

RETREAT AT MILLS CREEK, LP
FINAL COST CERTIFICATION
July 21, 2017
with
Report of Independent Auditors



Report of Independent Auditors

To the Partners of
Retreat at Mills Creek, LP
DCA# 2014-050:

Report on the Final Cost Certification

We have audited the costs included in the accompanying Georgia Department of Community Affairs (“DCA”) Certification of Actual Cost (the “Final Cost Certification”) as of July 21, 2017 for The Retreat at Mills Creek (the “Project”), prepared and executed by the management of Retreat at Mills Creek, LP (the “Partnership”).

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 practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in accordance with the format and Qualified Allocation Plan rules set forth by the DCA, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the Final Cost Certification that is free from material misstatement, whether due to fraud or error.

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 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 from 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 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 auditors consider 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.

NOVOGRADAC & COMPANY LLP

P 678.867.2333
F 678.867.2366
W www.novoco.com

OFFICE 2325 Lakeview Parkway, Suite 450
Alpharetta, Georgia 30009

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

We were unable to obtain evidence to support the actual funding of the reserves by the Partnership. The Partnership anticipates funding the lease-up reserve in the amount of \$121,493 and operating deficit reserve in the amount of \$252,587 (collectively, the "Reserves").

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the Final Cost Certification referred to above presents fairly, in all material respects, the total costs of \$13,873,072 and eligible basis of \$12,857,691 of the Partnership for the Project as of July 21, 2017 in accordance with the basis of accounting described above.

Restriction on Use

This report is intended solely for the information and use of the Partnership and the Partnership's management and for filing with the DCA and should not be used for any other purpose.

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

Novogradec & Company LLP

July 21, 2017

PART FOUR - USES OF FUNDS - RETREAT AT MILLS CREEK - 2014-050

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
PRE-DEVELOPMENT COSTS					
Property Appraisal	-	-	-	-	-
Market Study	9,325	9,325	-	-	-
Environmental Report(s)	6,908	6,908	-	-	-
Soil Borings	38,550	38,550	-	-	-
Boundary and Topographical Survey	-	-	-	-	-
Zoning/Site Plan Fees	23,629	23,629	-	-	-
Other: Geotechnical Report	78,412	78,412	-	-	-
Subtotal					
ACQUISITION					
Land	99	-	-	-	99
Demolition	-	-	-	-	-
Acquisition Legal Fees (if existing structures)	-	-	-	-	-
Existing Structures	99	-	-	-	99
Subtotal					
SITE IMPROVEMENTS					
Site Preparation (On-site)	1,546,939	1,310,549	-	-	236,390
Site Preparation (Off-site)	-	-	-	-	-
Subtotal					
UNIT/BUILDING CONSTRUCTION					
Unit/Building Construction/New Construction	6,921,951	6,921,951	-	-	-
Unit/Building Construction/Rehab	-	-	-	-	-
Project Amenities / Accessory Buildings	-	-	-	-	-
Other:	-	-	-	-	-
Subtotal					
CONTRACTOR SERVICES					
Builder's Overhead:	169,377	159,620	-	-	-
Builder Profit:	508,133	478,861	-	-	-
General Requirements	508,133	478,861	-	-	-
Payment/performance bond or letter-of-credit fee or premium	68,811	68,811	-	-	-
Subtotal					
Total Construction Costs	9,655,043	120,688.04 per unit			
		108.12 per sq ft			

