Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership

(a Michigan limited partnership)

HUD Project No. 28-URD-000194

Financial Report

with Additional Information

December 31, 2010

Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership
HUD Project No. 28-URD-000194

Contents

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Independent Auditor's Report

To the Partners
Woodbridge ILF Associates
Limited Dividend Housing
Association Limited Partnership

We have audited the accompanying balance sheet of HUD Project No. 28-URD-000194, Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership (the "Partnership"), as of December 31, 2010 and 2009 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HUD Project No. 28-URD-000194, Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership, at December 31, 2010 and 2009 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

February 15, 2011

Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership
HUD Project No. 28-URD-000194

Balance Sheet

		December 31, 2010		December 31, 2009
Assets				
Cash	$	147,599	$	164,072
Accounts receivable:				
Subsidy		53,950		65,088
Tenant		2,494		-
DHC management fee receivable		3,164		2,416
Funded reserves (Note 3):				
Operating reserve		171,101		170,491
Replacement reserve		151,066		125,580
Insurance reserve		18,686		18,651
Tax reserve		28,456		28,404
PHA reserve		214,395		214,395
Supplemental reserve (Note 3)		113,351		31,329
Tenant security deposits (Note 5)		39,044		37,673
Prepaid expenses		2,532		-
Rental property - Net (Note 2)		11,505,229		11,899,972
Deferred costs - Net		95,272		107,407
Total assets	**$**	**12,546,339**	**$**	**12,865,478**
Liabilities and Partners' Equity				
Liabilities				
Accounts payable:				
Trade	$	19,911	$	15,954
Related parties (Note 4)		23,863		16,969
Prepaid rent		-		2,242
Accrued liabilities and other:				
Accrued payroll		5,494		4,426
Accrued interest (Note 6)		930,382		700,861
Accrued asset management fees (Note 4)		-		5,000
Accrued payment in lieu of taxes		25,180		23,232
Accrued other		1,059		2,509
Tenant security deposits (Note 5)		29,281		28,992
Mortgage note payable (Note 6)		3,713,014		3,713,014
Total liabilities		4,748,184		4,513,199
Partners' Equity		7,798,155		8,352,279
Total liabilities and partners' equity	**$**	**12,546,339**	**$**	**12,865,478**

Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership
HUD Project No. 28-URD-000194

Statement of Operations

	Year Ended December 31, 2010	Year Ended December 31, 2009
Revenue		
Rental income	$ 737,257	$ 736,060
Vacancy loss	(32,013)	(33,473)
Other income	41,526	39,224
Net revenue	746,770	741,811
Operating Expenses		
Bad debt expense	7,901	2,966
Insurance	60,578	56,258
Management fees (Note 4)	30,096	30,096
Office expenses	4,786	4,455
Repairs and maintenance	39,413	39,539
Salaries and employee benefits (Note 4)	140,434	134,437
Security	47,517	48,999
Supplies	17,484	9,461
Taxes - Payroll (Note 4)	9,861	8,958
PILOT	12,214	42,972
Utilities	161,251	152,349
Administrative	103,828	95,228
Total operating expenses	635,363	625,718
Operating Income - Before depreciation and amortization and nonoperating expenses	111,407	116,093
Depreciation and Amortization	430,950	427,615
Nonoperating Expenses		
Partnership asset management fee (Note 4)	(5,000)	(5,000)
Interest expense	(229,581)	(218,744)
Total nonoperating expenses	(234,581)	(223,744)
Net Loss	**$ (554,124)**	**$ (535,266)**

Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership
HUD Project No. 28-URD-000194

Statement of Partners' Equity (Deficit)

	General Partner	Limited Partner	Total
Balance - January 1, 2009	$ (2,131)	$ 8,905,461	$ 8,903,330
Net loss	(535)	(534,731)	(535,266)
Distributions	-	(15,785)	(15,785)
Balance - December 31, 2009	(2,666)	8,354,945	8,352,279
Net loss	(554)	(553,570)	(554,124)
Balance - December 31, 2010	**$ (3,220)**	**$ 7,801,375**	**$ 7,798,155**

Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership
HUD Project No. 28-URD-000194

