

Mercy Housing Proposal – Highland Place Apartments

Village of Oak Park



Rendering of Highland Place Apartments

February 9, 2018



Mercy Housing Lakefront is pleased to present our response to the RFP for Affordable Housing for the Village of Oak Park. Mercy's plan of developing the Highland Place Apartments in the Village will address the needs of the Village of Oak Park by providing 69 of residential units, 35 of which will be much needed affordable workforce housing.

Mercy Housing requests \$1,000,000 to be used as project equity for the development and construction of the project. Based on the projected budgets (see attached budgetary documents), the Village's contribution to the project will net an annual return for the first 4 years and the initial equity contribution of \$1,000,000 will be returned after the 5th year as a part of a refinance or through a supplemental loan. We welcome a dialogue with Village representatives on the details of the financial analysis and to discuss other alternatives for repayment to the Village.

As you will see detailed in the following pages, Mercy Housing—both nationally and locally (in the Midwest, through Mercy Housing Lakefront)—is uniquely qualified to meet the needs of the residents that would live in the property we propose located at 239-307 W. Madison Street. Pending any issues regarding the sale of the property, the proposal Mercy is putting forward can be applied to any appropriate site in the Village.

Mercy Housing has a proven track record of designing dynamic and vibrant residential facilities enhanced by the onsite provision of case management, job placement and other services necessary to enable our residents to achieve stability, independence and fulfillment of their life goals.

We are prepared to answer any questions you may have or provide any additional information you may require.

Sincerely,

Mark Angelini
President
Mercy Housing Lakefront

Proposal

Highland Place Apartments is a residential development proposed to be located on Madison Street between Highland and Harvey Avenues. The project consists of a 76,600 gross square feet, 69 unit apartment building. Included in the development are ample parking spaces that meet or exceed the Village's parking requirements. Additionally, a vacated alley that was deeded to the property owner will provide the two required loading areas. This alley, when not in use by the development, will remain open and available for use by neighboring residents of the block.

The development will serve two purposes 1) provide working families that may not be able to afford market rate housing in the Village, such as emergency responders and teachers with entry-level salaries, and 2) provide new quality market rate housing in the Village. This housing will deliver high-quality units affordable to this underserved population that play a critical role in the community. The units would be targeted at families and individuals at 80% of the Area Median income, for example, \$44,250 maximum for an individual and \$63,200 for a family of four. The unit mix includes a range of unit sizes, including 16 three-bedroom units, 6 of which will be affordable and are in scarce supply in the Village. Additionally, the project includes (13) two-bedrooms (5 affordable), (20) one-bedrooms (12 affordable), and (16) studio apartments (12 affordable). The development will include on-site management and maintenance, a secured lobby, indoor bike storage, a multi-purpose room, and laundry rooms on every floor.

Mercy Housing anticipates that project financing will include, but not be limited to conventional construction and permanent first mortgage loans from our banking partner, Band of America. Additional sources will include equity from Waterton, a national real estate investor, headquartered in Chicago. Additionally, equity is anticipated to be sourced from the Bank of American Foundation.

Total Development Costs

- \$21,905,000

Sources

- First Mortgage \$16,000,000
- Waterton Private Equity \$2,500,000
- Bank of America Equity \$1,905,000
- Village of Oak Park \$1,000,000
- Mercy Housing Lakefront Equity \$500,000

Uses

- Construction Hard Costs - \$17,074,224
- Soft Costs - \$4,839,776

Units

- 59 units (20 Studios, 20 1 Bedrooms, 13 2 Bedrooms, and 16 3 Bedrooms)

Rents - All Utilities Included

Unit Type	Affordable	Market
Studio	\$1,106	\$1,500
One Bedroom	\$1,185	\$1,650
Two Bedrooms	\$1,422	\$2,000
Three Bedrooms	\$1,643	\$2,400

Narrative Question #1:

Founded in 1981, Mercy Housing Inc. (MHI), a national nonprofit organization, has a presence in 41 states and has served more than 156,000 people. MHI has participated in the development, financing or operations of more than 48,000 affordable apartment homes in its 35-year history. MHI currently owns and manages more than 18,000 residents in 300 multifamily properties. MHI currently has 15 properties under construction, totaling 1,080 apartments. MHI's Real Estate Cumulative Balance (purchased / developed real estate) is \$3.163 billion.

Mercy Housing Lakefront (MHL) is a wholly owned subsidiary of Mercy Housing, Inc., and serves as its geographic business center for the Great Lakes Region. Mercy Housing Lakefront has developed and currently manages 52 properties located throughout the North, West and South Sides of Chicago, as well as Countryside, Aurora, Elgin, Grayslake, and Milwaukee, Wisconsin, with nearly 5,500 residents calling MHL communities home.

Mercy Housing Lakefront is supported by the financial strength of its parent company, Mercy Housing, Inc. MHI will not only lend its balance sheet to secure internal funding of predevelopment expenses, but will also act as the guarantor for both debt and equity obligations. Additional information regarding both MHI and MHL can be found at our website: www.mercyhousing.org.



Residents at the Johnson Center enjoy a summer cookout in the property's common yard, coordinated by Mercy's on-site resident services staff

Mercy Housing prides itself on the quality of its projects, offering as many tenant amenities and services as possible, while staying within the parameters dictated by the targeted tenant population. The organization has been extremely progressive in its efforts to include energy conservation and sustainability features into its projects, frequently exceeding the standards of for-profit developers. An award-winning example of this is The Margot & Harold Schiff Residences in Chicago, which was ranked the "The Best Special Needs Project in the Country" in 2007 by Affordable Housing Finance Magazine. Additionally, Mercy Housing has received frequent national attention and accolades by the affordable housing industry, including top-ten rankings by Affordable Housing Finance Magazine in 2015 in the "Top 50 Affordable Housing Owners" (#5) and "Top-50 Affordable Housing Developers" (#10) categories.

Mercy Housing's staff is also heavily credentialed, acquiring a strong working knowledge of the broad spectrum of housing programs and financial tools in the course of developing its large portfolio of affordable housing. This knowledge includes:

- Conventional bank originated construction and permanent financing;
- State, County, and City Housing Trust Funds (HTF);
- Federal Home Loan Bank Affordable Housing Program (AHP);
- Federal HOME Program;
- Federal Low Income Housing Tax Credit Program (LIHTC);
- Tax Increment Financing (TIF);
- Community Development Block Grant (CDBG);
- Agency originated permanent loans (Fannie Mae and Freddie Mac DUS);
- Economic Development Initiative Grants (EDI);
- HUD 202, 236, 811 Mortgage Insurance Programs;;
- USDA-Rural Development 515 Program;
- Section 8 Programs.

Mercy Housing works with several dedicated organizations to accomplish its mission of creating stable, vibrant and healthy communities every day. Mercy Housing's co-sponsors are made up of more than a dozen communities of Catholic Sisters who support Mercy Housing by giving time and resources to help Mercy Housing create safe, quality, affordable housing. Their leadership and common missions help Mercy Housing thrive in communities across the country.

Narrative Question #2:

The Village of Oak Park is one of the most dynamic communities in the metropolitan Chicago region. It is home to a residential population that is diverse in terms of racial makeup, income, educational attainment, and profession. Oak Park is a community with many assets, including great transportation, diversity, and access to jobs, shopping, and award winning schools.

Mercy Housing would like to address the unfortunate issue of housing insecurity in the Village of Oak Park. Housing insecurity is defined as an individual or household spending more than 30% of household income on housing-related expenses. In the Village of Oak Park, 36.2% of households are considered housing insecure or rent-burdened. If the affordable housing units are isolated from the overall housing stock, 44% of Oak Park renters are rent-burdened.

In addition, the Affordable Housing Planning and Appeal Act (AHPAA) was signed into law in 2003 to encourage local governments to incorporate affordable housing into their communities. The Illinois Housing Development Authority (IHDA) is the appointed State agency for administering the program. According to IHDA, Oak Park housing stock is only 18.4% affordable. If the Village awards Mercy Housing with funds for this proposal, this initiative would help Oak Park in meeting the regulations of the AHPAA.

Narrative Question #3:

Population Served

The population served by the Highland Place Apartments would be a mix of workforce housing with rents in the range of \$1,106 to \$1,643. The 35 affordable units would serve single residents with a maximum income of \$44,250 (individual) and would also serve families with a Maximum income of \$63,200 (family of four). There will be a mixture of studios and 1, 2 and 3 bedroom units. These units will serve the local community, which will be close to local jobs and transportation. Mercy Housing Lakefront's philosophy is to include all utilities (electricity, water and gas) into the rent - residents should never be faced to choose to pay for "housing or heat"

The 34 market rate units will be a mixture of studios and 1, 2 and 3 bedroom units, ranging in rent from \$1,500 to \$2,400. Utilities are included.

Narrative Question #4:

Readiness to proceed

Pending a timely sale of the property at 239-307 W. Madison Street, Mercy has the financial partners and development team members in place for a financial close in early 2019, with construction starting shortly afterward. In the event that the property on Madison Street cannot be purchased, Mercy would engage a real estate broker to find an alternative property in the Village that would be appropriate for this type of building construction and programming.

The construction period is anticipated for 8 months, which would conclude the in fall of 2019. Full lease-up is anticipated in the summer of 2020.

Project financial partners are the following:

- Waterton properties - Equity
- Bank of America - Debt and Equity
- Village of Oak Park - Equity
- Mercy Housing Lakefront - Equity

The project team partners for the project are the following:

- Mercy Housing Lakefront (Owner, Developer, Construction Manager)
- Booth Hansen (Architect)
- Skender Construction (General Contractor)
- Leasing and Management Company, Inc. (Property Management)

Narrative Question #5:

Mercy will define the success of the Village's investment of equity into the Highland Place Apartments using several metrics.

- The first metric that Mercy will utilize to define the success of the Highland Place Apartments project is the number of individuals and families that will benefit by being housed in the 35 affordable units located in the project. These individuals and families will not be paying more than 30% of their income on rent, so these individuals and families will be able to reside in the Village without the worry of being rent burdened.
- The second metric that Mercy will utilize to define success of the project is being able repay the Village for the funds investment as equity in the project. This repayment would not only be on an ongoing yearly basis through annual equity distribution payment, but also a full repayment of the initial \$1,000,000 through the eventual refinance or sale of the property. Mercy sees this financial arrangement as a method to leverage private dollars to be able to construct the Highland Place Apartments, but also return the equity back to the Village, so that it can continue to support other affordable initiatives in the community.

As stated previously, Mercy Housing Lakefront welcomes a dialogue with Village representatives on the details of the financial analysis and to discuss other alternatives for repayment to the Village.

Highland Place Apartments
Proposed Sources and Uses

General Information

Property Name: Highland Place Apartments
Address: 231-307 W. Madiston Street
City, State: Oak Park, IL 60302
Sponsor: Mercy Housing Lakefront

Sources and Uses

Sources		Uses	
Village of Oak Park	\$1,000,000	Acquisition Costs	\$1,450,986
Bank of America CRA Equity	\$1,905,000	Site Improvements	\$0
HPOP Private Equity	\$2,500,000	Construction Hard Costs	\$17,074,224
MHL Equity	\$500,000	Construction Soft Costs	\$1,190,796
Debt	\$16,000,000	Pre Development Due Diligence	\$58,500
		Financing Costs - Bridge Construction Loan	\$570,000
		Financing Costs - Perm Loan	\$85,000
		Borrower Legal and Accounting	\$109,000
		Developer's Fee	\$750,000
		Reserves	\$616,494
Total Sources	\$21,905,000	Total Uses	\$21,905,000

Equity Returns

Sources	Preferred Return	Notes
Village of Oak Park	4.00%	First; annual preferred return
Bank of America CRA Equity	4.00%	Second; annual preferred return
HPOP Private Equity		
MHL Equity		

Unit Mix

Unit Type	# Units	Rent	Unit Type	# Units	Rent	Unit Type	# Units	Rent
Studio @ 60%	0	\$829	Studio	20	\$1,264	Affordable	35	\$1,270
Studio @ 80%	12	\$1,106	1 Bed	20	\$1,371	Market	34	\$1,918
Studio @ Market	8	\$1,500	2 Bed	13	\$1,778	Total	69	\$1,589
1BR @ 60%	0	\$888	3 Bed	16	\$2,116			
1BR @ 80%	12	\$1,185	Total	69	\$1,589			
1BR @ Market	8	\$1,650						
2BR @ 60%	0	\$1,066						
2BR @ 80%	5	\$1,422						
2BR @ Market	8	\$2,000						
3BR @ 60%	0	\$1,233						
3BR @ 80%	6	\$1,643						
3BR @ Market	10	\$2,400						
Total	69	\$1,589						

Cash Flow Assumptions

Hold Period	
Period (Years)	10 Years
Rental Revenue Assumptions	
Rent Growth	4.00%
Vacancy	3.00%
Other Income Assumptions	
Other Income Growth	3.00%
Late Fees	\$1,000
Repairs & Work Orders	\$200
Miscellaneous Income	\$250
Expense Assumptions	
Expense Growth	3.00%
Residual Assumptions	
Residual Cap Rate	5.00%

Financing Assumptions

Amort or Int. Only Interest Only
Years of I/O 5
Loan Amount \$16,000,000
Rate 3.25%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Beginning Balance	\$16,000,000	\$16,000,000	\$16,000,000	\$16,000,000	\$16,000,000	\$16,000,000	\$15,804,721	\$15,603,095	\$15,394,917	\$15,179,972	\$0
Payment	(\$520,000)	(\$520,000)	(\$520,000)	(\$520,000)	(\$520,000)	(\$715,279)	(\$715,279)	(\$715,279)	(\$715,279)	(\$715,279)	\$0
Interest	(\$520,000)	(\$520,000)	(\$520,000)	(\$520,000)	(\$520,000)	(\$520,000)	(\$513,653)	(\$507,101)	(\$500,335)	(\$493,349)	\$0
Principal	\$0	\$0	\$0	\$0	\$0	(\$195,279)	(\$201,626)	(\$208,179)	(\$214,944)	(\$221,930)	\$0
Retirement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$14,958,042)	\$0
Ending Balance	\$16,000,000	\$16,000,000	\$16,000,000	\$16,000,000	\$16,000,000	\$15,804,721	\$15,603,095	\$15,394,917	\$15,179,972	\$0	\$0

Highland Place Apartments
Proposed Sources & Uses

Uses (Detail)

Acquisition Costs

Land		\$1,450,986
Building & Reserves Acquisition		\$0
Total Acquisition Costs		\$1,450,986

Site Improvements

Demolition/Off-Site Improvements		\$0
Site Improvements (Inc. \$175k Environmental Remediation)		\$0
Total Site Improvements		\$0

Construction Hard Costs

Construction Hard Costs		\$15,686,033
Performance Bond or Letter of Credit	1.00%	\$227,889
Building Permit		\$276,000
Other	\$0	\$0
Other	\$0	\$0
Equipment and Supplies	\$0	\$50,000
Common Area Furnishings - (Including Installation/Coordination)	\$0	\$50,000
	\$1,200	\$0
Construction Contingency	5.00%	\$784,302
Additional Construction Costs		\$0
Total Construction Hard Costs		\$17,074,224

Construction Soft Costs

Architect Design Fee	4.10%	\$514,502
Architect CA Fee		\$128,625
Architect Reimbursables	0.25%	\$8,000
Engineers - Civil and Structural	1.30%	\$203,918
Commissioning		\$0
Testing During Construction	0.25%	\$0
Construction (BR) Insurance	0.75%	\$129,000
Relocation Consultant	\$0	\$0
Physical Relocation Costs	\$0	\$0
Real Estate Taxes During Construction		\$138,000
Architectural Pre-Design Services		\$0
LEED/Sustainability		\$0
Owner's Representative	0.75%	\$0
Dev Consulting		\$0
HTC Application Consultant Fee		\$0
Rent-up/Marketing	\$1,250	\$68,750
Soft Cost Contingency	0.00%	\$0
Total Construction Soft Costs		\$1,190,796

Pre Development Due Diligence

Survey-As Built		\$15,000
Physical Needs Assessments		\$0
Appraisal		\$8,500
Market Study		\$10,000
Structural, Elevator Investigation		\$0
Environmental Studies, Soils Testing		\$25,000
Total Pre Development Due Diligence		\$58,500

Financing Costs - Bridge Construction Loan

Financing Fee - Originator		\$20,000
Lender Legal - Originator	0.25%	\$60,000
Interest		\$490,000
Total Financing Costs - Bridge Construction Loan		\$570,000

Financing Costs - Perm Loan

Bridge Lender Legal/Acct/Appraisal		\$30,000
Bridge Construction Loan Fee		\$35,000
Bridge Construction Interest		\$20,000
Total Financing Costs -Financing Costs - Perm Loan		\$85,000

Borrower Legal and Accounting

Accounting (TC Accounting/10% Test/Audit)		\$0
Accounting - Cost Cert/8609		\$0
Borrower Legal Fees - Transaction		\$50,000
Title, Transfer, Recording - Construction		\$14,000
Title, Transfer, Recording - Permanent		\$10,000
Borrower Legal Fees - Zoning		\$35,000
Syndication Fee	\$0	\$0
Other		\$0
Other		\$0
Total Borrower Legal and Accounting		\$109,000

Developer's Fee

Developer's Fee		\$750,000
Total Developer's Fee		\$750,000

Reserves

Lease Up Reserve		\$50,000
Debt Service Reserve	\$6	\$50,000
Operating Reserves	\$0	\$0
Operating Deficit Reserve	\$6	\$250,994
Reserve for Replacement	\$1,500	\$103,500
Tax & Insurance Escrow		\$162,000
Total Reserves		\$616,494

Total Development Cost		\$21,905,000
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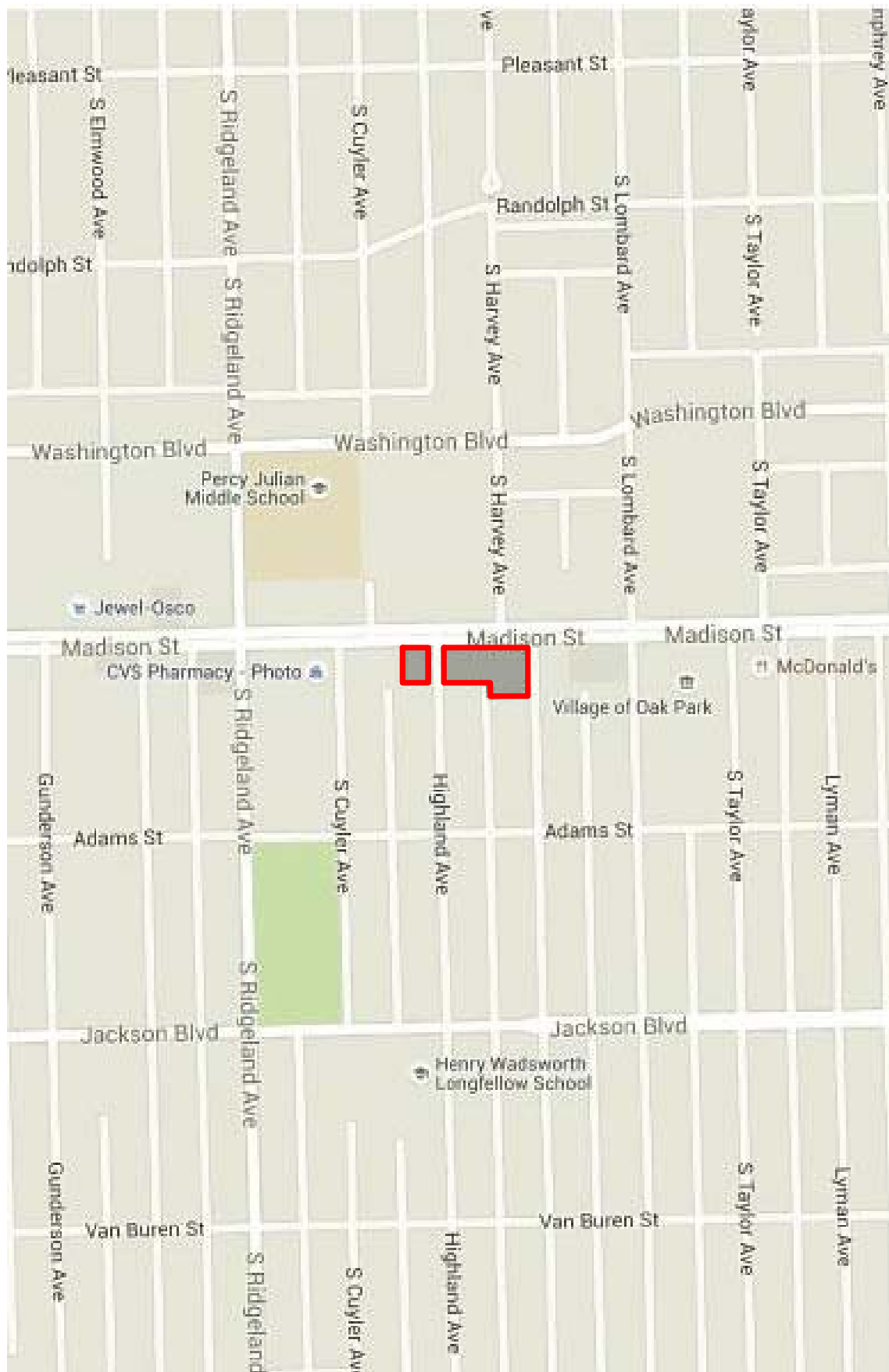
Highland Place Apartments
Proposed Cash Flows

