WNC HOUSING TAX CREDIT FUND VI, L.P., SERIES 7

Annual Report to Partners

For the fiscal year ended March 31, 2018

August 3, 2018

Re: WNC Housing Tax Credit Fund VI, L.P., Series 7 (the "Partnership")

Dear Investor:

We are pleased to provide you with the Partnership Form 10-K for the fiscal year ended March 31, 2018.

If you have any questions please contact Investor Services by phone or email at investorservices@wncinc.com

Best regards,

WNC & ASSOCIATES, INC.
Investor Services

714.662.5565 x273 714.662.4412 **F**
17782 Sky Park Circle, Irvine, California 92614

wncinc.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2018

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ____________

Commission file number: 0-32395

WNC HOUSING TAX CREDIT FUND VI, L.P., Series 7
(Exact name of registrant as specified in its charter)

California (State or other jurisdiction of incorporation or organization)	33-0761517 (I.R.S. Employer Identification No.)
17782 Sky Park Circle Irvine, CA (Address of principal executive offices)	92614-6404 (Zip Code)

(714) 662-5565
(Telephone number)

Securities registered pursuant to Section 12(b) of the Act:

NONE

Securities registered pursuant to section 12(g) of the Act:

UNITS OF LIMITED PARTNERSHIP INTEREST
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act
Yes_____ No___X___

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes_____ No___X____

Report of Independent Registered Public Accounting Firm

To the Partners
WNC Housing Tax Credit Fund VI, L.P., Series 7

Opinion on the Financial Statements

We have audited the accompanying balance sheets of WNC Housing Tax Credit Fund VI, L.P., Series 7 (the "Partnership") as of March 31, 2018 and 2017, the related statements of operations, partners' equity (deficit), and cash flows for each of the three years in the period ended March 31, 2018, and the related notes and schedule (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of March 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The schedule listed under Part IV, Item 15(a)(2) of Form 10-K related to each of the three years in the period ended March 31, 2018 has been subjected to audit procedures performed in conjunction with the audit of WNC Housing Tax Credit Fund VI, L.P., Series 7's financial statements. The schedule is the responsibility of the Partnership's management. Our audit procedures included determining whether the schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the schedule. In forming our opinion on the schedule, we evaluated whether the schedule, including its form and content, is presented in conformity with the Securities and Exchange Commission's rules. In our opinion, the schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Partnership's auditor since 2005.

Bethesda, Maryland
Report Date

WNC HOUSING TAX CREDIT FUND VI, L.P., SERIES 7
(A California Limited Partnership)

BALANCE SHEETS

	March 31, 2018	March 31, 2017
ASSETS		
Cash and cash equivalents	$ 785,098	$ 278,964
Investments in Local Limited Partnerships, net (Notes 2 and 3)	-	-
Due from affiliates, net (Note 5)	-	-
Other assets	1,062	6,521
Total Assets	$ 786,160	$ 285,485
LIABILITIES AND PARTNERS' EQUITY (DEFICIT)		
Liabilities:		
Accrued fees and expenses due to General Partner and affiliates (Note 3)	$ 60,103	$ 153,719
Total Liabilities	60,103	153,719
Partners' Equity (Deficit):		
General Partner	127,423	126,829
Limited Partners (25,000 Partnership Units authorized; 18,795 Partnership Units issued and outstanding)	598,634	4,937
Total Partners' Equity (Deficit)	726,057	131,766
Total Liabilities and Partners' Equity (Deficit)	$ 786,160	$ 285,485

See accompanying notes to financial statements

WNC HOUSING TAX CREDIT FUND VI, L.P., SERIES 7
(A California Limited Partnership)

STATEMENTS OF OPERATIONS

	For the Years Ended March 31,		
	2018	2017	2016
Operating income:			
Reporting fees	$ 7,500	$ 15,418	$ 16,014
Distribution income	184,894	91,139	127,545
Other income	-	5,912	17,387
Total operating income	192,394	112,469	160,946
Operating expenses:			
Asset management fees (Note 3)	15,000	24,323	31,039
Legal and accounting	82,916	66,057	35,005
Write-off of other assets	2,753	2,300	-
Other	14,037	8,795	22,439
Total operating expenses	114,706	101,475	88,483
Income from operations	77,688	10,994	72,463
Gain on sale of Local Limited Partnerships	516,365	99,087	50,249
Interest income	238	91	75
Net income	$ 594,291	$ 110,172	$ 122,787
Net income allocated to:			
General Partner	$ 594	$ 110	$ 123
Limited Partners	$ 593,697	$ 110,062	$ 122,664
Net income per Partnership Unit	$ 31.62	$ 5.86	$ 6.52
Outstanding weighted Partnership Units	18,795	18,795	18,825

