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FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

LONGFELLOW ARMS NWDC, LIMITED PARTNERSHIP

DECEMBER 31, 2011

Longfellow Arms NWDC, Limited Partnership

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Longfellow Arms NWDC, Limited Partnership

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Longfellow Arms NWDC, Limited Partnership

December 31, 2011

MORTGAGOR'S CERTIFICATION

I hereby certify that I have examined the accompanying financial statements and supplemental data of Longfellow Arms NWDC, Limited Partnership and, to the best of my knowledge and belief, the same are complete and accurate.

GENERAL PARTNERS

2/21/12

ODC Harrison, LLC Date
General Partner
L. Earl Armiger, President

Telephone Number: (410) 964-2334

Longfellow Arms NWDC, Limited Partnership

December 31, 2011

MANAGING AGENT'S CERTIFICATION

I hereby certify that I have examined the accompanying financial statements and supplemental data of Longfellow Arms NWDC, Limited Partnership and, to the best of my knowledge and belief, the same are complete and accurate.

MANAGING AGENT

Armiger Management Corporation

Brian Swift, President

Thaniya Kuhn
Property Manager

Managing Agent Taxpayer
Identification Number:
52-1397146

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INDEPENDENT AUDITORS' REPORT

To the Partners
Longfellow Arms NWDC, Limited Partnership

We have audited the accompanying balance sheet of Longfellow Arms NWDC, Limited Partnership as of December 31, 2011, and the related statements of operations, partners' equity (deficit) and cash flows for the year 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 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 Longfellow Arms NWDC, Limited Partnership as of December 31, 2011, and the results of its operations, the changes in partners' equity (deficit) and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 16, 2012, on our consideration of Longfellow Arms NWDC, Limited Partnership's internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on the internal control over financial reporting. In accordance with Government Auditing Standards, we have also issued an opinion dated February 16, 2012, on Longfellow Arms NWDC, Limited Partnership's compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters that could have a direct and material effect on DHCD-assisted programs. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 24 through 28, which is the responsibility of management, is presented for purposes of additional analysis as required by the Audit Guide issued by the District of Columbia Department of Housing and Community Development and is not a required part of the financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That 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.

Reznick Group, P.C.

Baltimore, Maryland
February 16, 2012

Longfellow Arms NWDC, Limited Partnership

BALANCE SHEET

December 31, 2011

ASSETS

CURRENT ASSETS	
Cash	$ 1,760
Tenant accounts receivable	14,402
Prepaid expenses	4,702
Due from affiliates	1,497
Total current assets	22,361
RESTRICTED DEPOSITS AND FUNDED RESERVES	
Tenant security deposits	7,878
Replacement reserve	16,514
Real estate tax and insurance escrow	19,599
Operating reserve	150,029
Other reserves	126,147
Total restricted deposits and funded reserves	320,167
RENTAL PROPERTY	
Building and improvements	7,287,144
Furniture and equipment	176,737
	7,463,881
Accumulated depreciation	(589,420)
	6,874,461
Land	368,430
Total rental property	7,242,891
OTHER ASSETS	
Deferred loan costs, net	358,777
Total other assets	358,777
Total assets	$ 7,944,196

(continued)

Longfellow Arms NWDC, Limited Partnership

BALANCE SHEET - CONTINUED

December 31, 2011

LIABILITIES AND PARTNERS' EQUITY

CURRENT LIABILITIES	
Accounts payable	$ 20,054
Accrued interest - first mortgage	9,358
Mortgage payable - current maturities	15,000
Total current liabilities	44,412
DEPOSITS AND PREPAID LIABILITY	
Tenant security deposits	7,250
Total deposits and prepaid liability	7,250
LONG-TERM LIABILITIES	
Mortgage payable - net of current maturities	1,950,000
Notes payable - surplus cash	3,854,000
Accrued interest payable - notes payable	93,138
Partnership management fee payable	40,114
Deferred developer fee payable, including accrued interest of $104,648	550,506
Total long-term liabilities	6,487,758
COMMITMENTS	-
Partners' equity	1,404,776
Total liabilities and partners' equity	$ 7,944,196

