

Report of Independent Registered Public Accounting Firm

To the Partners
Uniprop Manufactured Housing
Communities Income Fund II
(a Michigan limited partnership)

We have audited the accompanying balance sheets of Uniprop Manufactured Housing Communities Income Fund II (a Michigan limited partnership), as of December 31, 2006 and 2005, and the related statements of income, partners' equity and cash flows for each of the three years in the period ended December 31, 2006. We have also audited the schedule listed under Item 15 of Form 10-K. These financial statements and schedule are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedule are free of material misstatement. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uniprop Manufactured Housing Communities Income Fund II at December 31, 2006 and 2005 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the schedule listed under Item 15 of Form 10-K presents fairly, in all material respects, the information set forth therein.



Troy, Michigan
March 15, 2007

Uniprop Manufactured Housing Communities Income Fund II (a Michigan limited partnership)

Balance Sheets

<i>December 31,</i>	2006	2005
Assets		
Property and Equipment		
Buildings and improvements	\$ 52,903,043	\$ 52,591,224
Land	11,666,645	11,666,645
Furniture and equipment	710,920	668,106
	65,280,608	64,925,975
Less accumulated depreciation	32,947,281	31,040,281
Net Property and Equipment	32,333,327	33,885,694
Cash	350,659	266,128
Manufactured homes and improvements	1,144,329	1,121,118
Unamortized financing costs	453,156	474,072
Other assets	1,906,089	2,041,476
	\$ 36,187,560	\$ 37,788,488
Liabilities and Partners' Equity		
Note payable	\$ 26,274,078	\$ 26,824,354
Accounts payable	301,406	175,004
Other liabilities	503,404	559,174
Total Liabilities	27,078,888	27,558,532
Partners' Equity		
Unit holders	8,747,295	9,869,259
General partner	361,377	360,697
Total Partners' Equity	9,108,672	10,229,956
	\$ 36,187,560	\$ 37,788,488

See accompanying notes to financial statements.

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

Statements of Income

<i>Year Ended December 31,</i>	2006	2005	2004
Revenue			
Rental	\$ 9,604,308	\$ 10,095,859	\$ 10,969,832
Home sale income	1,350,854	1,990,214	1,195,191
Other	1,031,974	756,197	814,365
	11,987,136	12,842,270	12,979,388
Operating Expenses			
Administrative	3,453,639	3,117,632	3,413,401
Property taxes	1,104,506	1,132,287	1,071,516
Utilities	767,664	699,413	730,202
Property operations	1,512,045	1,528,526	1,573,191
Depreciation	1,907,000	1,876,090	1,803,005
Interest	1,735,128	1,769,583	1,806,738
Home sale expense	1,439,219	2,196,508	1,206,208
	11,919,201	12,320,039	11,604,261
Net Income	\$ 67,935	\$ 522,231	\$ 1,375,127
Income Per Limited Partnership Unit	\$.02	\$.16	\$.42
Distributions Per Limited Partnership Unit	\$.36	\$.81	\$.92
Number of Limited Partnership Units Outstanding	3,303,387	3,303,387	3,303,387
Net Income Allocable to General Partner	\$ 679	\$ 5,222	\$ 13,751
Distributions Allocable to General Partner	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

Statements of Partners' Equity Years Ended December 31, 2006, 2005 and 2004

	<i>General Partner</i>	<i>Unit Holders</i>	<i>Total</i>
Balance, January 1, 2004	\$ 341,724	\$ 13,705,732	\$ 14,047,456
Distributions to unit holders	-	(3,039,115)	(3,039,115)
Net income for the year	13,751	1,361,376	1,375,127
Balance, December 31, 2004	355,475	12,027,993	12,383,468
Distributions to unit holders	-	(2,675,743)	(2,675,743)
Net income for the year	5,222	517,009	522,231
Balance, December 31, 2005	360,697	9,869,259	10,229,956
Distributions to unit holders	-	(1,189,219)	(1,189,219)
Net income for the year	680	67,255	67,935
Balance, December 31, 2006	\$ 361,377	\$ 8,747,295	\$ 9,108,672

See accompanying notes to financial statements.