See accompanying notes to financial statements

WNC HOUSING TAX CREDIT FUND VI, L.P., SERIES 7
(A California Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

	General Partner	Limited Partners	Total
Partners' equity (deficit) at March 31, 2015	$ 126,596	$ (227,789)	$ (101,193)
Net income	123	122,664	122,787
Partners' equity (deficit) at March 31, 2016	126,719	(105,125)	21,594
Net income	110	110,062	110,172
Partners' equity at March 31, 2017	126,829	4,937	131,766
Net income	594	593,697	594,291
Partners' equity at March 31, 2018	$ 127,423	$ 598,634	$ 726,057

See accompanying notes to financial statements

WNC HOUSING TAX CREDIT FUND VI, L.P., SERIES 7
(A California Limited Partnership)

STATEMENTS OF CASH FLOWS

	For the Years Ended March 31,		
	2018	**2017**	**2016**
Cash flows from operating activities:			
Net income	$ 594,291	$ 110,172	$ 122,787
Adjustments to reconcile net income to net cash used in operating activities:			
(Increase) decrease in other assets	5,459	(2,721)	2,663
Gain on sale of Local Limited Partnerships	(516,365)	(99,087)	(50,249)
Decrease in accrued fees and expenses due to General Partner and affiliates	(93,616)	(41,850)	(100,979)
Net cash used in operating activities	(10,231)	(33,486)	(25,778)
Cash flows from investing activities:			
Net proceeds on sale of Local Limited Partnerships	516,365	99,087	50,249
Net cash provided by investing activities	516,365	99,087	50,249
Net increase in cash and cash equivalents	506,134	65,601	24,471
Cash and cash equivalents, beginning of period	278,964	213,363	188,892
Cash and cash equivalents, end of period	$ 785,098	$ 278,964	$ 213,363
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Taxes paid	$ 800	$ 800	$ 800

See accompanying notes to financial statements

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

WNC Housing Tax Credit Fund VI, L.P., Series 7, a California Limited Partnership (the "Partnership") was formed on June 16, 1997 under the laws of the State of California, and commenced operations on September 3, 1999. The Partnership was formed to acquire limited partnership interests in other limited partnerships ("Local Limited Partnerships") which own multi-family housing complexes ("Housing Complexes") that are eligible for Federal low income housing tax credits ("Low Income Housing Tax Credits"). The local general partners (the "Local General Partners") of each Local Limited Partnership retain responsibility for maintaining, operating and managing the Housing Complexes. Each Local Limited Partnership is governed by its agreement of limited partnership (the "Local Limited Partnership Agreement").

WNC & Associates, Inc. is the general partner of the Partnership (the "General Partner" or "Associates"). The chairman and president own all of the outstanding stock of Associates. The business of the Partnership is conducted primarily through Associates, as the Partnership has no employees of its own.

The Partnership shall continue to be in full force and effect until December 31, 2060 unless terminated prior to that date pursuant to the partnership agreement or law.

The financial statements include only activity relating to the business of the Partnership, and do not give effect to any assets that the partners may have outside of their interests in the Partnership, or to any obligations, including income taxes, of the partners.

The Partnership Agreement authorized the sale of up to 25,000 units of limited partnership interest ("Partnership Units") at $1,000 per Partnership Unit. The offering of Partnership Units has concluded and 18,850 Partnership Units, representing subscriptions in the amount of $18,828,790, net of dealer discounts of $21,210 had been accepted. The General Partner has a 0.1% interest in operating profits and losses, taxable income and losses, cash available for distribution from the Partnership and Low Income Housing Tax Credits of the Partnership. The investors (the "Limited Partners") in the Partnership will be allocated the remaining 99.9% of these items in proportion to their respective investments. As of March 31, 2018 and 2017, a total of 18,795 Partnership Units remain outstanding.