See notes to financial statements

Longfellow Arms NWDC, Limited Partnership

STATEMENT OF OPERATIONS

Year ended December 31, 2011

Revenue	
Rental income	$ 347,326
Vacancies and concessions	(6,650)
Other operating income	18,966
Total revenue	359,642
Operating expenses	
Salaries and employee benefits	50,073
Repairs and maintenance	30,690
Utilities	20,927
Property management fee	22,651
Real estate taxes	16,194
Property insurance	14,139
Miscellaneous operating expenses	40,216
Total operating expenses	194,890
Net operating income (loss)	164,752
Other income (expense)	
Interest income	341
Interest expense - first mortgage	(111,848)
Interest expense - notes payable	(38,540)
Other financial income (expense)	(11,532)
Interest expense - developer fee	(40,020)
Asset management fee	(8,384)
Partnership management fee	(15,914)
Depreciation	(217,796)
Amortization	(3,691)
Total expenses	(447,384)
Net loss	$ (282,632)

See notes to financial statements

Longfellow Arms NWDC, Limited Partnership

STATEMENT OF PARTNERS' EQUITY (DEFICIT)

Year ended December 31, 2011

	General Partner	Special Limited Partner	Limited Partner	Total Partners' Equity (Deficit)
Balance, January 1, 2011	$ (50)	$ (6)	$ 1,687,464	$ 1,687,408
Net loss	(25)	(3)	(282,604)	(282,632)
Balance, December 31, 2011	$ (75)	$ (9)	$ 1,404,860	$ 1,404,776
Partners' percentage of partnership losses	0.009%	0.001%	99.990%	100.000%

See notes to financial statements

Longfellow Arms NWDC, Limited Partnership

STATEMENT OF CASH FLOWS

Year ended December 31, 2011

Cash flows from operating activities		
Net loss	$	(282,632)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation		217,796
Amortization		3,691
Changes in:		
Tenant accounts receivable		(3,581)
Prepaid expenses		369
Accounts payable		(270)
Accrued interest payable - first mortgage		(965)
Accrued interest payable - developer fees		1,520
Accrued interest payable - notes payable		38,540
Tenant security deposits		271
Partnership management fee payable		15,914
Net cash used in operating activities		(9,347)
Cash flows from investing activities		
Change in real estate tax and insurance escrows		(7,108)
Change in reserve for replacements		(9,014)
Change in operating deficit reserves		(34)
Change in other reserves		(8,491)
Net cash used in investing activities		(24,647)
Cash flows from financing activities		
Principal payments on mortgage payable		(20,000)
Net cash used in financing activities		(20,000)
Net decrease in cash		(53,994)
Cash, beginning		55,754
Cash, end	$	1,760
Supplemental disclosure of cash flow information		
Cash paid for interest	$	112,813

See notes to financial statements

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Longfellow Arms NWDC, Limited Partnership (the Partnership) was formed as a limited partnership under the laws of the State of Maryland, on May 17, 2007, for the purpose of developing, constructing, owning and operating and maintaining a multifamily apartment complex for rentals to individuals and families of low-income. Construction of the project was substantially complete on April 17, 2009, at which point lease-up began. The project consists of 30 units located in Washington, District of Columbia. The project is currently operating under the name of Longfellow Arms Apartments.

The major activities of the Partnership are governed by the limited partnership agreement and Internal Revenue Code Section 42. Each building of the project has qualified for and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each building of the project must meet the provisions of these regulations during each of 15 consecutive years in order to continue to qualify to receive the tax credits. Failure to comply with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken low-income housing tax credits plus interest. Such potential noncompliance may require an adjustment to the contributed capital by the limited partners. In addition, the Partnership has executed an extended use regulatory agreement and declaration of restrictive covenants which requires the utilization of the project pursuant to Section 42 for a minimum of 15 years after the original 15 year compliance period, even if the Partnership disposes of the project.

As a condition to the issuance of the Bonds, the Partnership entered into a regulatory agreement and declaration of restrictive covenants, whereby the Partnership agreed to lease 40 percent of the project's units to families with income that is not greater than 60 percent of the area's median income, as defined in the agreement. Cash distributions are limited by agreements between the Partnership, the District of Columbia Housing Finance Agency (DCHFA) and the District of Columbia Department of Housing and Community Development (DHCD)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Rental Property

Rental property is carried at cost. In addition to development costs, costs include interest, and direct overhead costs related to development and construction and are capitalized as part of construction-in-progress during the period beginning with the commencement of development and ending with the completion of construction. Depreciation is recorded using the following methods and estimated useful lives:

	Method	Estimated useful lives
Buildings	Straight-line	40 years
Land improvements	Straight-line	15 years
Personal property	Straight-line	5 years

Impairment of Long-Lived Assets

The Partnership reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended December 31, 2011.

