

AUDITED FINANCIAL STATEMENTS
OF
WASHINGTON COLUMNS, L.P.
DECEMBER 31, 2013

AUDITED FINANCIAL STATEMENTS

OF

WASHINGTON COLUMNS, L.P.

DECEMBER 31, 2013

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Balance Sheet.....	3
Statement of Income.....	5
Statement of Partners' Capital.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	9
Supplemental Information:	
Balance Sheet - VHDA	14
Statement of Profit and Loss - VHDA.....	16
Supplement to VHDA Financial Statements.....	18



INDEPENDENT AUDITOR'S REPORT

To the Partners of
Washington Columns, L.P.

We have audited the accompanying balance sheet of Washington Columns, L.P., as of December 31, 2013, and the related statements of income, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatements.

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

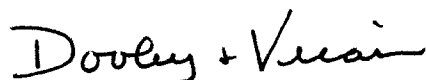
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respect, the financial position of Washington Columns, L.P., as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITOR'S REPORT
(CONTINUED)**

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying supporting information included in the report (shown on pages 14 to 18) is presented for purposes of additional analysis and is not a required part of the financial statements of Washington Columns, L.P. 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 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 financial statements as a whole.



Dooley & Vicars
Certified Public Accountants, L.L.P.

April 21, 2014

WASHINGTON COLUMNS, L.P.
BALANCE SHEET
DECEMBER 31, 2013

ASSETS

Current Assets

Cash	\$ 60,303
Accounts Receivable - Tenant	257
Accounts Receivable - Other	65
Prepaid Insurance	<u>5,547</u>

Total Current Assets	<u>66,172</u>
----------------------	---------------

Deposits and Funded Reserves

Tenant Security Deposits	12,304
Operating Reserve	52,040
Replacement Reserve	30,651
Escrow Deposits	<u>4,392</u>

Total Deposits and Funded Reserves	<u>99,387</u>
------------------------------------	---------------

Fixed Assets

Land	17,058
Buildings & Equipment	5,169,445
Accumulated Depreciation	<u>(1,531,072)</u>

Total Net Fixed Assets	<u>3,655,431</u>
------------------------	------------------

Deferred Charges

Loan Cost (Net Amortization)	<u>14,725</u>
------------------------------	---------------

Total Deferred Charges	<u>14,725</u>
------------------------	---------------

TOTAL ASSETS	<u><u>\$ 3,835,715</u></u>
--------------	----------------------------

The accompanying notes are an integral part of these financial statements.

WASHINGTON COLUMNS, L.P.
BALANCE SHEET
DECEMBER 31, 2013
(CONTINUED)

LIABILITIES AND PARTNERS' CAPITAL

Current Liabilities

Accounts Payable	\$ 2,210
Tenant Security Deposits	13,593
Accrued Liabilities	1,548
Accrued Interest - VHDA	495
Due to Affiliates	1,697
VHDA Mortgage Payable - Current Portion	<u>30,115</u>
Total Current Liabilities	<u>49,658</u>

Long Term Liabilities

VHDA Mortgage Payable	148,459
Due to Affiliates	195,468
Developer Fee	568,404
Less: Current Portion of Long-term Debt	<u>(30,115)</u>
Total Long Term Liabilities	<u>882,216</u>

Partners' Capital

Partners' Capital - PHC II, Inc.	(132)
Partners' Capital - Virginia Affordable Housing Management Corp.	(14)
Partners' Capital - Housing Equity Fund of Virginia VII, LLC	<u>2,903,987</u>
Total Partners' Capital	<u>2,903,841</u>

TOTAL LIABILITIES AND PARTNERS' CAPITAL	<u><u>\$ 3,835,715</u></u>
---	----------------------------

The accompanying notes are an integral part of these financial statements.

WASHINGTON COLUMNS, L.P.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

Revenue

Tenant Rent	\$ 191,074
Interest and Other Income	<u>1,807</u>
	<u>192,881</u>

Expenses

Maintenance and Operating	25,549
Utilities	16,986
Administrative	41,145
Real Estate Taxes	6,938
Insurance	12,315
Interest	38,647
Depreciation and Amortization	<u>135,820</u>
	<u>277,400</u>

NET INCOME (LOSS)	\$ <u>(84,519)</u>
-------------------	--------------------

The accompanying notes are an integral part of these financial statements.