The proceeds from the disposition of any of the Local Limited Partnership Housing Complexes will be used first to pay debts and other obligations per the respective Local Limited Partnership Agreement. Any remaining proceeds will then be paid to the Partnership. The sale of a Housing Complex may be subject to other restrictions and obligations. Accordingly, there can be no assurance that a Local Limited Partnership will be able to sell its Housing Complex. Even if it does so, there can be no assurance that any significant amounts of cash will be distributed to the Partnership. Should such distributions occur, the Limited Partners will be entitled to receive distributions equal to their capital contributions and their return on investment (as defined in the Partnership Agreement) and the General Partner would then be entitled to receive proceeds equal to its capital contributions from the remainder. Any additional sale or refinancing proceeds will be distributed 90% to the Limited Partners (in proportion to their respective investments) and 10% to the General Partner.

Risks and Uncertainties

An investment in the Partnership and the Partnership's investments in Local Limited Partnerships and their Housing Complexes are subject to risks. These risks may impact the tax benefits of an investment in the Partnership, and the amount of proceeds available for distribution to the Limited Partners, if any, on liquidation of the Partnership's investments. Some of those risks include the following:

The Low Income Housing Tax Credit rules are extremely complicated. Noncompliance with these rules results in the loss of future Low Income Housing Tax Credits and the fractional recapture of Low Income Housing Tax Credits already taken. In most cases the annual amount of Low Income Housing Tax Credits that an individual can use is limited to the tax liability due on the person's last $25,000 of taxable income. The Local Limited Partnerships may be unable to sell the Housing Complexes at a price which would result in the Partnership realizing cash distributions or proceeds from the transaction. Accordingly, the Partnership may be unable to distribute any cash to its Limited Partners. Low Income Housing Tax Credits may be the only benefit from an investment in the Partnership.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Partnership has invested in a limited number of Local Limited Partnerships. Such limited diversity means that the results of operation of each single Housing Complex will have a greater impact on the Partnership. With limited diversity, poor performance of one Housing Complex could impair the Partnership's ability to satisfy its investment objectives. Each Housing Complex is subject to mortgage indebtedness. If a Local Limited Partnership failed to pay its mortgage, it could lose its Housing Complex in foreclosure. If foreclosure were to occur during the first 15 years (the "Compliance Period"), the loss of any remaining future Low Income Housing Tax Credits, a fractional recapture of prior Low Income Housing Tax Credits, and a loss of the Partnership's investment in the Housing Complex would occur. The Partnership is a limited partner or non-managing member of each Local Limited Partnership. Accordingly, the Partnership will have very limited rights with respect to management of the Local Limited Partnerships. The Partnership will rely totally on the Local General Partners. Neither the Partnership's investments in Local Limited Partnerships, nor the Local Limited Partnerships' investments in Housing Complexes, are readily marketable. To the extent the Housing Complexes receive government financing or operating subsidies, they may be subject to one or more of the following risks: difficulties in obtaining tenants for the Housing Complexes; difficulties in obtaining rent increases; limitations on cash distributions; limitations on sales or refinancing of Housing Complexes; limitations on transfers of interests in Local Limited Partnerships; limitations on removal of Local General Partners; limitations on subsidy programs; and possible changes in applicable regulations. Uninsured casualties could result in loss of property and Low Income Housing Tax Credits and recapture of Low Income Housing Tax Credits previously taken. The value of real estate is subject to risks from fluctuating economic conditions, including employment rates, inflation, tax, environmental, land use and zoning policies, supply and demand of similar properties, and neighborhood conditions, among others.

The ability of Limited Partners to claim tax losses from the Partnership is limited. The IRS may audit the Partnership or a Local Limited Partnership and challenge the tax treatment of tax items. The amount of Low Income Housing Tax Credits and tax losses allocable to the Limited Partners could be reduced if the IRS were successful in such a challenge. The alternative minimum tax could reduce tax benefits from an investment in the Partnership. Changes in tax laws could also impact the tax benefits from an investment in the Partnership and/or the value of the Housing Complexes.

All of the Low Income Housing Tax Credits anticipated to be realized from the Local Limited Partnerships have been realized. The Partnership does not anticipate being allocated any Low Income Housing Tax Credits from the Local Limited Partnerships in the future. Until all Local Limited Partnerships have completed the 15 year Low Income Housing Tax Credit Compliance Period, risks exist for potential recapture of prior Low Income Housing Tax Credits received.