PART FOUR - USES OF FUNDS - RETREAT AT MILLS CREEK - 2014-050

I. DEVELOPMENT COST SCHEDULE

	TOTAL COST	New Construction Basis	Acquisition Basis	Rehabilitation Basis	Amortizable or Non-Depreciable Basis
CONSTRUCTION PERIOD FINANCING					
Construction Loan Fee	31,000	23,124	-	-	7,876
Construction Loan Interest	103,884	56,027	-	-	47,857
Construction Legal Fees	88,869	56,369	-	-	32,500
Construction Period Real Estate Tax	-	-	-	-	-
Construction Insurance	34,678	29,463	-	-	5,215
Bridge Loan Fee and Bridge Loan Interest	25,800	25,800	-	-	-
Other: Inspection Fees	284,231	190,783	-	-	93,448
Subtotal					
PROFESSIONAL SERVICES					
Architectural Fee - Design	356,899	356,899	-	-	-
Architectural Fee - Supervision	67,774	67,774	-	-	-
Engineering	-	-	-	-	-
Real Estate Attorney	14,500	14,500	-	-	-
Accounting	97,254	96,430	-	-	824
Other: Plan Review, Green Building Certification Fee, Consulting Fees	536,427	535,603	-	-	824
Subtotal					
LOCAL GOVERNMENT FEES					
Building Permits	107,185	107,185	-	-	-
Impact Fees	661,071	661,071	-	-	-
Water Tap Fees	126,045	126,045	-	-	-
Sewer Tap Fees	-	-	-	-	-
Real Estate Taxes	-	-	-	-	-
waived?	No	-	-	-	-
waived?	No	-	-	-	-
Subtotal					
PERMANENT FINANCING FEES					
Permanent Loan Fees	56,258	56,258	-	-	-
Permanent Loan Legal Fees	44,140	44,140	-	-	-
Title and Recording Fees	29,250	29,250	-	-	-
As-Built Survey	17,366	17,366	-	-	-
Bond Issuance Premium	-	-	-	-	-
Cost of Issuance / Underwriter's Discount	-	-	-	-	-
Other:	147,014	17,366	-	-	-
Subtotal					

PART FOUR - USES OF FUNDS - RETREAT AT MILLS CREEK - 2014-050

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	7,500				7,500
DCA Waiver Fees	-				-
LIHTC Allocation Processing Fee	54,880				54,880
LIHTC Compliance Monitoring Fee	64,000				64,000
DCA Front End Analysis Fee (when ID of Interest)	-				-
DCA Final Inspection Fee	3,000				3,000
Other:	-				-
Subtotal	129,380				129,380
EQUITY COSTS					
Partnership Organization Fees	3,000				3,000
Tax Credit Legal Opinion	-				-
Other: Syndication Fees	45,000				45,000
Subtotal	48,000				48,000
DEVELOPER'S FEE					
Developer's Overhead	-				-
Consultant's Fee	-				-
Developer's Fee	1,600,000				-
Subtotal	1,600,000				-
START-UP AND RESERVES					
Marketing	-				-
Rent-Up Reserves	121,493				121,493
Operating Deficit Reserve:	252,587				252,587
Replacement Reserve	-				-
Furniture, Fixtures and Equipment	122,573	122,573			-
Other: Assessment Fees	3,512	-			3,512
Subtotal	500,165	122,573			377,592
OTHER COSTS					
Relocation	-				-
Other:	-				-
Other:	-				-
Subtotal	-				-
TOTAL DEVELOPMENT COST	13,873,072	12,857,691			1,015,381
Per Unit	173.413				
Per Square Foot	155.35				

PART FOUR - USES OF FUNDS - RETREAT AT MILLS CREEK - 2014-050

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	4% Acquisition Basis	Rehabilitation Basis
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

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

12,857,691	-	-
-	-	-
12,857,691	-	-
130,00%	-	-
16,714,998	-	-
100,00%	100,00%	100,00%
16,714,998	-	-
9,00%	-	-
1,504,350	-	-
	1,504,350	-

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

13,873,072	
3,505,071	
10,368,001	/ 10
1,036,800	
1,5100	
686,623	

Federal	1,0200	+	State	0,4900
=				

IV. TAX CREDIT CARRYOVER ALLOCATION

Allocation Year 2015

V. FINAL TAX CREDIT ALLOCATION REQUEST

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

[Signature]
 John Corcoran
 10/26/17

PART FOUR - USES OF FUNDS - RETREAT AT MILLS CREEK - 2014-050

VI. OWNER COMMENTS AND CLARIFICATIONS

Water Tap Fees of \$126,045 are actually water and sewer tap fees. A breakout between water and sewer tap fees is not available.