WASHINGTON COLUMNS, L.P.
STATEMENT OF PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>PHC II, Inc.</u>	<u>Virginia Affordable Housing Management Corp.</u>	<u>Housing Equity Fund of Virginia VII, LLC</u>	<u>TOTAL</u>
Percentage of Ownership	0.009%	0.001%	99.990%	100.000%
Balance, Beginning	\$ (124)	\$ (13)	\$ 2,988,497	\$ 2,988,360
Income (Loss)	<u>(8)</u>	<u>(1)</u>	<u>(84,510)</u>	<u>(84,519)</u>
Balance: Ending	<u>\$ (132)</u>	<u>\$ (14)</u>	<u>\$ 2,903,987</u>	<u>\$ 2,903,841</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON COLUMNS, L.P.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows from Operating Activities

Rental Receipts	\$ 190,857
Interest Received	171
Other Income Received	1,636
	<u>192,664</u>
Administrative	21,718
Management Fees	9,547
Utilities	16,986
Salaries and Wages	9,880
Operating and Maintenance	30,938
Real Estate Taxes	6,938
Insurance	11,653
Tenant Deposits Held In Trust	(2,696)
Financial Fees	6,473
	<u>111,437</u>
Net Cash Provided by (Used In) Operating Activities	<u>81,227</u>

Cash Flows from Financing Activities

Payments of Long-Term Debt	<u>(28,936)</u>
Net Cash Provided by (Used In) Financing Activities	<u>(28,936)</u>

Cash Flows from Investing Activities

Purchase of Fixed Assets	(2,299)
(Increase)/Decrease in Deposits and Reserves	<u>(46)</u>
Net Cash Provided by (Used In) Investing Activities	<u>(2,345)</u>
Net Increase/(Decrease) in Cash	49,946
Cash - Beginning of Year	<u>10,357</u>
CASH - END OF YEAR	<u><u>\$ 60,303</u></u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON COLUMNS, L.P.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

Reconciliation of Operating Activities

Net Profit <Loss>	\$	(84,519)
-------------------	----	----------

Add <Deduct> Adjustment to Reconcile Net <Loss> Income
to Net Cash Provided by (Used In) Operating Activities

Depreciation and Amortization		135,820
(Increase)/Decrease in Accounts Receivable		(217)
(Increase)/Decrease in Tenant Deposits Held in Trust		2,941
(Increase)/Decrease in Prepaid Insurance		394
(Increase)/Decrease in Insurance Escrow		268
Increase/(Decrease) in Accounts Payable		(2,438)
Increase/(Decrease) in Tenant Security Deposits		(245)
Increase/(Decrease) in Other Accrued Liabilities		382
Increase/(Decrease) in Other Accrued Interest		(96)
Increase/(Decrease) in Due to Affiliates		(3,237)
Non-Cash Interest		32,174
Net Cash Provided by (Used In) Operating Activities	\$	81,227

Supplemental Disclosure of Cash Flow Information

Interest Paid	\$	6,473
---------------	----	-------

The accompanying notes are an integral part of these financial statements.

WASHINGTON COLUMNS, L.P.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1: Nature of Business and Significant Accounting Policies

Nature of Business - Washington Columns, L.P., is a Virginia limited partnership formed in 2000 to construct and operate two buildings in Petersburg, Virginia. As of December 31, 2013, the partnership has three partners -- PHC II, Inc., owns a .009% general partner interest, the Housing Equity Fund of Virginia VII, LLC, owns a 99.99% limited partner interest, and Virginia Affordable Housing Management Corporation owns a .001% limited partner interest. Profits, losses, tax credits, and cash disbursements are allocated among the partners based on their respective ownership interest.

A summary of the Partnership's significant accounting policies follows:

Cash and Cash Equivalents - For purposes of reporting the statement of cash flows, the Partnership includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents.

Real Estate Costs - Costs that clearly relate to the acquisition, development, and construction of the apartments are capitalized. Interest costs were capitalized while development and construction were in progress.

Depreciation - The buildings will be depreciated using the straight-line method over their estimated useful life of 40 years. Depreciation of equipment, furniture, and fixtures will be computed using the straight-line method over their estimated useful lives, generally 5 years.

Income Taxes - No provision or liability for income taxes has been recorded because the partners are taxed individually on their proportionate shares of the Partnership's income. Income for tax purposes will differ from book income due to timing differences in depreciation and amortization expenses. The Partnership has no material uncertain tax positions requiring disclosure. Fiscal years ending on or after December 31, 2010 remain subject to examination by federal and state tax authorities.

