# INDEPENDENT AUDITOR’S REPORT

\*Must be submitted under auditor’s letterhead in its entirety in order to be acceptable

Date: Current Date

To: Iowa Finance Authority

1963 Bell Avenue, Suite 200

Des Moines, Iowa 50315

Re: Low Income Housing Tax Credit Request for IRS Form 8609(s)

Project Number:

Project Name:

Project Address:

BIN(s):

Owner Name:

Owner Tax ID:

Report on the Schedule

We have audited the accompanying Costs and Credit Calculation page of the IRS Form 8609 Application (the “Schedule”) included in the IRS Form 8609 Request Package (“Application”) as of Audit Date for Ownership Entity Name to request delivery of IRS Form(s) 8609 evidencing an allocation of low-income housing tax credit for the above-captioned building(s) in the Project under Section 42 of the Internal Revenue Code of 1986, as amended.

Management’s Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of this Schedule in accordance with the accounting and reporting provisions relating to the Housing Tax Credit Program as prescribed by Section 42 of the Internal Revenue Code and the Iowa Finance Authority (“IFA”). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Schedule 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 Schedule is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Schedule, 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 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 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 Schedule.

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

Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the actual costs incurred and eligible basis by credit type for the Project as of Audit Date in accordance with the accounting and reporting provisions of the Housing Tax Credit Program, as defined by Section 42 of the Internal Revenue code and IFA.

Basis of Accounting

The accompanying Schedule was prepared to present the actual costs incurred and eligible basis for the Project defined by Section 42 of the Internal Revenue Code and IFA. This certification is not intended to be presented in conformity of U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Agreed-upon Procedures

In addition to auditing the Costs and Credit Calculation page of the IRS Form 8609 online Application (the Schedule), 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 IFA were performed solely to assist you in determining the Project Costs and Eligible Basis, as defined by Section 42 of the Internal Revenue Code. The Owner and the Owner’s management are responsible for the accuracy of the Schedule. This agreed-upon procedures engagement was conducted in accordance with attestation 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 described below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures:

1. We have verified each of the Project’s loan and/or grant terms match the information included in the Application.
2. We have verified the Project’s acquisition contracts and costs match the information included in the Application.
3. We have verified the Project’s syndication agreement, terms and requirements, match the information included in the Application.
4. We have verified the Project’s construction contract and final pay invoice match the information included in the Application.
5. Because a contractor had an identity of interest with the developer and/or Owner, we examined vendor invoices or other supporting documentation within the construction contract supporting 90% of the contract costs and verified this matches the information included in the Application. (Only if an identity of interest exists with the Owner, a contractor, and/or Developer).
6. We have examined 95% of all non-contractor costs included in the Application to vendor invoices or other supporting documentation. We have determined that the non-contractor costs included in the Application were properly includable in qualified basis in accordance with Section 42 of the Internal Revenue Code.
7. We determined the methodology of allocating costs to each specific building in the Application was consistent with tax accounting principles.
8. We have verified the accuracy of the applicable percentages, as defined in the Code Section 42(b), and the address and BIN number for each building in the Application.
9. We have verified the calculation of the total cost and eligible basis matches the information in the Application.
10. We have verified the amount of tax credits allocated to each building matches the information listed in the Application.
11. We have verified that 50% or more of the aggregate basis (the project’s depreciable basis and land cost) of all buildings and the land on which the buildings are located is financed with tax-exempt bonds. For this purpose, bond proceeds include the amount of bonds used to finance the acquisition, hard construction and soft costs, and interest earned on the bonds.

There were no exceptions noted to the above procedures (or list exceptions below).

We were not engaged to, and did not conduct an audit of the Owner’s financial statements. The objective of which would be the expression of an opinion on those statements. 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.

Other Matters

We have no financial interest in the Owner or Project other than in the practice of our profession as an independent auditor.

Restriction on Use

The report on the Schedule and the Agreed Upon Procedures are intended solely for the information and use of the Owner and the Owner’s management and for filing with IFA and are not intended to be and should not be used by anyone other than these specified parties.

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| Name of Professional's Firm |  | Date |
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| Signature of Professional |  | Title of Signatory |
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| Printed Name of Signatory |  |  |
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