Substantially all of the existing liabilities of the Partnership are payable to the General Partner and/or its affiliates. Though the amounts payable to the General Partner and/or its affiliates are contractually currently payable, the Partnership anticipates that the General Partner and/or its affiliates will not require the payment of these contractual obligations until capital reserves are in excess of the aggregate of then existing contractual obligations and then anticipated future foreseeable obligations of the Partnership. The Partnership would be adversely affected should the General Partner and/or its affiliates demand current payment of the existing contractual obligations and or suspend services for this or any other reason.

No trading market for the Partnership Units exists or is expected to develop. Limited Partners may be unable to sell their Partnership Units except at a discount and should consider their Partnership Units to be a long-term investment. Individual Limited Partners will have no recourse if they disagree with actions authorized by a vote of the majority of Limited Partners.

<u>Exit Strategy</u>

The Compliance Period for a Housing Complex is generally 15 years following construction or rehabilitation completion. Associates was one of the first in the industry to offer syndicated investments in Low Income Housing Tax Credits. The initial programs have completed their Compliance Periods.

Upon the sale of a Local Limited Partnership Interest or Housing Complex after the end of the Compliance Period, there would be no recapture of Low Income Housing Tax Credits. A sale prior to the end of the Compliance Period could result in recapture if certain conditions are not met.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

With that in mind, the General Partner is continuing its review of the Housing Complexes, with special emphasis on the more mature Housing Complexes such as any that have satisfied the IRS compliance requirements. The review considers many factors, including extended use requirements (such as those due to mortgage restrictions or state compliance agreements), the condition of the Housing Complexes, and the tax consequences to the Limited Partners from the sale of the Housing Complexes.

Upon identifying those Housing Complexes with the highest potential for a successful sale, refinancing or syndication, the Partnership expects to proceed with efforts to liquidate them. The objective is to maximize the Limited Partners' return wherever possible and, ultimately, to wind down the Partnership. Local Limited Partnership interests may be disposed of any time by the General Partner in its discretion. While liquidation of the Housing Complexes continues to be evaluated, the dissolution of the Partnership was not imminent as of March 31, 2018.

Upon management of the Partnership identifying a Local Limited Partnership for disposition, costs incurred by the Partnership in preparation for the disposition are deferred. Upon the sale of the Local Limited Partnership Interest, the Partnership nets the costs that had been deferred against the proceeds from the sale in determining the gain or loss on the sale of the Local Limited Partnership. Deferred disposition costs are included in other assets on the balance sheets.

As of March 31, 2017, the Partnership sold its Local Limited Partnership interest in Stroud Housing Associates, L.P., Lake Village Apartments, L.P., Ozark Properties III, Tahlequah Properties IV, Red Oaks Estates, 2nd Fairhaven, LLC, School Square Limited Partnership, United Development LP 2000, Montrose Country Estates LDHA LP and Hickory Lane Partners, L.P.

During the year ended March 31, 2018, the underlying Housing Complex of ACN Southern Hills Partners II ("ACN") was sold, resulting in the termination of the Partnership's Local Limited Partnership interest. ACN was appraised for $910,000 and had a mortgage note balance of $409,260 as of December 31, 2016. The Partnership received $528,065 in cash proceeds, of which $108,608 was used to pay accrued asset management fees and the remaining $419,457 is being held in the Partnership's reserves for future operation expenses. The Partnership has incurred $11,700 in sales related expenses which were netted against the proceeds from the sale for calculating the gain on the sale. The Partnership's investment balance is zero; therefore, a gain of $516,365 was recorded. The Compliance Period has been completed therefore there is no risk of recapture and investor approval was not required.

As of March 31, 2018, the Partnership has identified the following Local Limited Partnerships for possible disposition:

Local Limited Partnership	Debt at 12/31/2017	Appraisal value	Estimated sales price	Estimated sales expenses	Estimated sale date
Timberwolf Townhomes Limited Partnership	$ 1,346,023	$ 425,000	(*)	$ 500	(*)
Pierce Street Partners Limited Partnership	$ 3,121,812	$ 4,845,000	(*)	$ 562	(*)

(*) Estimated sales price and estimated sale date have not yet been determined.

The Compliance Period for these Local Limited Partnerships above has expired so there is no risk of recapture to the investors.