Deferred Charges - Permanent loan costs are deferred and will be amortized. Loan costs will be amortized over the respective terms of the loans.

Tenant Security Deposits - Washington Columns, L.P., collects security deposits from each tenant to provide for costs incurred or unpaid rent when a tenant vacates the apartment. The cash collected is kept separate from operating funds and interest is paid on the security deposits in accordance with the lease agreement.

WASHINGTON COLUMNS, L.P.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

Note 1: Nature of Business and Significant Accounting Policies (cont.)

Use of Estimates in the Preparation of Financial Statements - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Impairment of Assets - The partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property. There were no impairment losses recognized in 2013.

Accounts Receivable and Bad Debts - Tenant receivables are charged to an Allowance for Doubtful Accounts when they are determined to be uncollectible based on a periodic review of the accounts by management. U.S. generally accepted accounting principles require that the allowance method be used to recognize bad debts. Generally management's allowance for doubtful accounts is over 90 days.

Note 2: Fixed Assets

The apartment buildings are a 26-unit project located in Petersburg, Virginia. Under a written agreement with the Virginia Housing Development Authority and subject to IRS Code Section 42(h)(6), the buildings must be made available to low-income qualified tenants for a period of 30 years beginning December 1, 2002.

Changes in Fixed Assets:

	Balance 1/1/2013	Additions	Retirements	Balance 12/31/2013
Land	\$ 17,058	\$ -	\$ -	\$ 17,058
Buildings & Equipment	5,167,146	2,299	-	5,169,445
TOTAL	\$ 5,184,204	\$ 2,299	\$ -	\$ 5,186,503

WASHINGTON COLUMNS, L.P.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

Note 2: Fixed Assets (cont.)

Changes in Accumulated Depreciation:

	Balance 1/1/2013	Current Provision	Deductions	Balance 12/31/2013	Net Book Value
Land					\$ 17,058
Buildings & Equipment	\$ 1,398,525	\$ 132,547	\$ -	\$ 1,531,072	3,638,373
TOTAL	<u>\$ 1,398,525</u>	<u>\$ 132,547</u>	<u>\$ -</u>	<u>\$ 1,531,072</u>	<u>\$ 3,655,431</u>

Note 3: Subsequent Events

Date of Management Evaluation - Management has evaluated subsequent events through April 21, 2014, the date on which the financial statements were available to be issued.

Note 4: Mortgage Escrow Deposits

In accordance with provisions of the mortgage, funds are required to be held by the Virginia Housing Development Authority (VHDA) in escrow for future payment of real estate taxes and insurance. At December 31, 2013, the escrow account maintained by VHDA is as follows:

Balance as of December 31, 2012	\$ 4,660
Deposits	16,574
Payments	(15,259)
Rebates	<u>(1,583)</u>
BALANCE AS OF DECEMBER 31, 2013	<u><u>\$ 4,392</u></u>

Note 5: Operating Reserve

In accordance with provisions of the partnership agreement, the Partnership has funded an operating deficit reserve. The reserve will be used to fund any operating deficits and other cash requirements of the Partnership through the term of the Partnership. Withdrawals from the reserve shall require the prior approval of a majority of interest of the limited partners. The balance for the reserve account at December 31, 2013 is \$52,040.

WASHINGTON COLUMNS, L.P.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

Note 6: Reserve Funds - Reserve for Replacement

In accordance with provisions of the mortgage, restricted cash is held by VHDA to be used for replacement of property with the approval of VHDA. Activity for the reserve account is as follows:

Balance as of December 31, 2012	\$ 30,579
Deposits	-
Interest Earned 2013	<u>72</u>
 BALANCE AS OF DECEMBER 31, 2013	 <u><u>\$ 30,651</u></u>

Note 7: Notes Payable

Notes Payable consists of the following notes:

Virginia Housing Development Authority, secured by real estate deed of trust; interest and principal is due monthly. Interest rate of 4.00% due July 2018.