Deferred Loan Costs and Amortization

Deferred loan costs in the original amount of $374,499 are being amortized over the term of the loan using the effective yield method. Accumulated amortization as of December 31, 2011 was $15,722. Estimated amortization expense for each of the ensuing years through December 31, 2016 and thereafter are as follows:

2012	$	9,204
2013		9,537
2014		9,875
2015		10,217
2016		10,562
Thereafter		309,382
Total	$	358,777

Rental Income

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.

Accounts Receivable and Bad Debts

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Income Taxes

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on

its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure.

Use of 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 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.

NOTE 3 - RELATED PARTY TRANSACTIONS

Management Fee and Computer Charges

The property is managed by Armiger Management Company (the Agent), an affiliate of the general partner, pursuant to a management agreement. Management fees are equal to 6% of gross rental income as defined in the management agreement. In addition, the Agent shall receive $3 per unit monthly computer reimbursement. For the year ended December 31, 2011, management fees, including computer fees, charged to operations amounted to $22,651, none of which remains payable.

Incentive Management Fee

The Partnership is to pay the general partner a noncumulative, annual incentive management fee equal to 80 percent of net cash flows, as defined in the partnership agreement, for services in connection with administration of Partnership affairs. No incentive management fee was incurred for the year ended December 31, 2011.

Developer Fee Agreement

The Partnership has entered into a development agreement with Orchard Development Corporation, an affiliate of the general partner. The agreement provides for development fee

and overhead in the amount of $989,074, for services in connection with the development of the project and the supervision of construction. Development fees are recognized as being earned as follows: 25% upon initial closing for preconstruction development services, 25% upon commencement of rehabilitation of the project, 40% upon substantial completion of the project, and 10% upon the placement in service of 100% of the project units. Any balance unpaid at substantial completion shall accrue interest at a rate of 8% annually. Substantial completion occurred on April 17, 2009. Deferred developer fee shall be paid from available net cash flows only, and any payment shall be applied first to accrued interest then to the principal amount outstanding. During the year ended December 31, 2011, $40,020 of interest expense was incurred. As of December 31, 2011, $989,074 has been incurred and capitalized into the rental property and developer fee and accrued interest payable are $445,858 and $104,648, respectively.

Asset Management Fee

The Partnership is required to pay the limited partner a cumulative annual asset management fee equal to the greater amount of $8,000 or 1% of gross operating revenues. The fee increases each year by an inflation factor of 3%. For the year ended December 31, 2011, $8,384 was charged to operations and paid.

Partnership Management Fee

The Partnership is required to pay the general partner a partnership management fee in the initial amount of $15,000, if available, and increases annually by 3%. The fee is payable out of cash flows, as defined in the partnership agreement. For the year ended December 31, 2011, $15,914 was incurred and as of December 31, 2011, $40,114 remains payable.

Construction Completion Guaranty

The general partner has guaranteed completion of the construction. This guarantee obligates the general partner to pay any excess development costs. Any excess development costs funded under the guarantee shall not be repaid by the Partnership and they shall not be considered capital contributions of the general partner to the Partnership. No excess development costs were funded in connection with the construction of the project.

Operating Deficit

The general partner has guaranteed to lend to the Partnership amounts required to fund operating deficits incurred by the Partnership up to $304,000 during the operating deficit guaranty period, which, as defined in the partnership agreement as the third anniversary of the project breakeven date. Funding by the general partner in not required until all funds from the operating deficit reserve account have been exhausted (see note 4). As of December 31, 2011, there was no funding under this guaranty.

NOTE 4 - ESCROW DEPOSITS AND RESTRICTED RESERVES

Operating Reserve

The general partner is required to establish and maintain an operating reserve beginning no later than the second capital contribution in the amount of $150,000. In no event shall the general partner withdraw funds from the operating reserve for operating deficits if the balance of such reserve is less than $150,000. The balance of the operating reserve was $150,029 at December 31, 2011.

Replacement Reserve

Beginning with the permanent loan period, the Partnership is required to make monthly deposits until the 5th anniversary of the first deposit to a reserve for replacements account for use in funding maintenance and replacement costs. Monthly payments are required based on annual amounts of $300 per unit. As of December 31, 2011, the balance in the replacement reserve account was $16,514.

Other Reserves

Other reserves are comprised of the following bond funds held by the Trustee, as of December 31, 2011:

Bond escrows	$	25,964
Debt service reserve fund		55,000
Replacement reserve fund		45,183
	$	126,147

The bond escrow accounts and other reserves funds, established with proceeds of the bonds and limited partner contributions, are being maintained by Regions Bank, the Trustee, in accordance with related mortgage documents and the partnership agreement.