**Unipro Manufacturing Housing
Communities Income Fund II
(a Michigan limited partnership)**

Statements of Cash Flows

<i>Year Ended December 31,</i>	2006	2005	2004
Cash Flows From Operating Activities			
Net income	\$ 67,935	\$ 522,231	\$ 1,375,127
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	1,907,000	1,876,090	1,803,005
Amortization	20,916	20,916	20,916
Decrease (increase) in manufactured homes and improvements	(23,211)	38,256	(161,586)
(Increase) decrease in other assets	135,387	(227,046)	88,743
(Decrease) increase in accounts payable	126,402	(237,509)	155,304
Decrease in other liabilities	(55,770)	(53,942)	(89,303)
Net Cash Provided By Operating Activities	2,178,659	1,938,996	3,192,206
Cash Flows From Investing Activities			
Purchase of property and equipment	(354,633)	(498,688)	(309,040)
Net Cash Used In Investing Activities	(354,633)	(498,688)	(309,040)
Cash Flows From Financing Activities			
Distributions to unit holders	(1,189,219)	(2,675,743)	(3,039,115)
Repayments of notes payable	(550,276)	(515,950)	(478,932)
Net Cash Used In Financing Activities	(1,739,495)	(3,191,693)	(3,518,047)
Net Increase (Decrease) In Cash	84,531	(1,751,385)	(634,881)
Cash, at beginning of year	266,128	2,017,513	2,652,394
Cash, at end of year	\$ 350,659	\$ 266,128	\$ 2,017,513

See accompanying notes to financial statements.

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

Notes to Financial Statements

1. Summary of Accounting Policies

Organization and Business

Unipro Manufacturing Housing Communities Income Fund II, a Michigan Limited Partnership (the "Partnership") acquired, maintains, operates and will ultimately dispose of income producing residential real properties consisting of nine manufactured housing communities (the "properties") located in Florida, Michigan, Nevada and Minnesota. The Partnership was organized and formed under the laws of the State of Michigan on November 7, 1986.

In accordance with its Prospectus dated December 1986, the Partnership sold 3,303,387 units of beneficial assignment of limited partnership interest ("Units") for \$66,067,740. The Partnership purchased the properties for an aggregate purchase price of approximately \$56,000,000. Three of the properties costing approximately \$16,008,000 were previously owned by entities which were affiliates of the general partner.

The general partner is Genesis Associates Limited Partnership. Unipro Beneficial Corporation was the initial limited partner who assigned to those persons purchasing units a beneficial limited partnership interest when the minimum numbers of units were sold.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of (1) assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and (2) revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fair Values of Financial Instruments

The carrying amounts of cash and notes payable approximate their fair values.

Uniprop Manufactured Housing Communities Income Fund II (a Michigan limited partnership)

Notes to Financial Statements

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over a period of thirty years except for furniture and equipment which is depreciated over a period ranging from three to ten years.

Accumulated depreciation for tax purposes was \$30,307,061 and \$28,530,687 as of December 31, 2006 and 2005, respectively.

Long-lived assets such as property and equipment are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. When any such impairment exists, the related assets will be written down to fair value.

Manufactured Homes and Improvements

Manufactured homes and improvements are stated at the lower of cost or market and represent manufactured homes held for sale.

Financing Costs

Costs to obtain financing have been capitalized and are amortized using the straight-line method over the 30-year term of the related mortgage note payable.

Revenue Recognition

Rental income attributable to leases is recorded when due from the lessees.

Income Taxes

Federal income tax regulations provide that any taxes on income of a partnership are payable by the partners as individuals. Therefore, no provision for such taxes has been made at the partnership level.

Uniprop Manufactured Housing Communities Income Fund II (a Michigan limited partnership)

Notes to Financial Statements

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109” (“FIN 48”). FIN 48 is effective for fiscal years beginning after December 15, 2006. This interpretation clarifies the accounting for uncertainty in income taxes recognized in accordance with SFAS 109, “Accounting for Income Taxes” and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on various related matters such as derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Partnership is a tax-free entity, and under FIN 48, the Partnership does not expect any impact.

