

**Hollybrook II Apartments
St. Joseph's Villa
Housing Corp. II, Mortgagor**

Project No. 051-EH179-NPH-L8-WAH

**Financial Statements
with supplemental information
Year Ended June 30, 2009**

Hollybrook II Apartments

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Independent Auditors' Report

Board of Directors
St. Joseph's Villa Housing Corp. II,
Mortgagor for Hollybrook II Apartments
Richmond, Virginia

We have audited the accompanying statement of financial position of Hollybrook II Apartments, St. Joseph's Villa Housing Corp. II (the Corporation), Mortgagor, Project No. 051-EH179-NPH-L8-WAH, as of June 30, 2009, and the related statements of activities, deficiency in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides 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 Hollybrook II Apartments, St. Joseph's Villa Housing Corp. II as of June 30, 2009, and the related statements of activities, its deficiency in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Government Auditing Standards*, we have also issued our report dated September 21, 2009 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 21-24 is presented for purposes of additional analysis and are not a required part of the basic financial statements of the Corporation. The accompanying schedule of expenditures of federal awards and related notes is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

September 21, 2009

Assets

Current assets

Cash, operations	\$ 18,634
Tenant accounts receivable	1,900
Accounts receivable, operations	4,737
Prepaid expenses	3,532

Total current assets	28,803
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Deposits held in trust

Tenant deposits held in trust	4,939
Other deposits	2,468

Total deposits held in trust	7,407
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Restricted deposits

Escrow deposits	3,586
Replacement reserve	119,387
Other reserves	4,885
Residual receipts reserve	96,543

Total restricted deposits	224,401
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Property and equipment

Land	120,000
Land improvements, road	92,262
Buildings	1,126,665
Building equipment, portable	33,141

	1,372,068
Less accumulated depreciation	(847,474)

Property and equipment, net	524,594
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Total assets	\$ 785,205
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Hollybrook II Apartments
Project No. 051-EH179-NPH-L8-WAH

Statement of Financial Position
June 30, 2009

Liabilities and Deficiency in Net Assets

Current liabilities

Accounts payable, operations	\$ 9,056
Accrued interest payable	7,610
Current maturities of mortgage payable	17,275
Prepaid rent	141
Total current liabilities	34,082
Tenant deposits held in trust	4,441
Other deposits	2,468
Total deposit liabilities	6,909
Mortgage payable, less current maturities	1,073,106
Total liabilities	1,114,097
Net assets (deficit)	
Paid-in surplus	96,673
Accumulated deficit	(425,565)
Deficiency in net assets	(328,892)

Total liabilities and deficiency in net assets **\$ 785,205**

See accompanying summary of accounting policies and notes to financial statements.

Hollybrook II Apartments
Project No. 051-EH179-NPH-L8-WAH

Statement of Activities
Year Ended June 30, 2009

Revenues	
Rental	\$ 234,540
Interest	1,705
Other	23,400
<hr/>	
Total revenue	259,645
<hr/>	
Expenses	
Administrative	57,998
Utilities	9,904
Operating and maintenance	48,440
Taxes and insurance	22,679
Financial	91,939
Depreciation	43,822
<hr/>	
Total expenses	274,782
<hr/>	
Decrease in net assets	15,137
<hr/>	
Accumulated deficit, beginning of year	410,428
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Accumulated deficit, end of year	\$425,565

See accompanying summary of accounting policies and notes to financial statements.

Hollybrook II Apartments
Project No. 051-EH179-NPH-L8-WAH

Statement of Deficiency in Net Assets
Year Ended June 30, 2009

	Paid-In Surplus	Accumulated Deficit	Deficiency In Net Assets
Balance (deficit), beginning of year	\$96,673	\$(410,428)	\$(313,755)
Decrease in net assets	–	(15,137)	(15,137)
Balance (deficit), end of year	\$96,673	\$(425,565)	\$(328,892)

See accompanying summary of accounting policies and notes to financial statements.