\$ 148,459

Totals shown on balance sheet as:

Amount due currently	\$ 30,115
Amount not due currently	<u>118,344</u>
	<u><u>\$ 148,459</u></u>

Principal payments for the next 5 years are as follows:

2014	\$ 30,115
2015	31,342
2016	32,619
2017	33,947
2018	20,436

WASHINGTON COLUMNS, L.P.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

Note 8: Related Party Transactions

The Petersburg Redevelopment and Housing Authority, an affiliate of Washington Columns, L.P., is to receive a development fee of \$341,286. The development fee accrues interest at a rate of 6.00% annually. The current balance of the development fee including accrued interest is \$568,404. This fee is for the acquisition and development of the Washington Columns Apartments. The Partnership paid the Petersburg Redevelopment and Housing Authority a management fee in 2013 of \$9,547. Housing Capital Corporation, an affiliate of the limited partner, was paid an accounting fee in 2013 of \$7,401. Washington Columns, L.P. has an interfund payable in the amount of \$883 and a management fee payable in the amount of \$814 due to the Authority as of December 31, 2013. The Partnership also has a note payable due to Petersburg Housing Corporation, an affiliate of the general partner, in the amount of \$195,468.

Note 9: Interest Cost

The total interest cost incurred during the year ended December 31, 2013 was \$38,647.

Note 10: Current Vulnerability Due to Certain Concentrations

The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a regulated environment. The operations of the Partnership are subject to administrative directives, rules and regulations of federal and state regulatory agencies. Such administrative directives, rules and regulations are subject to change.

Note 11: Commitments and Contingencies

The Partnership's low-income housing credits are contingent on its ability to maintain compliance with applicable sections of IRS code 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 12: Risk and Uncertainties

Financial instruments which potentially subject the Partnership to concentrations of credit risks consist principally of temporary cash investments and restricted deposits and funded reserves held by the mortgagee. The Partnership places its temporary cash investments with high-credit quality financial institutions and, by policy, limits the amount of temporary cash investments held at any one financial institution. Restricted deposits and funded reserves of \$35,043 are administered by the Mortgagee. During 2013, the Partnership had no deposits in excess of FDIC limits.

SUPPLEMENTAL INFORMATION

Appendix A, A-3**BALANCE SHEET**

WASHINGTON COLUMNS, L.P.
VHDA / DHCD NUMBER(S) 20-0011464
AS OF December 31, 2013

A S S E T S**CURRENT ASSETS**

Cash on Hand	\$	-	
Cash in Bank	\$	60,303.00	
Cash - Investments	\$	-	
Cash - Mortgagor Entity	\$	-	
Accounts Receivable - Tenant	\$	257.00	
Accounts Receivable - Net HAP	\$	-	
Accounts Receivable - Other	\$	65.00	
Prepaid Expenses	\$	-	
Property Insurance	\$	5,547.00	
Mortgage Insurance	\$	-	
Taxes	\$	-	
Miscellaneous (Attach detail in Other VHDA Information)	\$	-	\$ 66,172.00

DEPOSITS HELD IN TRUST - FUNDED

Tenant Security Deposits	\$	12,304.00	
Other Deposits	\$	-	\$ 12,304.00

RESTRICTED DEPOSITS & FUNDED RESERVES

Mortgage Escrow Deposits (Attach detail in Other VHDA Information)	\$	4,392.00	
Replacement Reserve	\$	30,651.00	
Miscellaneous Reserve	\$	-	
Operating/Residual Receipts Reserve	\$	52,040.00	
Development-Held Reserve	\$	-	\$ 87,083.00

FIXED ASSETS

Net Book Value			
Land	\$	17,058.00	
Land Improvements	\$	-	
Buildings	\$	3,638,373.00	
Equipment	\$	-	
Furniture and Fixtures	\$	-	
Other	\$	-	\$ 3,655,431.00

OTHER ASSETS

(Attach detail in Other VHDA Information)	\$	14,725.00	\$ 14,725.00
---	----	-----------	--------------

TOTAL ASSETS			\$ 3,835,715.00
---------------------	--	--	------------------------

See Notes to Financial Statements

Balance Sheet
Page 2

LIABILITY & OWNER EQUITY

LIABILITIES

CURRENT LIABILITIES

Accounts Payable - 30 Days	\$ 2,210.00	
Accounts Payable - Over 30 Days	\$ -	
Accrued Mortgage Interest Payable - VHDA	\$ 495.00	
Accrued Mortgage Interest Payable - Other		
Accrued Interest Payable - Other		
Accrued Expenses Not Escrowed	\$ 1,548.00	
Net HAP Payable	\$ -	
Notes Payable - Short Term	\$ -	
Rent Deferred Credits	\$ -	
VHDA Mortgage Payable	\$ 30,115.00	
Non-VHDA Mortgage Payable	\$ -	
Miscellaneous Current Liabilities (Attach detail in Other VHDA Information)	\$ 1,697.00	\$ 36,065.00