In September 2006, the Securities and Exchange Commission Staff issued Staff Accounting Bulletin No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements” (“SAB No. 108”). SAB No. 108 was issued to eliminate the diversity in practice surrounding how public companies quantify financial misstatements. SAB No. 108 requires that registrants quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in a misstated amount that, when all relevant quantitative and qualitative factors are considered, is material. The adoption of SAB No. 108 did not have any impact on the Partnership’s financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Partnership is currently evaluating the impact of this pronouncement on the Partnership’s financial position and results of operations.

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

Notes to Financial Statements

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (“SFAS 159”), which provides companies with an option to report selected financial assets and liabilities at fair value. The objective of SFAS 159 is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS 159 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect of the company’s choice to use fair value on its earnings. SFAS 159 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheet. SFAS 159 does not eliminate disclosure requirements of other accounting standards, including fair value measurement disclosures in SFAS 157. This statement is effective as of the beginning of an entity’s first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of Statement 157. The Partnership is currently evaluating the impact of this pronouncement on the Partnership’s financial position and results of operations.

2. Other Assets

At December 31, 2006 and 2005, “Other Assets” included cash of approximately \$168,000 and \$248,000, respectively, in an escrow account for property taxes, insurance, and capital improvements, as required by the Partnership’s note payable agreement. The cash is restricted from operating use.

At December 31, 2006 and 2005, “Other assets” also included cash of approximately \$193,000 and \$263,000 in a security deposit escrow account for three of the Partnership’s properties, which is required by the laws of the state in which they are located and is restricted from operating use. Also included are accounts receivable of \$1,170,000 and \$1,284,000 and prepaid costs of \$375,000 and \$246,000, respectively.

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

Notes to Financial Statements

3. Note Payable

In 1998, the Partnership entered into a \$30,000,000 note payable agreement. The borrowings are secured by mortgages on the Partnership's properties. The note is payable in monthly installments of \$188,878, including interest at 6.37%, through March, 2009. Thereafter, the monthly installment and interest rate will be adjusted based on the provisions of the agreement through the note maturity date of September 2028.

Future maturities on the note payable for the next five years are as follows: 2007 - \$587,000; 2008 - \$622,000; 2009 - \$660,000; 2010 - \$712,000; and 2011 - \$757,000.

4. Line-of-Credit

The Partnership has a \$1,500,000 renewable line of credit with a bank that expires in October 2007. Interest on outstanding balances is charged at 1.80% in excess of the one month LIBOR rate. There was no outstanding balance at December 31, 2006.

5. Other Liabilities

Other liabilities consisted of:

<i>December 31,</i>	2006	2005
Tenants' security deposits	\$ 380,142	\$ 429,717
Accrued interest	97,630	99,675
Other	25,632	29,782
Total	\$ 503,404	\$ 559,174

6. Related Party Transactions

Management Agreement

The Partnership has an agreement with an affiliate of the general partner to manage the properties owned by the Partnership. The management agreement is automatically renewable annually, but may be terminated by either party upon sixty days written notice. The property management fee is the lesser of 5% of annual gross receipts from the properties managed, or the amount which would be payable to an unaffiliated third party for comparable services.

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

Notes to Financial Statements

Fees and Expenses

During the years ended December 31, 2006, 2005 and 2004, the affiliate earned property management fees of \$526,830, \$537,856, and \$584,865, respectively, as permitted in the Agreement of Limited Partnership. These fees are included with "Administrative" expenses in the respective statements of operations. The Partnership was owed \$16,470 and \$5,744 by the affiliate at December 31, 2006 and 2005, respectively.

Contingent Purchase Price

A general partner of Genesis Associates Limited Partnership has an interest in the sellers of two of the properties acquired by the Partnership and is entitled to share in a contingent purchase price that will not exceed \$2,054,000. Additional amounts to be paid, if any, will depend upon the results of the Partnership's operations and the amounts received upon the sale, financing or other disposition of the properties, and are not determinable at this time. The Partnership does not anticipate any such amount will become payable during the next fiscal year.