Statement of Cash Flows

	Year Ended December 31, 2010	Year Ended December 31, 2009
Cash Flows from Operating Activities		
Net loss	$ (554,124)	$ (535,266)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	418,815	415,480
Bad debt expense	7,901	2,966
Deferred interest	229,521	218,717
Amortization	12,135	12,135
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(5)	23,478
Prepaids	(2,532)	2,830
Tenant security deposits	(1,371)	(2,506)
Accounts payable	3,957	-
Accrued payment in lieu of taxes	1,948	(3,632)
Accrued management fees	(5,000)	833
Accrued payroll	1,068	(2,152)
Other accrued liabilities	(3,692)	2,581
Tenant security deposits	289	1,018
Net cash provided by operating activities	108,910	136,482
Cash Flows from Investing Activities		
Purchase of property and equipment	(24,072)	(73,241)
Net deposits into replacement reserve	(25,486)	(19,284)
Net (increase) decrease in other reserves	(82,719)	47,020
Net cash used in investing activities	(132,277)	(45,505)
Cash Flows from Financing Activities		
Advances from (repayments to) affiliates	6,894	(61,974)
Distributions to partners	-	(15,785)
Payments on developer fee payable	-	(9,235)
Net cash provided by (used in) financing activities	6,894	(86,994)
Net (Decrease) Increase in Cash	(16,473)	3,983
Cash - Beginning of year	164,072	160,089
Cash - End of year	**$ 147,599**	**$ 164,072**

Note 1 - Organization and Summary of Significant Accounting Policies

Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership (the "Partnership") was formed on June 30, 2004 under the Michigan Uniform Limited Partnership Act for the purpose of acquiring, owning, constructing, and operating a rental housing project under the HOPE VI Implementation Grant Agreement regulated by the Detroit Housing Commission (DHC) and the U.S. Department of Housing and Urban Development (HUD). The project consists of 100 units located in Detroit, Michigan and is currently operating under the name The Village of Woodbridge Manor. The project was completed in January 2006.

Agreements with the DHC and HUD provide for the regulation of rental charges, restrictions on disposition of property, and limitations on annual cash distributions to partners.

The Partnership has qualified for and has been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of the project's units as to occupant eligibility and unit gross rent, among other requirements. The project's units must meet the provisions of these regulations during each of 15 consecutive years in order for the Partnership to remain qualified to receive the credits. The Partnership has also executed a Regulatory Agreement, which requires the utilization of the project pursuant to Section 42 for a minimum of 30 years, even if disposition of the project by the Partnership occurs.

Significant accounting policies are as follows:

Basis of Accounting - The Partnership maintains its accounting records and prepares its financial statements on an accrual basis, which is in accordance with accounting principles generally accepted in the United States of America.

Classification of Assets and Liabilities - The financial affairs of the Partnership do not generally involve a business cycle. Accordingly, the classification of assets and liabilities between current and long term is not used.

Tenant Accounts Receivable - Tenant accounts receivable are stated at net rent amounts. An allowance for doubtful accounts is established based on specific assessments of all invoices that remain unpaid following normal resident payment periods. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. The allowance for doubtful accounts was $4,603 and $0 for the years ended December 31, 2010 and 2009, respectively.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Rental Property - Land, buildings, and other depreciable assets are recorded at cost. Depreciation is calculated using the straight-line and accelerated methods over the estimated useful lives ranging from 10 to 40 years. For income tax purposes, accelerated lives and methods are used. Maintenance, repairs, and renewals that do not involve any substantial betterments are charged to expense when incurred. Expenditures that increase the useful life of the property are capitalized.

Impairment of Assets - The Partnership recognizes impairment of long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No impairment of the Partnership's rental property has occured.

Deferred Costs - Mortgage costs of $44,483 are amortized over the term of the mortgage loan using the straight-line method. Total accumulated amortization related to these costs was $4,942 and $3,954 at December 31, 2010 and 2009, respectively.

Tax credit monitoring fees of $111,466 are amortized over 15 years using the straight-line method. Total accumulated amortization related to these costs was $55,735 and $44,588 at December 31, 2010 and 2009, respectively.

Partner Contributions and Distributions - The Partnership has one general partner, PVM Jeffries, LLC, which has a 0.1 percent interest, and one limited partner, SunAmerica Housing Fund 1185, which has a 99.9 percent interest.

Partner Allocation of Profits and Losses - Profits or losses from operations of the Partnership are allocated annually between the general partner and limited partner in the ratio of 0.1 percent and 99.9 percent, respectively. Profits and losses arising from the sale, refinancing, or other disposition of all or substantially all of the Partnership's assets will be specially allocated as prioritized in the partnership agreement. Additionally, the partnership agreement provides for other instances in which special allocation of profits, losses, and distributions may be required.