The proceeds from the disposition of any of the Housing Complexes will be used first to pay debts and other obligations per the respective Local Limited Partnership Agreement. Any remaining proceeds will then be paid to the partners of the Local Limited Partnership, including the Partnership, in accordance with the terms of the particular Local Limited Partnership Agreement. The sale of a Housing Complex may be subject to other restrictions and obligations. Accordingly, there can be no assurance that a Local Limited Partnership will be able to sell its Housing Complex. Even if it does so, there can be no assurance that any significant amounts of cash will be distributed to the Partnership, as the proceeds first would be used to pay Partnership obligations and funding of reserves.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Method of Accounting For Investments in Local Limited Partnerships

The Partnership accounts for its investments in Local Limited Partnerships using the equity method of accounting, whereby the Partnership adjusts its investment balance for its share of the Local Limited Partnerships' results of operations and for any contributions made and distributions received. The Partnership reviews the carrying amount of an individual investment in a Local Limited Partnership for possible impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of such investment may not be recoverable. Recoverability of such investment is measured by the estimated value derived by management, generally consisting of the sum of the remaining future Low Income Housing Tax Credits estimated to be allocated to the Partnership and any estimated residual value to the Partnership. If an investment is considered to be impaired, the Partnership reduces the carrying value of its investment in any such Local Limited Partnership. The accounting policies of the Local Limited Partnerships, generally, are expected to be consistent with those of the Partnership. Costs incurred by the Partnership in acquiring the investments are capitalized as part of the investment and were being amortized over 30 years (See Notes 3).

"Equity in losses of Local Limited Partnerships" for each year ended March 31, 2018 and 2017 has been recorded by the Partnership based on the twelve months of reported results provided by the Local Limited Partnerships for each year ended December 31. Equity in losses of Local Limited Partnerships allocated to the Partnership is not recognized to the extent that the investment balance would be adjusted below zero. If the Local Limited Partnerships reported net income in future years, the Partnership will resume applying the equity method only after its share of such net income equals the share of net losses not recognized during the period(s) the equity method was suspended (see Note 2).

Distributions received from the Local Limited Partnerships are accounted for as a reduction of the investment balance. Distributions received after the investment has reached zero are recognized as distribution income. As of March 31, 2018 and 2017, all of the investment balances in Local Limited Partnerships had reached zero.

After the investment account is reduced to zero, receivables due from the Operating Partnerships are decreased by the Partnership's share of losses and, accordingly, a valuation allowance is recorded against receivables.

In accordance with the accounting guidance for the consolidation of variable interest entities, the Partnership determines when it should include the assets, liabilities, and activities of a variable interest entity (VIE) in its financial statements, and when it should disclose information about its relationship with a VIE. The analysis that must be performed to determine which entity should consolidate a VIE focuses on control and economic factors. A VIE is a legal structure used to conduct activities or hold assets, which must be consolidated by a company if it is the primary beneficiary because it has (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. If multiple unrelated parties share such power, as defined, no party will be required to consolidate the VIE. Further, the guidance requires continual reconsideration of the primary beneficiary of a VIE.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Based on this guidance, the Local Limited Partnerships in which the Partnership invests meet the definition of a VIE because the owners of the equity at risk in these entities do not have the power to direct their operations. However, management does not consolidate the Partnership's interests in these VIEs, as it is not considered to be the primary beneficiary since it does not have the power to direct the activities that are considered most significant to the economic performance of these entities. The Partnership currently records the amount of its investment in these Local Limited Partnerships as an asset on its balance sheets, recognizes its share of partnership income or losses in the statements of operations, and discloses how it accounts for material types of these investments in its financial statements. The Partnership's balance in investment in Local Limited Partnerships, plus the risk of recapture of tax credits previously recognized on these investments, represents its maximum exposure to loss. The Partnership's exposure to loss on these Local Limited Partnerships is mitigated by the condition and financial performance of the underlying Housing Complexes as well as the strength of the Local General Partners and their guarantee against credit recapture to the investors in the Partnership.

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 revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

Cash and Cash Equivalents

The Partnership considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. As of March 31, 2018 and 2017, the Partnership had $785,098 and $278,964 of cash equivalents, respectively.

Reporting Comprehensive Income

The Partnership had no items of other comprehensive income for all periods presented.