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

Notes to Financial Statements

7. Reconciliation of Financial Statement Income and Taxable Income	<i>Year Ended December 31,</i>	2006	2005	2004
Income per the financial statements	\$	67,935	\$ 522,231	\$ 1,375,127
Adjustments to depreciation for difference in methods		130,626	210,670	19,982
Adjustments for prepaid rent, meals and entertainment		40	(3,025)	(26,521)
Income Per the Partnership's Tax Return	\$	198,601	\$ 729,876	\$ 1,368,588

8. Partners' Capital

Subject to the orders of priority under certain specified conditions more fully described in the Agreement of Limited Partnership, distributions of partnership funds and allocations of net income from operations are principally determined as follows:

Distributions

Distributable cash from operations in the Agreement (generally defined as net income plus depreciation and amortization) is to be distributed to unit holders until they have received a 10% cumulative preferred return. After the unit holders have received their 10% cumulative preferred return, all remaining cash from operations is distributed to the general partner in the form of an incentive management interest until the total amount received by the general partner is equal to 15% of the aggregate amount of cash distributed from operations in a given year. Amounts payable to but not paid to the general partner will be accumulated and paid from future capital transactions after the unit holders have first received their 10% preferred return and 125% of their capital contributions. Thereafter, 85% of distributable cash from operations is to be paid to the unit holders and 15% to the general partner.

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

Notes to Financial Statements

Annual distributable cash from operations was less than the amount required for the annual 10% preferred return to the unit holders by approximately \$4,463,000 and \$2,976,000 in 2006 and 2005, respectively. No distributions can be made to the general partner until the cumulative preferred return deficit of approximately \$40,294,000 has been distributed to the unit holders.

At December 31, 2006, the general partner's cumulative incentive management interest to be distributed was approximately \$10,549,000 million. The actual amount to be accumulated or paid in the future depends on the results of the Partnership's operations and is not currently determinable; however, no such distribution to the general partner is anticipated during fiscal year 2006.

Allocation of Net Income

Net income is principally allocated 99% to the unit holders and 1% to the general partner until the cumulative amount of net income allocated to the unit holders equals the aggregate cumulative amount of cash distributable to the unit holders. After sufficient net income has been allocated to the unit holders to equal the amount of cash distributable to them, all the net income is to be allocated to the general partner until it equals the amount of cash distributed to it.

9. Supplemental Cash Flow Information

Interest paid during 2006, 2005 and 2004 was approximately \$1,716,000, \$1,751,000, and \$1,788,000, respectively.

As a result of Hurricane Wilma in October 2005, the Partnership received insurance proceeds during 2006 totaling \$137,104 for damage at the Sunshine Village property. The proceeds covered \$75,300 for losses pertaining to business income, and \$61,804 relating to property damage.

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

Notes to Financial Statements

10. Interim Results (Unaudited)

The following summary represents the unaudited results of operations of the Partnership, expressed in thousands except per unit amounts, for the periods from January 1, 2005 through December 31, 2006:

2006	<i>Three Months Ended</i>			
	<i>March 31,</i>	<i>June 30,</i>	<i>September 30,</i>	<i>December 31,</i>
Revenues	\$ 2,945	\$ 3,069	\$ 3,340	\$ 2,633
Net Income (Loss)	\$ 225	\$ 36	\$ 77	\$ (270)
Income (Loss) Per Limited Partnership Unit	\$.07	\$.01	\$.02	\$ (.08)

2005	<i>Three Months Ended</i>			
	<i>March 31,</i>	<i>June 30,</i>	<i>September 30,</i>	<i>December 31,</i>
Revenues	\$ 3,032	\$ 3,200	\$ 3,215	\$ 3,395
Net Income (Loss)	\$ 180	\$ 273	\$ 113	\$ (44)
Income (Loss) Per Limited Partnership Unit	\$.06	\$.08	\$.03	\$ (.01)

11. Contingencies

During 2006, All Parks Alliance for Change (“APAC”) filed a civil action alleging the Partnership was in violation of Minnesota law by not allowing APAC unlimited access to solicit the residents of Ardmor Village located in Lakeville, MN for membership in APAC. While the Partnership prevailed at both the District and Appellate Courts, the matter was then appealed to the Minnesota Supreme Court. The Supreme Court trial took place on October 11, 2006, and the matter remains under advisement with a decision expected shortly.

As a result of the aforementioned legal contingency, the Partnership made an adjustment that was material to the fourth quarter results. This adjustment was to accrue \$40,000 to cover the expected plaintiff’s asserted costs and legal fees in December 2006. The Partnership anticipates no financial liability relating to the original access claim.