Cash Flow Projection

	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Revenues					
Gross Potential Rent	\$1,315,920	\$1,368,557	\$1,423,299	\$1,480,231	\$1,539,440
General Vacancy	(\$39,478)	(\$41,057)	(\$42,699)	(\$44,407)	(\$46,183)
Total Rental Revenues	\$1,276,442	\$1,327,500	\$1,380,600	\$1,435,824	\$1,493,257
Other Income					
Late Fees	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
Repairs & Work Orders	\$200	\$206	\$212	\$219	\$225
Miscellaneous Income	\$250	\$258	\$265	\$273	\$281
Total Other Income	\$1,450	\$1,494	\$1,538	\$1,584	\$1,632
Effective Gross Revenues	\$1,277,892	\$1,328,994	\$1,382,138	\$1,437,409	\$1,494,889
Operating Expenses					
Administrative	\$111,293	\$114,632	\$118,071	\$121,613	\$125,262
Repair & Maintenance	\$88,320	\$90,970	\$93,699	\$96,510	\$99,405
Grounds/Building Services	\$23,900	\$24,617	\$25,356	\$26,116	\$26,900
Utility	\$56,500	\$58,195	\$59,941	\$61,739	\$63,591
Insurance & Taxes	\$221,975	\$228,634	\$235,493	\$242,558	\$249,835
Total Operating Expenses	\$501,988	\$517,048	\$532,559	\$548,536	\$564,992
Net Operating Income	\$775,904	\$811,946	\$849,579	\$888,872	\$929,897
Debt Service	(\$520,000)	(\$520,000)	(\$520,000)	(\$520,000)	(\$520,000)
Cash Flows After Debt Service	\$255,904	\$291,946	\$329,579	\$368,872	\$409,897

Cash Flow Distribution

1. Village of Oak Park - Preferred Return	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Preferred Return	\$0	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Distribution	\$0	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Remaining Cash Flow for Distribution		\$215,904	\$251,946	\$289,579	\$328,872	\$369,897
2. Bank of America - Preferred Return	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Preferred Return	\$0	\$76,200	\$76,200	\$76,200	\$76,200	\$76,200
Distribution	\$0	\$76,200	\$76,200	\$76,200	\$76,200	\$76,200
Remaining Cash Flow for Distribution		\$139,704	\$175,746	\$213,379	\$252,672	\$293,697
3. Remaining Balance	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
HPOP Private Equity PREF 83%	\$0	\$116,420	\$146,455	\$150,000	\$210,560	\$244,747
HPOP residual				\$150,000	\$210,560	\$244,747
MHL Equity pref 17%	\$0	\$23,284	\$29,291	\$30,000	\$42,112	\$48,949
MHL residual				\$30,000	\$42,112	\$48,949
Summary	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Village of Oak Park	\$0	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Bank of America	\$0	\$76,200	\$76,200	\$76,200	\$76,200	\$76,200
HPOP Private Equity	\$0	\$116,420	\$146,455	\$300,000	\$210,560	\$244,747
MHL Equity	\$0	\$23,284	\$29,291	\$60,000	\$42,112	\$48,949



Developer Officers and Brief Summaries

Mark Angelini

President | Mercy Housing Lakefront



Mark Angelini is the President of Mercy Housing Lakefront (MHL), one of the largest and most innovative community development organizations in the Midwest. MHL has developed and manages 28 affordable rental properties enabling more than 5,000 people to live in hope. By completing construction of four new buildings and assuming ownership of another housing ministry, MHL will double in scale by 2017.

While MHL is well-known for its industry-leading real estate strategies, it provides numerous services that go beyond affordable housing. By offering programming centered on health and wellness, education, and financial stability, the organization is able to help its residents live stable and impactful lives.

Mark grew up in the Little Italy neighborhood on Chicago's west side, and has invested over 30 years in economic, community and real estate development and revitalization of Chicago's communities.

He began his career as Executive Assistant for Economic Development to U.S. Senator Paul Simon, before moving to The Shaw Company where he contributed to a neighborhood revitalization effort when Sears, Roebuck & Co. moved their headquarters out of Homan Square. Today, nearly 25 years later, Mercy Housing Lakefront is renovating the old Sears & Roebuck building to serve as an affordable housing residence for 181 Chicago families.

Mark holds a B.S. in Engineering, Cum Laude, from the University of Notre Dame and a M.S. in Engineering from Northwestern University.

Mark's Areas of Expertise

- Affordable and supportive housing - including their link to health, economic, and community development
- Real estate development
- Responsible/sustainable land and property use, and related public policy analysis
- Non-profit executive management - including social services
- Large-scale public/private partnerships

David Lyon

SVP of Real Estate Development & Acquisitions | Mercy Housing Lakefront



David Lyon is the Senior Vice President of Real Estate Development & Acquisitions at Mercy Housing Lakefront (MHL), one of the largest and most innovative community development organizations in the Midwest. MHL has developed and manages 28 affordable rental properties enabling more than 5,000 people to live in hope. By completing construction of four new buildings and assuming ownership of another housing ministry, MHL will double in scale by 2017.

David manages all real estate development activities in Illinois and Wisconsin. Currently, the organization maintains a real estate pipeline with a value of \$275 million.

Prior to joining Mercy Housing Lakefront, David served as Senior Business Development Manager for Community Lending at Fannie Mae. In a career spanning more than 25 years, David has worked in various positions dedicated to providing equitable housing for individuals in need.

David holds a bachelor's degree Finance from DePaul University, and has participated in the evening MBA program at the University of Chicago's Booth School of Business.

David's Areas of Expertise

- Real estate development
- Responsible/sustainable land and property use
- Large-scale capital projects - including public/private financing partnerships
- Green building projects - including solar and energy efficient implementation
- Government affairs - including planning and zoning

John Hinde

VP of Property Operations | Great Lakes



John Hinde is the Vice President of Property Operations for Mercy Housing, and is responsible for the oversight of the Great Lakes region (including supervision of Mercy Housing's portfolio located in Illinois and Wisconsin). John came to Mercy Housing with extensive experience in all aspects of the real estate business including acquisitions, accounting, finance, project management, development and property management of multi-family residential and commercial. His most recent position was with The Habitat Company as Vice President of Property Management where his portfolio included affordable and conventional multi-family and commercial properties in the Chicagoland area.

2018 Mercy Housing Lakefront Board of Directors Members and Committee List

Mercy Housing Lakefront

Mark Angelini - President

120 S. LaSalle Street, Suite 1850

Chicago, Illinois 60603

(312) 447-4500 (F) 312-447-4750

www.mercyhousing.org

Officers of the Corporation:

Mark Angelini - President

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Scott Fradin (Non Board Member)

Ty Laurie (Non Board Member)

Key

**Retired Board Member*

Phil Ashton

Associate Professor Univ of IL - Chicago

412 S. Peoria

Chicago, Illinois 60607

(w) 312-413-7599

(f) 312-413-2314

pashton@uic.edu

Thomas (Tom) P. Gates

Thornwood Group LLC

205 N. Michigan Ave., Suite 1900

Chicago, Illinois 60601

(w) 312-759-7667

(c) 312-925-4950

Thomaspgates@gmail.com

Debra L. Grand

U.S. Trust Bank of America Private

Wealth Management

SVP, Sr. Philanthropic Relationship Mgr.

Mail code: IL4-135-14-41

135 S. LaSalle Street

Chicago, Illinois 60603

(w) 312-828-2055

(f) 312-453-6265

debra.l.grand@ustrust.com

Julie Hamos

Health Management Associates

Principal

1240 N. Lake Shore Drive, Apt. 28B

Chicago, IL 60610

(c) 847-867-9898

juliehamos@gmail.com

Teresa Handley

Wintrust Financial Corporation

VP Fair Lending

9700 W. Higgins Rd. Suite 400

Rosemont, Illinois 60018

(w) 773-298-4710

(f) 866-421-5369

thandley@wintrust.com

Sister Margaret Johnson

2320 W. 113th Place #2325

Chicago, Illinois 60643

(c) 773-844-5048

mjohnsonrsm@gmail.com

Charles B. Lewis

Duane Morris LLP

190 South LaSalle Street, Suite 3700

Chicago, Illinois 60603-3433

(w) 312-499-6740

(f) 312-277-6603

cblewis@duanemorris.com

Asst: Valerie Moore ~ 312-499-6786

VAMoore@duanemorris.com

Vince McBrien

Greenspire Realty LLC

815 Forest Ave.

Wilmette IL 60091

(h) 312-342-4451

vincemcbrien867@hotmail.com

Joellen McCarthy, BVM

205 W. Monroe Street, Suite 500 W

Chicago, IL 60606

(c) 563-580-8196

jmccarthy@bvmcong.org

Howard Natinsky

Natinsky Group

President

1460 W. Chicago Ave.

Chicago, Illinois 60642

(w) 312-829-2335

hnatinsky@gmail.com

John Neuberger

1875 Hollyhock Lane

Elm Grove, Wisconsin 53122

(h) 262-786-1536

(c) 414-232-6445

jneuberger@outlook.com

Onjada Haggard-Richardson

Citi

Director

227 West Monroe, Suite 200

Chicago, Illinois 60606

(w) 312-384-1454

onjada.a.haggardrichardson@citi.com

Kurt Rogers

Carlton Apartments

4626 N. Magnolia

Chicago, Illinois 60640

(c) 773-703-2873

KurtRogers6150@yahoo.com

Greg Salah

USG

Sr. Vice President, USG Corporation

President, North America

550 W. Adams Street

Chicago, Illinois 60661

(w) 312-436-3960

(f) 312-672-7732

gsalah@usg.com

Asst: Barb Statler ~ 312-436-5867

bstatler@usg.com

Trey Saldana

Wells Fargo Bank

Regional Banking District Manager, VP

MAC N8536-010

210 S Roselle Rd.

Schaumburg, IL 60193

(c) 224-242-2529

alfred.t.saldana@wellsfargo.com

Asst: Jody Bowers - 319-368-1113

Jody.L.Bowers@wellsfargo.com

Ritu Vig

RR Donnelley

VP, Assoc Gen Counsel and Compliance

Counsel

35 West Wacker Drive

Chicago, IL 60601

(w) 312 326-8133

(f) 312-326-7706

ritu.vig@rrd.com

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: April 24, 2006

MERCY HOUSING LAKEFRONT
247 S STATE ST
CHICAGO IL 60604-2053

Person to Contact:

Sharon LeNard
ID # 31-07756

Toll Free Telephone Number:

877-829-5500

Employer Identification Number:

36-3453183

Dear Sir or Madam:

This is in response to the amendment to your organization's Articles of Incorporation filed with the state on February 6, 2006. We have updated our records to reflect the name change as indicated above.

Our records indicate that a determination letter was issued in July 1987 that recognized you as exempt from Federal income tax. Our records further indicate that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Cindy Westcott
Manager, Exempt Organizations
Determinations

Our Mission

To create stable, vibrant and healthy communities by developing, financing and operating affordable, program-enriched housing for families, seniors and people with special needs who lack the economic resources to access quality, safe housing opportunities.

Mercy Housing Lakefront - Parent Only

Financial Statements

Nine Months Ended September 30, 2017

Unaudited



Mercy Housing Lakefront - Parent Only
STATEMENTS OF FINANCIAL POSITION

	September 30, 2017 (Unaudited)	December 31, 2016 (Unaudited)
Assets		
Current assets		
Cash and cash equivalents	\$ 1,450	\$ 4,350
Cash, restricted	1,333,472	1,119,033
Accounts receivable, net	44,683	18,009
Due from affiliates, net	5,036,419	5,206,617
Pledges receivable	302,500	97,490
Grants receivable	197,455	484,338
Current portion of notes and interest receivable, affiliates	2,216,542	3,785,645
Prepaid expenses and other assets	<u>114,464</u>	<u>118,523</u>
Total current assets	<u>9,246,985</u>	<u>10,834,005</u>
Property and equipment, net		
Land and land improvements	174,915	174,915
Buildings	516,847	516,847
Furniture and equipment	64,092	64,092
Construction in progress	392,375	470,774
Accumulated depreciation	<u>(338,188)</u>	<u>(325,761)</u>
Property and equipment, net	<u>810,041</u>	<u>900,867</u>
Other long-term assets		
Due from affiliates	7,577,959	7,127,492
Pledges receivable, net	25,000	-
Investments in limited partnerships	213,303	722,538
Notes and interest receivable, affiliates	<u>10,872,458</u>	<u>10,582,934</u>
Total other long-term assets	<u>18,688,720</u>	<u>18,432,964</u>
Total assets	<u>\$ 28,745,746</u>	<u>\$ 30,167,836</u>

The accompanying notes are an integral part of this statement.

Mercy Housing Lakefront - Parent Only
STATEMENTS OF FINANCIAL POSITION

	September 30, 2017 (Unaudited)	December 31, 2016 (Unaudited)
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 632,259	\$ 770,712
Due to affiliates	2,180,452	188,942
Current portion of notes payable	750,000	750,000
Current portion of notes payable, affiliates	1,823,418	4,395,080
Deferred revenue and other liabilities	<u>22,286</u>	<u>328,731</u>
Total current liabilities	<u>5,408,415</u>	<u>6,433,465</u>
Long-term liabilities		
Notes payable, less current portion	6,973,396	6,973,396
Deferred revenue and other liabilities	<u>397,233</u>	<u>454,009</u>
Total long-term liabilities	<u>7,370,629</u>	<u>7,427,405</u>
Total liabilities	<u>12,779,044</u>	<u>13,860,870</u>
Net assets		
Unrestricted net assets, controlling	10,121,766	10,423,366
Temporarily restricted net assets	5,469,936	5,508,600
Permanently restricted net assets	<u>375,000</u>	<u>375,000</u>
Total net assets	<u>15,966,702</u>	<u>16,306,966</u>
Total liabilities and net assets	<u>\$ 28,745,746</u>	<u>\$ 30,167,836</u>

The accompanying notes are an integral part of this statement.

Mercy Housing Lakefront - Parent Only
STATEMENTS OF ACTIVITIES
Nine Months Ended September 30, 2017

	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
Revenues		
Developer fees	\$ 986,259	\$ 3,655,867
Services fees	788,621	553,239
Philanthropy	3,854,199	3,779,044
Interest	553,059	706,771
Other	738,231	239,904
Total revenues	<u>6,920,369</u>	<u>8,934,825</u>
Expenses and losses		
Compensation	2,596,388	2,794,999
Administrative	369,983	390,058
Professional services	415,522	352,173
Depreciation and amortization	12,427	12,427
Grants	1,245,653	1,645,896
Facility	225,107	212,703
Interest and fees	38,371	42,009
Bad debts	710,021	134
Provision for impaired assets	-	593,323
Allocation	1,104,697	1,137,739
(Gain) loss on investment in limited partnership	427,659	265,861
Total expenses and losses	<u>7,260,633</u>	<u>7,447,322</u>
Excess (deficiency) of revenues over expenses	<u><u>\$ (340,264)</u></u>	<u><u>\$ 1,487,503</u></u>

The accompanying notes are an integral part of this statement.

Mercy Housing Lakefront - Parent Only
Notes to Statement of Financial Position and Statement of Activities
Nine Months Ended September 30, 2017
(Unaudited)

The accompanying statements of financial position of Mercy Housing Lakefront - Parent Only (MHL) as of September 30, 2017 and December 31, 2016 and the related statements of activities for the nine months ended September 30, 2017 and 2016 are unaudited. Although management believes that the information presented includes all material adjustments necessary for a fair presentation of MHL's financial position and operating results for the nine months ended September 30, 2017, it should be noted that information normally included in complete financial statements prepared in accordance with generally accepted accounting principles, notably a statement of cash flows and footnote disclosures, have been omitted. In addition, these statements are for MHL only and do not consolidate or eliminate transactions related to entities in which MHL has a controlling interest.

Cash and cash equivalents include restricted cash and amounts due from MHL's parent company, Mercy Housing, Inc., which are considered liquid by MHL.

Mercy Housing, Inc.

**Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2016 and 2015

Mercy Housing, Inc.

Index

	<u>Page</u>
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	6
Consolidated Statements of Changes in Net Assets	8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	11
Supplementary Information	
Index of Consolidating Information	42
Schedule of Expenditures of Federal Awards	250
Notes to Schedule of Expenditures of Federal Awards	256
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	257
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	259
Schedule of Findings and Questioned Costs	261

Independent Auditor's Report

Board of Directors
Mercy Housing, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mercy Housing, Inc., which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mercy Housing, Inc. as of December 31, 2016 and 2015, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, in 2016 Mercy Housing, Inc. adopted new accounting guidance related to the presentation of debt issuance costs. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 42 through 249 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Requirements (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated 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 consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2017, on our consideration of Mercy Housing, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mercy Housing, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Charlotte, North Carolina
April 21, 2017

Mercy Housing, Inc.

**Consolidated Statements of Financial Position
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 53,514,147	\$ 37,771,876
Cash, tenant security deposits	7,811,575	7,175,045
Cash, restricted	41,660,928	33,433,290
Investments	8,970,000	550,000
Investments, restricted	98,756	255,804
Accounts receivable, net	10,566,407	7,660,904
Pledges receivable, net	2,034,219	847,812
Grants receivable	767,177	6,416,878
Current portion of notes and interest receivable	11,863,219	13,973,595
Prepaid expenses and other assets	2,715,912	2,939,678
Inventory	-	70,385
Assets held for sale	<u>723,160</u>	<u>539,593</u>
Total current assets	<u>140,725,500</u>	<u>111,634,860</u>
Property and equipment, net	<u>2,141,078,112</u>	<u>1,891,722,349</u>
Other long-term assets		
Restricted property reserves	143,243,653	125,441,566
Long-term investments	12,050,000	6,300,000
Long-term investments, restricted	850,000	1,150,000
Pledges receivable, net	907,178	1,091,098
Investments in unconsolidated entities, net	2,158,757	905,093
Notes and interest receivable, net	28,367,655	31,033,859
Other assets, net	<u>21,367,679</u>	<u>19,120,892</u>
Total other long-term assets	<u>208,944,922</u>	<u>185,042,508</u>
Total assets	<u><u>\$ 2,490,748,534</u></u>	<u><u>\$ 2,188,399,717</u></u>

Mercy Housing, Inc.

**Consolidated Statements of Financial Position
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 81,417,779	\$ 56,883,996
Accrued interest	4,771,742	3,937,400
Current portion of notes payable	115,854,857	84,455,616
Deferred revenue and other liabilities	3,885,272	5,488,949
Tenant security deposits	<u>7,760,322</u>	<u>7,155,933</u>
Total current liabilities	<u>213,689,972</u>	<u>157,921,894</u>
Long-term liabilities		
Accrued interest	101,702,052	93,068,604
Notes payable, less current portion, net	1,327,200,000	1,127,511,470
Deferred revenue and other liabilities	<u>34,256,073</u>	<u>37,453,055</u>
Total long-term liabilities	<u>1,463,158,125</u>	<u>1,258,033,129</u>
Total liabilities	<u>1,676,848,097</u>	<u>1,415,955,023</u>
Commitments	-	-
Net assets		
Unrestricted net assets, controlling	49,442,720	32,320,306
Unrestricted net assets, noncontrolling	<u>539,616,947</u>	<u>520,367,923</u>
Total unrestricted net assets	589,059,667	552,688,229
Temporarily restricted net assets	221,438,770	216,354,465
Permanently restricted net assets	<u>3,402,000</u>	<u>3,402,000</u>
Total net assets	<u>813,900,437</u>	<u>772,444,694</u>
Total liabilities and net assets	<u><u>\$ 2,490,748,534</u></u>	<u><u>\$ 2,188,399,717</u></u>

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Consolidated Statements of Activities Year Ended December 31, 2016

	Programs									
	Property Operations & Management	Resident Services	Housing Development	Mercy Loan Fund	Neighborhood Stabilization	Corporate Operations	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues										
Rent - net of vacancies	\$ 178,075,769	\$ -	\$ 219,543	\$ -	\$ -	\$ -	\$ 178,295,312	\$ 178,295,312	\$ -	\$ -
Developer fees	-	-	18,495,563	-	-	-	18,495,563	18,495,563	-	-
Services fees	2,061,972	321,978	214,716	-	-	3,134	2,601,800	2,601,800	-	-
Philanthropy	308,873	5,773,543	6,341,050	1,971,017	-	1,558,341	15,952,824	3,938,508	12,014,316	-
Capital grants	892,478	-	28,710	-	-	-	921,188	815,125	106,063	-
Consulting	2,040	98,064	365,622	-	82,495	-	548,221	548,221	-	-
Interest	1,603,212	5,233	129,872	2,273,972	-	194,236	4,206,525	4,194,536	11,989	-
Other	10,344,585	111,833	8,477,792	1,073,299	363,672	6,251,747	26,622,928	26,622,928	-	-
Release of restricted assets	-	-	-	-	-	-	-	16,639,566	(16,639,566)	-
Total revenues	193,288,929	6,310,651	34,272,868	5,318,288	446,167	8,007,458	247,644,361	252,151,559	(4,507,198)	-
Expenses and losses										
Compensation	51,766,303	8,691,265	8,650,802	881,509	173,655	11,047,400	81,210,934	81,210,934	-	-
Administrative	10,880,706	1,330,707	1,699,886	82,797	13,645	2,521,928	16,529,669	16,529,669	-	-
Professional services	4,204,502	831,000	852,692	90,374	16,635	1,559,621	7,554,824	7,554,824	-	-
Depreciation and amortization	90,555,944	-	407,003	-	-	23,409	90,986,356	90,986,356	-	-
Grants	211,245	116,183	197,641	-	-	17,000	542,069	542,069	-	-
Facility	59,742,757	-	820,170	-	-	4,288,283	64,851,210	64,851,210	-	-
Interest and fees	32,814,533	344	308,485	938,115	-	967,859	35,029,336	35,029,336	-	-
Bad debts	770,392	-	20	-	-	-	770,412	770,412	-	-
Provision for impaired assets	-	-	9,621	847,968	-	-	857,589	857,589	-	-
Project expenses	2,036,163	-	986,384	-	-	-	3,022,547	3,022,547	-	-
Allocation	3,088,257	4,570,902	1,741,240	327,038	65,555	(9,792,992)	-	-	-	-
(Gain)/loss on sale of assets	481,711	-	168,899	-	544,775	-	1,195,385	1,195,385	-	-
(Gain)/loss on investment in unconsolidated entities, net	-	-	(94,580)	-	-	21,749	(72,831)	(72,831)	-	-
Total expenses and losses	256,552,513	15,540,401	15,748,263	3,167,801	814,265	10,654,257	302,477,500	302,477,500	-	-
Change in net assets										
Consolidated	(63,263,584)	(9,229,750)	18,524,605	2,150,487	(368,098)	(2,646,799)	(54,833,139)	(50,325,941)	(4,507,198)	-
Attributable to non-controlling interest	(60,475,954)	-	(5,216)	-	-	-	(60,481,170)	(60,481,170)	-	-
Change in net assets attributable to Mercy Housing, Inc.	\$ (2,787,630)	\$ (9,229,750)	\$ 18,529,821	\$ 2,150,487	\$ (368,098)	\$ (2,646,799)	\$ 5,648,031	\$ 10,155,229	\$ (4,507,198)	\$ -

Mercy Housing, Inc.