Net Income Per Partnership Unit

Net income per Partnership Unit includes no dilution and is computed by dividing income available to Limited Partners by the weighted average number of Partnership Units outstanding during the period. Calculation of diluted net income per Partnership Unit is not required.

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, there financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2014 remain open.

Revenue Recognition

The Partnership is entitled to receive reporting fees from the Local Limited Partnerships. The intent of the reporting fees is to offset (in part) administrative costs incurred by the Partnership in corresponding with the Local Limited Partnerships. Due to the uncertainty of the collection of these fees, the Partnership recognizes reporting fees as collections are made.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Impact of Recent Accounting Pronouncements

In January 2014, the FASB issued an amendment to the accounting and disclosure requirements for investments in qualified affordable housing projects. The amendments provide guidance on accounting for investments by a reporting entity in flow-through limited liability entities that manage or invest in affordable housing projects that qualify for the low-income housing tax credit. The amendments permit reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received, and recognize the net investment performance in the income statement as a component of income tax expense (benefit). The amendments are effective for interim and annual periods beginning after December 15, 2014 and should be applied retrospectively to all periods presented. Early adoption is permitted. The adoption of this update did not materially affect the Partnership's financial statements.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis". In addition, in October 2016, the FASB issued ASU No. 2016-17, "Consolidation (Topic 810): Interests Held Through Related Parties That Are Under Common Control", to provide further clarification guidance to ASU No. 2015-02. This will improve certain areas of consolidation guidance for reporting organizations that are required to evaluate whether to consolidate certain legal entities such as limited partnerships, limited liability corporations and securitization structures. ASU 2015-02 and ASU 2016-17 simplifies and improves GAAP by: eliminating the presumption that a general partner should consolidate a limited partnership, eliminating the indefinite deferral of FASB Statement No. 167, thereby reducing the number of Variable Interest Entity (VIE) consolidation models from four to two (including the limited partnership consolidation model) and clarifying when fees paid to a decision maker should be a factor to include in the consolidation of VIEs. ASU 2015-02 is effective for periods beginning after December 15, 2015. ASU 2016-17 is effective for periods beginning after December 15, 2016. The adoption of these updates did not materially affect the Partnership's financial statements.

NOTE 2 - INVESTMENTS IN LOCAL LIMITED PARTNERSHIPS

As of March 31, 2018 and 2017, the Partnership owned Local Limited Partnership interests in 2 and 3 Local Limited Partnerships, respectively, each of which owns or owned one Housing Complex consisting of an aggregate 106 and 136 apartment units, respectively. The respective Local General Partners of the Local Limited Partnerships manage the day to day operations of the entities. Significant Local Limited Partnership business decisions require approval from the Partnership. The Partnership, as a limited partner, is generally entitled to 99.98%, as specified in the Local Limited Partnership Agreements, of the operating profits and losses, taxable income and losses, and Low Income Housing Tax Credits of the Local Limited Partnerships.

The Partnership's investments in Local Limited Partnerships as shown in the balance sheets at March 31, 2018 and 2017 are approximately $771,000 and $1,744,000, respectively, less than the Partnership's equity at the preceding December 31 as shown in the Local Limited Partnerships' combined condensed financial statements presented below. This difference is primarily due to unrecorded losses as discussed below, and acquisition, selection and other costs related to the acquisition of the investments which have been capitalized in the Partnership's investment account along with impairment losses recorded in the Partnership's investment account.

At March 31, 2018 and 2017, the investment accounts for all of the Local Limited Partnerships have reached a zero balance. Consequently, a portion of the Partnership's estimate of its share of income (losses) for the years ended March 31, 2018, 2017 and 2016, amounting to ($88,000), $13,000, and ($231,000), respectively, have not been recognized. As of March 31, 2018, the aggregate share of net losses from the remaining Local Limited Partnerships not recognized by the Partnership amounted to approximately $405,000.