Hollybrook II Apartments

Project No. 051-EH179-NPH-L8-WAH

Statement of Cash Flows

Year Ended June 30, 2009

Operating activities	
Rental receipts	\$236,341
Financial receipts	1,705
Other receipts	20,890
Administrative expenses	(14,332)
Management fees	(10,635)
Utilities	(9,904)
Salaries and wages	(59,077)
Operating and maintenance	(25,170)
Taxes and insurance	(23,345)
Interest on mortgage	(91,939)
Cash provided by operating activities	24,534
Investing activities	
Mortgage escrow deposits	126
Replacement reserve, net	(12,464)
Other reserves, net	(2,046)
Residual receipts, net	(4,437)
Deposits held in trust	309
Cash absorbed by investing activities	(18,512)
Financing activities	
Mortgage principal payments	(15,891)
Cash absorbed by financing activities	(15,891)
Net decrease in cash	(9,869)
Cash, beginning of year	28,503
Cash, end of year	\$ 18,634

continued...

Hollybrook II Apartments
Project No. 051-EH179-NPH-L8-WAH

Statement of Cash Flows
Year Ended June 30, 2009
(continued)

Operating activities

Reconciliation of increase in net assets to net cash provided by operating activities	
Increase in net assets	\$(15,137)
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	43,822
Increase or decrease in	
Tenant accounts receivable	1,801
Accounts receivable, operations	(2,242)
Prepaid expenses	(666)
Tenant security deposits	(268)
Accounts payable and accrued expenses	(2,776)
<hr/>	
Cash provided by operating activities	\$ 24,534

See accompanying summary of accounting policies and notes to financial statements.

Hollybrook II Apartments

Project No. 051-EH179-NPH-L8-WAH

Summary of Significant Accounting Policies

Nature of Business	Hollybrook II Apartments are owned by St. Joseph's Villa Housing Corp. II, Mortgagor (the Corporation), and provide low cost housing in Richmond, Virginia for people with disabilities under operating lease arrangements and was organized under Section 202 of the National Housing Act. Such projects are regulated by the United States Department of Housing and Urban Development (HUD) as to rental rates and operating methods. The Project also has Section 8 Housing Assistance Payments agreements with HUD and a significant portion of the Project's rental income is received from HUD under these agreements.
Basis of Presentation	The Corporation's financial statements were prepared on the accrual basis of accounting.
Estimates	The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.
Accounts receivable	Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An accounts receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on past due receivables.
Property and Equipment	Property and equipment is stated at cost. Depreciation is computed on the straight-line method over the following estimated useful lives:

	Years
Land improvements, road	15
Buildings	25
Building equipment, portable	10

Hollybrook II Apartments

Project No. 051-EH179-NPH-L8-WAH

Summary of Significant Accounting Policies

(continued)

Valuation for Long-Lived Assets	The Corporation accounts for the valuation of long-lived assets under Statement of Financial Accounting Standards (SFAS) No. 144, <i>Accounting for the Impairment or Disposal of Long-Lived Assets</i> . SFAS No.1 44 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.
Income Taxes	The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation had no sources of unrelated business income for the year ended June 30, 2009, and has elected to defer adoption of FASB Interpretation No. 48 (FIN 48) until after the current fiscal year. Management believes that there are no significant uncertain tax positions.
Revenue Recognition	The Corporation recognizes rental income and tenant assistance revenue when earned. Service Coordinator assistance payments are recognized when due from HUD. Other miscellaneous revenues are recognized when received or when due, as appropriate.
New Accounting Standards	In May 2009, the FASB issued SFAS No. 165, “Subsequent Events” (“SFAS 165”). SFAS 165 establishes standards under which an entity shall recognize and disclose events that occur after a balance sheet date but before the related financial statements are issued or are available to be issued. SFAS 165 is effective for fiscal years ending after June 15, 2009. Subsequent events have been evaluated by the Corporation through September 21, 2009.

Hollybrook II Apartments

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Notes to Financial Statements

- 1. Mortgage Payable** The 8.375% mortgage note payable to U.S. Department of Housing and Urban Development is due in monthly installments of \$8,995, including interest, to November 1, 2031. The note is collateralized by deed of trust on the Corporation's land and building having a depreciated cost of \$521,509.