Consolidated Statements of Activities Year Ended December 31, 2015

	Programs									
	Property Operations & Management	Resident Services	Housing Development	Mercy Loan Fund	Neighborhood Stabilization	Corporate Operations	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues										
Rent - net of vacancies	\$ 162,060,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,060,498	\$ 162,060,498	\$ -	\$ -
Developer fees	-	-	10,176,486	-	-	-	10,176,486	10,176,486	-	-
Services fees	643,616	126,658	123,368	-	-	200,498	1,094,140	1,094,140	-	-
Philanthropy	275,902	7,545,410	3,912,641	199,220	5,000	3,647,773	15,585,946	6,056,924	9,529,022	-
Capital grants	897,155	(112)	8,774,936	-	-	-	9,671,979	2,459,493	7,212,486	-
Consulting	24,640	169,901	305,353	-	2,359,873	-	2,859,767	2,859,767	-	-
Interest	664,422	4,057	69,593	1,805,819	12,996	121,762	2,678,649	2,653,912	24,737	-
Other	9,559,874	99,142	350,993	674,609	15,167	178,572	10,878,357	10,878,357	-	-
Release of restricted assets	-	-	-	-	-	-	-	13,802,434	(13,802,434)	-
Total revenues	174,126,107	7,945,056	23,713,370	2,679,648	2,393,036	4,148,605	215,005,822	212,042,011	2,963,811	-
Expenses and losses										
Compensation	49,132,654	9,341,006	8,066,532	911,888	1,460,620	9,849,203	78,761,903	78,761,903	-	-
Administrative	11,117,345	1,368,762	1,161,581	75,066	202,280	3,210,685	17,135,719	17,135,719	-	-
Professional services	6,960,298	611,305	1,260,431	61,852	281,138	523,583	9,698,607	9,698,607	-	-
Depreciation and amortization	86,776,342	-	63,999	-	4,434	16,839	86,861,614	86,861,614	-	-
Grants	86,347	106,707	45,605	-	19,160	3,000	260,819	260,819	-	-
Facility	59,399,819	12,954	529,830	83	137,018	822,765	60,902,469	60,902,469	-	-
Interest and fees	30,967,046	144	207,379	900,631	30,012	1,030,894	33,136,106	33,136,106	-	-
Bad debts	898,619	10,925	217,466	-	15,450	-	1,142,460	1,142,460	-	-
Provision for impaired assets	213,191	-	14,430	140,940	-	34,147	402,708	402,708	-	-
Project expenses	-	-	665,498	-	-	-	665,498	665,498	-	-
Allocation	2,619,904	4,376,155	1,580,280	303,479	704,042	(9,583,860)	-	-	-	-
(Gain)/loss on sale of assets	(8,031,191)	-	(2,936,899)	-	8,158	-	(10,959,932)	(10,959,932)	-	-
(Gain)/loss on investment in unconsolidated entities, net	1,024	-	-	-	153,250	20,812	175,086	175,086	-	-
Total expenses and losses	240,141,398	15,827,958	10,876,132	2,393,939	3,015,562	5,928,068	278,183,057	278,183,057	-	-
Change in net assets										
Consolidated	(66,015,291)	(7,882,902)	12,837,238	285,709	(622,526)	(1,779,463)	(63,177,235)	(66,141,046)	2,963,811	-
Attributable to non-controlling interest	(59,395,741)	-	(2,958)	-	-	-	(59,398,699)	(59,398,699)	-	-
Change in net assets attributable to Mercy Housing, Inc.	\$ (6,619,550)	\$ (7,882,902)	\$ 12,840,196	\$ 285,709	\$ (622,526)	\$ (1,779,463)	\$ (3,778,536)	\$ (6,742,347)	\$ 2,963,811	\$ -

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

**Consolidated Statements of Changes In Net Assets
Years Ended December 31, 2016 and 2015**

	Unrestricted Net Assets			Temporarily Restricted	Permanently Restricted	
	Controlling	Noncontrolling	Total	Net Assets	Net Assets	Total Net Assets
Balance, January 1, 2015	\$ 40,250,750	\$ 487,395,322	\$ 527,646,072	\$ 213,390,654	\$ 3,402,000	\$ 744,438,726
Contributions	-	97,767,135	97,767,135	-	-	97,767,135
Distributions	-	(5,459,781)	(5,459,781)	-	-	(5,459,781)
Syndication	-	(1,124,151)	(1,124,151)	-	-	(1,124,151)
Other transfers	(1,188,097)	1,188,097	-	-	-	-
Excess (deficiency) of revenues over expenses	<u>(6,742,347)</u>	<u>(59,398,699)</u>	<u>(66,141,046)</u>	<u>2,963,811</u>	<u>-</u>	<u>(63,177,235)</u>
Balance, December 31, 2015	32,320,306	520,367,923	552,688,229	216,354,465	3,402,000	772,444,694
Contributions	-	85,533,950	85,533,950	-	-	85,533,950
Distributions	-	(568,469)	(568,469)	-	-	(568,469)
Syndication	(1,001,331)	(1,102,766)	(2,104,097)	-	-	(2,104,097)
Other transfers	7,968,516	(4,132,521)	3,835,995	9,591,503	-	13,427,498
Excess (deficiency) of revenues over expenses	<u>10,155,229</u>	<u>(60,481,170)</u>	<u>(50,325,941)</u>	<u>(4,507,198)</u>	<u>-</u>	<u>(54,833,139)</u>
Balance, December 31, 2016	<u>\$ 49,442,720</u>	<u>\$ 539,616,947</u>	<u>\$ 589,059,667</u>	<u>\$ 221,438,770</u>	<u>\$ 3,402,000</u>	<u>\$ 813,900,437</u>

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Operating activities		
Changes in net assets	\$ (54,833,139)	\$ (63,177,235)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Forgiveness of debt	(561,570)	(249,922)
Gain on sale of assets	1,195,385	(10,959,932)
Depreciation and amortization	90,986,356	86,861,614
Amortization of deferred financing fees	1,537,658	2,236,413
Provisions for loan losses and impaired assets	857,589	402,708
(Gain) loss from investments in partnerships	(72,831)	175,086
(Gain) loss on interest rate swap contracts	(745,532)	56,840
Amortization of prepaid ground lease	75,607	48,200
Net changes in current assets and liabilities that provided (used) cash		
Cash, tenant security deposits	(636,530)	(454,659)
Accounts receivable, net	(2,905,503)	(1,571,610)
Grants receivable	5,649,701	(4,063,445)
Pledges receivable	(1,002,487)	432,356
Prepaid expenses and other assets	252,195	2,589,765
Inventory	70,385	1,420,258
Accounts payable	(16,113,146)	(4,303,924)
Accrued interest payable	9,467,790	10,359,123
Deferred revenue	(4,800,659)	(1,862,936)
Cash, restricted - Neighborhood Stabilization, net	-	49,415
Tenant security deposits liability	604,389	331,013
Net cash provided by operating activities	<u>29,025,658</u>	<u>18,319,128</u>
Investing activities		
Net change in restricted cash and reserves	(26,029,725)	(15,853,352)
Net change in investments	(13,712,952)	801,469
Purchases of property and equipment	(275,488,517)	(137,128,398)
Net change in investments in partnerships	(1,180,833)	(268,790)
Net change in notes receivable	3,918,991	(2,151,580)
Payment of tax credit fees	(580,579)	(1,234,214)
Payments on prepaid land lease	(2,744,958)	(2,534,142)
Net cash used in investing activities	<u>(315,818,573)</u>	<u>(158,369,007)</u>

Mercy Housing, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Proceeds from notes payable	314,107,361	208,277,174
Principal payments on notes payable	(89,190,223)	(144,401,084)
Financing fees	(5,243,336)	(3,964,448)
Capital contributions from investor partners	85,533,950	97,767,135
Distributions paid to investor limited partners	(568,469)	(5,459,781)
Syndication costs	(2,104,097)	(1,124,151)
Net cash provided by financing activities	302,535,186	151,094,845
Net increase in cash and cash equivalents	15,742,271	11,044,966
Cash and cash equivalents at beginning of year	37,771,876	26,726,910
Cash and cash equivalents at end of year	\$ 53,514,147	\$ 37,771,876
Cash paid for interest, net of amounts capitalized of \$2,720,613 and \$1,532,869, respectively	\$ 18,487,652	\$ 18,075,542
Noncash investing and financing activities:		
Net noncash net assets of transferred entities to (from) MHI	\$ (13,427,498)	\$ (1,188,097)
Transfers of net assets of non-controlling interests	(4,132,521)	1,188,097
Debt and other liabilities transferred to (from) MHI		
Property and equipment and other assets transferred to MHI	17,560,019	-
(Increase) decrease in property and equipment in payables	40,646,929	12,959,083
Increase (decrease) in accounts payable from property equipment purchases (disposals)	(40,646,929)	(12,959,083)
Increase in property and equipment from notes payable	(899,722)	(1,383,381)
Increase in notes payable from property and equipment	899,722	1,383,381
Increase in property and equipment from capitalized amortization	(882,800)	(870,032)
Capitalized amortization in property and equipment	882,800	870,032
Increase in other assets from prepaid expenses	(390,987)	(454,010)
Decrease in prepaid expenses from other assets	390,987	454,010
Increase in unrestricted net assets	16,639,566	13,802,428
Release of temporarily and permanently restricted net assets	(16,639,566)	(13,802,428)
Total noncash investing and financing activities	\$ -	\$ -

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Note 1 - Organization and summary of significant accounting policies

Mercy Housing, Inc. (MHI or the Company) is a nonprofit Nebraska corporation formed in 1981 by eight congregations of women religious. MHI's mission is to create vibrant and healthy communities by developing, financing and operating affordable, program-enriched housing for families, seniors and people with special needs who lack the economic resources to access quality, safe housing opportunities. These activities are considered to comprise the major programs of the Company. Accordingly, the consolidated statements of activities include five separate programs and corporate operations, as follows: property operations and management; resident services; housing development; neighborhood stabilization and Mercy Loan Fund (MLF).

MHI and its affiliates receive significant funding from federal, state, and local government subsidies in various forms, including low-income housing tax credits, low-interest rate loans, grants, and rent subsidies for qualifying very low, low and moderate-income tenants.

MLF has been certified by the U.S. Treasury's Community Development Financial Institutions Fund (CDFI Fund) as a Community Development Entity (CDE) and has entered into an allocation agreement with the CDFI Fund as an Allocatee under Section 45D of the Internal Revenue Code.

Mercy Portfolio Services (MPS) was formed in 2009 as a response to the nation's foreclosure crisis. MPS is addressing the crises through two major programs: 1) Management of Neighborhood Stabilization Program (NSP) funds provided by the federal government to states and municipalities. NSP funds are used to acquire, rehabilitate and reoccupy foreclosed homes; and 2) Participation in the Mortgage Resolution Fund (MRF), a partnership with Enterprise Community Partners, Housing Partnership Network, and National Community Stabilization Trust whose mission is also neighborhood stabilization. MRF seeks to purchase delinquent mortgages from lenders and restructure the mortgages, enabling families to save their homes from foreclosure or transition to suitable housing. As of December 31, 2015, pursuant to the applicable agreements, MPS ceased its NSP management activities, excluding only record retention obligations set forth in those agreements. MRF, and its subsidiaries, have ceased purchasing loans, and are in the process of disposing of their remaining assets comprised primarily of REO properties.

The Company, through a subsidiary, holds an investment in Housing Partnership Equity Trust LLC (HPET). HPET was formed by twelve mission focused non-profit organizations and is operated by Housing Partnership Network. HPET is a social-purpose Real Estate Investment Trust that provides a ready source of long-term capital enabling its members and partners to quickly and efficiently acquire affordable multifamily properties. The Company and HPET jointly own 2000 Illinois, a 128 unit multifamily project in Aurora, Illinois serving working class families and individuals.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of MHI and all of its controlled affiliates. This includes corporations, limited partnerships and limited liability companies in which MHI has a controlling interest. These entities are included in the consolidation according to generally accepted accounting principles (GAAP) which require that partnership accounts be consolidated for all limited partnerships or limited liability companies which are deemed to be controlled by the Company. All intercompany transactions have been eliminated in consolidation.

The following entities are included in the consolidated financial statements of MHI:

Mercy Housing, Inc.
Mercy Loan Fund (MLF)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Mercy Housing Management Group (MHM)
Mercy Portfolio Services, Inc.
 MPS Community I, LLC
 MPS Stabilization, LLC
Mercy Housing Mountain Plains
 Holly Park Community Center, LLC
 Stapleton II Mercy, LLC
 Bluff Mercy, LLC (Bluff Lake)
 Mercy Housing Colorado GP, LLC
 Mercy Housing Colorado III, LTD. (Springfield Court)
 MHMP GP, LLC
 Mercy Housing Colorado VI, LTD. (Merced de las Animas)
 Mercy Housing Colorado VII, LP (Holly Park West)
 MHMP CO GP, Inc.
 Mercy Bond Properties Colorado I (Franconia LLC)
Mercy Housing Midwest
 Mercy House
 Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)
 Mercy Village Joplin, Inc.
 Mercy Housing Midwest Nebraska, LLC
 Northglen, LP
 Mercy Crestview Village Housing, LP
Mercy Housing Southwest (MHSW)
 Avondale Senior Village
 Camelot Casitas
 Casa de Merced
 Casa de Shanti, Inc.
 Decatur Place
 El Mirage Senior Village
 Mercy Holly Park East
 Mesa Senior Meadows
 Guadalupe Senior Village
 Peoria Place
 Plazas de Merced
 Vista Alegre
 Willow Street Apartments
Mercy Housing California (MHC)
 Affordable Housing Initiatives (AHI)
 All Hallows Community
 Marin Homes for Independent Living (Camino Alto)
 Cantebria Senior Homes
 Mercy Senior Housing Oxnard (Casa Merced)
 Francis of Assisi Community
 Gault Street Senior Housing
 John W. King Senior Community
 Maria B. Freitas Senior Housing Corporation
 Marin Housing Corporation (Martinelli House)
 Mercy Family Plaza Limited Partnership (Mercy Family Plaza)
 Mercy Gardens
 Notre Dame Senior Housing Corporation
 Oceana Senior Housing Corporation (Oceana Terrace)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Presentation Senior Housing Community
Russell Manor
Tierra Del Sol, Inc.
Garden Park Apartment Community
Mercy Oaks Village
Mercy Commercial California
MPCAL, LLC
MCC 1360, LLC
Central Coast Housing (CCH)
Mercy Housing California 58, LP (Neary Lagoon Apts.)
Sycamore Street Consolidated
Mercy Housing California Family Properties
Mercy Housing California 51, LP (Bill Sorro Community)
Mercy Housing California Special Needs
Mercy Housing California 57, LP (1500 Page)
Mercy Midtown Inc.
Mercy Housing California Senior Properties
 Bennett House, LP
 Dorothy Day Community, LP
 Junipero Serra, LP
 Monsignor Lyne, LP
 St. Andrew Community, LP
 Villa Columba Mercy Riverside, LP
Mercy Housing Calwest
 Mercy Housing California XXXIX, LP (Gleason Park)
 Mercy Housing California XL, LP (Arlington Hotel)
 Mercy Housing California XXXVIII, LP (East Leland Courts)
 Mercy Housing California XLII, LP (Boulevard Court)
 Mercy Housing California XLIV, LP (1000 Fourth Street)
 Third and LeConte Associates LP (Bayview Hill Gardens)
 Caroline Severance LLC
 Mercy Housing California XLIII, LP (Caroline Severance Manor)
 7th & H GP, LLC
 Mercy Housing California 47, LP (7th & H Street)
 Madonna Senior Housing LLC
 Mercy Housing California 53, LP (Madonna Residences)
 Mercy Housing California 52, LP (School House Station-Vista Grande)
 1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apts.)
 55 Laguna, LP (Open House Community at 55 Laguna)
 Esparto Family Apartments, LLC
 Mercy Housing California 54, LP (Esperanza Crossing)
 Sunset Lane Apartments LLC
 Mercy Housing California 55, LP (Trailside Terrace)
 Mercy Housing California 56, LP (Jefferson Park Terrace)
 Mercy Housing California II, LP (Columbia Park)
 Coastside Senior Housing Limited Partners, LP
 El Monte Veterans Apartments LLC
 El Monte Veterans Apartments, LP
 1028 Howard Street, LLC
 Mercy Housing California 60, LP (Quinn Cottages)
 Mercy Housing California XI, LP (Madison Place)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Mercy Eden House LLC
Eden House, L.P.
Crossroad Gardens LLC
Transbay Block 6, LLC
Mercy Housing California 62, LP (280 Beale)
Sunset Valley Duplexes, LLC
Mercy Housing California 63, LP (Sunset Valley Duplexes)
345 Arguello, LP
Land Park Woods, LLC
Mercy Housing California 68, LP (Land Park Woods)
1800 Pine, LP
Transbay Block 7, LLC
Mercy Housing California 64, LP (Transbay Block 7)
Mercy Mather Veterans, LLC
Mercy Housing California 61, LP (Mather Veterans Village)
Mercy Housing California 65, LLC
Mercy Housing California 65, LP (15888 Hesperion)
Plaza Maria, LLC
Laguna Senior Housing, LP
JFK Tower, LP
2698 California, LP
Mercy Housing California 66, LP (Colma Veterans Village)
455 Fell, LP (Parcel O)
Mercy Housing California 67, LP (Columbia Park)
St. Mary's Tower
Historic Live Oak (Odd Fellows)
Mercy Housing Camino, LLC
Mercy Housing La Cienega, LLC
New Dana Strand IV, LP (Camino Del Mar)
St Mary's Tower, LLC
Mercy Housing California 71, LP (St Mary's Tower)
Francis of Assisi, LLC
Mercy Housing California 69, LP (Francis of Assisi)
Mercy Housing California 59, LP (Casa de la Mission)
0623 Vernon, LLC
Mercy Housing California 48, LP (Roseville)
Esperanza Crossing II, LLC
Mercy Housing California 76, LP (Esperanza Crossing Phase II)
Mercy Transformation, LLC
Sunnydale Parcel Q Housing Partners, LP
Mercy Properties California
Foster Youth*
The Haven*
Leland House*
Osocales (McIntosh Mobile Homes)*
Richmond Hills*
Sycamore Center (Red Bluff)*
Sierra Vista*
Acacia Meadows*

*Not a legal entity but is included as a separate column in Supplementary Information.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

San Juan Housing Corporation
Kennedy Estates Housing Associates, LP (Kennedy Estates)
Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)

Mercy Housing Northwest-Idaho, Inc.
Eagle Senior Village, Inc.
Mercy Southeast Idaho, Inc. (Hamilton Court)
Mercy Moscow, Inc. (Hawthorne)
Independence Hill, Inc.
Mercy Housing Idaho NSP LLC
Boise Senior 202 Owner, LP (12th Street Senior)
Boise Senior 202 GP, LLC
MHNW-ID GP, LLC

