

Alexandria Lacy Court Limited Partnership

Schedule Of Sources And Uses Of Funds
And Calculation Of Eligible Low-Income
Housing Tax Credit Basis

December 31, 2019



HERTZBACH
certified public accountants • consultants

Independent Auditors' Report

Owner's Name: Alexandria Lacy Court Limited Partnership

Project Name: Lacy Court Apartments

Project Number: VHDA #9836/Deal 3245

We have audited the costs included in the accompanying Virginia Housing Development Authority (VHDA) Final Cost Certification (the "Final Cost Certification") of Alexandria Lacy Court Limited Partnership (the "Owner") for the Lacy Court Apartments ("the Project") as of December 31, 2019. The Final Cost Certification is the responsibility of the Owner and the Owner's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the Final Cost Certification. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Final Cost Certification presentation. We believe that our audit provides a reasonable basis for our opinion.

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 VHDA, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion the Final Cost Certification presents fairly, in all material respects, the actual costs of \$17,762,820 and eligible basis of \$9,475,032 of the Owner for the Project as of December 31, 2019, on the basis of accounting described above.

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

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

Hertzbach & Company, P.A.

Owings Mills, Maryland
April 16, 2020

Alexandria Lacy Court Limited Partnership
SCHEDULE OF SOURCES AND USES OF FUNDS AND
CALCULATION OF ELIGIBLE LOW-INCOME
HOUSING TAX CREDIT BASIS

SOURCES

Capital Contributions	\$ 4,950,930
1st Mortgage Loan - VHDA	6,925,000
City Of Alexandria Loan	3,800,000
Interim Income	93,103
Deferred Developer Fee	1,183,838
AHDC Sponsor Loan	809,949
Total Sources	<u>\$ 17,762,820</u>

USES

	<u>Total</u>	<u>Eligible</u>	<u>Ineligible</u>
Acquisition - Land	\$ 2,640,000	\$ -	\$ 2,640,000
Acquisition - Building	4,360,000	-	4,360,000
Construction - Hard Costs	4,336,239	4,336,239	-
Builder's Overhead	698,962	698,962	-
Builder's Profit	207,155	207,155	-
Construction Contingency	1,403,994	1,403,994	-
Building Permits	145,805	145,805	-
Architect & Engineer Design Fee	35,880	35,880	-
Architect's Supervision Fee	85,140	85,140	-
Architect - Other	40,196	40,196	-
Engineering	129,492	129,492	-
Appraisal	12,500	12,500	-
Market Study	5,250	5,250	-
Construction Management	207,000	207,000	-
Construction Loan Fees	81,860	81,860	-
Interest During Construction	653,371	413,605	239,766
Taxes During Construction	85,213	40,536	44,677
Insurance During Construction	64,905	64,905	-
Builders Risk Insurance	7,967	7,967	-
Perm Loan Fees	69,250	-	69,250
Perm Loan - Other	50,000	-	50,000
Lender Legal	35,000	-	35,000
Letter Of Credit	975	975	-
Accounting / Cost Certification	37,575	23,075	14,500
Title and Recording	98,571	74,656	23,915
Borrower Legal	75,033	53,574	21,459
Tax Credit Fees	37,860	-	37,860
Tax Credit Consulting	25,000	-	25,000
Tenant Relocation	219,858	-	219,858
Furniture and Fixtures	12,941	12,941	-
Other - Consultants	19,659	19,659	-
Other - Inspections	18,250	18,250	-
Other - Misc	18,052	18,052	-
Other - Bank Fees	6,656	6,656	-
Security	59,879	59,879	-
Utilities During Construction	2,182	2,182	-
Developer's Fee	1,320,000	1,268,647	51,353
Syndication	40,000	-	40,000
Operating Reserve	347,459	-	347,459
Rent Cap Reserve	67,691	-	67,691
Total Uses	<u>\$ 17,762,820</u>	<u>\$ 9,475,032</u>	<u>\$ 8,287,788</u>