

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

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

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

New Cherry Lane Apartments, LLC

Cherry Lane Apartments

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



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

Owner's Name: New Cherry Lane Apartments, LLC

Project Name: Cherry Lane Apartments

Project Number: TCAA # 2011-518

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 and the Building by Building Credit Allocation (the "Final Cost Certification") of New Cherry Lane Apartments, LLC (the "Owner") for Cherry Lane Apartments ("the Project") as of January 22, 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 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 a Final Cost Certification that is free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on the Final Cost Certification 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 Final Cost Certification is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the Final Cost Certification. The procedures selected depend on the auditors' 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 presents fairly, in all material respects, the actual costs of \$1,422,111 and eligible basis of \$1,255,362 of the Owner for the Project as of January 22, 2014, on the basis of accounting described below.

Basis of Accounting

The accompanying Final Cost Certification was 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 - Cherry Lane Apartments - 2011-518

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	12,191			9,970	2,491
Construction Loan Interest					
Construction Legal Fees	3,755			3,755	
Construction Period Real Estate Tax	2,215			2,215	
Construction Insurance					
Bridge Loan Fee and Bridge Loan Interest					
Other:					
Subtotal	7,189	-	-	6,940	249
PROFESSIONAL SERVICES					
Architectural Fee - Design	10,299			10,299	
Architectural Fee - Supervision	5,545			5,545	
Engineering	1,500			1,500	
Real Estate Attorney	2,628		2,628		200
Accounting	10,000			10,000	
Other:					
Subtotal	30,172	-	2,628	27,344	200
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	5,380				5,380
Permanent Loan Legal Fees	5,463				5,463
Title and Recording Fees	150				150
As-Built Survey					
Bond Issuance Premium					
Cost of Issuance / Underwriter's Discount					
Other: Financial Advisor, Bond Costs, Application Fees	16,643				16,643
Subtotal	29,198	-	-	-	29,198

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CERTIFICATION OF ACTUAL COST AND OPINION AS TO ELIGIBLE BASIS

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortization of Non-Depreciable Basis
DCA-RELATED COSTS					
DCA Loan Application Fee					
Tax Credit Application Fee	4,500				4,500
DCA Waiver Fees	2,852				2,852
LIHTC Allocation Processing Fee	3,000				3,000
LIHTC Compliance Monitoring Fee	500				500
DCA Front End Analysis Fee (when ID of Interest)	3,674				3,674
DCA Final Inspection Fee					
Other: DCA Bond Allocation DCA Bond Eligibility Option	14,526				14,526
Subtotal					
EQUITY COSTS					
Partnership Organization Fees	160				160
Tax Credit Legal Opinion					
Other:	160				160
Subtotal					
DEVELOPER'S FEE					
Developer's Overhead	191,358		36,806	54,552	
Consultant's Fee	9,138		36,806	54,552	
Developer's Fee	182,716		73,612	109,104	
Subtotal					
START-UP AND RESERVES					
Marketing					
Rent -Up Reserves					
Operating Deficit Reserve:					
Replacement Reserve	38,796				38,796
Furniture, Fixtures and Equipment	2,356			2,356	
Other:					
Subtotal	41,152			2,356	38,796
OTHER COSTS					
Relocation	818			818	
Other: Project Admin Expenses	192				192
Other: Other Assets Purchased	41,878				41,878
Subtotal	42,888			818	42,070
TOTAL DEVELOPMENT COST	1,422,111	563,713	711,399	146,999	
Per Unit	71,105.55				
Per Square Foot	88.05				