Mercy Housing Lakefront (MHLF)
Lavergne Courts, LLC
Washington Courts, LLC
Whitmore Apartments, LLC
111th & Wentworth Apartment Corporation
111th and Wentworth Limited Partnership (Wentworth Commons)
Belray Apartments Corporation
Belray Limited Partnership (Belray Apartments)
Harold Washington Apartments Corporation
Magnolia Limited Partnership (Carlton Apartments)
Red Door Limited Partnership (Major Jenkins Apartments)
4707 Malden Limited Partnership (Miriam Apartments)
Roseland Apartments Corporation
Roseland Limited Partnership (Holland Apartments)
South Loop Apartments Corporation
South Loop Limited Partnership (South Loop Apartments)
Winthrop Apartments Corporation
5042 Winthrop Apartments Limited Partnership (Delmar Apartments)
Near North Apartments Corporation, NFP
Near North Limited Partnership (Schiff Residences)
Malden Arms Corp. II, NFP
Malden Limited Partnership II (Malden Arms II)
Englewood Apartments, NFP
901 West 63rd Limited Partnership (Englewood Apartments)
Countryside Seniors, LLC
Countryside Seniors Apartments, LP (Countryside Apartments)
Johnston Center MM, LLC
Johnston Center Re-Use, LLC
HWA-850 Eastwood GP Corp., NFP
HWA-850 Eastwood Limited Partnership
Belvidere Place Corp. I, NFP
Grayslake Senior Housing Limited Partnership
104th Street MM, LLC
104th Street Limited Partnership (Pullman Wheelworks)
MHL Holdings, LLC
MHL Keating MM, LLC
The Keating Building Little Village LLC
2000 Illinois Aurora MM, LLC
2000 Illinois Aurora, LLC

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

St. Catherine Residence, Inc.
SC Residence MM, LLC
SC Residence, LLC (McAuley Apartments)
Roseland Place Inc., NFP
Roseland Place Limited Partnership
Mercy River West Commons Elgin LLC
Danville Veterans Housing MM, LLC
Danville Veterans Housing, LLC
Greenwich Park Apartments MM, LLC
Greenwich Park Apartments, LLC
Mercy Sterling NFP
New Sterling Park MM, LLC
New Sterling Park, LLC
Kankakee Station Senior Housing MM, LLC
Kankakee Station Street Senior Housing, LLC
Mercy Housing South East
Mercy Place Belmont, Inc.
Mercy Housing Pembroke, Inc. (McFadden Place)
Mercy Housing Georgia Holdings, LLC (1826 Florance St)
Marshside Village, Inc.
Allegre Point Senior Residences, Inc.
MHSE Adamsville Green Senior Partners, LLC
Adamsville Green Limited Partnership
Dublin Manor, Inc.
McAuley Manor, Inc.
Mercy Manor, Inc.
Riverview - St. Mary's Inc. (St. Mary's Riverview I)
St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)
St. Mary's Villa, Inc.
Sacred Heart Village I, Inc.
Sacred Heart Village II, Inc.
Sacred Heart Village III, Inc.
St. Theresa Village, Inc.
Siena Springs (Siena Springs I)
Siena Springs II
Charles Meadows Corporation
Charles Crest Corporation (Charles Crest I)
Charles Crest II, Corporation
Savannah Gardens Senior Residences, Inc.
Mercy Community Housing Georgia, Inc. (MCHGa)
 Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apartments)
 Mercy Housing Georgia IV, L.P. (Heritage Corner/Heritage Row)
 Mercy Housing Georgia V, L.P. (Chamblee Senior)
 Mercy Housing Georgia VI, L.P. (The Atrium at College Town)
 MCHG Partners, Inc.
 Acquisition Properties Georgia I, LP (Magnolia Village)
 Mercy Housing Georgia X, L.P. (Savannah Gardens I)
 Mercy Lithonia Park View, Inc.
 Mercy Housing Georgia VIII L.P. (Terraces at Park View)
 MPI Highland Place, LLC
 MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Antioch II, LLC
Antioch Villas, L.P.
Mercy Housing Georgia XI GP, LLC
Mercy Housing Georgia XI, LP (Etowah Terrace)
MHSE Arbors, LLC
The Arbors at Ellington, Ltd.
MHSE Savannah Gardens Phase III GP, LLC
Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)
MHSE Reynoldstown Senior GP, LLC
MHSE Reynoldstown Senior, LP
MHSE Savannah Gardens Phase IV GP, LLC
Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)
MHSE Savannah Gardens Phase V GP, LLC
Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)
MHSE Renaissance Apartments, LLC
MHSE Mercy Park, LLC
Mercy Park Chamblee
Mercy Housing Northwest
Intercommunity Housing Ferndale
Sterling Senior Housing
Appian Way Manager LLC
Appian Way Mercy, LLC (Appian Way Apartments)
New Tacoma Phase I GP LLC
New Tacoma Phase I Owner, LP (New Tacoma Phase I)
New Tacoma Phase II Mercy LLC (New Tacoma Phase II)
New Tacoma Condominium Association
Evergreen Vista 1 GP LLC
Evergreen Vista 1 Owner, LP
Rainer Vista Block 43 GP, LLC
Rainer Vista Block 43 Owner, LP (Columbia City Station Apts.)
Cobble Knoll I Mercy LLC
Allegre Mercy Redevelopment LLLP
Villa Kathleen Redevelopment LLLP
Impact Family Village GP LLC
Impact Family Village Limited Partnership (Emerald City Commons)
Family Tree & Lincoln Way GP, LLC
Family Tree & Lincoln Way LLLP
MHNW 9 Othello East GP, LLC
MHNW 9 Othello East, LP
MHNW 10 Othello West GP, LLC
MHNW 10 Othello West, LP
MHNW 12 Eleanor Apartments, LLC
Eleanor Apartments
MHNW 11 Woodlakes, LLC
MHNW 11 Woodlakes LLLP
Mercy Properties Washington
Mercy Housing Washington VIII, LP (Hillside Gardens)
Mercy Housing Washington VI, LP (Lincoln Way II)
Mercy Housing Washington V, LP (Sterling Meadows)
Mercy Housing Washington VII, LP (Eliza McCabe Townhomes)
Mercy Housing Washington IX, LP (Evergreen Vista II)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Mercy Housing Washington X, LLC (Catalina Apartments)
Mercy Housing Ohio, Inc.
Mercy Properties Washington III, LLC (Cobble Knoll I)
Mercy Properties Washington II, LLC (Cobble Knoll II)
Padre Apartments Community
Mercy Properties, Inc. (MPI)
 111 Jones Street Associates, LP (111 Jones Street Apts.)
 Britton Street Associates, LP (Britton Street Apts.)
 Mercy Housing California VII, LP (Casa San Juan)
 Mercy Housing Colorado VIII, LP (Valle de Merced)
 Mercy Housing Colorado I, LTD (Grace)
 Marlton Affordable Housing Associates (Marlton Manor)
 Mercy Housing California V, LP (Mercy Village Folsom)
 Park Terrace Apartments, LP
 Mercy Housing California X, LP (The Rose Hotel)
 San Felipe Homes, LP
 2220 10th Avenue Associates, LP (Santana Apts.)
 Mercy Housing Iowa II, LP (Sherwood Place Apts.)
 Mercy Housing California I, LP (St. Francis Terrace)
 Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)
 Mercy Housing Colorado IX, LLLP (Parkside Apartments)
 Mercy Housing Arizona II, LP (Page Commons)
 Parkside Terrace Apartments, LLC
 Parkside Terraces Limited Partnership
 Mulberry Court LLC
 Mercy Housing South Carolina I, LP (Mulberry Court Apts)
 Savannah Rose of Sharon, LLC
 Mercy Housing Georgia III, LP (Rose of Sharon)
 Mercy Housing South Dakota I, LLC (Driftwood Estates)
 Mercy Housing South Dakota II, LLC (Northern Heights)
 Mercy Housing Colorado XI, LLC (Pinon Terrace)
 Commons on Main GP, LLC
 Commons on Main, LP
 Aromor Mercy, LLC (Aromor Apts)
 Mercy Galewood SLF, Inc.
 FHD Holdings LLC
 Franciscan Homes III, LP
 Franciscan Homes IV, LP
Mercy Properties II, Inc.
 Mercy Housing Utah I, LP (Francis Peak View)
 Mercy Housing Idaho V, LP (Sisters Villa)
2101 Telegraph Avenue Housing, Inc.
 2101 Telegraph Avenue Associates, LP (Hamilton Apts.)
McDermott Place
 Bishop's Block, LP
South of Market Mercy Housing
 1101 Howard Street Associates, LP (1101 Howard St. Apts.)
 Mercy Housing California VI, LP (205 Jones Street Apts.)
 1475 167th Avenue Associates, LP (Bermuda Gardens)
 Centro Partners, LP (El Centro Residential)
 Riverside/Leibrandt Partners, LP (La Playa Residential)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

West 28th Street, LP (Montclair/Tolton Court)
16th & Church Street Associates, LP (Padre Palou)
Mercy Housing California IX, LP (Sycamore St. Commons)
Visitation Valley Affordable Housing Corporation
Visitation Valley Family Housing Associates (Heritage Homes)
Mercy Housing West
Mercy Housing California XIV, LP (10th & Mission Apartments)
Mercy Housing California XV, LP (Nueva Vista)
Mercy Housing California XVII, LP (Derek Silva Community)
Mercy Housing California XXIV, LP (Carter Terrace Apartments)
Mercy Housing California XVIII, LP (Polk Street Senior Community)
Mercy Housing California XIII, LP (Linbrook Court)
Mercy Housing California XX, LP (Mission Creek Sr.)
Mercy Housing California XVI, LP (Villa Madera)
Mercy Housing California XII, LP (Villa Amador)
Village Park Housing Associates (Village Park Apts.)
Mercy Housing California XXI, LP (White Rock Village)
Mercy Housing California XIX, LP (Grand & Venice)
Mercy Housing California XXV, LP (Casa Alegre)
Pinewood Court Apartments, LP (Terracina Pinewood Court)
Mercy Housing California XXII, LP (The Dudley)
Mercy Housing California XXVI, LP (Martin Luther King Village)
Mercy Housing California XLI, LP (Westbrook Plaza)
Mercy Housing California XXXIV, LP (Edith Witt Sr Community)
Mercy Housing California XXVII, LP (Serna Village)
Mercy Housing California XXVIII, LP (The Vineyard Townhomes)
Mercy Terrace, LLC
Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)
New Dana Strand Townhomes, LP (New Dana Strand Townhomes)
Mercy Housing California XXXII, LP (Creekview Manor)
Mercy Housing California XXXVI, LP (Kent Gardens)
Mercy Housing California XXXI, LP (Martinelli House)
Mercy Housing California XXXV, LP (Ardenaire Apartments)
Mercy Housing California XXXIII, LP (Casa Verde)
Mercy Housing California XXXVII, LP (Ross Ranch)
Colonia San Martin Associates, LP
Mercy Housing California 50, LP (Vera Haile Senior Housing)
Mercy Housing California 49, LP (McAuley Meadows)
Affordable Housing Corp.
Mercy Housing Washington III, L.P. (Tahoma View)
Mercy Housing Wheaton
Clare of Assisi Homes - Westminster, Inc.
Clare Gardens, Inc.
Francis Heights, Inc.
Villa Maria, Inc.
Paducah Ministries 1, Inc. (Loan Oak Manor)
Princeton Ministries 4, Inc.
Assisi Homes of Illinois, Inc.
Mercy Housing Franciscan Campus, Inc. (Day Spring Villa)
Brandywine, Inc.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Revenue recognition

Rental income, principally from short-term leases on apartment units and commercial space, is recognized as the rentals become due.

MHI recognizes gifts of cash and other assets as unrestricted revenue unless they are received with donor restrictions. Gifts with restrictions are reported as restricted revenue. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as net assets released from restrictions. Gifts of long-lived assets with restrictions and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted revenue and are reclassified to unrestricted net assets ratably over the useful life (typically 27.5 to 40 years) of the related long-lived asset.

Unconditional and substantiated promises to give are recorded as revenue at estimated net realizable value. Conditional promises to give are not included as revenue until the conditions are substantially met or unless the possibility that the condition will not be met is remote. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted revenue in the period of receipt. Unconditional promises to give with payments due in future periods are discounted to present value and reported as temporarily restricted revenue.

Special event revenues are recognized when the event is held. Contributions received at or related to a special event are recorded as philanthropy in the Consolidated Statements of Activities.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, deposits in money market accounts and certificates of deposit. All highly liquid instruments with maturities of three months or less when purchased are considered to be cash equivalents. All significant balances are insured by the Federal Deposit Insurance Corporation (FDIC).

Restricted cash

The Company is subject to restrictions on certain funds received by MHI and certain subsidiaries. These funds are included in the restricted cash balance.

Many of the MHI subsidiaries are required to make monthly deposits for replacement of project assets, which are controlled by the Department of Housing and Urban Development (HUD) or other financing authorities. These subsidiaries are also required to make yearly deposits of surplus cash, if any, to residual receipts accounts. Use of residual receipt funds is contingent upon the prior written approval of HUD.

Many of the MHI subsidiaries are required to make monthly escrow deposits for taxes and insurance in a separate account held by the project. The mortgagor for the subsidiary controls these escrow deposits. These funds are included in the restricted cash balance.

Amounts received by MHI subsidiaries from HUD and other financing authorities for construction of low-income housing projects are included in the restricted cash balance.

Investments

MHI invests cash in individual certificates of deposits, treasury instruments and government agency notes. Securities with maturities greater than 90 days are recorded as investments. Debt instruments are recorded at fair value, and realized and unrealized gains and losses are recorded as unrestricted operating income or loss. MHI's intention is to hold the investments to maturity.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2016 and 2015

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. GAAP requires 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. Non-tenant receivables are reported net of an allowance for doubtful accounts.

Inventory

Inventory consists principally of single-family homes, land under development, rehabilitated homes purchased under the Neighborhood Stabilization Program and improved lots. Inventory includes land and development costs, direct construction costs, indirect construction costs, interest, and real estate taxes. The costs of acquiring and developing land are allocated to the parcels to which these costs relate. Interest and taxes are capitalized during the active development and construction stages. Inventory is stated at the lower of cost or fair value, less cost to sell.

Property and equipment

Property and equipment have been stated at cost. The provision for depreciation is computed using the straight-line method based on estimated useful lives of the related assets. Buildings and improvements are depreciated over 27.5 to 40 years, equipment is depreciated over 3 to 10 years, and land improvements are depreciated over 15 to 20 years.

Impairment of long-lived assets

In accordance with GAAP, management continually monitors events and changes in circumstances, which could indicate that the carrying value of real estate may not be recoverable. If events or changes in circumstances are present, management assesses the recoverability of real estate by determining whether the carrying value will be recovered through the undiscounted future cash flows expected to be generated from its uses and eventual disposition. If the carrying amount of the real estate exceeds its estimated undiscounted cash flows, the impairment to be recognized is measured by the amount of its carrying value of the real estate that exceeds its fair value. An impairment loss of \$0 and \$213,191 has been recognized for the years ended December 31, 2016 and 2015, respectively. Losses are included in the provision for impaired assets line in the Consolidated Statements of Activities.

Predevelopment project costs

The Company incurs costs in connection with properties it is considering for development as well as costs associated with properties in the initial stages of development. These costs include such items as market and environmental studies, purchase options, and legal and accounting costs. Predevelopment costs are capitalized until such time as the project is either abandoned or becomes an approved project with independent funding sources. Predevelopment project costs are charged to operations at the time a potential project is no longer considered desirable or feasible.

Allowance for loan losses

The Company maintains an allowance for loans, notes receivable and accrued interest that may not be ultimately collected. The balance maintained is based upon prior experience and management's assessment of the collectability of existing specific loans. Individual loans are written off against the allowance when they are deemed uncollectible, and increases to the allowance are charged to provision for loan losses.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage and notes payable to which such costs relate. Amortization of debt

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2016 and 2015

issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Tax credit fees and related amortization

Tax credit monitoring fees are being amortized using the straight-line method over the fifteen-year tax credit compliance period.

Amortization expense for the years ended December 31, 2016 and 2015 was \$583,727 and \$558,631, respectively. Estimated amortization expense for each of the ensuing years through December 31, 2021 is as follows:

2017	\$	553,020
2018		546,099
2019		543,666
2020		522,468
2021		482,484

Investment in unconsolidated entities

MHI and its subsidiaries hold investments in limited partnerships and other entities that are not consolidated. The ownership interests range from .005 percent to 50 percent and are not consolidated as they are not controlled by the Company. For the years ended December 31, 2016 and 2015, the investment balance was \$2,158,757 and \$905,093, respectively. See Note 7 for additional information.

Basis of presentation and net assets

GAAP requires the organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Furthermore, program service expenses must be segregated from management and general expenses. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support. Unrestricted net assets are those that have no external restrictions. Temporarily restricted net assets are those net assets for which use is limited by donors to a specific time period and/or purpose. Permanently restricted net assets are those net assets for which use is restricted in perpetuity by donors.

Non-controlling interest in limited partnerships

This represents the aggregate balance of third party Limited Partner or Investor Member equity interests in the limited partnerships or limited liability companies that are included in the consolidated financial statements. The aggregate negative balances, if any, of Limited Partner or Investor Member interests prior to January 1, 2010 remain in MHI's net assets.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Transfers of net assets

During the year ended December 31, 2016, nine entities were added and one entity was removed from the consolidated financial statements. During the year ended December 31, 2015, no entities were added to or removed from the consolidated financial statements. The net effect of the changes to beginning net assets for the years ended December 31, 2016 and 2015 were increases of \$13,427,498 and \$0, respectively. The following is a summary of the changes for the year ended December 31, 2016:

Addition of entities:	
Historic Live Oak (Odd Fellows)	\$ 596,183
Clare of Assisi Homes - Westminster, Inc.	2,692,613
Clare Gardens, Inc.	(3,466,857)
Francis Heights, Inc.	6,264,880
Villa Maria, Inc.	2,001,508
Paducah Ministries 1, Inc. (Loan Oak Manor)	2,442,837
Princeton Ministries 4, Inc.	2,428,472
Assisi Homes of Illinois, Inc.	1,959,652
Brandywine, Inc.	332,042
Transfer of entities:	
Commons on Main, LP	(976,098)
Transfer of eliminations	<u>(847,734)</u>
Total	<u><u>\$ 13,427,498</u></u>

Strategic health care partnerships

Throughout MHI's history, many of the Strategic Partners have pledged contributions for up to five years. MHI has eight Strategic Health Care Partners (Strategic Partners) as follows:

Ascension Health
Bon Secours Health System
Catholic Health Initiatives
Mercy Health Partners
Dignity Health
Presence Health
St. Joseph Health System
Trinity Health Corporation

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2016 and 2015

As of December 31, 2016 and 2015, the Company had recorded pledges receivable of \$1,600,000 and \$1,300,000, respectively, from Catholic Health Initiatives (CHI), Ascension Health, Dignity Health (DH) and St. Joseph's Health System. As of December 31, 2016, future pledge payments from Strategic Partners are as follows:

For the year ending December 31, 2017	\$ 1,100,000
2018	400,000
2019	100,000
2020	-
2021	-
Total	<u>\$ 1,600,000</u>

CHI and DH provided MHI with a \$5,000,000 non-interest bearing loan and a \$3,000,000, 3 percent interest bearing loan, respectively. The loans provide working capital to support MHI's mission.

Bon Secours Health System, CHI, St. Joseph Health System, DH and Trinity Health Corporation provided MLF with loans ranging from \$1,000,000 to \$4,800,000. Proceeds from these loans are invested in communities supported by MLF. Interest rates range from 2 to 2.5 percent.

Developer and consulting fees

Developer and consulting fees are recognized during the construction period based on the percentage of construction complete. Any payments received during the construction period are recorded as deferred revenue until earned. Amounts not received by the completion date are recorded as a receivable. Developer fees that are earned during construction and paid for with investor equity or project debt are capitalized. The deferred developer fees paid from property operations are eliminated in consolidation.

Tenant subsidy payments

A portion of the rental income is in the form of subsidy payments from HUD under Section 8 of the National Housing Act. Tenants are subsidized based upon their level of income. Rent increases require HUD approval. Tenants also receive subsidy payments from US Department of Agriculture, Rural Development.

Income taxes

MHI and its consolidated nonprofit corporations are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state statutes. MHI did not have any unrelated business income for the years ended December 31, 2016 and 2015. All nonprofit corporations are required to file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and there are no other tax positions which must be considered for disclosure. For the years ended December 31, 2016 and 2015, the Company did not identify any uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The following entities are corporate subsidiaries of MHI that are not exempt from federal and state taxes:

Affordable Housing Initiatives
Affordable Housing Corporation
Mercy Affordable Housing, Inc.
Mercy Commercial California
111th & Wentworth Apartments Corporation

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Belray Apartments Corporation
Englewood Apartments, NFP
Harold Washington Apartments Corporation
Malden Arms Corp. II, NFP
McDermott Place
MCHG Partners, Inc.
Mercy Galewood SLF, Inc.
Mercy Lithonia Park View, Inc.
Near North Apartments Corp., NFP
Roseland Apartments Corporation
South Loop Apartments Corporation
Winthrop Apartments Corporation
Savannah Rose of Sharon LLC
Countryside Seniors LLC
Antioch II, LLC
HWA-850 Eastwood GP Corporation NFP
Belvidere Place Corporation I, NFP
104th Street MM, LLC
MHSE Adamsville Green Senior Partners, LLC
MHSE Savannah Gardens Phase III GP, LLC
MPI Highland Place LLC
Stapleton II Mercy, LLC
MHMP CO GP, Inc.
Mercy Housing Georgia XI GP, LLC
Impact Family Village GP, LLC
MHSE Arbors LLC
MHSE Savannah Gardens IV GP
MHSE Savannah Gardens V GP
Mercy Sterling NFP
MHL Keating MM, LLC
New Sterling Park MM, LLC
Aurora Mercy Housing LLC
Greenwich Park Apartments MM, LLC
Mercy Eden House, LLC
Esperanza Crossing II, LLC
Kankakee Station Street Senior Housing MM LLC
Danville Veterans Housing MM LLC
MHSE Mercy Park GP LLC

The Company accounts for income taxes related to the taxable corporate subsidiaries under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. For the years ended December 31, 2016 and 2015, a tax liability of \$0 and \$2,047,684, respectively, has been accrued.