NOTE 5 - MORTGAGE AND NOTES PAYABLE

Bonds Payable

The Partnership entered into a loan agreement with the District of Columbia Housing Finance Agency (the Issuer) in the original amount of $4,300,000. This loan was funded from the issuance of tax-exempt Multi-Unit Housing Revenue Bonds which bears interest at 5.7% per annum. This loan became permanent on the Conversion Date, the date the loan converts from the construction phase to the permanent phase and a principal payment of $2,300,000 was made. The loan is secured by a deed of trust, assignment of rents, security agreement, and matures on August 1, 2040. Beginning August 1, 2008, monthly interest only payments were due in the amount of $20,425. Beginning August 1, 2009, interest payments are due in monthly installments of $9,500. Commencing December 1, 2009 principal is payable in installments of $5,000. In addition, the Partnership is required to make monthly deposits to the reserve for replacement of project assets. Outstanding principal and accrued interest as of December 31, 2011 were $1,965,000 and $9,358, respectively.

Aggregate annual maturities of the loan payable over the next five years and thereafter will be as follows:

2012	$ 15,000
2013	20,000
2014	25,000
2015	20,000
2016	25,000
Thereafter	1,860,000
Total	$ 1,965,000

Notes Payable

The Partnership has obtained a loan from the District of Columbia Department of Housing and Community Development (DHCD) in the original amount of $2,500,000. The loan bears interest at 1% per annum on the outstanding principal balance and matures April 17, 2049. Beginning August 1, 2009 annual interest payments equaling 80% of available cash flow are due. Principal payments are deferred until August 1, 2024 when annual payments of principal and interest equaling 80% of the available cash flow are due. The loan is secured by a second deed of trust on the rental property.

The Partnership has also obtained a loan from DHCD in the original amount of $1,354,000. The loan bears interest at 1% per annum on the outstanding principal balance and matures April 17, 2049. Repayment on the principal is deferred until maturity. Beginning August 1, 2009 annual interest payments equaling 80% of the available cash flow are due. The loan is secured by a third deed of trust on the rental property.

During the year ended December 31, 2011, $38,540 of interest was incurred. As of December 31, 2011, outstanding principal and accrued interest are $3,854,000, and $93,138, respectively.

NOTE 6 - DISTRIBUTIONS

Cash flow, as defined in the partnership agreement, subject to certain restrictions outlined in the partnership agreement, is to be distributed as follows:

1. first, to the limited partner until the aggregate amount of distributions made to the limited partner for the current and all prior year equals the assumed limited partner tax liability for the current and all prior years;

2. second, to the limited partner in an amount equal to any unpaid tax credit shortfall, limited partner advances or unpaid asset management fees;

3. third, to the general partner until the aggregate amount of distributions made to the general partner for the current and all prior years equals the assumed general partner tax liability for the current and all prior years;

4. fourth, to the general partner in an amount equal to the current partnership management fees;

5. fifth, until all amounts due under the development agreement have been paid in full one hundred percent to the payment of such amounts;

6. sixth, beginning in the thirteenth month following the closing of the DHCD loans, and only to the extent then due and payable, eighty percent pari passu to the repayment of interest only on the DHCD loans, and then, beginning in the seventeenth year following the closing of the DHCD loans, and only to the extent then due and payable, eighty percent pari passu to the repayment of principal and interest on the DHCD loan (acquisition) and interest only on the DHCD loan (construction);

7. seventh, following the full payment of amounts due under the development agreement, to the pro rata payment of any outstanding operating deficit loans and general partner loans, based upon the respective outstanding balances of each;

8. eighth, eighty percent to the payment of incentive management fee;

9. and thereafter, forty-nine and ninety-nine one-hundredths percent to the limited partner; fifty percent to the general partner; and one one-hundredth percent to the special limited partner.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Partnership maintains its cash and operating reserve balances in several accounts in several banks. The Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2011.

NOTE 8 - SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through February 16, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL INFORMATION

Longfellow Arms NWDC, Limited Partnership

SUPPLEMENTAL INFORMATION

December 31, 2011

ACCOUNTS AND NOTES RECEIVABLE (OTHER THAN FROM TENANTS)

Name of borrower	Original date	Terms	Original amount	Balance due
Christopher Harrison	12/21/2009	On demand	$ 3,368	$ 1,497
Total				$ 1,497

DELINQUENT TENANT ACCOUNTS RECEIVABLE

Days delinquent	Amount past due current tenants	Amount past due former tenants
30 days	$ 5,575	$ 918
31 - 60 days	7,909	-
Total	$ 13,484	$ 918

TENANT SECURITY DEPOSITS (RESTRICTED)

The tenant security deposits are maintained in separate interest bearing accounts with interest earned on these deposits credited to a liability account to be refunded or applied for the benefit of tenants.