Aggregate maturities during the next five years are summarized below:

<i>Year ended June 30,</i>	
2010	\$ 17,275
2011	18,778
2012	20,413
2013	22,190
2014	24,121
Thereafter	987,604
	<hr/>
	\$1,090,381

- 2. Reserves and Residual Receipts** Under provisions of the regulatory agreement and the mortgage loan agreement, the Corporation is required to fund a replacement reserve account and a painting reserve. The funds in these restricted deposit funds are to be used for the repair and replacement of property and equipment and to cover the expected painting needs of the facilities at some undetermined future date, as approved by HUD.

The replacements reserve consists of funds for future replacement needs. In accordance with provisions of the HUD Regulatory Agreement, the Corporation is required to deposit \$1,050 a month into this account. During the year, the Corporation withdrew \$2,018 from the replacement reserve.

The Corporation is also required to make monthly deposits into an escrow account for estimated future property insurance premiums.

Also, under provisions of the regulatory agreement, the Corporation is required to maintain a residual receipts account to which they must annually transfer surplus cash, as defined by HUD, within 60 days of year-end. Funds held in the residual receipts account require advance approval from HUD prior to being released for funding operating deficits or expenses not covered by rental receipts.

Hollybrook II Apartments

Project No. 051-EH179-NPH-L8-WAH

Notes to Financial Statements

(continued)

3. Related Party Transactions

The Corporation was formed by St. Joseph's Villa, a nonprofit organization which provides a variety of program services to the community. Transactions with St. Joseph's Villa are summarized below:

As of June 30, 2009	
Accounts payable	\$ 7,365
Contributed capital (paid-in surplus)	96,673
For the year ended June 30, 2009	
Management fee	10,635
Reimbursement of other expenses	
Office salaries	16,305
Manager salaries	17,192
Security payroll/contract	3,359
Maintenance payroll	25,580
Payroll taxes (FICA)	2,574
Workers' compensation	372
Health insurance and other employee benefits	7,181



**Schedule of Expenditures
Of Federal Awards**



Hollybrook II Apartments

Project No. 051-EH179-NPH-L8-WAH

Schedule of Expenditures of Federal Awards

<u>Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor/ Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
Federal awards			
U.S. Department of Housing and Urban Development			
Section 8 Rental Assistance Program	14.856	N/A	<u>\$182,858</u>

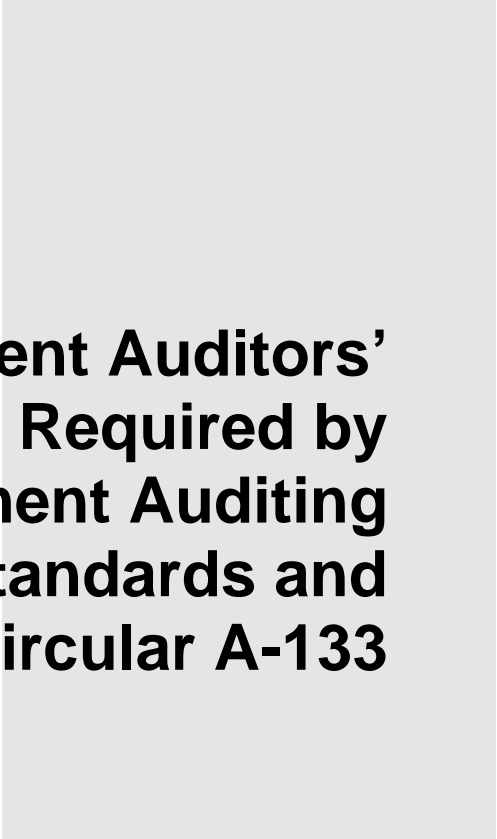
Hollybrook II Apartments

Project No. 051-EH179-NPH-L8-WAH


Notes to Schedule of Expenditures of Federal Awards

- 1. Basis of Presentation** The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hollybrook II Apartments and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.
- 2. Mortgage Loan Payable** St. Joseph's Villa Housing Corp. II had the following loan balance outstanding at June 30, 2009. This loan balance outstanding is included in the federal expenditures presented in the following schedule:

<u>Cluster/Program Title Outstanding</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Supportive Housing for the Elderly (Section 202)	14.135	<u>\$1,090,381</u>



**Independent Auditors'
Reports Required by
Government Auditing
Standards and
OMB Circular A-133**



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
St. Joseph's Villa Housing Corp. II,
Mortgagor for Hollybrook II Apartments
Richmond, Virginia

We have audited the financial statements of Hollybrook II Apartments, St. Joseph's Villa Housing Corp. II, Mortgagor (the Corporation) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Board of Directors, audit committee, management, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in black ink that reads "BDO Seidman, LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants

Richmond, Virginia
September 21, 2009

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Directors
St. Joseph's Villa Housing Corp. II,
Mortgagor for Hollybrook II Apartments
Richmond, Virginia

Compliance

We have audited the compliance of Hollybrook II Apartments, St. Joseph's Villa Housing Corp. II, Mortgagor, (the Corporation) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The Corporation's major federal program is identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Corporation's compliance with those requirements.

In our opinion, the Corporation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

continued...

Internal Control Over Compliance

The management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended for the information and use of the Board of Directors, audit committee, management, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

Richmond, Virginia
September 21, 2009

Hollybrook II Apartments

Project No. 051-EH179-LPH-L8-WAH

Schedule of Findings and Questioned Costs Year Ended June 30, 2009

Section I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiencies identified that are not considered to be material weakness(es)?	_____ Yes	___X___ None Reported
Noncompliance material to financial statements noted?	_____ Yes	___X___ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiencies identified not considered to be material weakness(es)?	_____ Yes	___X___ None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section .510(a)?	_____ Yes	___X___ No

Identification of major program:

CFDA Number

14.135

Name of Federal Program

U.S. Department of Housing and Urban
Development (HUD) Section 202 Mortgage

Hollybrook II Apartments

Project No. 051-EH179-LPH-L8-WAH

Schedule of Findings and Questioned Costs Year Ended June 30, 2009

Federal Awards (continued)

Dollar threshold used to distinguish between
type A and type B programs:
Auditee qualified as low-risk auditee?

\$ 300,000
X Yes No

Section II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Reportable Conditions in Internal Control

None reported

B. Compliance Findings

None reported

Section III. Federal Awards Findings and Questioned Costs

None reported

Section IV. Status of Prior Year Findings of Non Compliance

There were no findings for Federal Awards as defined in Section .510(a) of Circular A-133 in the prior year.



**Supplemental Information
Required by HUD**



Hollybrook II Apartments

Project No. 051-EH179-NPH-L8-WAH

Supplemental Information Required by HUD

Schedule of Reserves

	<u>Residual Receipts</u>	<u>Replacement Reserves</u>	<u>Painting Reserves</u>
Balance at June 30, 2008	\$92,104	\$106,922	\$2,839
Total deposits	9,458	13,650	2,040
Interest income	730	833	6
Withdrawals	(5,749)	(2,018)	-
Balance at June 30, 2009	\$96,543	\$119,387	\$4,885

Computation of Surplus Cash-Annual

Cash and deposits held in trust	\$26,041
Current obligations	
Accrued mortgage interest payable	7,610
Delinquent mortgage principal payments	-
Accounts payable due within 30 days	9,056
Loans and notes payable due within 30 days	-
Deficient tax, insurance, or MIP escrow deposits	-
Accrued expenses	-
Prepaid rent	141
Tenant security deposits and other obligations	6,909
Total current obligations	23,716
Surplus cash	\$ 2,325
Required deposit to residual receipts	\$ 2,325

Hollybrook II Apartments

Project No. 051-EH179-NPH-L8-WAH

Supplemental Information Required by HUD (continued)

Assets

	Balance 6/30/08	Additions	Disposals	Balance 6/30/09
Land	\$ 120,000	\$ -	\$ -	\$ 120,000
Land improvements, road	92,262	-	-	92,262
Buildings	1,126,665	-	-	1,126,665
Building equipment, portable	33,141	-	-	33,141
	\$1,372,068	\$ -	\$ -	\$1,372,068