The limited partnerships and limited liability companies in which the Company has a partnership interest have elected to be treated as a pass-through entity for income tax purposes and, as such, are 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

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2016 and 2015

partnerships' federal tax statuses are based on their legal status as a partnership. Accordingly, the partnerships are not required to take any tax positions in order to qualify as a pass-through entity. The partnerships are required to file and do 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 partnerships have no other tax positions which must be considered for disclosure. Income tax returns filed by the entities 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 2013 remain open.

Fair value

The carrying amounts of the Company's cash and cash equivalents, receivables, payables and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the Company's long-term notes receivable and notes payable is assessed by management based on analysis of underlying investments and historical trends. It is impracticable to estimate the fair value of the Company's financial guarantees because there are no quoted market prices for transactions that are similar in nature. See Note 12.

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 amounts reported in these financial statements and the accompanying notes. Actual results could differ from those estimates.

Derivative instruments and hedging activities

During the years ended December 31, 2016 and 2015, the Company had seven interest rate swap contracts outstanding that were used to mitigate the economic impact of changes in interest rates. The swaps are designated as cash flow hedges and are being used to offset the risk of changes in cash flows associated with benchmark interest payments on its variable rate mortgage loans. MHI reassesses the hedge on an ongoing basis to determine if it continues to be effective. Changes in the fair value of the interest rate swap contracts are recorded in the Consolidated Statement of Activities. As of December 31, 2016 and 2015, there was no hedge ineffectiveness. The swaps are reported in notes payable at fair value on the Consolidated Statements of Financial Position. See Note 12 for additional information on derivative instruments and hedging activities.

Change in accounting principle

During the year ended December 31, 2016, Mercy Housing, Inc. adopted the provisions of Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03), which modifies the presentation of debt issuance costs and the related amortization. The change in accounting under ASU 2015-03 improves the reporting of debt issuance costs by no longer reporting them as assets. It also improves the reporting of the related amortization by including it as a component of interest expense. ASU 2015-03 has been adopted by Mercy Housing, Inc. on a retrospective basis. As a result, total assets, as well as notes payable, for the year ended December 31, 2015 have been reduced by the effect of the reclassification of debt issuance costs, net of accumulated amortization, of \$22,337,451.

Reclassifications

Reclassifications have been made to the prior year balances to conform to the current year presentation.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Note 2 - Cash and investments

Cash and investments are categorized as unrestricted, which include board-designated amounts for a specific purpose, or restricted. Unrestricted cash held by the properties is generally not available for corporate purposes but is instead limited for use within the individual properties.

At December 31, 2016 and 2015, cash and investments were as follows:

	2016	2015
Unrestricted Cash - Properties	\$ 33,754,230	\$ 33,596,117
Unrestricted Cash/Investments - MLF	6,952,560	1,470,936
Unrestricted Cash - Board Designated	9,351,301	-
Unrestricted Cash/Investments - Corporate Operating Entities	11,631,056	9,552,518
Unrestricted Investments - Board Designated, Current	6,370,000	-
Unrestricted Investments - Board Designated, Non-Current	6,475,000	-
	<hr/>	<hr/>
Total Unrestricted and Designated Cash/Investments	74,534,147	44,619,571
Restricted Cash - Tenant Security Deposits	7,811,575	7,175,045
Restricted Cash/Investments - Corporate Entities (including MLF)	18,785,949	19,592,378
Restricted Cash - Properties	23,823,735	15,249,021
Restricted Cash - LT Restricted Property Reserves, Board Designated	3,220,943	-
Restricted Cash - LT Restricted Property Reserves	140,022,710	125,441,566
	<hr/>	<hr/>
	\$ 268,199,059	\$ 212,077,581
	<hr/>	<hr/>

MHI invests in certificates of deposit which are carried at par value as they are held to maturity. Realized and unrealized gains and losses are recorded in the Consolidated Statements of Activities as unrestricted operating income or loss. Maturity dates range from January 2017 to September 2023. The approximate market value of the investments was \$84,554,574 and \$57,605,200 as of December 31, 2016 and 2015 as follows:

	2016	2015
Certificates of deposit	\$ 67,374,922	\$ 47,190,298
Money market accounts	17,165,850	10,409,098
Equities	13,802	5,804
	<hr/>	<hr/>
	\$ 84,554,574	\$ 57,605,200
	<hr/>	<hr/>

MHI recorded investment income of \$1,932,548 and \$872,829 during the years ended December 31, 2016 and 2015, respectively.

Note 3 - Pledges

Pledges and unconditional promises to give are recorded as revenue at estimated net realizable value based on historical trends. Pledges with payments due in future periods are discounted to present value and are reported as temporarily restricted revenue.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

As of December 31, 2016, future pledge payments are as follows:

For the year ending December 31, 2017	\$ 2,034,219
2018	816,667
2019	100,000
2020	-
2021	-
	<hr/>
Total pledges receivable	2,950,886
Allowance and discount	<u>(9,489)</u>
	<hr/>
Total pledges receivable, net of allowance and discount	<u><u>\$ 2,941,397</u></u>

The amount of pledges written off was \$1,052 and \$84,673 for the years ended December 31, 2016 and 2015, respectively.

Note 4 - Grants receivable

Grants receivable consist of amounts due under grant awards for which the revenue has been recognized either as unrestricted or temporarily restricted.

The amount due as of December 31, 2016 was \$767,177. Of this \$336,883 relates to two Department of Commerce and Economic Opportunity grants for Mercy Housing Lakefront that were received in February 2017.

The amount due as of December 31, 2015 was \$6,416,878. Of this \$2,993,904 relates to a HUD Section 202 grant for MHSE Reynoldstown Senior, LP and \$1,250,000 relates to a grant for costs related to potential acquisitions.

Note 5 - Notes and interest receivable

Notes and interest receivable consists of notes due from various unaffiliated organizations and individuals. Interest rates on the notes receivable range from 0 percent to 8.04 percent. Maturity dates range from 2017 to 2041. At December 31, 2016 and 2015, substantially all of the notes and interest receivable are collateralized by real estate.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Total allowances for Mercy Housing Inc. at December 31, 2016 and 2015 consisted of the following:

	MLF	MHSW	MHC	CCH	MHLF	MPI	MHI	Total
Balance at January 1, 2015	\$ 2,343,043	\$ 669,816	\$ 21,976	\$ 80,706	\$ 2,083	\$ 404,617	\$ -	\$ 3,522,241
Increase/Decrease to allowance charged to:								
Provision for impaired assets	140,940	-	-	-	-	14,430	34,147	189,517
Loans charged off	(107,486)	(58,105)	-	-	-	-	-	(165,591)
Recoveries of loans charged off	(272,514)	-	-	-	(2,083)	-	-	(274,597)
Balance at December 31, 2015	2,103,983	611,711	21,976	80,706	-	419,047	34,147	3,271,570
Increase/Decrease to allowance charged to:								
Provision for impaired assets	847,969	-	-	-	-	9,620	-	857,589
Loans charged off	(286,984)	(55,104)	-	-	-	-	-	(342,088)
Recoveries of loans charged off	(691,500)	-	-	-	-	-	-	(691,500)
Balance at December 31, 2016	<u>\$ 1,973,468</u>	<u>\$ 556,607</u>	<u>\$ 21,976</u>	<u>\$ 80,706</u>	<u>\$ -</u>	<u>\$ 428,667</u>	<u>\$ 34,147</u>	<u>\$ 3,095,571</u>

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Note 6 - Property and equipment and assets held for sale

Property and equipment

Property and equipment at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Land and land improvements	\$ 296,221,451	\$ 264,149,337
Buildings	2,342,976,884	2,149,943,916
Furniture and equipment	81,302,027	72,503,189
Predevelopment project costs	14,789,642	14,979,724
Construction in progress	192,264,042	83,027,130
Total property and equipment	2,927,554,046	2,584,603,296
Less accumulated depreciation	(786,475,934)	(692,880,947)
Property and equipment, net	<u>\$ 2,141,078,112</u>	<u>\$ 1,891,722,349</u>

For the years ended December 31, 2016 and 2015, depreciation expense was \$90,402,629 and \$86,302,983, respectively.

In 2016, the Company entered into an agreement with Wheaton Franciscan Services Inc. and Franciscan Ministries Inc. (collectively referred to as Franciscan Ministries) for the transfer of ownership of 33 entities comprising approximately 3,601 apartment units (the FMI Transfer). The transfer of each asset is contingent upon the receipt of all required federal and state approvals. In addition, Franciscan Ministries agreed to provide MHI with a \$6,000,000 unrestricted cash gift, subject to the completion of pre-determined activities related to the above transfer. As of December 31, 2016, MHI had received \$4,500,000 of cash related to this unrestricted cash gift.

During 2016, the ownership of nine entities was transferred to the Company. In conjunction with this transfer, property and equipment increased by \$29,502,468 and assumed property mortgages increased by \$12,807,926. See Note 17 for additional details.

Assets held for sale

In accordance with GAAP, the results of operations for properties classified as held for sale at the end of the current period are required to be classified as held for sale in the current and prior periods. Real estate assets held for sale are measured at the lower of the carrying amount or the fair value less costs to sell. Once an asset is classified as held for sale no further depreciation is recorded. At December 31, 2016 and 2015, the Company considered the assets of Mercy Housing Southeast Idaho, Inc. (Hamilton Court) and Franciscan Homes IV, LTD as held for sale. Management believes that the fair value less costs to sell exceeds the carrying amount of these projects, therefore no loss has been charged to operations for 2016 or 2015.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Following is summarized information regarding assets classified as held for sale:

	<u>2016</u>	<u>2015</u>
Total assets	\$ 883,676	\$ 861,037
Total liabilities	5,028,675	4,810,558
Discontinued operations	(195,478)	(124,841)

Note 7 - Investments in unconsolidated entities

MHI and its subsidiaries hold investments in limited partnerships and other entities that are not consolidated. As of December 31, 2016 and 2015, MHI is invested in the following non-consolidating entities:

Galewood SLF Associates, LP
Sunnydale Development Company LLC
Mercy Loan Fund Sub-CDE 1, LLC
Housing Partnership Equity Trust, LLC
Truckee Riverview Housing Associates

The Company's investment in the projects shown above is as follows:

Investment in unconsolidated entities as of January 1, 2015	\$ 965,888
Capital contributed	153,351
Other transfers	(39,060)
Equity in project earnings (loss)	<u>(175,086)</u>
Investment in unconsolidated entities as of December 31, 2015	905,093
Capital contributed	1,340,638
Distributions from cash flow	(159,805)
Equity in project earnings (loss)	<u>72,831</u>
Investment in unconsolidated entities as of December 31, 2016	<u><u>\$ 2,158,757</u></u>

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Note 8 - Notes payable

Notes payable as of December 31, 2016 and 2015 include both secured and unsecured borrowings and consist of the following:

	<u>2016</u>	<u>2015</u>
Unsecured Corporate Operating and Predevelopment Loans:		
US Bank - Revolving loan bearing interest at thirty day LIBOR plus 2.70%, payable monthly. The allowable borrowing under this line is \$10,000,000. The rate at December 31, 2016 and 2015 is 3.47% and 2.95%, respectively. Commitment expires March 31, 2019. ⁽¹⁾	\$ -	\$ -
JP Morgan Chase - Revolving predevelopment loan bearing interest at thirty day LIBOR plus 2.50% payable monthly. For the years ended December 31, 2016 and 2015, credit line is available to fund predevelopment expenses up to a total of \$2,593,000 and \$7,000,000, respectively. The rate as of December 31, 2016 and 2015 is 3.13% and 2.75%, respectively. Commitment expires September 1, 2017. ⁽²⁾	2,593,000	5,113,190
Investor Loans to Mercy Loan Fund. Notes bearing interest from 0% to 5% and maturing through 2026. Available balances under these notes were \$10,398,107 and \$5,528,834 as of December 31, 2016 and 2015, respectively.	42,407,081	39,539,633
Other Notes Payable, bearing interest from 0% to 3% and maturing through June 2021. Available balances were \$1,500,000 as of December 31, 2016 and 2015.	<u>18,597,257</u>	<u>18,691,112</u>
Subtotal - Unsecured Corporate Operating and Predevelopment Loans	63,597,338	63,343,935

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Loans secured by the respective properties:		
Construction loans, bearing interest from 0% to 4.61%, with both fixed and variable interest rates, to be repaid in full or converted to permanent loans through 2018. Available balances are \$255,001,583 and \$163,115,430 as of December 31, 2016 and 2015, respectively.	375,822,282	190,244,877
Permanent loans, bearing interest from 0% to 12%, generally with principal and interest due monthly, to be repaid in full through 2079. All funds available under these notes are fully drawn as of December 31, 2016 and 2015, respectively.	<u>1,029,245,691</u>	<u>980,715,725</u>
Total debt	1,468,665,311	1,234,304,537
Less deferred financing costs, net attributable to construction loans	(6,572,514)	(3,581,687)
Less deferred financing costs, net attributable to permanent loans	<u>(19,037,940)</u>	<u>(18,755,764)</u>
Total	1,443,054,857	1,211,967,086
Less current portion	<u>(115,854,857)</u>	<u>(84,455,616)</u>
Non-current portion	<u>\$ 1,327,200,000</u>	<u>\$ 1,127,511,470</u>

- (1) As of December 31, 2016 and 2015, the Company had standby Letters of Credit of \$3,850,000 and \$1,250,000, respectively, issued under the operating sub-limit. Effective March 31, 2017, the Company entered into an agreement with US Bank to modify and extend the revolving facility. Under the agreement, allowable borrowing was reduced to \$7,500,000, the rate was increased to one-month LIBOR plus 3.00% and the commitment expiration date was extended to December 31, 2019.
- (2) Effective February 1, 2017, the Company entered into a revolving predevelopment line of credit agreement with ZB, N.A., dba California Bank & Trust. The agreement provides for borrowing up to \$8,000,000 at an interest rate of one-month LIBOR plus 2.10%. The maturity date of the line of credit is December 31, 2019. In addition to pre development costs, proceeds from the line of credit can be used for short term bridge loans to properties in the construction and lease-up phase. Initial proceeds from this loan were used to retire the remaining balance of the JP Morgan Chase loan.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Future minimum principal maturities of notes payable are as follows:

For the year ending December 31, 2017	\$ 115,854,857
2018	100,744,200
2019	19,779,983
2020	19,376,263
2021	12,585,966
Thereafter	<u>1,200,324,042</u>
Total maturities	<u><u>\$ 1,468,665,311</u></u>

Included in current maturities as of December 31, 2016 and 2015 is construction debt totaling \$88,395,456 and \$53,229,217, respectively, that has committed sources of repayment including proceeds from permanent debt and/or low income housing tax credit equity.

Note 9 - Lease commitments

The Company leases land, office space and equipment under non-cancelable operating lease agreements that expire through 2118. Future minimum lease payments are as follows:

	Office and Equipment Leases	Property Land Leases	Total Operating Leases
For the year ending December 31,			
2017	\$ 1,422,037	\$ 1,056,126	\$ 2,478,163
2018	1,568,763	1,061,050	2,629,813
2019	865,269	1,062,270	1,927,539
2020	839,373	1,063,528	1,902,901
2021	684,675	1,044,823	1,729,498
Thereafter	<u>3,959,128</u>	<u>57,864,223</u>	<u>61,823,351</u>
Total future minimum lease payments	<u><u>\$ 9,339,245</u></u>	<u><u>\$ 63,152,020</u></u>	<u><u>\$ 72,491,265</u></u>

Lease expense for operating leases was approximately \$2,917,594 and \$2,693,372 for the years ended December 31, 2016 and 2015, respectively, and is included in facilities expense. Ground leases at nine and seven projects, respectively, have been prepaid and are amortizing over the related lives through 2115. Prepaid lease expense as of December 31, 2016 and 2015 was \$15,207,882 and \$12,568,302, respectively.

Note 10 - Related party transactions

The Company has significant related party transactions with affiliates. It provides a considerable amount of funding in connection with the development of projects. It also provides development services, fund raising assistance, property management, resident services and administrative services. In certain cases, the Company pays operating expenses on behalf of and provides management services to affiliates. These costs are reimbursed to the Company on a monthly basis. In certain instances, such as when individual properties may be experiencing cash flow difficulties, repayment may be delayed, providing the property with an informal source of funds.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Notes and interest receivable, affiliates

The amounts loaned by the Company primarily represent predevelopment and development loans to consolidated affiliates. These loans are generally collateralized with real estate of the funded property. Many of these loans do not require payments until after the scheduled maturity of the related first mortgages. The loans with subsidiaries are eliminated in consolidation. Interest payments generally are subject to available cash flow. In some cases, loans are required to be repaid earlier. This usually occurs in situations where the underlying source of the loan is required to be repaid earlier as well.

Development fee income

Generally, all development fee income is earned in connection with affiliated entities. Development fees which are paid from operating cash flows from affiliated entities are eliminated in consolidation. Many of these fees are required to be deferred and paid from cash flows of the related property.

Other fee income

Substantially all of the property management, data processing, and bookkeeping fee income earned by MHM is related to services provided to consolidated affiliates. In addition, the general partners earn partnership management fees for oversight of the properties. Property management fees, data processing fees, bookkeeping fees, and partnership management fees associated with controlled entities are eliminated in consolidation. Such fee income is included in service fees. The elimination of these fees is allocated to the controlling interest.

Note 11 - Guarantees

MHI has entered into various agreements with certain limited partnerships or their affiliated general partners whereby the Company guarantees to loan funds to the partnerships in the event that the partnerships incur operating deficits as defined in the respective partnership agreements or fail to meet their current financial obligations. These agreements expire at various times from 2017 through the terms of the underlying partnership or debt agreements. Loans made pursuant to these guarantees are generally interest-free and unsecured. The maximum potential amount of future payments under these guarantees is equal to the amount guaranteed to the partnerships under the tax indemnification agreements discussed below.

MHI has entered into various agreements with certain limited partnerships and limited liability companies or their affiliated general partners or members whereby MHI offers tax indemnification in the event of low-income housing tax credit recapture. MHI's potential liability under these agreements is dependent upon IRS audits and final letters of determination of the limited partnerships' qualified basis in tax credit properties. Similarly, MHI has entered into agreements with state and local governments who have provided loans to certain limited partnerships for the development of affordable housing whereby MHI has guaranteed any recapture of the loans resulting from non-compliance with affordable housing requirements. Management is not aware of any known liability for tax credit or loan recapture. The maximum potential liability under these guarantees as of December 31, 2016 is \$920,959,239 relating to 109 limited partnerships. MHI has not been required to fund any amounts under these guarantees and has not recorded any liabilities associated with these guarantees.

MHI provides guarantees to certain lenders who provide financing for the acquisition and construction of low-income housing projects developed by certain limited partnerships. Under these guarantees, MHI provides assurance of project completion and provides repayment guarantees for the associated loans. The guarantees terminate when construction is complete and permanent

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2016 and 2015

financing repays the construction loans. As of December 31, 2016, MHI had provided guarantees on 27 acquisition and construction loans of \$496,671,198 of which \$241,807,657 was outstanding.

The Company has also issued other guarantees in order to secure financing on various projects. As of December 31, 2016, \$6,290,200 was outstanding. MHI has not been required to fund any amounts under these guarantees.

The Company also guarantees certain surety bonds covering construction and utilities deposits. As of December 31, 2016, \$1,972,036 was outstanding.

Note 12 - Fair value

The accounting standard for fair value measurement and disclosures defines fair value, establishes a framework for measuring fair value, and provides for expanded disclosure about fair value measurements. Fair value is defined by the accounting standard for fair value measurement and disclosures as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels. The following summarizes the three levels of inputs and hierarchy of fair value the Company uses when measuring fair value:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access;
- Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 inputs are unobservable inputs for the asset or liability that are typically based on an entity's own assumptions as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

The net unrealized gain/(loss) on the interest rate swap contracts during 2016 and 2015 of \$745,532 and \$(56,840) respectively, is classified within level 2 of the fair value hierarchy. The unrealized gain/(loss) on certificates of deposit during 2016 and 2015 of \$134,922 and \$(289,702), respectively, is classified within level 1 of the fair value hierarchy. No other assets or liabilities are measured at fair value as of December 31, 2016 and 2015.

The following table presents the financial assets and liabilities that the Company measured at fair value on a recurring basis as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Net interest rate swap-asset/(liability)	\$ -	\$ (3,139,578)	\$ -	\$ (3,139,578)
Certificates of deposit	67,374,922	-	-	67,374,922
Money market accounts	17,165,850	-	-	17,165,850
Equities	13,802	-	-	13,802

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2016 and 2015

The following table presents the financial assets and liabilities that the Company measured at fair value on a recurring basis as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
Net interest rate swap-asset/(liability)	\$ -	\$ (3,885,110)	\$ -	\$ (3,885,110)
Certificates of deposit	45,460,298	-	-	45,460,298
Money market accounts	10,409,098	-	-	10,409,098
Equities	5,804	-	-	5,804

On a recurring basis, the Company measures its interest rate swap contracts at their estimated fair value. In determining the fair value of the interest rate swap contracts, the Company uses the present value of expected cash flows based on market observable interest rate yield curve commensurate with the term of the instrument. In determining the fair value of the certificates of deposit, the Company uses quoted market prices and other relevant information generated by market transactions. See "Derivative Instruments and Hedging Activities" in Note 1 for additional information regarding the swaps.

