PROJECT NAME

GENERAL CONTRACTOR'S CONSTRUCTION

COST CERTIFICATION and

INDEPENDENT AUDITORS REPORT

As of DATE

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INDEPENDENT AUDITORS' REPORT

LITC#: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

CONTRACTOR NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

OWNER/PARTNERSHIP NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

PROJECT NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

PROJECT LOCATION: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

To The Members of (PARTNERSHIP NAME) and to the New Jersey Housing and Mortgage Finance Agency (“NJHMFA")

Report on the Financial Schedules

We have audited the accompanying financial Schedules relating to the construction costs of (CONTRACTOR NAME) construction contract for (PROJECT NAME), owned by (PARTNERSHIP NAME, LITC#) as of (DATE).

*Management's Responsibility for the Financial Schedule*

The Contractor’s Management is responsible for the preparation and fair presentation of this financial schedule in accordance with the accounting basis prescribed by NJHMFA; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial schedules that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the 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 this Cost Certification is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial Schedules. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Contractor's preparation and fair presentation of the financial schedule 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 Contractor'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 financial Schedules.

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 Cost Certification presents fairly, in all material respects, the actual construction costs of (PROJECT NAME) as of (DATE), in conformity with the basis of accounting described below.

*Basis of Accounting*

As described in Note 2, the Cost Certification has been prepared on an accrual basis of accounting utilizing the accounting practices and the format prescribed by NJHMFA. In addition, the requirements specify that eligible basis include only those costs specified by Section 42 of the Internal Revenue Code of 1986, as amended and related regulations and guidance. Accordingly, the accompanying Schedules are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

*Restriction of Use*

This report is intended solely for the information and use of the Contractor members and management, the Owner members and management, and NJHMFA and is not intended to be, nor should it be, used by anyone other than these specified parties.

*Other Matters*

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

Name of Audit Firm

City, State

DATE

**PROJECT NAME**

NOTES TO FINANCIAL SCHEDULES

1. BACKGROUND AND ORGANIZATION

The following represents certain background and organization information:

PROJECT NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

PROJECT LOCATION: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NUMBER OF BUILDINGS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NUMBER OF RESIDENTIAL UNITS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

DEVELOPMENT TYPE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. BASIS OF ACCOUNTING AND PRESENTATION

The Contractor recognizes income and expenses for the Construction Contract when they occur and consequently uses the accrual method of accounting. Costs have been designated between the line items in the financial Schedules to conform to the NJHMFA's cost certification reporting formats and regulations. In addition, the Cost Certification includes estimates to complete.

The purpose of this Cost Certification is to facilitate the review of the Contractor's construction costs for the purposes of determining eligible basis for the Low Income Housing Tax Credit program. Accordingly, this Cost Certification utilizes the accounting practices and the format prescribed by NJHMFA, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

1. RELATED PARTY TRANSACTIONS
2. ESTIMATES

Management uses estimates and assumptions in preparing the financial Schedules in conformity with the accounting practices prescribed by and on the form specified by NJHMFA. Those estimates and assumptions affect the reported amounts of costs reported and the reported tax credit eligible basis. Actual results could vary from the estimates that were used.

Significant estimates to complete are as follows:

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditors' report, the date which the Cost Certification was available for issue.