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, 2011

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 Board of Directors
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, 2011 and 2010 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, 2011 and 2010 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, 2012

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

Balance Sheet

	December 31, 2011	December 31, 2010
Assets		
Cash	$ 107,167	$ 147,599
Accounts receivable:		
Trade	47,702	53,950
Tenant	6,278	2,494
Other	3,019	3,164
Funded reserves (Note 3):		
Operating reserve	171,470	171,101
Replacement reserve	181,420	151,066
Insurance reserve	18,713	18,686
Tax reserve	28,496	28,456
PHA reserve	212,613	214,395
Supplemental reserve	170,472	113,351
Tenant security deposits (Note 5)	39,099	39,044
Rental property - Net (Note 2)	11,095,703	11,505,229
Deferred costs - Net	83,137	95,272
Prepaid expenses	13,164	2,532
Total assets	**$ 12,178,453**	**$ 12,546,339**
Liabilities and Partners' Equity		
Liabilities		
Accounts payable:		
Trade	$ 5,155	$ 19,911
Related parties (Note 4)	37,778	23,863
Accrued liabilities and other:		
Accrued payroll	5,442	5,494
Accrued interest (Note 6)	1,171,839	930,382
Accrued payment in lieu of taxes	33,543	25,180
Accrued other	2,006	1,059
Mortgage note payable (Note 6)	3,713,014	3,713,014
Tenant security deposits (Note 5)	28,496	29,281
Total liabilities	4,997,273	4,748,184
Partners' Equity	7,181,180	7,798,155
Total liabilities and partners' equity	**$ 12,178,453**	**$ 12,546,339**

See Notes to Financial Statements.

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

Statement of Operations

	Year Ended December 31, 2011	Year Ended December 31, 2010
Revenue		
Rental income	$ 734,344	$ 737,257
Vacancy loss	(33,313)	(32,013)
Other income	41,288	41,526
Net revenue	742,319	746,770
Operating Expenses		
Bad debt expense	761	7,901
Insurance	58,690	60,578
Management fees (Note 4)	66,636	30,096
Office expenses	4,178	4,786
Repairs and maintenance	47,962	39,413
Salaries and employee benefits (Note 4)	138,594	140,434
Security	46,391	47,517
Supplies	11,620	17,484
Taxes - Payroll (Note 4)	9,441	9,861
PILOT	19,085	12,214
Utilities	163,111	161,251
Administrative	114,350	103,828
Total operating expenses	680,819	635,363
Operating Income - Before depreciation and amortization and nonoperating expenses	61,500	111,407
Depreciation and Amortization	432,012	430,950
Nonoperating Expenses		
Partnership asset management fee (Note 4)	(5,000)	(5,000)
Interest expense	(241,463)	(229,581)
Total nonoperating expenses	(246,463)	(234,581)
Net Loss	**$ (616,975)**	**$ (554,124)**

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, 2010	$	(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
Net loss		(617)		(616,358)		(616,975)
Balance - December 31, 2011	**$**	**(3,837)**	**$**	**7,185,017**	**$**	**7,181,180**

See Notes to Financial Statements.

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

Statement of Cash Flows

	Year Ended December 31, 2011	Year Ended December 31, 2010
Cash Flows from Operating Activities		
Net loss	$ (616,975)	$ (554,124)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	419,877	418,815
Amortization	12,135	12,135
Deferred interest	241,457	229,521
Bad debt expense	761	7,901
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	1,848	(5)
Tenant security deposits	(55)	(1,371)
Prepaids	(10,632)	(2,532)
Accounts payable	(14,756)	3,957
Accrued payment in lieu of taxes (PILOT)	8,363	1,948
Tenant security deposits liability	(785)	289
Other accrued liabilties	947	(3,692)
Accrued payroll	(52)	1,068
Accrued management fees	-	(5,000)
Net cash provided by operating activities	42,133	108,910
Cash Flows from Investing Activities		
Purchase of property and equipment	(10,351)	(24,072)
Net decrease in other reserves	(55,775)	(82,719)
Net deposits to replacement reserve	(30,354)	(25,486)
Net cash used in investing activities	(96,480)	(132,277)
Cash Flows from Financing Activities - Advances from affiliates	13,915	6,894
Net Decrease in Cash	(40,432)	(16,473)
Cash - Beginning of year	147,599	164,072
Cash - End of year	**$ 107,167**	**$ 147,599**