Note 13 - Employee retirement plan

The Company has a defined contribution employee 403(b) retirement plan covering eligible employees. Generally, employee contributions to the plan consist of a percentage based on eligible employees' compensation. MHI matches dollar for dollar an employee's contribution up to 2 percent commencing on the employee's second year of service. Additionally, at the completion of three and seven years of service, MHI makes additional contributions equal to 1 percent and 1 percent, respectively, of the employee's gross earnings regardless of whether or not the employee participates in the plan. Contribution costs of property site staff are passed through to the managed projects. The Company contributed \$1,385,823 and \$1,260,383 for the years ended December 31, 2016 and 2015, respectively.

Note 14 - Insurance

The Company uses a combination of insurance, self-insured retention and self-insurance to manage a number of risks, including, but not limited to, general liability, property and the Company's obligation for employee-related health care benefits. Liabilities relating to these claims associated with these risks are estimated by considering historical claims experience, including frequency, severity, demographic factors, and other actuarial assumptions. In estimating the liability for such claims, the Company periodically analyzes historical trends, including loss development, and applies appropriate loss development factors to the incurred costs associated with the claims. Also, the Company retains some of the risk related to workers compensation through a self-insured retention.

Aggregate reserves relating to retained risk were \$3,515,157 and \$6,459,754 as of December 31, 2016 and 2015, respectively. The increase primarily relates to aged claims within the Company's workers compensation self-insurance program.

The Company maintains a restricted cash balance to pay future claims related to all areas of retained risk. As of December 31, 2016 and 2015, the Company held \$6,257,204 and \$5,287,725, respectively, in restricted cash to pay future insurance claims.

As of December 31, 2016 and 2015, claims of \$612,825 and \$1,501,764, respectively, are outstanding and included in accounts payable and accrued expenses.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

Note 15 - Commitments and contingencies

Property management agreements

MHM, a subsidiary corporation of MHI, serves under contract as the management agent for several affiliated corporations and partnerships of MHI. In addition, MHM provides management services to unaffiliated affordable housing projects at competitive rates.

Grant and property use restrictions

Many of the properties owned and operated by MHI and its subsidiaries were developed using monies provided by grants and restrictive, low interest rate loans. The terms of these loans restrict the use of the property and generally require it be rented to qualified low-income tenants for the period of the grant or related loan term. MHI and its subsidiaries also receive grants with restrictions other than property use. Failure to comply with the terms of the grant or the loans would result in a requirement to repay a portion or all of the proceeds received.

Rental assistance contracts

Many of the properties owned by or affiliated with the Company have entered into rental assistance contracts with HUD. These contracts have various terms and require the affiliate projects to operate as low-income housing properties and to obtain HUD approval of all rent increases.

Construction contracts

The Company has entered into construction contracts with various third party contractors to construct and rehabilitate projects in the original amount of \$429,657,688 and \$378,434,704 as of December 31, 2016 and 2015, respectively. During 2016 and 2015, change orders totaled \$24,969,461 and \$13,717,490, respectively. As of December 31, 2016 and 2015, \$40,380,034 and \$10,891,227 remains payable, respectively, which includes retainage payable of \$18,081,243 and \$6,543,636, respectively, and is included in accounts payable and accrued expenses.

Surplus cash and residual receipts

Many of the properties owned by MHI and its subsidiaries are subject to HUD regulatory agreements, which restrict the use of the property and limit the use of project cash. Under these regulatory agreements, many of the subsidiaries are precluded from receiving any distributions of operating cash. A surplus cash calculation is required to be prepared annually and any surplus cash, as defined, is required to be deposited in a residual receipts account controlled by HUD.

Letters of credit

In connection with certain project developments, MHI is contingently liable on several letters of credit, expiring on various dates (see Note 8).

Litigation

MHI and its subsidiaries are named in claims and legal actions in the normal course of its business. Based upon the opinion of counsel, management believes the outcome of such matters will not have a material adverse effect on the financial position or changes in the net assets of the Company.

Other

As general partners in various partnerships, the Company and other consolidated entities may be subject to other liabilities, should an affected partnership's assets become insufficient to meet its obligations.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2016 and 2015

Note 16 - Risks and uncertainties

The following important factors could adversely impact the Company. These factors could cause actual results to differ materially from any forward-looking and other statements that were made in periodic reports, news releases, annual reports and other written reports or communication.

MHI obtains and employs substantial capital and operating subsidies from various federal, state and local governmental agencies, including the federal departments of HUD, USDA and the Veterans Administration. The new administration and congressional leadership have expressed an interest in reducing spending for these federal agencies. Legislative or regulatory changes in the operations or funding of federal, state and local programs could have a material impact on future results. In addition, MHI obtains funding from private equity groups including national, state and local banks and financial institutions. This funding is also based on a number of government programs, including the Low Income Housing Tax Credit (LIHTC) and the Community Reinvestment Act (CRA). Legislative changes (including changes to Federal Income Tax laws) could impact the level of funding received from these groups and could have a material impact on future results. Management continues to employ diversification strategies to offset any concentration with any one specific lending institution or government agency. Changes in the current economic and credit market (e.g., a rise in inflation and/or interest rates) environment could increase the cost of capital or limit the ability to access capital. Failure to comply with covenants and conditions imposed by the agreements governing the Company's indebtedness could restrict future borrowing or cause debt to become immediately due and payable. Failure to renew existing loans could impact working capital, capital expenditures, acquisitions, debt service or other business needs.

The Company and its subsidiaries invested assets consisting of Bank Certificates of Deposits (CDs) and money market funds which invest in CDs, commercial paper, US Treasury bills, US Agency bonds, notes, and repurchase agreements. Investment policy and guidelines are established by the Finance Committee of the board of trustees. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments reported in the consolidated statements of financial position as of December 31, 2016. The investment policy and guidelines consider liquidity and risk for each entity and each pool of assets and attempt to diversify asset classes to mitigate risks over the applicable time horizons.

Increased development costs, supply and labor shortages, entitlement delays, uninsured losses from natural disasters and other factors may negatively affect the future results of the Company. Property operations and development is subject to warranty and liability claims that can be significant.

Note 17 - Subsequent events

Events that occur after the statement of financial position date but before the consolidated 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 statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Company through April 21, 2017 (the date the consolidated financial statements were available to be issued) and concluded that the following subsequent events have occurred that would require disclosure in the notes to the consolidated financial statements.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2016 and 2015**

In January and February 2017, in connection with the FMI Transfer discussed in Note 6, the Company assumed ownership of 19 entities and expects the transfer of ownership of five additional entities to occur in 2017.

Effective February 1, 2017, the Company entered into a revolving predevelopment line of credit agreement with ZB, N.A., (dba California Bank & Trust). The agreement provides for borrowing up to \$8,000,000 at an interest rate of one-month LIBOR plus 2.10%. The maturity date of the line of credit is December 31, 2019. In addition to pre development costs, proceeds from the line of credit can be used for short term bridge loans to properties in the construction and lease-up phase. Initial proceeds from this loan were used to retire the remaining balance of the JP Morgan Chase loan.

Effective March 31, 2017, the Company entered into an agreement with US Bank to modify and extend the revolving facility. Under the agreement, allowable borrowing was reduced to \$7,500,000, the interest rate was increased to one-month LIBOR plus 3.00% and the commitment expiration date was extended to December 31, 2019.

Supplementary Information

Mercy Housing, Inc.

Index of Consolidating Information

	<u>Page</u>
Mercy Housing Inc.	43
Mercy Portfolio Services, Inc.	49
Mercy Housing Mountain Plains	52
Mercy Housing Midwest	58
Mercy Housing Southwest	61
Mercy Housing California	67
Mercy Housing California Senior Properties	82
Mercy Housing Calwest	85
Mercy Properties California	112
San Juan Housing Corporation	118
Mercy Housing Northwest - Idaho Inc.	121
Mercy Housing Lakefront	127
Mercy Housing South East	148
Mercy Community Housing Georgia, Inc.	160
Mercy Housing Northwest	172
Mercy Properties Washington	184
General Partners	187
Mercy Properties, Inc.	193
Mercy Properties II, Inc.	208
2101 Telegraph Avenue Housing, Inc.	211
McDermott Place	214
South of Market Mercy Housing	217
Visitation Valley Affordable Housing	223
Mercy Housing West	226
Affordable Housing Corp.	241
Mercy Housing Wheaton	244

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing, Inc.	Mercy Loan Fund	Mercy Housing Management Group	Consolidated Mercy Portfolio Services, Inc.	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California	Consolidated Mercy Housing Northwest - Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East
Assets									
Current assets									
Cash and cash equivalents	\$ 15,871,085	\$ 13,762,880	\$ -	\$ -	\$ 1,906,464	\$ 40,305,221	\$ 99,625	\$ 3,291,090	\$ 1,533,039
Cash, tenant security deposits	-	-	-	-	352,460	2,346,575	55,436	542,811	639,446
Cash, restricted	10,010,368	280,713	-	-	298,690	21,475,655	159,835	4,973,486	1,219,442
Investments	2,600,000	-	-	-	-	6,370,000	-	-	-
Investments, restricted	13,802	1,934,115	-	-	-	-	-	-	650,000
Accounts receivable, net	3,539,690	71,015	4,512,513	-	154,901	2,041,830	4,112	3,079,878	288,864
Due from affiliate, net	10,577,289	1,771	2,227,768	-	1,019	912,664	-	13,460	16,774
Pledges receivable, net	1,100,135	-	-	-	11,925	13,170	-	97,490	3,525
Grants receivable	-	-	-	-	18,000	195,542	-	484,338	69,297
Current portion of notes and interest receivable	-	14,077,520	-	-	-	23,678	-	-	-
Current portion of notes and interest receivable, affiliates	9,641,602	-	-	-	283,006	166,689	37,204	-	235,113
Prepaid expenses and other assets	1,663,677	29,033	165,051	-	334,180	2,059,216	36,806	1,019,813	444,906
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	624,060	-	-
Total current assets	55,017,648	30,157,047	6,905,332	-	3,360,645	75,910,240	1,017,078	13,502,366	5,100,406
Property and equipment									
Land and land improvements	855,000	-	-	-	9,633,591	98,339,787	1,673,012	30,499,005	30,676,459
Buildings	71,748	-	-	-	90,754,985	743,320,058	14,148,420	272,835,255	208,914,109
Furniture and equipment	3,828,044	-	11,330	-	3,486,510	23,983,874	692,373	8,301,876	8,631,814
Predevelopment project costs	-	-	-	-	-	12,453,474	-	470,774	31,405
Construction in progress	-	-	-	-	12,680	110,053,055	-	49,633,640	1,359,309
Accumulated depreciation	(3,798,118)	-	(11,330)	-	(44,525,609)	(151,222,506)	(4,430,469)	(82,991,627)	(64,265,133)
Net property and equipment	956,674	-	-	-	59,362,157	836,927,742	12,083,336	278,748,923	185,347,963
Other long-term assets									
Restricted property reserves	-	-	-	-	9,205,014	50,742,252	1,028,542	23,215,456	9,626,874
Long-term investments	5,575,000	-	-	-	-	6,475,000	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	850,000
Due from affiliates	775,972	-	-	-	-	221,004	-	-	298,949
Pledges receivable, net	500,000	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	811,292	1,717	-	-	-	(5,831,905)	-	(2,131,127)	-
Notes and interest receivable, net	6,884,065	30,909,978	-	-	-	2,544,535	63,312	75,000	-
Notes and interest receivable, affiliates	3,433,116	-	-	-	8,963,126	6,459,842	70,901	-	88,096
Allowance for impaired assets	-	-	-	-	(545,883)	-	-	-	-
Other assets, net	-	315,600	-	-	250,045	14,583,734	36,840	1,388,738	1,322,365
Total other long-term assets	17,979,445	31,227,295	-	-	17,872,302	75,194,462	1,199,595	22,548,067	12,186,284
Total assets	\$ 73,953,767	\$ 61,384,342	\$ 6,905,332	\$ -	\$ 80,595,104	\$ 988,032,444	\$ 14,300,009	\$ 314,799,356	\$ 202,634,653

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing, Inc.	Mercy Loan Fund	Mercy Housing Management Group	Consolidated Mercy Portfolio Services, Inc.	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California	Consolidated Mercy Housing Northwest - Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ 5,211,564	\$ 144,175	\$ 6,750,362	\$ -	\$ 1,510,679	\$ 40,043,434	\$ 360,874	\$ 17,353,027	\$ 4,239,539
Due to affiliates	40,436	-	6,839,890	-	6,995,271	2,022,461	1,205,584	1,528,490	16,094,051
Accrued interest	74,985	198,305	-	-	58,447	1,807,586	1,870	668,613	137,233
Accrued interest, affiliates	40,095	-	-	-	39,674	-	-	-	-
Current portion of notes payable	4,512,295	9,529,500	-	-	330,935	79,695,407	2,857	13,380,263	1,089,022
Current portion of notes payable, affiliates	2,010,734	77,037	-	-	147,940	3,251,182	-	4,395,081	1,281
Deferred revenue and other liabilities	4,303,255	-	853,205	-	126,542	2,292,364	5,205	226,608	77,708
Tenant security deposits	-	-	-	-	336,657	2,416,777	53,572	552,293	618,699
Total current liabilities	16,193,364	9,949,017	14,443,457	-	9,546,145	131,529,211	1,629,962	38,104,375	22,257,533
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	3,000,000	-
Accrued interest	72,462	-	-	-	656,645	30,091,369	37,801	3,900,005	450,360
Accrued interest, affiliates	-	-	-	-	69,102	175,770	-	-	-
Notes payable, less current portion, net	13,851,082	31,654,461	-	-	16,365,556	536,948,928	1,866,520	164,294,768	62,674,285
Notes payable, less current portion, affiliates	9,281,741	1,146,082	-	-	9,890,181	1,718,312	205,539	-	-
Deferred revenue and other liabilities	423,934	2,000,000	-	-	546,388	22,123,745	878	1,933,133	745,014
Total long-term liabilities	23,629,219	34,800,543	-	-	27,527,872	591,058,124	2,110,738	173,127,906	63,869,659
Total liabilities	39,822,583	44,749,560	14,443,457	-	37,074,017	722,587,335	3,740,700	211,232,281	86,127,192
Net assets									
Unrestricted net assets, controlling	29,401,663	16,572,282	(7,538,125)	-	23,903,084	188,557,397	4,871,757	86,579,275	77,079,069
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	29,401,663	16,572,282	(7,538,125)	-	23,903,084	188,557,397	4,871,757	86,579,275	77,079,069
Temporarily restricted net assets	3,974,521	62,500	-	-	19,118,003	75,117,712	5,687,552	16,610,800	39,428,392
Permanently restricted net assets	755,000	-	-	-	500,000	1,770,000	-	377,000	-
Total net assets	34,131,184	16,634,782	(7,538,125)	-	43,521,087	265,445,109	10,559,309	103,567,075	116,507,461
Total liabilities and net assets	\$ 73,953,767	\$ 61,384,342	\$ 6,905,332	\$ -	\$ 80,595,104	\$ 988,032,444	\$ 14,300,009	\$ 314,799,356	\$ 202,634,653

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II (Cobble Knoll II)	Padre Apartments Community	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Assets								
Current assets								
Cash and cash equivalents	\$ 4,741,275	\$ -	\$ 317,106	\$ 208,392	\$ 30,311	\$ 12,245,589	\$ (40,797,930)	\$ 53,514,147
Cash, tenant security deposits	570,105	-	172,269	126,629	16,962	2,988,882	-	7,811,575
Cash, restricted	2,795,530	20,000	-	167,211	-	246,381	13,617	41,660,928
Investments	-	-	-	-	-	-	-	8,970,000
Investments, restricted	-	-	-	-	-	-	(2,499,161)	98,756
Accounts receivable, net	505,076	-	56,611	49,859	3,463	1,829,361	(5,570,766)	10,566,407
Due from affiliate, net	7,505	-	41,428	3,369	-	34,158	(13,837,205)	-
Pledges receivable, net	807,974	-	-	-	-	-	-	2,034,219
Grants receivable	-	-	-	-	-	-	-	767,177
Current portion of notes and interest receivable	-	-	-	-	-	-	(2,237,979)	11,863,219
Current portion of notes and interest receivable, affiliates	62,590	-	-	-	-	-	(10,426,204)	-
Prepaid expenses and other assets	416,340	-	58,656	85,324	22,185	1,794,428	(5,413,703)	2,715,912
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	99,100	-	723,160
Total current assets	9,906,395	20,000	646,070	640,784	72,921	19,237,899	(80,769,331)	140,725,500
Property and equipment								
Land and land improvements	24,488,929	-	3,378,151	1,766,350	118,488	96,088,887	(1,296,208)	296,221,451
Buildings	156,703,378	-	14,975,401	13,379,530	4,379,593	846,585,913	(23,091,506)	2,342,976,884
Furniture and equipment	4,904,190	-	216,157	180,603	121,217	26,944,039	-	81,302,027
Predevelopment project costs	2,226,636	-	-	-	-	-	(392,647)	14,789,642
Construction in progress	32,339,245	-	-	-	-	-	(1,133,887)	192,264,042
Accumulated depreciation	(40,758,061)	-	(6,610,629)	(5,425,818)	(2,335,857)	(385,651,627)	5,550,850	(786,475,934)
Net property and equipment	179,904,317	-	11,959,080	9,900,665	2,283,441	583,967,212	(20,363,398)	2,141,078,112
Other long-term assets								
Restricted property reserves	8,046,493	-	1,286,322	1,919,628	493,331	37,679,741	-	143,243,653
Long-term investments	-	-	-	-	-	-	-	12,050,000
Long-term investments, restricted	-	-	-	-	-	-	-	850,000
Due from affiliates	-	-	-	-	-	-	(1,295,925)	-
Pledges receivable, net	407,178	-	-	-	-	-	-	907,178
Investments in limited partnerships, net	608,544	-	-	-	-	2,755,936	5,944,300	2,158,757
Notes and interest receivable, net	-	-	-	-	-	285,520	(12,394,755)	28,367,655
Notes and interest receivable, affiliates	65,606	-	-	-	-	1,197,412	(20,278,099)	-
Allowance for impaired assets	-	-	-	-	-	-	545,883	-
Other assets, net	541,445	-	-	-	-	2,928,997	(85)	21,367,679
Total other long-term assets	9,669,266	-	1,286,322	1,919,628	493,331	44,847,606	(27,478,681)	208,944,922
Total assets	\$ 199,479,978	\$ 20,000	\$ 13,891,472	\$ 12,461,077	\$ 2,849,693	\$ 648,052,717	\$ (128,611,410)	\$ 2,490,748,534

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II (Cobble Knoll II)	Padre Apartments Community	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 7,193,132	\$ 1,667	\$ 553,124	\$ 462,810	\$ 20,167	\$ 5,568,784	\$ (7,995,559)	\$ 81,417,779
Due to affiliates	415,604	2,797,020	96,173	19,515	-	8,661,288	(46,715,783)	-
Accrued interest	172,742	-	41,045	18,870	8,034	1,584,012	-	4,771,742
Accrued interest, affiliates	-	-	-	-	-	30,134	(109,903)	-
Current portion of notes payable	1,140,661	-	483,807	318,002	215,671	5,156,437	-	115,854,857
Current portion of notes payable, affiliates	1,827,992	166,082	-	-	-	277,408	(12,154,737)	-
Deferred revenue and other liabilities	59,565	-	12,273	16,561	2,057	767,609	(4,857,680)	3,885,272
Tenant security deposits	537,381	-	166,785	119,378	16,462	2,942,318	-	7,760,322
Total current liabilities	11,347,077	2,964,769	1,353,207	955,136	262,391	24,987,990	(71,833,662)	213,689,972
Long-term liabilities								
Due to affiliates	-	-	-	-	-	1,409,893	(4,409,893)	-
Accrued interest	798,397	-	-	-	174,952	65,520,061	-	101,702,052
Accrued interest, affiliates	-	-	-	-	-	5,735,221	(5,980,093)	-
Notes payable, less current portion, net	97,823,888	-	11,904,790	10,871,576	1,570,811	377,113,823	259,512	1,327,200,000
Notes payable, less current portion, affiliates	411,468	-	-	-	-	31,966,486	(54,619,809)	-
Deferred revenue and other liabilities	104,579	-	-	-	2,026	9,031,459	(2,655,083)	34,256,073
Total long-term liabilities	99,138,332	-	11,904,790	10,871,576	1,747,789	490,776,943	(67,405,366)	1,463,158,125
Total liabilities	110,485,409	2,964,769	13,257,997	11,826,712	2,010,180	515,764,933	(139,239,028)	1,676,848,097
Net assets								
Unrestricted net assets, controlling	76,359,390	(2,964,769)	(940,336)	(1,464,894)	839,513	86,509,164	(528,321,750)	49,442,720
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	539,616,947	539,616,947
Total unrestricted net assets	76,359,390	(2,964,769)	(940,336)	(1,464,894)	839,513	86,509,164	11,295,197	589,059,667
Temporarily restricted net assets	12,635,179	20,000	1,573,811	2,099,259	-	45,778,620	(667,579)	221,438,770
Permanently restricted net assets	-	-	-	-	-	-	-	3,402,000
Total net assets	88,994,569	(2,944,769)	633,475	634,365	839,513	132,287,784	10,627,618	813,900,437
Total liabilities and net assets	\$ 199,479,978	\$ 20,000	\$ 13,891,472	\$ 12,461,077	\$ 2,849,693	\$ 648,052,717	\$ (128,611,410)	\$ 2,490,748,534