RESERVE FOR REPLACEMENTS - OTHER

Balance at December 31, 2010	$ 7,500
Monthly deposits ($750 x 12)	9,000
Interest earned	14
Total	$ 16,514

Longfellow Arms NWDC, Limited Partnership

SUPPLEMENTAL INFORMATION - CONTINUED

December 31, 2011

OPERATING RESERVE

Balance at December 31, 2010	$	149,995
Monthly deposits		-
Interest earned		34
Balance at December 31, 2011	$	150,029

BOND RESERVE

Balance at December 31, 2010	$	17,483
Monthly deposits		175,023
Interest earned		283
Withdrawals		(166,825)
Balance at December 31, 2011	$	25,964

DEBT SERVICE RESERVE

Balance at December 31, 2010	$	55,000
Monthly deposits		-
Interest earned		-
Balance at December 31, 2011	$	55,000

RESERVE FOR REPLACEMENTS - TRUSTEE ACCOUNT

Balance at December 31, 2010	$	45,173
Monthly deposits		-
Interest earned		10
Balance at December 31, 2011	$	45,183

Longfellow Arms NWDC, Limited Partnership

SUPPLEMENTAL INFORMATION - CONTINUED

December 31, 2011

ACCOUNTS PAYABLE (TRADE CREDITORS)

Payable within 30 days*	$	20,054
Balance	$	20,054

*Of this amount, $0 is past due.

SCHEDULE OF FUNDS IN FINANCIAL INSTITUTIONS

Financial institution		Amount
The Columbia Bank	$	1,760
The Columbia Bank		7,878
Total	$	9,638

LOANS AND NOTES PAYABLE (OTHER THAN MORTGAGES PAYABLE)

Creditor	Purpose	Date incurred	Terms		Original amount		Balance due
DHCD	Acquisition and rehabilitation	July 31, 2008	Payable from surplus cash; 1% per annum	$	2,500,000	$	2,500,000
DHCD	Acquisition and rehabilitation	July 31, 2008	Payable from surplus cash; 1% per annum	$	1,354,000		1,354,000
						$	3,854,000

Longfellow Arms NWDC, Limited Partnership

SUPPLEMENTAL INFORMATION - CONTINUED

CHANGES IN FIXED ASSET ACCOUNTS

Year ended December 31, 2011

	Assets			Accumulated depreciation			
	Balance 12/31/2010	Additions	Balance 12/31/2011	Balance 12/31/2010	Current provision	Balance 12/31/2011	Net book value
Land	$ 368,430	$ -	$ 368,430	$ -	$ -	$ -	$ 368,430
Buildings and improvements	7,287,144	-	7,287,144	311,238	182,449	493,687	6,793,457
Furniture and fixtures	176,737	-	176,737	60,386	35,347	95,733	81,004
	$ 7,832,311	$ -	$ 7,832,311	$ 371,624	$ 217,796	$ 589,420	$ 7,242,891

Longfellow Arms NWDC, Limited Partnership

SUPPLEMENTAL INFORMATION - CONTINUED

COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS
AND RESIDUAL RECEIPTS

December 31, 2011

Cash				
Operating account - cash in bank	$	1,760		
Operating account - investments		-		
Operating account - cash on hand		-		
Security deposit account		7,878		
Net HAP receivable		-		
Other (schedule)		-		
Total cash			$	9,638
Current obligations				
Mortgage interest payable first of next month		9,358		
Accounts payable (due within 30 days)		20,054		
Accrued expenses not escrowed		-		
Tenant security deposits		7,250		
Net HAP payable		-		
Prepaid rent		-		
Other (schedule)		-		
Total current obligations				36,662
Surplus cash (deficit)			$	(27,024)

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INDEPENDENT AUDITORS' 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

To the Partners
Longfellow Arms NWDC, Limited Partnership

We have audited the financial statements of Longfellow Arms NWDC, Limited Partnership as of and for the year ended December 31, 2011, and have issued our report thereon dated February 16, 2012. 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

Management of Longfellow Arms NWDC, Limited Partnership is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Longfellow Arms NWDC, Limited Partnership'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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Reznick Group
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Longfellow Arms NWDC, Limited Partnership's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an 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 solely for the information and use of the partners, management and the District of Columbia Department of Housing and Community Development and is not intended to be and should not be used by anyone other than these specified parties.

Reznick Group, P.C.

Baltimore, Maryland
February 16, 2012