DEPOSIT & PREPAYMENT LIABILITIES

Tenant Security Deposits	\$ 13,593.00	
Other Deposits	\$ -	
Interest Deferred Credit	\$ -	\$ 13,593.00

LONG TERM LIABILITIES

VHDA Mortgage Payable	\$ 118,344.00	
Non-VHDA Mortgage Payable	\$ -	
Notes Payable (Attach detail in Other VHDA Information)	\$ -	\$ 118,344.00

OTHER LIABILITIES

(Attach detail in Other VHDA Information)	\$ 763,872.00	\$ 763,872.00
---	---------------	---------------

TOTAL LIABILITIES		\$ 931,874.00
--------------------------	--	----------------------

OWNER EQUITY

TOTAL OWNER EQUITY/PARTNERS CAPITAL (DEFICIT)	\$ 2,903,841.00
TOTAL LIABILITIES & OWNER EQUITY	\$ 3,835,715.00

See Notes to Financial Statements

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY
STATEMENT OF PROFIT AND LOSS**



Month/Period

Beginning:

January 1, 2013

Ending: December 31, 2013

Development Name/

VHDA/VHPRF

Washington Columns, L.P.

Number(s):

20-0011464

Part I	Description of Account	Acct. No.	Amount	
Rental Income 5100	Apartments or Member Carrying Charges (Coops)	5120	62,943	
	Tenant Assistance Payments	5121	133,545	
	Furniture and Equipment	5130		
	Stores and Commercial	5140		
	Garage and Parking Spaces	5170		
	Flexible Subsidy Income	5180		
	Miscellaneous Income (specify)	5190		
	Total Rental Income Potential at 100% Occupancy			\$196,488
Vacancies 5200	Apartments	5220	5,414	
	Furniture and Equipment	5230		
	Stores and Commercial	5240		
	Garage and Parking Spaces	5270		
	Concessions	5280		
	Miscellaneous (specify)	5290		
	Total Vacancies			\$5,414
	Net Rental Income - Rental Income Less Vacancies			\$191,074
	Elderly and Congregate Services Income ---5300			
	Total Service Income (Schedule Attached)	5300		\$0
Financial Income 5400	Interest Income--Development Operations	5410	171	
	Income from Investments--Residual Receipts	5430		
	Income from Investments--Reserve for Replacements	5440		
	Income from Investments--Miscellaneous	5490		
	Total Financial Income			\$171
Other Income 5900	Laundry and Vending	5910	1,054	
	NSF and Late Charges	5920		
	Damages and Cleaning Fees	5930	582	
	Forfeited Tenant Security Deposits	5940		
	Other Income (specify)	5990		
	Total Other Income			\$1,636
	Total Income			\$192,881
Administrative Expenses 6200/6300	Advertising	6210	20	
	Other Administrative Expenses	6250	3,578	
	Office Salaries	6310	9,880	
	Office Supplies	6311	629	
	Office or Model Apartment Rent	6312		
	Management Fee	6320	9,547	
	Manager's or Superintendent's Salaries	6330		
	Manager's or Superintendent's Rent Free Unit	6331		
	Legal Expenses (Development)	6340		
	Auditing Expenses (Development)	6350		
	Bookkeeping Fees/Accounting Services	6351	7,401	
	Telephone and Answering Service	6360	6,142	
	Bad Debts	6370		
	Miscellaneous Administrative Expenses (specify)	6390	3,948	
	Total Administrative Expenses			\$41,145
Utilities Expense 6400	Fuel Oil/Coal	6420		
	Electricity (Light and Miscellaneous Power)	6450	8,138	
	Water	6451	2,170	
	Gas	6452	3,102	
	Sewer	6453	3,576	
	Cable	6454		
	Total Utilities Expense			\$16,986

The accompanying notes are an integral part of these financial statements.