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing, Inc.	Mercy Loan Fund	Mercy Housing Management Group	Consolidated Mercy Portfolio Services, Inc.	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California	Consolidated Mercy Housing Northwest - Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East
Revenues									
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ 11,590,751	\$ 45,263,537	\$ 1,073,835	\$ 23,058,244	\$ 20,272,712
Developer fees	-	-	-	-	-	13,997,027	-	2,234,543	38,769
Services fees	3,391,516	-	14,781,943	-	112,500	2,178,884	-	-	-
Philanthropy	1,758,541	1,971,017	-	-	819,074	1,636,913	61,643	5,300,936	261,183
Capital grants	-	-	-	-	-	845,610	-	13,751	-
Consulting	-	-	23,820	82,495	-	463,686	-	-	-
Interest	1,384,503	3,039,147	-	4,343	384,805	681,898	24,124	84,263	556,135
Other	17,556,421	1,132,219	1,615,871	1,704,079	5,314,245	8,074,504	36,469	1,237,825	529,312
Total revenues	24,090,981	6,142,383	16,421,634	1,790,917	18,221,375	73,142,059	1,196,071	31,929,562	21,658,111
Expenses and losses									
Compensation	13,184,357	916,583	9,236,840	200,467	4,282,545	20,824,404	361,929	9,267,262	5,749,279
Administrative	2,634,591	93,552	1,031,763	10,091	1,894,989	8,784,542	210,807	4,156,154	3,835,598
Professional services	1,655,809	90,374	65,596	14,880	365,260	1,729,490	63,633	1,024,256	547,212
Depreciation and amortization	23,409	-	-	-	3,768,939	26,580,175	615,265	9,217,324	9,024,003
Grants	1,759,065	-	-	-	180	3,255,133	-	81,674	124,032
Facility	4,298,556	131	2,510	-	4,197,986	16,172,729	370,752	10,372,895	8,650,651
Interest and fees	1,525,843	938,115	102,345	28,711	1,290,783	11,900,041	80,596	3,372,529	3,343,472
Bad debts	25,902	-	41,787	-	45,485	205,302	1,495	156,371	212,553
Provision for impaired assets	278,243	847,968	-	-	367,428	43,574	4,143	11,158	15,960
Project expenses	-	-	-	-	-	870,814	-	2,035,163	175,239
Allocation	(11,429,593)	327,038	4,451,065	62,566	569,091	3,243,111	27,124	1,414,662	504,569
(Gain) loss on sale of assets	-	-	-	479,353	-	558,414	241,580	-	-
(Gain) loss on investment in limited partnership	309,575	-	-	-	-	885,479	-	60,684	-
Total expenses and losses	14,265,757	3,213,761	14,931,906	796,068	16,782,686	95,053,208	1,977,324	41,170,132	32,182,568
Excess (deficiency) of revenues over expenses	9,825,224	2,928,622	1,489,728	994,849	1,438,689	(21,911,149)	(781,253)	(9,240,570)	(10,524,457)
Net assets at beginning of year	24,305,960	13,706,160	(9,027,853)	(994,849)	42,127,036	230,054,315	11,340,562	112,213,447	111,965,947
Other transfers to (from) net assets	-	-	-	-	(44,638)	57,301,943	-	594,198	15,065,971
Net assets at end of year	\$ 34,131,184	\$ 16,634,782	\$ (7,538,125)	\$ -	\$ 43,521,087	\$ 265,445,109	\$ 10,559,309	\$ 103,567,075	\$ 116,507,461

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II (Cobble Knoll II)	Padre Apartments Community	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Revenues								
Rent - net of vacancies	\$ 10,697,607	\$ -	\$ 3,318,494	\$ 2,710,319	\$ 733,766	\$ 59,757,585	\$ (181,538)	\$ 178,295,312
Developer fees	2,225,224	-	-	-	-	-	-	18,495,563
Services fees	7,762	-	-	-	-	153,354	(18,024,159)	2,601,800
Philanthropy	4,394,521	-	-	-	-	148,996	(400,000)	15,952,824
Capital grants	52	-	-	-	-	61,775	-	921,188
Consulting	-	-	-	-	-	-	(21,780)	548,221
Interest	67,378	63,482	6,329	642	5,693	782,337	(2,878,554)	4,206,525
Other	1,404,108	138,681	96,480	47,441	4,430	4,742,570	(17,011,727)	26,622,928
Total revenues	18,796,652	202,163	3,421,303	2,758,402	743,889	65,646,617	(38,517,758)	247,644,361
Expenses and losses								
Compensation	4,436,866	-	738,406	725,797	92,767	14,001,715	(2,808,283)	81,210,934
Administrative	1,846,689	-	366,875	299,707	89,968	8,848,035	(17,573,692)	16,529,669
Professional services	560,296	58	60,531	66,208	6,835	3,173,639	(1,869,253)	7,554,824
Depreciation and amortization	6,515,051	-	665,453	536,154	177,478	34,700,052	(836,947)	90,986,356
Grants	16,429	-	432,939	-	-	936,125	(6,063,508)	542,069
Facility	3,509,930	-	1,425,233	896,430	199,980	20,880,723	(6,127,296)	64,851,210
Interest and fees	1,878,657	53,140	523,081	344,656	136,075	12,141,659	(2,630,367)	35,029,336
Bad debts	34,367	375,349	9,020	16,876	-	212,016	(566,111)	770,412
Provision for impaired assets	1,455	-	-	-	-	26,630	(738,970)	857,589
Project expenses	-	-	-	-	-	-	(58,669)	3,022,547
Allocation	837,162	1,017	-	-	-	63	(7,875)	-
(Gain) loss on sale of assets	-	-	-	-	-	(156,096)	72,134	1,195,385
(Gain) loss on investment in limited partnership	279,490	-	-	-	-	(4,461,474)	2,853,415	(72,831)
Total expenses and losses	19,916,392	429,564	4,221,538	2,885,828	703,103	90,303,087	(36,355,422)	302,477,500
Excess (deficiency) of revenues over expenses	(1,119,740)	(227,401)	(800,235)	(127,426)	40,786	(24,656,470)	(2,162,336)	(54,833,139)
Net assets at beginning of year	80,353,791	(2,717,368)	1,037,352	761,791	798,727	141,213,533	15,306,143	772,444,694
Other transfers to (from) net assets	9,760,518	-	396,358	-	-	15,730,721	(2,516,189)	96,288,882
Net assets at end of year	\$ 88,994,569	\$ (2,944,769)	\$ 633,475	\$ 634,365	\$ 839,513	\$ 132,287,784	\$ 10,627,618	\$ 813,900,437

Mercy Portfolio Services, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Portfolio Services, Inc.	MPS Community I, LLC	MPS Stabilization, LLC	Eliminations	Consolidated Mercy Portfolio Services, Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	-	-	-	-
Cash, restricted	-	-	-	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from affiliate, net	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	-	-	-	-	-
Property and equipment					
Land and land improvements	-	-	-	-	-
Buildings	-	-	-	-	-
Furniture and equipment	-	-	-	-	-
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net property and equipment	-	-	-	-	-
Other long-term assets					
Restricted property reserves	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	-	-	-	-
Total other long-term assets	-	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -

Mercy Portfolio Services, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Portfolio Services, Inc.	MPS Community I, LLC	MPS Stabilization, LLC	Eliminations	Consolidated Mercy Portfolio Services, Inc.
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Tenant security deposits	-	-	-	-	-
Total current liabilities	-	-	-	-	-
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
Net assets					
Unrestricted net assets, controlling	-	-	-	-	-
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	-	-	-	-	-
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	-	-	-	-	-
Total liabilities and net assets	\$ -	\$ -	\$ -	\$ -	\$ -

**Mercy Portfolio Services, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016**

	Mercy Portfolio Services, Inc.	MPS Community I, LLC	MPS Stabilization, LLC	Eliminations	Consolidated Mercy Portfolio Services, Inc.
Revenues					
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	82,495	-	-	-	82,495
Interest	4,343	-	-	-	4,343
Other	1,755,717	92,111	362,290	(506,039)	1,704,079
Total revenues	1,842,555	92,111	362,290	(506,039)	1,790,917
Expenses and losses					
Compensation	200,467	-	-	-	200,467
Administrative	10,091	-	-	-	10,091
Professional services	14,880	-	-	-	14,880
Depreciation and amortization	-	-	-	-	-
Grants	-	-	51,638	(51,638)	-
Facility	-	-	-	-	-
Interest and fees	28,711	-	-	-	28,711
Bad debts	454,401	-	-	(454,401)	-
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	62,566	-	-	-	62,566
(Gain) loss on sale of assets	-	108,701	370,652	-	479,353
(Gain) loss on investment in limited partnership	-	-	-	-	-
Total expenses and losses	771,116	108,701	422,290	(506,039)	796,068
Excess (deficiency) of revenues over expenses	1,071,439	(16,590)	(60,000)	-	994,849
Net assets at beginning of year	(1,071,439)	16,590	60,000	-	(994,849)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	\$ -	\$ -	\$ -	\$ -	\$ -

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)	MHMP GP, LLC	Mercy Housing Colorado VI, LTD. (Merced de las Animas)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 267,035	\$ -	\$ 136,030	\$ 45,604	\$ 85,484
Cash, tenant security deposits	-	-	-	14,756	-	23,387	-	25,992
Cash, restricted	216,608	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	3,185	-	-	20,729	-	2,541	-	2,878
Due from affiliate, net	-	-	-	-	23,572	-	25,671	-
Pledges receivable, net	11,850	-	-	-	-	-	-	-
Grants receivable	18,000	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	283,006	-	-	-	-	-	-	-
Prepaid expenses and other assets	23,774	-	-	15,745	-	13,379	-	10,294
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	556,423	-	-	318,265	23,572	175,337	71,275	124,648
Property and equipment								
Land and land improvements	-	226,320	-	2,148,342	-	840,282	-	1,251,231
Buildings	-	378,604	-	12,167,538	-	4,403,906	-	5,217,214
Furniture and equipment	15,000	60,479	-	463,958	-	206,852	-	221,709
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(15,000)	(271,724)	-	(2,515,753)	-	(3,831,283)	-	(4,128,803)
Net property and equipment	-	393,679	-	12,264,085	-	1,619,757	-	2,561,351
Other long-term assets								
Restricted property reserves	-	-	-	839,788	-	129,978	-	187,533
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	100	-	1,379,964	-	(1,763)	-	(6,276)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	10,581,408	-	-	-	-	-	-	-
Allowance for impaired assets	(545,883)	-	-	-	-	-	-	-
Other assets, net	-	-	-	67,802	-	-	-	19,170
Total other long-term assets	10,035,625	-	1,379,964	907,590	(1,763)	129,978	(6,276)	206,703
Total assets	\$ 10,592,048	\$ 393,679	\$ 1,379,964	\$ 13,489,940	\$ 21,809	\$ 1,925,072	\$ 64,999	\$ 2,892,702

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)	MHMP GP, LLC	Mercy Housing Colorado VI, LTD. (Merced de las Animas)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 113,559	\$ -	\$ 2,297	\$ 37,671	\$ -	\$ 15,178	\$ -	\$ 37,835
Due to affiliates	2,388,374	-	11,872	56,275	28,589	23,572	25,670	878
Accrued interest	-	-	-	11,453	-	9,597	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	12,834
Current portion of notes payable	-	-	-	40,943	-	39,780	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	51,642
Deferred revenue and other liabilities	-	-	-	3,258	-	724	-	1,906
Tenant security deposits	-	-	-	14,506	-	22,635	-	25,748
Total current liabilities	2,501,933	-	14,169	164,106	28,589	111,486	25,670	130,843
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	409,672	-	609,129	-	730,790
Notes payable, less current portion, net	58,769	-	-	1,645,523	-	1,861,634	-	(7,554)
Notes payable, less current portion, affiliates	-	70,000	-	2,249,000	-	795,653	-	2,476,206
Deferred revenue and other liabilities	-	-	-	-	-	3,770	-	2,469
Total long-term liabilities	58,769	70,000	-	4,304,195	-	3,270,186	-	3,201,911
Total liabilities	2,560,702	70,000	14,169	4,468,301	28,589	3,381,672	25,670	3,332,754
Net assets								
Unrestricted net assets, controlling	2,693,240	323,679	1,365,795	9,021,639	(6,780)	(1,456,600)	39,329	(440,052)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,693,240	323,679	1,365,795	9,021,639	(6,780)	(1,456,600)	39,329	(440,052)
Temporarily restricted net assets	4,838,106	-	-	-	-	-	-	-
Permanently restricted net assets	500,000	-	-	-	-	-	-	-
Total net assets	8,031,346	323,679	1,365,795	9,021,639	(6,780)	(1,456,600)	39,329	(440,052)
Total liabilities and net assets	\$ 10,592,048	\$ 393,679	\$ 1,379,964	\$ 13,489,940	\$ 21,809	\$ 1,925,072	\$ 64,999	\$ 2,892,702

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Colorado VII, LP (Holly Park West)		Mercy Bond Properties Colorado I (Franconia LLC)		Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
	MHMP CO GP, Inc.							
Assets								
Current assets								
Cash and cash equivalents	\$ 17,943	\$ -	\$ 197,477	\$ 879,259	\$ 277,632	\$ -	\$ 1,906,464	
Cash, tenant security deposits	16,973	-	11,560	128,908	130,884	-	352,460	
Cash, restricted	-	-	-	58,230	23,852	-	298,690	
Investments	-	-	-	-	-	-	-	
Investments, restricted	-	-	-	-	-	-	-	
Accounts receivable, net	35,265	-	13,364	28,818	48,121	-	154,901	
Due from affiliate, net	37	-	-	86	1,677	(50,024)	1,019	
Pledges receivable, net	-	-	-	75	-	-	11,925	
Grants receivable	-	-	-	-	-	-	18,000	
Current portion of notes and interest receivable	-	-	-	-	-	-	-	
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	283,006	
Prepaid expenses and other assets	21,357	-	10,534	110,895	128,202	-	334,180	
Inventory	-	-	-	-	-	-	-	
Assets held for sale	-	-	-	-	-	-	-	
Total current assets	91,575	-	232,935	1,206,271	610,368	(50,024)	3,360,645	
Property and equipment								
Land and land improvements	261,532	-	622,232	2,220,815	2,062,837	-	9,633,591	
Buildings	3,738,053	-	2,418,610	32,698,871	29,988,208	(256,019)	90,754,985	
Furniture and equipment	127,912	-	138,782	504,936	1,746,882	-	3,486,510	
Predevelopment project costs	-	-	-	-	-	-	-	
Construction in progress	-	-	-	-	12,680	-	12,680	
Accumulated depreciation	(2,078,599)	-	(746,760)	(10,972,444)	(20,009,919)	44,676	(44,525,609)	
Net property and equipment	2,048,898	-	2,432,864	24,452,178	13,800,688	(211,343)	59,362,157	
Other long-term assets								
Restricted property reserves	186,009	-	178,916	2,381,441	5,301,349	-	9,205,014	
Long-term investments	-	-	-	-	-	-	-	
Long-term investments, restricted	-	-	-	-	-	-	-	
Due from affiliates	-	-	-	-	-	-	-	
Pledges receivable, net	-	-	-	-	-	-	-	
Investments in limited partnerships, net	-	-	-	-	-	(1,372,025)	-	
Notes and interest receivable, net	-	-	-	-	-	-	-	
Notes and interest receivable, affiliates	-	-	-	-	-	(1,618,282)	8,963,126	
Allowance for impaired assets	-	-	-	-	-	-	(545,883)	
Other assets, net	-	-	-	163,073	-	-	250,045	
Total other long-term assets	186,009	-	178,916	2,544,514	5,301,349	(2,990,307)	17,872,302	
Total assets	\$ 2,326,482	\$ -	\$ 2,844,715	\$ 28,202,963	\$ 19,712,405	\$ (3,251,674)	\$ 80,595,104	

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Bond Properties Colorado I (Franconia LLC)	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains	
	MHMP CO GP, Inc.						
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 62,693	\$ 2,297	\$ 62,763	\$ 632,223	\$ 544,163	\$ -	\$ 1,510,679
Due to affiliates	25,575	8,606	-	1,697,972	2,834,188	(106,300)	6,995,271
Accrued interest	5,542	-	-	31,855	-	-	58,447
Accrued interest, affiliates	-	-	11,040	-	20,783	(4,983)	39,674
Current portion of notes payable	58,711	-	-	191,501	-	-	330,935
Current portion of notes payable, affiliates	-	-	38,124	-	74,384	(16,210)	147,940
Deferred revenue and other liabilities	34,806	-	2,444	22,811	60,593	-	126,542
Tenant security deposits	16,036	-	10,694	124,762	122,276	-	336,657
Total current liabilities	203,363	10,903	125,065	2,701,124	3,656,387	(127,493)	9,546,145
Long-term liabilities							
Due to affiliates	-	-	-	-	4,959	(4,959)	-
Accrued interest	-	-	-	656,645	-	-	656,645
Accrued interest, affiliates	605,977	-	-	-	-	(2,286,466)	69,102
Notes payable, less current portion, net	938,515	-	(24,260)	11,988,677	(95,748)	-	16,365,556
Notes payable, less current portion, affiliates	603,736	-	2,370,648	284,999	4,913,575	(3,873,636)	9,890,181
Deferred revenue and other liabilities	348,735	-	2,417	70,875	187,795	(69,673)	546,388
Total long-term liabilities	2,496,963	-	2,348,805	13,001,196	5,010,581	(6,234,734)	27,527,872
Total liabilities	2,700,326	10,903	2,473,870	15,702,320	8,666,968	(6,362,227)	37,074,017
Net assets							
Unrestricted net assets, controlling	(373,844)	(10,903)	247,845	9,344,074	45,109	3,110,553	23,903,084
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(373,844)	(10,903)	247,845	9,344,074	45,109	3,110,553	23,903,084
Temporarily restricted net assets	-	-	123,000	3,156,569	11,000,328	-	19,118,003
Permanently restricted net assets	-	-	-	-	-	-	500,000
Total net assets	(373,844)	(10,903)	370,845	12,500,643	11,045,437	3,110,553	43,521,087
Total liabilities and net assets	\$ 2,326,482	\$ -	\$ 2,844,715	\$ 28,202,963	\$ 19,712,405	\$ (3,251,674)	\$ 80,595,104

**Mercy Housing Mountain Plains
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016**

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)	MHMP GP, LLC	Mercy Housing Colorado VI, LTD. (Merced de las Animas)
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 888,943	\$ -	\$ 569,320	\$ -	\$ 446,747
Developer fees	-	-	-	-	-	-	-	-
Services fees	249,830	-	-	-	10,000	-	35,327	-
Philanthropy	707,713	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	622,751	-	-	248	-	52	-	299
Other	5,053,582	-	-	27,338	-	10,053	-	2,380
Total revenues	6,633,876	-	-	916,529	10,000	579,425	35,327	449,426
Expenses and losses								
Compensation	923,351	-	-	166,341	-	101,542	-	102,147
Administrative	130,123	-	-	196,344	10,000	65,831	10,728	66,657
Professional services	122,301	-	763	13,148	366	3,583	421	4,454
Depreciation and amortization	-	34,849	-	562,740	-	169,869	-	248,680
Grants	168	-	-	-	-	-	-	-
Facility	294	-	-	240,431	-	156,103	-	176,084
Interest and fees	2,306	-	-	251,101	-	161,936	-	166,787
Bad debts	8,733	-	-	1,456	-	6,364	-	3
Provision for impaired assets	581,516	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	348,197	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	26	-	86	-	322	-
Total expenses and losses	2,116,989	34,849	789	1,431,561	10,452	665,228	11,471	764,812
Excess (deficiency) of revenues over expenses	4,516,887	(34,849)	(789)	(515,032)	(452)	(85,803)	23,856	(315,386)
Net assets at beginning of year	3,514,459	358,528	1,366,584	9,543,451	(6,328)	(1,370,797)	15,473	(124,666)
Other transfers to (from) net assets	-	-	-	(6,780)	-	-	-	-
Net assets at end of year	\$ 8,031,346	\$ 323,679	\$ 1,365,795	\$ 9,021,639	\$ (6,780)	\$ (1,456,600)	\$ 39,329	\$ (440,052)

**Mercy Housing Mountain Plains
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016**

	Mercy Housing Colorado VII, LP (Holly Park West)		MHMP CO GP, Inc.	Mercy Bond Properties Colorado I (Franconia LLC)		Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains					
Revenues														
Rent - net of vacancies	\$	909,916	\$	-	\$	517,889	\$	3,928,372	\$	4,329,564	\$	-	\$	11,590,751
Developer fees		-		-		-		-		-		-		-
Services fees		-		-		-		50,004		(232,661)				112,500
Philanthropy		-		-		-		55,674		-		-		819,074
Capital grants		-		-		-		-		-		-		-
Consulting		-		-		-		-		-		-		-
Interest		88		-		309		3,103		6,980		(249,025)		384,805
Other		35,960		-		3,166		163,048		59,981		(41,263)		5,314,245
Total revenues		945,964		-		521,364		4,150,210		4,502,203		(522,949)		18,221,375
Expenses and losses														
Compensation		143,330		-		99,612		1,154,646		1,591,576		-		4,282,545
Administrative		148,640		-		56,310		669,038		642,920		(101,602)		1,894,989
Professional services		13,553		819		10,118		67,997		331,737		(204,000)		365,260
Depreciation and amortization		177,927		-		109,688		1,332,817		1,141,679		(9,310)		3,768,939
Grants		-		-		-		12		-		-		180
Facility		410,881		-		154,603		1,604,464		1,455,126		-		4,197,986
Interest and fees		119,132		-		143,003		463,404		224,706		(241,592)		1,290,783
Bad debts		2,580		-		1,159		28,278		5,645		(8,733)		45,485
Provision for impaired assets		-		-		-		1,264		1,074		(216,426)		367,428
Project expenses		-		-		-		-		-		-		-
Allocation		-		-		-		120,971		99,923		-		569,091
(Gain) loss on sale of assets		-		-		-		-		-		-		-
(Gain) loss on investment in limited partnership		-		-		-		-		-		(434)		-
Total expenses and losses		1,016,043		819		574,493		5,442,891		5,494,386		(782,097)		16,782,686
Excess (deficiency) of revenues over expenses		(70,079)		(819)		(53,129)		(1,292,681)		(992,183)		259,148		1,438,689
Net assets at beginning of year		(303,765)		(10,084)		465,237		13,831,182		12,037,620		2,810,142		42,127,036
Other transfers to (from) net assets		-		-		(41,263)		(37,858)		-		41,263		(44,638)
Net assets at end of year	\$	(373,844)	\$	(10,903)	\$	370,845	\$	12,500,643	\$	11,045,437	\$	3,110,553	\$	43,521,087