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 $0 and $4,603 for the years ended December 31, 2011 and 2010, 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 $5,930 and $4,942 at December 31, 2011 and 2010, 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 $66,882 and $55,735 at December 31, 2011 and 2010, 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 Detroit Housing Commission 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 52 percent and 51 percent of rental revenue was received pursuant to the HAP contract for the years ended December 31, 2011 and 2010, respectively.

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, 2012, 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:

	2011	2010	Depreciable Life - Years
Land	$ 291,667	$ 291,667	-
Land improvements	1,114,044	1,114,044	10-15
Buildings	11,436,430	11,436,430	7-40
Machinery and equipment	13,550	11,254	2-10
Furniture and fixtures	767,702	766,647	3-5
Construction in progress	7,000	-	-
Total cost	13,630,393	13,620,042	
Less accumulated depreciation	(2,534,690)	(2,114,813)	
Net property and equipment	$ 11,095,703	$ 11,505,229	

Depreciation expense was $419,877 for 2011 and $418,815 for 2010.

Note 3 - Funded Reserves

Real estate taxes and insurance escrows and the replacement reserve are funded and maintained under the terms of the Regulatory Agreement and the partnership and loan agreements. Monthly funding of these accounts was made as required during 2011 and 2010. 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.

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. 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, 2011, a total of $300,411 had been funded, of which $130,612 had been disbursed in prior years for the allowable payment of developer fees.

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 $37,778 and $23,863 for the years ended December 31, 2011 and 2010, respectively, all of which is due upon demand and is noninterest-bearing. The Partnership paid PVM $147,888 and $149,227 for reimbursable payroll costs during 2011 and 2010, respectively.

Developer Fees - The development fee 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.

Note 4 - Related Party Transactions (Continued)

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 gross operating revenue. For the years ended December 31, 2007 through December 31, 2010, the management fees were paid on a fixed estimate. During 2011, Presbyterian Villages of Michigan calcuated the under payment of mangement fees from 2007 through 2010 and got approval from the limited partner to record them for the year ended December 31, 2011. Management fees expense was $66,636 ($30,196 for prior years and $36,440 for 2011) and $30,096 for the years ended December 31, 2011 and 2010.

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 2011 and 2010.

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 of 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 2011 or 2010.

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, 2011 and 2010, 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, 2011 and 2010, 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 2011 or 2010 and accrued, deferred interest on the note was $1,171,839 and $930,382 at December 31, 2011 and 2010, 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, 2011 and 2010, $7,484,767 and $6,160,217, 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:

2012		$ 1,324,550
2013		1,324,550
2014		1,324,550
2015		1,324,550
2016		462,533
	Total	$ 5,760,733

Additional Information

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Independent Auditor's Report on Additional Information

To the Board of Directors
Woodbridge ILF Associates
Limited Dividend Housing
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Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of net operating cash flows is presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the Partnership and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

February 15, 2012

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, 2011

Net loss	$	(616,975)
Add:		
Depreciation and amortization		432,012
Developer note interest		-
Interest on debt		241,457
Current year incentive management fee		-
Less:		
Principal payments		-
Cash reserve increase (1312)		-
Cash reserve increase (1316)		-
Cash reserve increase (1317)		-
Cash reserve increase (1320)		(30,354)
Cash reserve increase (1340)		-
Fixed cost additions paid from cost savings		-
Fixed asset additions		(10,351)
Net cash flows available for distribution	**$**	**15,789**

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