

INDEPENDENT AUDITOR'S REPORT

Date: MMMM DD, XXXX

To: Georgia Housing and Finance Authority
60 Executive Park South NE, Suite 250
Atlanta, GA 30329

And

XXXX (the "Owner")
Street Address
City, State Zip

Re: Project Name
DCA Project # 201X-0XX

We have audited the accompanying Computation and Certification of Basis Expenditure ("10% Test") of the Owner for XXXX (the "Project") as of MMMM DD, 201X.

Owner and Owner's Management's Responsibility for the Schedule

The Owner and Owner's management are responsible for the preparation and fair presentation of the 10% Test in accordance with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by the Georgia Housing and Finance Authority ("GHFA"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 10% Test that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 10% Test 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 10% Test is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 10% Test. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 10% Test, 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 10% Test 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 the Owner and Owner's management, as well as evaluating the overall presentation of the 10% Test.

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 10% Test referred to above presents fairly, in all material respects, costs incurred for the Project as of MMMM DD, 201X, on the on the basis of accounting described below.

Basis of Accounting

The 10% Test is prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by the Georgia Housing and Finance Authority ("GHFA"), 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 that matter.

Other Matters

In addition to auditing the 10% Test, we have, at your request, performed certain agreed upon procedures, as enumerated below, with respect to the Project. These procedures, which were agreed to by the Owner and GHFA, were performed to assist you in determining whether the Project has met the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(F) and Treasury Regulation Section 1.42-6. These agreed-upon procedures were performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures:

- a. We calculated, based on estimates of total development costs provided by the Owner, the Project's total reasonably expected basis, as defined in Treasury Regulation Section 1.42-6, to be \$XXXX as of MMMM DD, 201X
- b. We calculated the reasonably expected basis incurred by the Owner as of MMMM DD, 201X to be \$XXXX.
- c. We calculated the percentage of the development fee incurred by the Owner as of MMMM DD, 201X to be XX.XX% of the total development fee.
- d. We compared the reasonably expected basis incurred as of MMMM DD, 201X to the total reasonably expected basis of the Project, and calculated that XX.XX% had been incurred as of MMMM DD, 201X.
- e. We determined that the Owner uses the accrual method of accounting, and has not included any construction costs in carryover allocation basis that have not been properly accrued.

- f. Based on the amount of total reasonably expected basis listed above, for the Owner to meet the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(F) and Treasury Regulation Section 1.42-6, we calculated that the Project needed to incur at least \$XXXX of costs prior to MMMM DD, 201X (one year after the date of the carryover allocation). As of MMMM DD, 201X, costs of at least \$XXXX had been incurred, which is approximately XX.XX% of the total reasonably expected basis of the Project.

We were not engaged to, and did not, perform an audit of the Owner's financial statements or of the Project's total reasonably expected basis. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Restriction on Use

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

Signature of Principal of Firm

Date

Contact person for questions about this report: _____

Phone # _____

Email address: _____