortgage								
Third Mortgage								
Other Source (specify) _____								
Other Source (specify) _____								
Deferred Developer Fees	Prestwick Development Company, LLC	28,000						
Federal Grant								
State, Local, or Private Grant								
Federal Housing Credit Equity	Wincopin Circle LLLP	7,979,132						
State Housing Credit Equity	Foxworth GA State TCF, LLC	3,990,763						
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) _____								
<b>Total Permanent Financing:</b>		<b>13,808,373</b>						
<b>Total Development Costs from Development Cost Schedule:</b>		<b>13,808,373</b>						
<b>Surplus/(Shortage) of Permanent Funds to Development Costs:</b>		<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:									

**VII. OWNER COMMENTS AND CLARIFICATIONS**


See Independent Auditor's Report.

**PART FOUR - USES OF FUNDS - Foxworth, LP - 2015-011**

**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>					
Property Appraisal	4,400			4,400	
Market Study	5,575			5,575	
Environmental Report(s)	16,700			16,700	
Soil Borings	3,100			3,100	
Boundary and Topographical Survey					
Zoning/Site Plan Fees					
Other: PNA Report	4,000			4,000	
<b>Subtotal</b>	<b>33,775</b>	<b>-</b>	<b>-</b>	<b>33,775</b>	<b>-</b>
<b>ACQUISITION</b>					
Land	664,294				664,294
Demolition					
Acquisition Legal Fees (if existing structures)					
Existing Structures	3,113,879		3,113,879		
<b>Subtotal</b>	<b>3,778,173</b>		<b>3,113,879</b>		<b>664,294</b>
<b>SITE IMPROVEMENTS</b>					
Site Preparation (On-site)	914,120			531,746	382,374
Site Preparation (Off-site)	-				
<b>Subtotal</b>	<b>914,120</b>	<b>-</b>	<b>-</b>	<b>531,746</b>	<b>382,374</b>
<b>UNIT/BUILDING CONSTRUCTION</b>					
Unit/Building Construction/New Construction					
Unit/Building Construction/Rehab	4,863,724			4,863,724	-
Project Amenities / Accessory Buildings					
Other:					
<b>Subtotal</b>	<b>4,863,724</b>	<b>-</b>	<b>-</b>	<b>4,863,724</b>	<b>-</b>
<b>CONTRACTOR SERVICES</b>					
Builder's Overhead: 2.00%	115,557			115,557	
Builder Profit: 6.00%	346,671			346,612	
General Requirements 6.00%	346,671			345,922	
Payment/performance bond or letter-of-credit fee or premium	-			-	
<b>Subtotal</b>	<b>808,091</b>	<b>-</b>	<b>-</b>	<b>808,091</b>	<b>-</b>
<i>Total Construction Costs</i>	<i>91,471.32 per unit</i>				
	<i>6,585,935</i>				<i>95.59 per sq ft</i>

See Independent Auditor's Report.

**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>CONSTRUCTION PERIOD FINANCING</b>					
Construction Loan Fee	89,585			24,886	64,699
Construction Loan Interest	284,357			210,611	73,746
Construction Legal Fees					
Construction Period Real Estate Tax	72,951			20,260	52,691
Construction Insurance	74,246			42,260	31,986
Bridge Loan Fee and Bridge Loan Interest					
Other: _____					
<b>Subtotal</b>	<b>521,139</b>	-	-	<b>298,017</b>	<b>223,122</b>
<b>PROFESSIONAL SERVICES</b>					
Architectural Fee - Design	149,083			149,083	
Architectural Fee - Supervision	2,117			2,117	
Engineering	53,887			53,887	
Real Estate Attorney	196,538			56,750	139,788
Accounting	49,584			38,334	11,250
Other: <u>Accessibility Consultant</u>	3,350			3,350	
Other: <u>Inspection Fees</u>	19,226			19,226	
Other: <u>Green Building Cert</u>	23,883			23,883	
<b>Subtotal</b>	<b>497,668</b>	-	-	<b>346,630</b>	<b>151,038</b>
<b>LOCAL GOVERNMENT FEES</b>					
Building Permits	17,069			17,069	
Impact Fees					
Water Tap Fees <i>waived?</i>					
Sewer Tap Fees <i>waived?</i>					
Real Estate Taxes					
<b>Subtotal</b>	<b>17,069</b>	-	-	<b>17,069</b>	-
<b>PERMANENT FINANCING FEES</b>					
Permanent Loan Fees	38,444				38,444
Permanent Loan Legal Fees					
Title and Recording Fees	33,075			27,351	5,724
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other: _____					
<b>Subtotal</b>	<b>71,519</b>	-	-	<b>27,351</b>	<b>44,168</b>

See Independent Auditor's Report.