Accumulated Depreciation

	Balance 6/30/08	Current Provision	Disposals	Balance 6/30/09	Net Book Value 6/30/09
Land	\$ -	\$ -	\$ -	\$ -	\$120,000
Land improvements, road	74,123	2,412	-	76,535	15,727
Buildings	699,913	40,970	-	740,883	385,782
Building equipment, portable	29,616	440	-	30,056	3,085
	\$803,652	\$43,822	\$ -	\$847,474	\$524,594

Statement of
Profit and Loss

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner
OMB Approval No. 2502-0052(exp. 1/31/95)

Public Reporting Burden for this collection of information is estimated to average 1.0 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Report Management Officer, Office of Information Policies and System, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600, and to the Office of Management and Budget Paperwork Reduction Project (2502-0052), Washington, D.C. 20503. Do not send this completed form to either of these addresses.

For Month/Period		Project Number:	Project Name:	
Beginning:	Ending:	(051-EH179-NPH-L8-WAH)	Hollybrook II Apartments	
7/1/2008	6/30/2009			
Part I	Description of Account	Account No.	Amount *	
Rental Income 5100	Rent Revenue - Gross Potential	5120	\$	53,782
	Tenant Assistance Payments	5121	\$	182,858
	Furniture and Equipment	5130	\$	
	Stores and Commercial	5140	\$	
	Garage and Parking Spaces	5170	\$	
	Flexible Subsidy Income	5180	\$	
	Miscellaneous (retained excess)	5190	\$	
	Total Rent Revenue Potential at 100% Occupancy			
Vacancies 5200	Apartments & Subsidy Adjustments	5220	\$	(2,100)
	Rent Concessions	5210	\$	
	Stores and Commercial	5240	\$	
	Garage and Parking Spaces	5270	\$	
	Miscellaneous (Specify)	5290	\$	
	Total Vacancies			
Net Rental Revenue Rent Revenue Less Vacancies				\$ 234,540
Financial Revenue 5400	Interest Income - Project Operations	5410	\$	131
	Income from Investments - Residual Receipts	5430	\$	730
	Income from Investments - Reserve for Replacement	5440	\$	832
	Rev from Invstmt-Painting Reserve	5450	\$	6
	Income from Investments - Miscellaneous	5490	\$	6
	Rev from Invstmt-Securities Deposit	5491	\$	
	Total Financial Revenue			
Other Revenue 5900	Laundry and Vending	5910	\$	1,623
	NSF and Late Charges	5920	\$	
	Damages and Cleaning Fees	5930	\$	
	Forfeited Tenant Security Deposits	5940	\$	
	IRP Revenue (net)	5945	\$	
	Other Revenue	5990	\$	42
	Service Coord. Reimbursement	5991	\$	21,735
	Total Other Revenue			
Total Revenue				\$ 259,645
Administrative Expenses 6200/6300	Conventions and Meetings	6203	\$	
	Advertising	6210	\$	
	Office Salaries	6310	\$	16,305
	Office Expenses	6311	\$	95
	Office or Model Apartment Rent	6312	\$	
	Management Fee	6320	\$	10,635
	Manager or Superintendent Salaries	6330	\$	17,192
	Manager or Superintendent Rent Free Unit	6331	\$	
	Legal Expenses (Project)	6340	\$	
	Auditing Expenses (Project)	6350	\$	11,350
	Bookkeeping Fees/Accounting Services	6351	\$	
	Telephone and Answering Services	6360	\$	
	Bad Debts	6370	\$	1,061
	Miscellaneous Administrative Expenses (Specify)	6390	\$	1,111
Application Fee/Credit Report	6391	\$	249	
Total Administrative Expenses				\$ 57,998
Utilities Expense 6400	Fuel Oil/Coal	6420	\$	
	Electricity	6450	\$	2,246
	Water	6451	\$	6,977
	Gas	6452	\$	681
	Sewer	6453	\$	
	Total Utilities Expense			

* All amounts must be rounded to the nearest dollar, \$.50 and over, round up- \$.49 and below round down

