**SONORA SQUARE APARTMENTS**
**(A California Limited Partnership)**
**DBA Sonora Square**

**TCAC #CA-21-063**

# FINAL COST CERTIFICATION

**November 30, 2023**

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BOWMAN

CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITORS' COST CERTIFICATION REPORT

| | |
|---|---|
| Partnership Name: | **Sonora Square Apartments** |
| Project Name: | **Sonora Square** |
| TCAC #: | **CA-21-063** |

We have audited the costs included in the accompanying California Tax Credit Allocation Committee ("TCAC") Final Cost Certification of the above referenced Partnership (the "Partnership") for the above referenced Project (the "Project") as of November 30, 2023.

## 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 the accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in conformity with the format and regulations set by TCAC, which is a comprehensive basis of accounting other than generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Final Cost Certification that is free from material misstatement, whether due to fraud or error.

## Auditor's 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, based upon pertinent documentation verifying the Project's final total development costs. The procedures selected depend on the auditor's 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 auditor considers 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.

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 Final Cost Certification referred to above presents fairly, in all material respects, the Project's final total development costs of $18,248,911 and the percentage of the Project's aggregate basis financed with tax-exempt bond proceeds of 0% as of November 30, 2023, in accordance with the basis of accounting described below. For purposes of complying with the requirements of TCAC, we certify that the designated costs contained in the Final Cost Certification are properly includable in eligible basis, as that term is defined in Internal Revenue Code Section 42, as amended, and are presented in accordance with standard accounting principles.

**Basis of Accounting**

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 regulations set by TCAC, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**Restriction on Use**

This report is intended solely for the information and use of the management of the Partnership and for filing with TCAC and is not intended for any other purpose. This report should not be used by anyone other than the specified parties. We have no financial interest in this Project other than in the practice of our profession.



Signature of Tax Professional

April 30, 2024
Date

DARYL R. PETRICK, CPA, PARTNER
Printed name of Signatory

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
FINAL COST CERTIFICATION
Sources and Uses of Funds