NOTE 2 - INVESTMENTS IN LOCAL LIMITED PARTNERSHIPS, continued

The financial information from the individual financial statements of the Local Limited Partnerships includes rental and interest subsidies. Rental subsidies are included in total revenues and interest subsidies are generally netted against interest expense. Approximate combined condensed financial information from the individual financial statements of the Local Limited Partnerships as of December 31 and for the years then ended is as follows:

COMBINED CONDENSED BALANCE SHEETS

	2017	2016
ASSETS		
Buildings and improvements (net of accumulated depreciation as of December 31, 2017 and 2016 of $3,945,000 and $6,467,000, respectively)	$ 5,184,000	$ 8,739,000
Land	72,000	321,000
Other assets	648,000	1,291,000
Total assets	$ 5,904,000	$ 10,351,000
LIABILITIES		
Mortgage loans payable	$ 4,468,000	$ 7,777,000
Due to related parties	21,000	41,000
Other liabilities	91,000	228,000
Total liabilities	4,580,000	8,046,000
PARTNERS' EQUITY		
WNC Housing Tax Credit Fund VI, L.P., Series 7	771,000	1,744,000
Other partners	553,000	561,000
Total partners' equity	1,324,000	2,305,000
Total liabilities and partners' equity	$ 5,904,000	$ 10,351,000

NOTE 2 - INVESTMENTS IN LOCAL LIMITED PARTNERSHIPS, continued

COMBINED CONDENSED STATEMENTS OF OPERATIONS

	2017	2016	2015
Revenues	$ 1,018,000	$ 1,820,000	$ 1,971,000
Expenses:			
Operating expenses	715,000	1,051,000	1,406,000
Interest expense	152,000	339,000	326,000
Depreciation and amortization	239,000	417,000	470,000
Total expenses	1,106,000	1,807,000	2,202,000
Net income (loss)	$ (88,000)	$ 13,000	$ (231,000)
Net income (loss) allocable to the Partnership	$ (88,000)	$ 13,000	$ (231,000)
Net income (loss) recorded by the Partnership	$ -	$ -	$ -

Certain Local Limited Partnerships have incurred significant operating losses and/or have working capital deficiencies. In the event these Local Limited Partnerships continue to incur significant operating losses, additional capital contributions by the Partnership and/or the Local General Partners may be required to sustain operations of such Local Limited Partnerships. If additional capital contributions are not made when they are required, the Partnership's investment in certain of such Local Limited Partnerships could be impaired, and the loss and recapture of the related Low Income Housing Tax Credits could occur.

NOTE 3 - RELATED PARTY TRANSACTIONS

Under the terms of the Partnership Agreement, the Partnership has paid or is obligated to the General Partner or its affiliates for the following items:

(a) Acquisition fees equal to 7% of the gross proceeds from the sale of Partnership Units as compensation for services rendered in connection with the acquisition of Local Limited Partnerships. At the end of all periods presented, the Partnership incurred acquisition fees of $1,319,500. Impairment of the intangibles is measured by comparing the Partnership's total investment balance after impairment of investments in Local Limited Partnerships to the sum of the total of the remaining Low Income Housing Tax Credits allocated to the Partnership and any estimated residual value of the investments. If an impairment loss related to the acquisition fees is recorded, the accumulated amortization is reduced to zero at that time. As of March 31, 2018, the acquisition fees have been fully amortized or impaired.

(b) Reimbursement of costs incurred by the General Partner or an affiliate in connection with the acquisition of the Local Limited Partnerships. These reimbursements have not exceeded 2% of the gross proceeds. As of the end of all periods presented, the Partnership had incurred acquisition costs of $377,000 which have been included in investments in Local Limited Partnerships. The acquisition costs were fully amortized for all periods presented.

NOTE 3 - RELATED PARTY TRANSACTIONS, continued

(c) An annual asset management fee equal to 0.2% of the Invested Assets of the Partnership, as defined. "Invested Assets" means the sum of the Partnership's investment in Local Limited Partnership interests and the Partnership's allocable share of mortgage loans on and other debts related to the Housing Complexes owned by such Local Limited Partnerships. Asset management fees of $15,000, $24,323, and $31,039 were incurred during the years ended March 31, 2018, 2017 and 2016, respectively, of which $108,608, $100,000, and $146,502 were paid during the years ended March 31, 2018, 2017 and 2016, respectively.

(d) The Partnership reimbursed the General Partner or its affiliates for operating expenses incurred by the Partnership and paid for by the General Partner or its affiliates on behalf of the Partnership. Operating expense reimbursements paid were $104,316, $42,318, and $62,648 during the years ended March 31, 2018, 2017 and 2016, respectively.

(e) A subordinated disposition fee in an amount equal to 1% of the sales price of real estate sold. Payment of this fee is subordinated to the limited partners receiving a return on investment (as defined in the Partnership Agreement) and is payable only if the General Partner or its affiliates render services in the sales effort. No such fee was incurred for all the periods presented.