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Operating and Maintenance Expenses 6500	Payroll	6510	\$ 25,580	
	Supplies	6515	\$ 5,923	
	Janitor and Cleaning Contract	6517	\$	
	Exterminating Payroll/Contract	6519	\$	
	Contracts	6520	\$ 13,578	
	Garbage and Trash Removal	6525	\$	
	Security Payroll/Contract	6530	\$ 3,359	
	Grounds Payroll	6535	\$	
	Grounds Supplies	6536	\$	
	Grounds Contract	6537	\$	
	Repairs Payroll	6540	\$	
	Repairs Material	6541	\$	
	Repairs Contract	6542	\$	
	Elevator Maintenance/Contract	6545	\$	
	Heating/Cooling Repairs and Maintenance	6546	\$	
	Swimming Pool Maintenance/Contract	6547	\$	
	Snow Removal	6548	\$	
	Decorating Payroll/Contract	6560	\$	
	Decorating Supplies	6561	\$	
	Vehicle Expenses	6570	\$	
Miscellaneous Operating and Maintenance Expenses	6590	\$		
Total Operating and Maintenance Expenses				\$ 48,440
Taxes and Insurance 6700	Real Estate Taxes	6710	\$	
	Payroll Taxes (FICA)	6711	\$ 2,574	
	Miscellaneous Taxes, Licenses and Permits	6719	\$ 25	
	Property and Liability Insurance (Hazard)	6720	\$ 11,582	
	Fidelity Bond Insurance	6721	\$	
	Workmen's Compensation	6722	\$ 372	
	Health Insurance & Other Employee Benefits	6723	\$ 7,181	
	Other Insurance (Specify)	6729	\$ 947	
Total Taxes and Insurance				\$ 22,681
Financial Expenses 6800	Interest on Bonds Payable	6810	\$	
	Interest on Mortgage Payable	6820	\$ 91,937	
	Interest on Notes Payable (Long-Term)	6830	\$	
	Interest on Notes Payable (Short-Term)	6840	\$	
	Mortgage Insurance Premium/Service Charge	6850	\$	
	Miscellaneous Financial Expenses	6890	\$	
Total Financial Expenses				\$ 91,937
Elderly & Congregate Service Expenses 6900	Total Service Expenses-Schedule Attached	6900	\$	\$
	Total Cost of Operations Before Depreciation		\$	\$ 230,960
	Profit (Loss) Before Depreciation		\$	\$ 28,685
	Depreciation (Total)-6600 & Amortization	6600	\$	\$ 43,822
	Operating Profit or (Loss)			\$ (15,137)
Corporate or Mortgagor Entity Expenses 7100	Officer Salaries	7110	\$	
	Legal Expenses (Entity)	7120	\$	
	Taxes (Federal-State-Entity)	7130-32	\$	
	Other Expenses (Entity) - Supervisory	7190	\$	
	Total Corporate Expenses			\$
Net Profit or (Loss)				\$ (15,137)

[Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802) Miscellaneous or other Income and Expenses 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

1. Total principal payments required under the mortgage, even if payments under a Workout Agreement and less or more than those required under the mortgage.	\$ 15,891
2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, ever if payments may be temporarily suspended or waived.	\$ 13,650
3. Replacement or Painting Reserve releases which are included as expense items on the Profit and Loss statement.	\$ 2,018
4. Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss statement.	\$ N/A

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HOLLYBROOK II APARTMENTS
Project No. 051-EH179-NPH-L8-WAH

Mortgagor's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary information of Hollybrook II Apartments and, to the best of our knowledge and belief, the same are complete and accurate.

By: Jan McNee

Date

Employer Identification Number 54-1539922

HOLLYBROOK II APARTMENTS
Project No. 051-EH179-NPH-L8-WAH

Management Agent's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary information of Hollybrook II Apartments and, to the best of our knowledge and belief, the same are complete and accurate.

By: St. Joseph's Villa
Jan McNee

Date

Employer Identification Number 54-0505950

Hollybrook II Apartments

Project No. 051-EH179-NPH-L8-WAH

Auditor Information

BDO Seidman, LLP
300 Arboretum Place, Suite 520
Richmond, Virginia 23236
(804) 330-3092

Lead auditor: Tom D'Amato, Partner

License no. 0301-016465

Federal employer ID no. 135381590