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

Schedule III - Real Estate and Accumulated Depreciation December 31, 2006

<i>Column A</i>	<i>Column B</i>	<i>Column C</i>		<i>Column D</i>		<i>Column E</i>			<i>Column F</i>	<i>Column G</i>	<i>Column H</i>
<i>Description</i>	<i>Encumbrance</i>	<i>Initial Cost</i>		<i>Costs Capitalized Subsequent to Acquisition</i>		<i>Gross Amount at Which Carried at Close of Period</i>			<i>Accumulated Depreciation</i>	<i>Date Acquired</i>	<i>Life on Which Depreciation in Latest Income Statement is Computed</i>
		<i>Land</i>	<i>Buildings and Improvements</i>	<i>Land</i>	<i>Buildings and Improvements</i>	<i>Land</i>	<i>Buildings and Improvements</i>	<i>Total</i>			
Ardmor Village (Lakeville, MN)	\$ 2,401,043	\$ 1,063,253	\$ 4,253,011	\$ 4,120	\$ 1,226,457	\$ 1,067,373	\$ 5,479,468	\$ 6,546,841	\$ 3,303,782	1987	30 years
Sunshine Village (Davie, FL)	3,780,692	1,215,862	4,875,878	-	362,506	1,215,862	5,238,384	6,454,246	3,342,298	1987	30 years
Camelot Manor (Grand Rapids, MI)	3,053,055	918,949	3,681,051	-	1,139,331	918,949	4,820,382	5,739,331	2,837,403	1987	30 years
Country Roads (Jacksonville, FL)	-	636,550	2,546,200	38,106	852,247	674,656	3,398,447	4,073,103	2,129,622	1987	30 years
Paradise Village (Tampa, FL)	-	1,760,000	7,040,000	279,053	1,496,119	2,039,053	8,536,119	10,575,172	5,387,741	1987	30 years
Dutch Hills (Haslett, MI)	2,273,438	839,693	3,358,771	41,526	839,310	881,219	4,198,081	5,079,300	2,475,936	1987	30 years
Stonegate Manor (Lansing, MI)	2,657,059	930,307	3,721,229	40,552	962,191	970,859	4,683,420	5,654,279	2,686,920	1987	30 years
El Adobe (Las Vegas, NV)	4,873,480	1,480,000	5,920,000	39,964	439,137	1,519,964	6,359,137	7,879,101	3,992,347	1988	30 years
West Valley (Las Vegas NV)	7,235,311	2,289,700	9,158,800	89,010	979,152	2,378,710	10,137,952	12,516,662	6,202,639	1988	30 years
	\$ 26,274,078	\$ 11,134,314	\$ 44,554,940	\$532,331	\$ 8,296,450	\$ 11,666,645	\$ 52,851,390	\$ 64,518,035	\$ 32,358,688		

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

**Notes to Schedule III
December 31, 2006**

1. Reconciliation of Land

The following table reconciles the land from January 1, 2004 to December 31, 2006:

	2006	2005	2004
Balance, at January 1	\$ 11,666,645	\$ 11,666,645	\$ 11,666,645
Additions to land		-	-
Cost of land sold		-	-
Balance, at December 31	\$ 11,666,645	\$ 11,666,645	\$ 11,666,645

2. Reconciliation of Buildings and Improvements

The following table reconciles the buildings and improvements from January 1, 2004 to December 31, 2006:

	2006	2005	2004
Balance, at January 1	\$ 52,591,224	\$ 52,109,160	\$ 51,823,345
Additions to buildings and improvements	260,166	482,064	285,815
Cost of assets sold		-	-
Balance, at December 31	\$ 52,851,390	\$ 52,591,224	\$ 52,109,160

3. Reconciliation of Accumulated Depreciation

The following table reconciles the accumulated depreciation from January 1, 2004 to December 31, 2006:

	2006	2005	2004
Balance, at January 1	\$ 30,496,006	\$ 28,663,373	\$ 26,908,653
Current year depreciation expense	1,862,682	1,832,633	1,754,720
Accumulated depreciation on assets sold		-	-
Balance, at December 31	\$ 32,358,688	\$ 30,496,006	\$ 28,663,373

4. Tax Basis of Buildings and Improvements

The aggregate cost of buildings and improvements for federal income tax purposes is equal to the cost basis used for financial statements purposes.