| Project Name: SONORA SQUARE<br>Project No: CA-21-053 | TOTAL PROJECT COST | RESIDENTIAL COST | COMMERCIAL COST | TAX CREDIT EQUITY | HOUSING AUTHORITY OF THE COUNTY OF SAN JOAQUIN LOAN | DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT NPLH LOAN | CITY OF STOCKTON CDBG AND PLHA LOAN | CITY OF ~~STOCKTON~~ CDBG AND PLHA LOAN ACCRUED INTEREST | COUNTY OF SAN JOAQUIN HEALTH CARE SERVICES AGENCY PLHA LOAN | DELTA COMMUNITY DEVELOPERS CORP LAND LEASE LOAN | COMMUNITY DEVELOPERS CORP LAND LEASE LOAN ACCRUED INTEREST | GENERAL PARTNER EQUITY | DEFERRED DEVELOPMENT FEE | SUBTOTAL | 70% PVC FOR NEW CONST/ REHAB | 30% PVC FOR ACQUISITION |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *LAND COST/ACQUISITION* | | | | | | | | | | | | | | | | |
| Land Cost or Value | 397,000 | 397,000 | - | - | - | - | - | - | - | 397,000 | - | - | - | 397,000 | | |
| Demolition | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Total Land Cost or Value | 397,000 | 397,000 | - | - | - | - | - | - | - | 397,000 | - | - | - | 397,000 | | |
| Existing Improvements Value | 620,000 | 620,000 | - | - | 620,000 | - | - | - | - | - | - | - | - | 620,000 | | - |
| Off-Site Improvements | 450,283 | 450,283 | - | 450,283 | - | - | - | - | - | - | - | - | - | 450,283 | 450,283 | - |
| Predevelopment Interest/Holding Cost | 6,313 | 6,313 | - | - | 6,313 | - | - | - | - | - | - | - | - | 6,313 | - | - |
| Total Acquisition Cost | 1,076,596 | 1,076,596 | - | 450,283 | 626,313 | - | - | - | - | - | - | - | - | 1,076,596 | 450,283 | - |
| Total Land Cost/ Acquisition Cost | 1,473,596 | 1,473,596 | - | 450,283 | 626,313 | - | - | - | - | 397,000 | - | - | - | 1,473,596 | | |
| *NEW CONSTRUCTION* | | | | | | | | | | | | | | | | |
| Site Work | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Structures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| General Requirements | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Contractor Overhead | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Contractor Profit | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| General Liability Insurance | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Rehabilitation Costs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Relocation Expenses | 211,600 | 211,600 | - | 211,600 | - | - | - | - | - | - | - | - | - | 211,600 | - | |
| *REHABILITATION* | | | | | | | | | | | | | | | | |
| Site Work | 1,424,881 | 1,424,881 | - | - | 1,424,881 | - | - | - | - | - | - | - | - | 1,424,881 | 1,424,881 | |
| Structures | 8,062,388 | 8,062,388 | - | 1,389,416 | 2,151,199 | 2,141,354 | 1,882,821 | - | 497,466 | - | - | 100 | - | 8,062,388 | 8,062,388 | |
| General Requirements | 463,631 | 463,631 | - | 463,631 | - | - | - | - | - | - | - | - | - | 463,631 | 463,631 | |
| Contractor Overhead | 187,743 | 187,743 | - | 187,743 | - | - | - | - | - | - | - | - | - | 187,743 | 187,743 | |
| Contractor Profit | 563,137 | 563,137 | - | 563,137 | - | - | - | - | - | - | - | - | - | 563,137 | 563,137 | |
| Prevailing Wages | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| General Liability Insurance | 99,912 | 99,912 | - | 99,912 | - | - | - | - | - | - | - | - | - | 99,912 | 99,912 | |
| Other: Performance Bond | 94,650 | 94,650 | - | 94,650 | - | - | - | - | - | - | - | - | - | 94,650 | 94,650 | |
| Total New Construction Costs | 10,896,342 | 10,896,342 | - | 2,798,491 | 3,576,080 | 2,141,354 | 1,882,821 | - | 497,466 | - | - | 100 | - | 10,896,342 | 10,896,342 | |
| *ARCHITECTURAL FEES* | | | | | | | | | | | | | | | | |
| Design | 452,841 | 452,841 | - | 452,841 | - | - | - | - | - | - | - | - | - | 452,841 | 452,841 | |
| Supervision | 65,000 | 65,000 | - | 65,000 | - | - | - | - | - | - | - | - | - | 65,000 | 65,000 | |
| Total Architectural Costs | 517,841 | 517,841 | - | 517,841 | - | - | - | - | - | - | - | - | - | 517,841 | 517,841 | |
| Survey & Engineering | 95,695 | 95,695 | - | 95,695 | - | - | - | - | - | - | - | - | - | 95,695 | 95,695 | |
| *CONSTRUCTION INTEREST & FEES* | | | | | | | | | | | | | | | | |
| Construction Loan Interest | 487,237 | 487,237 | - | 487,237 | - | - | - | - | - | - | - | - | - | 487,237 | 186,910 | |
| Origination Fee | 117,956 | 117,956 | - | 117,956 | - | - | - | - | - | - | - | - | - | 117,956 | 117,956 | |
| Credit Enhancement & Application Fee | 5,096 | 5,096 | - | 5,096 | - | - | - | - | - | - | - | - | - | 5,096 | 5,096 | |
| Taxes | 1,119 | 1,119 | - | 1,119 | - | - | - | - | - | - | - | - | - | 1,119 | 1,119 | |
| Insurance | 156,541 | 156,541 | - | 156,541 | - | - | - | - | - | - | - | - | - | 156,541 | 99,621 | |
| Title & Recording | 43,142 | 43,142 | - | 43,142 | - | - | - | - | - | - | - | - | - | 43,142 | 42,093 | - |
| Inspection Fees | 15,725 | 15,725 | - | 15,725 | - | - | - | - | - | - | - | - | - | 15,725 | 15,725 | |
| Other: Accrued Deferred Interest | 90,433 | 90,433 | - | 16,443 | - | - | - | 51,777 | - | - | 20,213 | - | - | 90,433 | 32,564 | |
| Total Construction Interest & Fees | 917,249 | 917,249 | - | 845,259 | - | - | - | 51,777 | - | - | 20,213 | - | - | 917,249 | 498,084 | - |
| *PERMANENT FINANCING* | | | | | | | | | | | | | | | | |
| Loan Origination Fee | - | - | - | - | - | - | - | - | - | - | - | - | - | - | XXXXXXXX | |
| Credit Enhancement & Application Fee | - | - | - | - | - | - | - | - | - | - | - | - | - | - | XXXXXXXX | |
| Title & Recording | 73,500 | 73,500 | - | 73,500 | - | - | - | - | - | - | - | - | - | 73,500 | XXXXXXXX | |
| Legal Fees | 39,200 | 39,200 | - | 39,200 | - | - | - | - | - | - | - | - | - | 39,200 | XXXXXXXX | |
| Total Permanent Financing Costs | 112,700 | 112,700 | - | 112,700 | - | - | - | - | - | - | - | - | - | 112,700 | - | |