Operating and Maintenance Expenses 6500	Janitor and Cleaning Payroll	6510		
	Janitor and Cleaning Supplies	6515	370	
	Janitor and Cleaning Contract	6517		
	Exterminating Payroll/Contract	6519	2,451	
	Exterminating Supplies	6520		
	Garbage and Trash Removal	6525	3,808	
	Security Payroll/Contract	6530		
	Grounds Payroll	6535		
	Grounds Supplies	6536		
	Grounds Contract	6537	3,189	
	Repairs Payroll	6540	7,359	
	Repairs Materials	6541	2,631	
	Repairs Contract	6542	2,105	
	Elevator Maintenance/Contract	6545	3,380	
	Heating/Cooling Repairs and Maintenance	6546		
	Swimming Pool Maintenance/Contract	6547		
	Snow Removal	6548		
	Decorating Payroll/Contract	6560		
	Decorating Supplies	6561		
	Vehicle and Maintenance Equipment Operation and Repairs	6570	256	
	Miscellaneous Operating and Maintenance Expenses	6590		
Total Operating and Maintenance Expenses				\$25,549
Taxes and Insurance 6700	Real Estate Taxes	6710	6,938	
	Payroll Taxes (Development's Share)	6711		
	Miscellaneous Taxes, Licenses and Permits	6719		
	Property and Liability Insurance (Hazard)	6720	8,711	
	Fidelity Bond Insurance	6721		
	Workmen's Compensation	6722	410	
	Health Insurance and Other Employee Benefits	6723	3,194	
	Other Insurance (specify)	6729		
Total Taxes and Insurance				\$19,253
Financial Expenses 6800	Interest on Bonds Payable	6810		
	Interest on Mortgages Payable - VHDA	6820	6,473	
	Interest on Mortgages Payable - Other	6825		
	Interest on Notes Payable (Short -Term)	6830		
	Interest on Notes Payable (Long -Term)	6840	32,174	
	Mortgage Insurance Premium/Service Charges	6850		
	Miscellaneous Financial Expenses	6890		
Total Financial Expenses				\$38,647
Elderly & Congregate Services Expenses 6900	Total Services Expenses---Schedule Attached	6900		\$0
	Total Cost of Operations Before Depreciation			\$141,580
	Profit (Loss) Before Depreciation			\$51,301
	Depreciation (Total)—6600 (specify)	6600	135,820	\$135,820
	Operating Profit or (Loss)			(\$84,519)
Corporate or Mortgagor Entity Expenses 7100	Officer Salaries	7110		
	Legal Expenses (Entity)	7120		
	Taxes (Federal - State - Entity)	7130-32		
	Other Expenses (Entity) - Organizational Costs	7190		
	Total Corporate Expenses			\$0
Net Profit or (Loss)				(\$84,519)
Miscellaneous or Other Income and Expense Sub-account Groups. If Miscellaneous or Other Income and/or Expense Sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6729, 6890 and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the Miscellaneous Income or Expense.				
Part II				
1a. Total principal payments required under the VHDA mortgage(s), even if payments under a Workout Agreement are less or more than those required under the mortgage.				\$28,936
1b. Total principal payments required under the non-VHDA mortgage(s), even if payments under a Workout Agreement are less or more than those required under the mortgage.				\$0
2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived.				\$0
3. Replacement or Miscellaneous Reserve releases which are included as expense items on this Profit and Loss Statement.				\$0
4. Development Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement.				\$0

The accompanying notes are an integral part of these financial statements.

Supplement to
Virginia Housing Development Authority
Financial Statements

Month/Period

Beginning: January 1, 2013

Ending: December 31, 2013

Development Name/

VAHDA/DHCD

Number(s): WASHINGTON COLUMNS, L.P. / 20-0011464

Balance Sheet

Mortgage Escrow Deposits

Insurance Escrow	\$ 3,814.00
Real Estate Tax Escrow	<u>578.00</u>

Total Mortgage Escrow Deposits	<u><u>\$ 4,392.00</u></u>
--------------------------------	---------------------------

Other Assets

Loan Cost (Net Amortization)	<u>\$ 14,725.00</u>
------------------------------	---------------------

Total Other Assets	<u><u>\$ 14,725.00</u></u>
--------------------	----------------------------

Miscellaneous Current Liabilities

Due to Affiliates	<u>\$ 1,697.00</u>
-------------------	--------------------

Total Miscellaneous Current Liabilities	<u><u>\$ 1,697.00</u></u>
---	---------------------------

Other Liabilities

Note Payable - PHC	\$ 195,468.00
Deferred Developer Fee	341,286.00
Accrued Interest - Developer Fee	<u>227,118.00</u>

Total Other Liabilities	<u><u>\$ 763,872.00</u></u>
-------------------------	-----------------------------