Net cash flow (NCF), as defined by the partnership agreement, is distributed as follows:

1. First, to the payment of any outstanding excess limited partner loan amounts, then to the payment of any outstanding excess general partner loan amounts, and then to the payment of any remaining limited partner and general partner loans, pro rata, based on their respective outstanding balances

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

2. Second, to the developers to pay any unpaid and deferred development fee payable pursuant to the development agreement in the following percentages: (a) the NCF percentage to the payment of the deferred development fee and (b) 100 percent minus the NCF percentage to be distributed to the partners, pro rata, in accordance with their percentage interest

3. Third, to pay any outstanding operating deficit loans, until such operating deficit loans have been paid in full, net cash flow shall be paid and distributed in the following percentages: (a) the NCF percentage to the payment of the outstanding operating deficit loaned and (b) 100 percent minus the NCF percentage to be distributed to the partners, pro rata, in accordance with their percentage interest

4. Fourth, if the general partner's capital account is less than or equal to zero, then until the general partner has received payments of the incentive partnership management fee, net of cash flow shall be paid and distributed in the following percentages: (a) the NCF percentage to the general partner as payment of the incentive partnership agreement fee and (b) 100 percent minus the NCF percentage to be distributed to the partners, pro rata, in accordance with their percentage interests

5. Remaining, to the partners as a distribution, pro rata, in accordance with their percentage interest

Rental Income - The Partnership records apartment rentals at gross potential rent as adjusted for vacancy loss. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

The Partnership executed a housing assistance payments (HAP) contract with HUD through the public housing agency providing for payments to the Partnership for units leased to eligible lower-income families pursuant to Section 8 of the National Housing Act of 1937. The contract is for 10 years and expires on December 15, 2015. The operations of the Partnership are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change. Approximately 51 percent of rental revenue was received pursuant to the HAP contract for both 2010 and 2009.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes - No income tax provision has been recorded in the financial statements since income or loss of the Partnership is required to be reported by the respective partners on their individual income tax returns.

Payment in Lieu of Taxes - The Partnership is a participant in a tax abatement program providing for an assessed service charge in lieu of property taxes. The service charge of 4 percent is assessed based on net shelter rents.

Syndication Costs - Syndication costs of $130,523 were incurred during the marketing of the partnership interests. These costs have been allocated to the limited partner's capital account.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including February 15, 2011, which is the date the financial statements were available to be issued.

Note 2 - Rental Property

Land, building, furniture, and fixtures and depreciable lives are summarized as follows:

	2010	2009	Depreciable Life - Years
Land	$ 291,667	$ 291,667	-
Land improvements	1,114,044	1,100,699	10-15
Buildings	11,436,430	11,436,430	7-40
Machinery and equipment	11,254	5,134	2-10
Furniture and fixtures	766,647	762,040	3-5
Total cost	13,620,042	13,595,970	
Less accumulated depreciation	(2,114,813)	(1,695,998)	
Net property and equipment	$ 11,505,229	$ 11,899,972	

Depreciation expense was $418,815 for 2010 and $415,480 for 2009.

Note 3 - Funded Reserves

Real estate taxes and insurance escrows and the replacement reserve are funded and maintained under the terms of the Regulatory, partnership, and loan agreements. Monthly funding of these accounts was made as required during 2010 and 2009. During operations, the Partnership is required to fund the replacement reserve for five years after the date of substantial completion, $250 per unit per year on a monthly basis. The Partnership shall then fund $300 per unit per year for the next five years and the required funding shall be increased by $50 per unit per five-year period. Balances in these accounts are as follows:

The tax reserve account balance at December 31, 2010 and 2009 was $28,456 and $28,404, respectively.

The insurance reserve account balance at December 31, 2010 and 2009 was $18,686 and $18,651, respectively.

The replacement reserve account balance at December 31, 2010 and 2009 was $151,066 and $125,580, respectively.

According to the Regulatory Agreement, the Partnership must also fund operating and Public Housing Authority (PHA) reserves. The initial funding amounts of $155,927 in the operating reserve and $194,073 in the PHA reserve have been achieved. At December 31, 2010 and 2009, the operating reserve balance was $171,101 and $170,491, respectively. The PHA reserve balance at December 31, 2010 and 2009 was $214,395. The PHA reserve is required by the Detroit Housing Commission. At the expiration of the Regulatory and Operating Agreement, any remaining funds in this reserve will be disbursed to the Detroit Housing Commission for public housing needs.

According to the Hope VI loan agreement, the Partnership must fund a supplemental reserve up to $500,000 through net available cash flow. Allowable disbursements from the reserve are defined in the agreement. As of December 31, 2010, a total of $243,622 had been funded, of which $130,612 had been disbursed in prior years for the allowable payment of developer fees. The balance in this supplemental reserve at December 31, 2010 and 2009 was $113,351 and $31,329, respectively.

Note 4 - Related Party Transactions

Related Party Payables - Related party payables consist of advances made by Presbyterian Villages of Michigan (PVM), an affiliate of the general partner, to cover disbursements of the Partnership when the need arises due to lags in cash receipts. The amount outstanding was $23,863 and $16,969 for the years ended December 31, 2010 and 2009, respectively, all of which is due upon demand and is noninterest-bearing. The Partnership paid PVM $149,227 and $143,395 for reimbursable payroll costs during 2010 and 2009, respectively.