*See Independent Auditors' Cost Certification Statement*

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**
**FINAL COST CERTIFICATION**
**Sources and Uses of Funds**

| Project Name: SONORA SQUARE<br>Project No: CA-21-053 | TOTAL PROJECT COST | RESIDENTIAL COST | COMMERCIAL COST | TAX CREDIT EQUITY | HOUSING AUTHORITY OF THE COUNTY OF SAN JOAQUIN LOAN | DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT NPLH LOAN | CITY OF STOCKTON CDBG AND PLHA LOAN | CITY OF STOCKTON CDBG AND PLHA LOAN ACCRUED INTEREST | COUNTY OF SAN JOAQUIN HEALTH CARE SERVICES AGENCY PLHA LOAN | DELTA COMMUNITY DEVELOPERS CORP LAND LEASE LOAN | COMMUNITY DEVELOPERS CORP LAND LEASE LOAN ACCRUED INTEREST | GENERAL PARTNER EQUITY | DEFERRED DEVELOPMENT FEE | SUBTOTAL | 70% PVC FOR NEW CONST/ REHAB | 30% PVC FOR ACQUISITION |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Subtotals Forward* | 3,328,681 | 3,328,681 | - | 2,233,378 | 626,313 | - | - | 51,777 | - | 397,000 | 20,213 | - | - | 3,328,681 | 1,111,620 | |
| *LEGAL FEES AND THIRD-PARTY CONSULTING FEES* | | | | | | | | | | | | | | | | |
| Lender Legal Paid by Applicant | 40,000 | 40,000 | - | 40,000 | - | - | - | - | - | - | - | - | - | 40,000 | 40,000 | |
| Financial Consulting, Application Preparation/Review | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Other: Sponsor Legal | 233,781 | 233,781 | - | 233,781 | - | - | - | - | - | - | - | - | - | 233,781 | 139,997 | - |
| Total Attorney Costs | 273,781 | 273,781 | - | 273,781 | - | - | - | - | - | - | - | - | - | 273,781 | 179,997 | - |
| *RESERVES* | | | | | | | | | | | | | | | | |
| Rent Reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | - | XXXXXXX | |
| Capitalized Rent Reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | - | XXXXXXX | |
| Additional Operating Reserve | 19,000 | 19,000 | - | 19,000 | - | - | - | - | - | - | - | - | - | 19,000 | XXXXXXX | |
| 3-Month Operating Reserve | 178,910 | 178,910 | - | 178,910 | - | - | - | - | - | - | - | - | - | 178,910 | XXXXXXX | |
| Other: Additional Capital Reserve | 825,994 | 825,994 | - | 825,994 | - | - | - | - | - | - | - | - | - | 825,994 | XXXXXXX | |
| Total Reserve Costs | 1,023,904 | 1,023,904 | - | 1,023,904 | - | - | - | - | - | - | - | - | - | 1,023,904 | - | |
| *CONTINGENCY COSTS* | | | | | | | | | | | | | | | | |
| Construction Hard Cost Contingency | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Soft Cost Contingency | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Contingency Costs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| *OTHER PROJECT COSTS* | | | | | | | | | | | | | | | | |
| TCAC App/Allocation/Monitoring Fees | 56,508 | 56,508 | - | 56,508 | - | - | - | - | - | - | - | - | - | 56,508 | XXXXXXX | |
| Environmental Audit | 121,405 | 121,405 | - | 121,405 | - | - | - | - | - | - | - | - | - | 121,405 | 121,405 | |
| Local Development Impact Fees | 125,370 | 125,370 | - | 125,370 | - | - | - | - | - | - | - | - | - | 125,370 | 125,370 | |
| Permit Processing Fees | 283,060 | 283,060 | - | 283,060 | - | - | - | - | - | - | - | - | - | 283,060 | 283,060 | |
| Marketing | 19,510 | 19,510 | - | 19,510 | - | - | - | - | - | - | - | - | - | 19,510 | XXXXXXX | |
| Furnishings | 227,707 | 227,707 | - | 227,707 | - | - | - | - | - | - | - | - | - | 227,707 | 227,707 | |
| Market Study | 9,155 | 9,155 | - | 9,155 | - | - | - | - | - | - | - | - | - | 9,155 | 9,155 | |
| Other: Accounting | 33,450 | 33,450 | - | 33,450 | - | - | - | - | - | - | - | - | - | 33,450 | 33,450 | |
| Appraisal Costs | 17,660 | 17,660 | - | 17,660 | - | - | - | - | - | - | - | - | - | 17,660 | 17,660 | |
| Other: Prevailing Wage Monitor | 32,690 | 32,690 | - | 32,690 | - | - | - | - | - | - | - | - | - | 32,690 | 32,690 | |
| Other: Security During Construction | 153,125 | 153,125 | - | 153,125 | - | - | - | - | - | - | - | - | - | 153,125 | 153,125 | |
| Other: Lease-up Costs | 24,329 | 24,329 | - | 24,329 | - | - | - | - | - | - | - | - | - | 24,329 | - | |
| Other: HCD Pooled Transition Reserve Fee | 57,875 | 57,875 | - | 57,875 | - | - | - | - | - | - | - | - | - | 57,875 | - | |
| Total Other Costs | 1,161,844 | 1,161,844 | - | 1,161,844 | - | - | - | - | - | - | - | - | - | 1,161,844 | 1,003,622 | |
| SUBTOTAL PROJECT COST | 16,684,562 | 16,684,562 | - | 7,491,396 | 4,202,393 | 2,141,364 | 1,882,821 | 51,777 | 497,486 | 397,000 | 20,213 | 100 | - | 16,684,562 | 13,841,864 | - |
| *DEVELOPER COSTS* | | | | | | | | | | | | | | | | |
| Developer Overhead/Profit | 1,564,359 | 1,564,359 | - | 1,564,359 | - | - | - | - | - | - | - | - | - | 1,564,359 | 1,564,359 | - |
| Consultant/Processing Agent | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Project Administration | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Broker Fees Paid to a Related Party | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Const. Oversight by Developer | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Developer Costs | 1,564,359 | 1,564,359 | - | 1,564,359 | - | - | - | - | - | - | - | - | - | 1,564,359 | 1,564,359 | - |
| TOTAL PROJECT COSTS | $ 18,248,911 | $ 18,248,911 | $ - | $ 9,055,757 | $ 4,202,393 | $ 2,141,364 | $ 1,882,821 | $ 51,777 | $ 497,486 | $ 397,000 | $ 20,213 | $ 100 | $ - | $ 18,248,911 | 15,206,223 | - |