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					
Tax Credit Application Fee	9,000				9,000
DCA Waiver Fees	2,500				2,500
LIHTC Allocation Processing Fee	55,860 63,839				63,839
LIHTC Compliance Monitoring Fee	50,400 57,600				57,600
DCA Front End Analysis Fee (when ID of Interest)					
DCA Final Inspection Fee	3,000				3,000
Other: _____					
<b>Subtotal</b>	<b>135,939</b>				<b>135,939</b>
<b>EQUITY COSTS</b>					
Partnership Organization Fees					
Tax Credit Legal Opinion					
Other: _____					
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEVELOPER'S FEE</b>					
Developer's Overhead					-
Consultant's Fee					
Developer's Fee	1,623,818		467,096	1,129,028	27,694
<b>Subtotal</b>	<b>1,623,818</b>	<b>-</b>	<b>467,096</b>	<b>1,129,028</b>	<b>27,694</b>
<b>START-UP AND RESERVES</b>					
Marketing	11,432				11,432
Rent -Up Reserves					
Operating Deficit Reserve:	239,560				239,560
Replacement Reserve	-				-
Furniture, Fixtures and Equipment	114,093			114,093	
Other: Miscellaneous Soft Cost	43			-	43
<b>Subtotal</b>	<b>365,128</b>	<b>-</b>	<b>-</b>	<b>114,093</b>	<b>251,035</b>
<b>OTHER COSTS</b>					
Relocation	178,210			178,210	-
Other: _____					
Other: _____					
<b>Subtotal</b>	<b>178,210</b>	<b>-</b>	<b>-</b>	<b>178,210</b>	<b>-</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>13,808,373</b>	<b>-</b>	<b>3,580,975</b>	<b>8,347,734</b>	<b>1,879,664</b>
<b>Per Unit</b>	<b>191,782.96</b>				
<b>Per Square Foot</b>	<b>200.42</b>				

See Independent Auditor's Report.

**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			
<b>Total Subtractions From Basis:</b>	<b>0</b>		<b>0</b>
<b>Eligible Basis Calculation</b>			
Total Basis	0	3,580,975	8,347,734
Less Total Subtractions From Basis (see above)	0		0
Total Eligible Basis	0	3,580,975	8,347,734
Eligible Basis Adjustment for DDA/QCT Location	0.00%		130.00%
Adjusted Eligible Basis	0	3,580,975	10,852,055
Multiply Adjusted Eligible Basis by Applicable Fraction	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Qualified Basis	0	3,580,975	10,852,055
Multiply Qualified Basis by Applicable Credit Percentage	0.00%	0.00%	9.00%
Maximum Tax Credit Amount	0	0	976,684
<b>Total Basis Method Tax Credit Calculation</b>		<b>976,684</b>	

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

<b>Equity Gap Calculation</b>			
Total Development Cost	13,808,373		
Subtract Non-LIHTC (excluding deferred fee) Source of Funds	1,810,478		
Equity Gap	11,997,895		
Divide Equity Gap by 10	/ 10		
Annual Equity Required	1,199,790		
Enter Final Federal and State Equity Factors ( <b>not including GP contribution</b> )	1.5000	=	Federal 1.0100 + State 0.4900
Total Gap Method Tax Credit Calculation	<b>799,860</b>		

**IV. TAX CREDIT CARRYOVER ALLOCATION**

Allocation Year

**797,993**

**V. FINAL TAX CREDIT ALLOCATION REQUEST**

**797,993**

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 \_\_\_\_\_

**VI. OWNER COMMENTS AND CLARIFICATIONS**

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