Note 4 - Related Party Transactions (Continued)

Developer Fees - The development agreement specifies total payment of $1,000,000. Developer fees are payable for services rendered in negotiating, coordinating, and supervising the planning, architectural, engineering, and construction services necessary for construction of the project. The developer fees are capitalized as part of the building and improvements and have been earned and recognized in accordance with the development fee agreement. As of December 31, 2009, the developer fee was paid in full.

Management Fees - The Partnership has contracted with Presbyterian Villages of Michigan, an affiliate of the general partner, for conducting the rental operations of the Partnership. The property management fee is based on 5 percent of the monthly rents collected. Management fees expense was $30,096 for the years ended December 31, 2010 and 2009.

Partnership Asset Management Fee - The Partnership incurs an annual asset management fee of $5,000 payable to SunAmerica Affordable Housing Partners, Inc., an affiliate of the limited partner, for an annual review of the Partnership and the apartment complex. The fee of $5,000 was earned and paid for 2010. The fee of $5,000 was earned and accrued as of December 31, 2009.

Incentive Partnership Management Fee - The Partnership incurs an annual incentive management fee of up to $300,000 per year, payable to the general partner, from the current year's operating cash flows after the supplemental reserve has been funded and the accrued interest and required payments on the mortgage note are current. In accordance with provisions in the partnership agreement, unpaid incentive management fees at the end of each year may only be paid to the extent funds are available from the current year's cash flow after payment of the annual asset management fee detailed above. No partnership management fee was incurred for 2010 or 2009.

Operating Deficit Guaranty - As provided for in the partnership agreement, the general partner will provide loans to the Partnership for operating deficits incurred during the period commencing on the achievement of stabilization (defined in the partnership agreement as the date on which the apartment complex has attained both an occupancy level of at least 95 percent and an annualized net operating income of $105,000 for a period of three consecutive calendar months of operations after final completion) and ending on the fourth anniversary of the achievement of stabilization. These loans, not to exceed $350,000, will be noninterest-bearing and will be repaid from future excess cash flows. As of December 31, 2010 and 2009, no loans had been advanced.

Note 5 - Tenant Security Deposits

Tenant security deposits represent cash restricted solely for the repayment of the security deposits liability. As of December 31, 2010 and 2009, the security deposits were invested in FDIC-insured cash accounts.

Note 6 - Mortgage Payable

The Partnership has a HOPE VI mortgage note with the Detroit Housing Commission in the amount of $3,713,014 that is held on behalf of the City of Detroit. The note bears interest at the long-term applicable federal rate (AFR) of 5.2 percent, compounding annually, with a maturity date of June 30, 2049. The loan is collateralized by real estate held for lease and an assignment of rents and leases. Payments of principal and interest are required from net cash flow, after payment of the deferred development fee and the funding of the supplemental reserve. No principal payments were made in 2010 or 2009 and accrued, deferred interest on the note was $930,382 and $700,861 at December 31, 2010 and 2009, respectively.

Note 7 - Contingencies

The project's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner.

Note 8 - Low-income Housing Tax Credits (Unaudited)

The Partnership was allocated low-income housing tax credits by the Michigan State Housing Development Authority totaling $13,245,500. As of December 31, 2010 and 2009, $6,160,217 and $4,835,667, respectively, of the tax credits have been claimed by the partners. The expected availability of the remaining credits for the following years are as follows:

2011	$ 1,324,550
2012	1,324,550
2013	1,324,550
2014	1,324,550
2015	1,324,550
2016	462,533
Total	$ 7,085,283

Additional Information

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To the Partners
Woodbridge ILF Associates
Limited Dividend Housing
Association Limited Partnership

We have audited the financial statements of HUD Project No. 28-URD-000194, Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership as of December 31, 2010 and 2009. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The information on page 15 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on it.

Plante & Moran, PLLC

February 15, 2011

Woodbridge ILF Associates Limited Dividend Housing Association Limited Partnership
HUD Project No. 28-URD-000194

Schedule of Net Operating Cash Flows
Year Ended December 31, 2010

Loss from operations	$ (554,124)
Add:	
Depreciation and amortization	430,950
Developer note interest	-
Interest on debt	229,521
Current year incentive management fee	-
Less:	
Principal payments	-
Cash reserve increase (1312)	-
Cash reserve increase (1316)	-
Cash reserve increase (1317)	-
Cash reserve increase (1320)	(25,486)
Cash reserve increase (1340)	-
Fixed cost additions paid from cost savings	-
Fixed asset additions	(24,072)
Net cash flows available for distribution	**$ 56,789**

The above calculation and final distribution is subject to the interpretation of the partnership agreement.