**FOR PLACED IN SERVICE APPLICATION SUBMISSIONS:**

SYNDICATION (Investor & General Partner)

| | |
|---|---|
| Organizational Fee | $ - |
| Bridge Loan Fees/Exp. | - |
| Legal Fees | 25,000 |
| Consultant Fees | 60,000 |
| Accountant Fees | - |
| Tax Opinion | - |
| Other: Due Diligence | - |
| **Total Syndication Costs** | $ 85,000 |

CERTIFICATION BY OWNER:

As General Partner of the above referenced low-income housing project, I certify under penalty of perjury, that the project costs contained herein are, to the best of my knowledge, accurate and actual costs associates with the acquisition, construction, and/or rehabilitation of this project and that the corresponding sources of funds shown are the only funds received by the Partnership for the development of the project. I authorize the California Tax Credit Allocation Committee to utilize this information to calculate the low-income housing tax credit.

Signature of General Partner

Peter W. Ragsdale
Printed Name of Signatory

CERTIFICATION OF CPA/TAX PROFESSIONAL:

As the tax professional for the above-referenced low-income housing project, I certify under penalty of perjury, that the percentage of aggregate basis financed by tax-exempt bonds is: 0%.

Signature of Project CPA/Tax Professional
Daryl R. Petrick, CPA, Partner

Date 4/30/24

*See Independent Auditors' Cost Certification Statement*