The accrued fees and expenses due to the General Partner and affiliates consist of the following at:

	March 31,	
	2018	**2017**
Expenses paid by the General Partner or an affiliate on behalf of the Partnership	$ 53,637	$ 53,645
Asset management fee payable	6,466	100,074
Total	$ 60,103	$ 153,719

The General Partner and/or its affiliates do not anticipate that these accrued fees will be paid until such time as capital reserves are in excess of the future foreseeable working capital requirements of the Partnership.

NOTE 4 - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the quarterly operations for the years ended March 31 (rounded):

2018	**June 30**	**September 30**	**December 31**	**March 31**
Income	$ -	$ 192,000	$ -	$ -
Operating expenses	11,000	30,000	52,000	22,000
Income (loss) from operations	(11,000)	162,000	(52,000)	(22,000)
Gain on sale of Local Limited Partnerships	-	499,000	18,000	-
Net income (loss)	(11,000)	661,000	(34,000)	(22,000)
Net income (loss) available to Limited Partners	(11,000)	660,000	(34,000)	(22,000)
Net income (loss) per Partnership Unit	(1)	35	(2)	(1)

2017	**June 30**	**September 30**	**December 31**	**March 31**
Income	$ 9,000	$ 103,000	$ -	$ -
Operating expenses	(35,000)	(37,000)	(13,000)	(16,000)
Income (loss) from operations	(26,000)	66,000	(13,000)	(16,000)
Gain on sale of Local Limited Partnerships	-	-	35,000	64,000
Net income (loss)	(26,000)	66,000	22,000	48,000
Net income (loss) available to Limited Partners	(26,000)	66,000	22,000	48,000
Net income (loss) per Partnership Unit	(1)	4	1	2

NOTE 4 - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED), continued

2016	**June 30**	**September 30**	**December 31**	**March 31**
Income	$ 159,000	$ 2,000	$ -	$ -
Operating expenses	(25,000)	(37,000)	(14,000)	(13,000)
Income (loss) from operations	134,000	(35,000)	(14,000)	(13,000)
Gain on sale of Local Limited Partnerships	26,000	30,000	(4,000)	(1,000)
Net income (loss)	160,000	(5,000)	(18,000)	(14,000)
Net income (loss) available to Limited Partners	160,000	(5,000)	(18,000)	(14,000)
Net income (loss) per Partnership Unit	9	0	(1)	(1)

NOTE 5 - DUE FROM AFFILIATES, NET

At March 31, 2018 and 2017, loans receivable of $0 and $63,098, respectively, were due from one Local Limited Partnership, ACN Southern Hills II, L.P. ("Southern Hills"), in which the Partnership owned a 99.98% interest. The loan receivable was in the form of a 20-year promissory note, was subordinate to the first mortgage on the property, was due in full on August 30, 2022 and earned interest at a rate of 8% per annum. As of March 31, 2017, the full receivable had been reduced by a valuation allowance. Payments of $0, $5,912, and $17,387 were received during the years ended March 31, 2018, 2017 and 2016, respectively, and were included in other income on the statements of operations. During the year ended March 31, 2018, the loan was deemed to have been repaid in full with a payment of $65,244, which was included in the proceeds received from the sale of the underlying Housing Complex of Southern Hills and included in gain on sale of Local Limited Partnerships on the condensed statement of operations.

NOTE 6 – LEGAL PROCEEDINGS

In April 2017, the General Partners ("Pierce Street General Partners") of Pierce Street Partners Limited Partnership ("Pierce Street") filed a complaint for breach of contract against WNC Housing Tax Credit Fund VI, L.P. Series 7 (the "Partnership") in the United States District Court Northern District of Iowa. Prior to any answer being filed by the Partnership, Pierce Street General Partners filed a notice of dismissal (without prejudice) which was signed by the Court in June 2017. Pierce Street General Partner has refiled the complaint in State Court in July 2017. Attempts to settle through mediation were unsuccessful. The Court has set this matter for trial on October 9, 2018 and expects it to take 4 days. Discovery has now commenced.

WNC Housing Tax Credit Fund VI, L.P., Series 7
C/O WNC & Associates, Inc
17782 Sky Park Circle
Irvine, CA 92614-6404