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Midwest	Mercy House	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Village Joplin, Inc.	Mercy Housing Midwest Nebraska, LLC	Northglen, LP	Mercy Crestview Village Housing, LP	Western Manor, LP	Eliminations	Consolidated Mercy Housing Midwest
Assets										
Current assets										
Cash and cash equivalents	\$ -	\$ 77,650	\$ 193,338	\$ 19,591	\$ -	\$ 210,780	\$ 255,397	\$ 122,503	\$ -	\$ 879,259
Cash, tenant security deposits	-	805	29,701	21,892	-	23,319	36,739	16,452	-	128,908
Cash, restricted	25,692	-	-	250	-	-	29,553	2,735	-	58,230
Investments	-	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	5,100	2,103	4,214	430	-	584	15,402	985	-	28,818
Due from affiliate, net	4,390	-	-	-	-	-	86	-	(4,390)	86
Pledges receivable, net	75	-	-	-	-	-	-	-	-	75
Grants receivable	-	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	8,993	3,297	30,985	12,082	-	9,522	29,279	16,737	-	110,895
Inventory	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Total current assets	44,250	83,855	258,238	54,245	-	244,205	366,456	159,412	(4,390)	1,206,271
Property and equipment										
Land and land improvements	-	30,770	1,296,272	-	-	540,239	1,992,974	437,363	(2,076,803)	2,220,815
Buildings	-	471,180	7,527,675	4,718,907	-	4,168,568	11,102,052	5,915,757	(1,205,268)	32,698,871
Furniture and equipment	18,169	42,168	295,785	33,133	-	28,232	48,299	39,150	-	504,936
Predevelopment project costs	-	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	(18,169)	(492,768)	(4,282,712)	(1,611,663)	-	(931,326)	(2,607,031)	(1,253,393)	224,618	(10,972,444)
Net property and equipment	-	51,350	4,837,020	3,140,377	-	3,805,713	10,536,294	5,138,877	(3,057,453)	24,452,178
Other long-term assets										
Restricted property reserves	-	32,955	254,416	183,201	-	434,256	1,026,749	449,864	-	2,381,441
Long-term investments	-	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	772,527	-	-	-	(772,527)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	59,141	28,788	75,144	-	163,073
Total other long-term assets	-	32,955	254,416	183,201	772,527	493,397	1,055,537	525,008	(772,527)	2,544,514
Total assets	\$ 44,250	\$ 168,160	\$ 5,349,674	\$ 3,377,823	\$ 772,527	\$ 4,543,315	\$ 11,958,287	\$ 5,823,297	\$ (3,834,370)	\$ 28,202,963

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Midwest	Mercy House	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Village Joplin, Inc.	Mercy Housing Midwest Nebraska, LLC	Northglen, LP	Mercy Crestview Village Housing, LP	Western Manor, LP	Eliminations	Consolidated Mercy Housing Midwest
Liabilities										
Current liabilities										
Accounts payable and accrued expenses	\$ 32,054	\$ 9,671	\$ 176,045	\$ 26,190	\$ -	\$ 100,171	\$ 190,256	\$ 100,169	\$ (2,333)	\$ 632,223
Due to affiliates	29,731	364,720	1,150,901	6,075	6,442	144,493	-	-	(4,390)	1,697,972
Accrued interest	-	1,739	19,528	-	-	-	8,126	2,462	-	31,855
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-	-
Current portion of notes payable	-	11,254	118,098	-	-	-	41,432	20,717	-	191,501
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	7,158	1,104	-	1,184	8,951	4,414	-	22,811
Tenant security deposits	-	-	29,102	21,354	-	22,818	36,135	15,353	-	124,762
Total current liabilities	61,785	387,384	1,500,832	54,723	6,442	268,666	284,900	143,115	(6,723)	2,701,124
Long-term liabilities										
Due to affiliates	-	-	-	-	-	-	-	-	-	-
Accrued interest	25,659	-	630,986	-	-	-	-	-	-	656,645
Accrued interest, affiliates	-	-	-	-	-	260,784	1,006,071	274,875	(1,541,730)	-
Notes payable, less current portion, net	147,500	220,619	7,746,845	-	-	926,956	1,849,111	1,097,646	-	11,988,677
Notes payable, less current portion, affiliates	-	-	-	-	-	1,465,000	4,910,051	1,890,000	(7,980,052)	284,999
Deferred revenue and other liabilities	-	-	781	-	-	70,094	-	-	-	70,875
Total long-term liabilities	173,159	220,619	8,378,612	-	-	2,722,834	7,765,233	3,262,521	(9,521,782)	13,001,196
Total liabilities	234,944	608,003	9,879,444	54,723	6,442	2,991,500	8,050,133	3,405,636	(9,528,505)	15,702,320
Net assets										
Unrestricted net assets, controlling	(216,386)	(439,843)	(4,529,770)	192,223	766,085	1,551,815	3,908,154	2,417,661	5,694,135	9,344,074
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	(216,386)	(439,843)	(4,529,770)	192,223	766,085	1,551,815	3,908,154	2,417,661	5,694,135	9,344,074
Temporarily restricted net assets	25,692	-	-	3,130,877	-	-	-	-	-	3,156,569
Permanently restricted net assets	-	-	-	-	-	-	-	-	-	-
Total net assets	(190,694)	(439,843)	(4,529,770)	3,323,100	766,085	1,551,815	3,908,154	2,417,661	5,694,135	12,500,643
Total liabilities and net assets	\$ 44,250	\$ 168,160	\$ 5,349,674	\$ 3,377,823	\$ 772,527	\$ 4,543,315	\$ 11,958,287	\$ 5,823,297	\$ (3,834,370)	\$ 28,202,963

Mercy Housing Midwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing Midwest	Mercy House	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Village Joplin, Inc.	Mercy Housing Midwest Nebraska, LLC	Northglen, LP	Mercy Crestview Village Housing, LP	Western Manor, LP	Eliminations	Consolidated Mercy Housing Midwest
Revenues										
Rent - net of vacancies	\$ -	\$ -	\$ 1,299,616	\$ 328,697	\$ -	\$ 408,386	\$ 1,297,770	\$ 593,903	\$ -	\$ 3,928,372
Developer fees	-	-	-	-	-	-	-	-	-	-
Services fees	91,992	-	-	-	-	-	-	-	(91,992)	-
Philanthropy	55,687	-	-	-	-	-	-	-	-	55,687
Capital grants	-	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-	-
Interest	340,259	15	16	54	-	162	1,252	340	(338,995)	3,103
Other	441,644	3,110	32,675	9,871	-	9,993	17,945	8,668	(360,858)	163,048
Total revenues	929,582	3,125	1,332,307	338,622	-	418,541	1,316,967	602,911	(791,845)	4,150,210
Expenses and losses										
Compensation	354,700	580	201,113	133,208	-	86,836	227,467	150,742	-	1,154,646
Administrative	50,684	4,154	190,062	67,273	-	76,806	182,612	97,447	-	669,038
Professional services	2,881	6,450	15,635	9,635	373	8,285	78,496	38,241	(91,999)	67,997
Depreciation and amortization	-	14,059	289,533	190,948	-	175,388	470,891	235,826	(43,828)	1,332,817
Grants	12	-	-	-	-	-	-	-	-	12
Facility	85	20,397	561,153	91,385	-	213,954	541,764	175,726	-	1,604,464
Interest and fees	3,576	21,435	294,043	-	-	42,596	319,398	118,872	(336,516)	463,404
Bad debts	2,333	-	13,547	-	-	3,223	6,147	5,361	(2,333)	28,278
Provision for impaired assets	340,259	-	-	-	-	-	-	-	(338,995)	1,264
Project expenses	-	-	-	-	-	-	-	-	-	-
Allocation	120,971	-	-	-	-	-	-	-	-	120,971
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	85	-	-	-	(85)	-
Total expenses and losses	875,501	67,075	1,565,086	492,449	458	607,088	1,826,775	822,215	(813,756)	5,442,891
Excess (deficiency) of revenues over expenses	54,081	(63,950)	(232,779)	(153,827)	(458)	(188,547)	(509,808)	(219,304)	21,911	(1,292,681)
Net assets at beginning of year	(244,775)	(375,893)	(4,296,991)	3,476,927	766,543	1,740,362	4,448,975	2,643,810	5,672,224	13,831,182
Other transfers to (from) net assets	-	-	-	-	-	-	(31,013)	(6,845)	-	(37,858)
Net assets at end of year	\$ (190,694)	\$ (439,843)	\$ (4,529,770)	\$ 3,323,100	\$ 766,085	\$ 1,551,815	\$ 3,908,154	\$ 2,417,661	\$ 5,694,135	\$ 12,500,643

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa de Merced	Casa de Shanti, Inc.	Decatur Place	El Mirage Senior Village	Mercy Holly Park East
Assets								
Current assets								
Cash and cash equivalents	\$ 300	\$ 11,450	\$ 12,194	\$ 12,593	\$ 8,474	\$ 102,456	\$ 18,430	\$ 27,535
Cash, tenant security deposits	-	9,638	1,733	9,322	6,373	33,650	12,676	12,674
Cash, restricted	23,852	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	2,600	89	25	36	115	27,014	990	13,240
Due from affiliate, net	-	-	10	-	-	-	-	1,677
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	9,815	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	144,816	-	-	-	-	-	-	-
Prepaid expenses and other assets	5,637	9,557	1,943	9,214	5,697	34,294	9,004	15,609
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	187,020	30,734	15,905	31,165	20,659	197,414	41,100	70,735
Property and equipment								
Land and land improvements	-	139,772	68,890	119,815	92,256	398,398	77,415	526,647
Buildings	-	2,458,694	469,458	2,115,349	1,320,680	8,270,409	2,066,181	2,983,220
Furniture and equipment	-	110,170	5,570	101,822	65,924	630,200	143,376	264,486
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	12,680	-	-
Accumulated depreciation	-	(1,376,767)	(265,953)	(1,533,884)	(1,034,123)	(5,883,109)	(1,488,002)	(1,868,885)
Net property and equipment	-	1,331,869	277,965	803,102	444,737	3,428,578	798,970	1,905,468
Other long-term assets								
Restricted property reserves	-	68,437	22,777	100,068	66,815	4,389,493	81,849	177,614
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	11,785	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	11,785	68,437	22,777	100,068	66,815	4,389,493	81,849	177,614
Total assets	\$ 198,805	\$ 1,431,040	\$ 316,647	\$ 934,335	\$ 532,211	\$ 8,015,485	\$ 921,919	\$ 2,153,817

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa de Merced	Casa de Shanti, Inc.	Decatur Place	El Mirage Senior Village	Mercy Holly Park East
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 33,011	\$ 22,992	\$ 14,180	\$ 49,466	\$ 29,622	\$ 65,011	\$ 50,682	\$ 51,612
Due to affiliates	2,833,054	19,604	13,025	27,964	68,996	-	1,134	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	20,783	-	-
Current portion of notes payable	-	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	74,384	-	-
Deferred revenue and other liabilities	-	455	272	273	107	33,921	725	18,724
Tenant security deposits	-	8,969	1,233	8,782	5,873	32,858	12,176	11,576
Total current liabilities	2,866,065	52,020	28,710	86,485	104,598	226,957	64,717	81,912
Long-term liabilities								
Due to affiliates	-	-	-	-	-	4,959	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	(95,748)	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	4,913,575	-	-
Deferred revenue and other liabilities	-	-	-	-	-	6,342	-	181,453
Total long-term liabilities	-	-	-	-	-	4,829,128	-	181,453
Total liabilities	2,866,065	52,020	28,710	86,485	104,598	5,056,085	64,717	263,365
Net assets								
Unrestricted net assets, controlling	(2,720,969)	(133,388)	21,273	(241,172)	(224,641)	2,685,830	(305,081)	1,890,452
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(2,720,969)	(133,388)	21,273	(241,172)	(224,641)	2,685,830	(305,081)	1,890,452
Temporarily restricted net assets	53,709	1,512,408	266,664	1,089,022	652,254	273,570	1,162,283	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(2,667,260)	1,379,020	287,937	847,850	427,613	2,959,400	857,202	1,890,452
Total liabilities and net assets	\$ 198,805	\$ 1,431,040	\$ 316,647	\$ 934,335	\$ 532,211	\$ 8,015,485	\$ 921,919	\$ 2,153,817

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2016

	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments	Eliminations	Consolidated Mercy Housing Southwest
Assets								
Current assets								
Cash and cash equivalents	\$ 6,452	\$ 18,403	\$ 7,621	\$ 11,474	\$ 22,404	\$ 17,846	\$ -	\$ 277,632
Cash, tenant security deposits	11,559	5,338	2,978	5,625	16,848	2,470	-	130,884
Cash, restricted	-	-	-	-	-	-	-	23,852
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	646	-	2,584	558	184	40	-	48,121
Due from affiliate, net	-	-	66	10	-	-	(86)	1,677
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	(9,815)	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	(144,816)	-
Prepaid expenses and other assets	9,235	4,479	3,056	5,879	11,814	2,784	-	128,202
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>27,892</u>	<u>28,220</u>	<u>16,305</u>	<u>23,546</u>	<u>51,250</u>	<u>23,140</u>	<u>(154,717)</u>	<u>610,368</u>
Property and equipment								
Land and land improvements	192,606	45,000	72,820	55,045	223,340	50,833	-	2,062,837
Buildings	2,170,698	1,159,094	1,014,413	1,627,617	3,535,471	1,280,311	(483,387)	29,988,208
Furniture and equipment	100,560	49,045	34,583	70,057	145,677	25,412	-	1,746,882
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	12,680
Accumulated depreciation	<u>(1,395,209)</u>	<u>(780,833)</u>	<u>(552,528)</u>	<u>(1,259,974)</u>	<u>(2,028,745)</u>	<u>(826,753)</u>	<u>284,846</u>	<u>(20,009,919)</u>
Net property and equipment	<u>1,068,655</u>	<u>472,306</u>	<u>569,288</u>	<u>492,745</u>	<u>1,875,743</u>	<u>529,803</u>	<u>(198,541)</u>	<u>13,800,688</u>
Other long-term assets								
Restricted property reserves	104,764	58,901	28,336	47,250	84,565	70,480	-	5,301,349
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	(11,785)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	<u>104,764</u>	<u>58,901</u>	<u>28,336</u>	<u>47,250</u>	<u>84,565</u>	<u>70,480</u>	<u>(11,785)</u>	<u>5,301,349</u>
Total assets	<u>\$ 1,201,311</u>	<u>\$ 559,427</u>	<u>\$ 613,929</u>	<u>\$ 563,541</u>	<u>\$ 2,011,558</u>	<u>\$ 623,423</u>	<u>\$ (365,043)</u>	<u>\$ 19,712,405</u>

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2016

	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments	Eliminations	Consolidated Mercy Housing Southwest
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 68,028	\$ 17,254	\$ 25,497	\$ 43,707	\$ 20,748	\$ 52,353	\$ -	\$ 544,163
Due to affiliates	5,000	-	35,402	66,243	-	-	(236,234)	2,834,188
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	20,783
Current portion of notes payable	-	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	20,000	-	-	(20,000)	74,384
Deferred revenue and other liabilities	1,521	221	173	439	3,332	430	-	60,593
Tenant security deposits	10,786	4,755	2,037	4,862	16,399	1,970	-	122,276
Total current liabilities	85,335	22,230	63,109	135,251	40,479	54,753	(256,234)	3,656,387
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	4,959
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	-	-	(95,748)
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	4,913,575
Deferred revenue and other liabilities	-	-	-	-	-	-	-	187,795
Total long-term liabilities	-	-	-	-	-	-	-	5,010,581
Total liabilities	85,335	22,230	63,109	135,251	40,479	54,753	(256,234)	8,666,968
Net assets								
Unrestricted net assets, controlling	(129,379)	(117,515)	(63,456)	(296,189)	(224,228)	12,381	(108,809)	45,109
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(129,379)	(117,515)	(63,456)	(296,189)	(224,228)	12,381	(108,809)	45,109
Temporarily restricted net assets	1,245,355	654,712	614,276	724,479	2,195,307	556,289	-	11,000,328
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,115,976	537,197	550,820	428,290	1,971,079	568,670	(108,809)	11,045,437
Total liabilities and net assets	\$ 1,201,311	\$ 559,427	\$ 613,929	\$ 563,541	\$ 2,011,558	\$ 623,423	\$ (365,043)	\$ 19,712,405

Mercy Housing Southwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa de Merced	Casa de Shanti, Inc.	Decatur Place	El Mirage Senior Village	Mercy Holly Park East
Revenues								
Rent - net of vacancies	\$ -	\$ 275,946	\$ 66,512	\$ 260,843	\$ 181,840	\$ 1,538,965	\$ 237,118	\$ 710,831
Developer fees	-	-	-	-	-	-	-	-
Services fees	50,004	-	-	-	-	-	-	-
Philanthropy	55,674	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	1,074	41	28	43	41	5,488	37	54
Other	22,493	168	60	3,296	749	24,236	2,075	19,701
Total revenues	129,245	276,155	66,600	264,182	182,630	1,568,689	239,230	730,586
Expenses and losses								
Compensation	275,806	114,541	19,744	101,586	66,646	385,998	92,218	130,895
Administrative	60,014	43,394	8,924	40,975	29,863	127,582	46,845	106,611
Professional services	432	7,435	6,685	7,435	9,157	200,179	13,285	35,743
Depreciation and amortization	-	91,413	19,874	82,474	48,364	278,038	80,452	150,181
Grants	-	-	-	-	-	-	-	-
Facility	70	65,639	14,293	91,526	64,808	464,229	82,803	335,436
Interest and fees	54,680	37	349	568	-	168,697	-	89
Bad debts	-	-	-	-	-	2,710	-	2,676
Provision for impaired assets	1,074	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	99,923	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	491,999	322,459	69,869	324,564	218,838	1,627,433	315,603	761,631
Excess (deficiency) of revenues over expenses	(362,754)	(46,304)	(3,269)	(60,382)	(36,208)	(58,744)	(76,373)	(31,045)
Net assets at beginning of year	(2,304,506)	1,425,324	291,206	908,232	463,821	3,018,144	933,575	1,921,497
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ (2,667,260)	\$ 1,379,020	\$ 287,937	\$ 847,850	\$ 427,613	\$ 2,959,400	\$ 857,202	\$ 1,890,452

Mercy Housing Southwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments	Eliminations	Consolidated Mercy Housing Southwest
Revenues								
Rent - net of vacancies	\$ 227,566	\$ 127,674	\$ 99,138	\$ 190,443	\$ 303,597	\$ 109,091	\$ -	\$ 4,329,564
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	50,004
Philanthropy	-	-	-	-	-	-	-	55,674
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	61	28	5	31	22	27	-	6,980
Other	1,168	1,387	1,429	1,356	4,284	65	(22,486)	59,981
Total revenues	228,795	129,089	100,572	191,830	307,903	109,183	(22,486)	4,502,203
Expenses and losses								
Compensation	119,612	43,630	28,748	66,240	107,590	38,322	-	1,591,576
Administrative	38,101	18,138	7,041	29,408	61,263	24,761	-	642,920
Professional services	7,435	8,285	8,435	9,286	9,635	8,310	-	331,737
Depreciation and amortization	81,958	42,374	37,058	61,774	138,794	46,502	(17,577)	1,141,679
Grants	-	-	-	-	-	-	-	-
Facility	76,006	34,245	34,446	63,355	97,845	30,425	-	1,455,126
Interest and fees	-	-	162	35	89	-	-	224,706
Bad debts	-	-	-	-	259	-	-	5,645
Provision for impaired assets	-	-	-	-	-	-	-	1,074
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	99,923
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	323,112	146,672	115,890	230,098	415,475	148,320	(17,577)	5,494,386
Excess (deficiency) of revenues over expenses	(94,317)	(17,583)	(15,318)	(38,268)	(107,572)	(39,137)	(4,909)	(992,183)
Net assets at beginning of year	1,210,293	554,780	566,138	466,558	2,078,651	607,807	(103,900)	12,037,620
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 1,115,976	\$ 537,197	\$ 550,820	\$ 428,290	\$ 1,971,079	\$ 568,670	\$ (108,809)	\$ 11,045,437

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California	Affordable Housing Initiatives (AHI)	All Hallows Community	Marin Homes for Independent Living (Camino Alto)	Cantebria Senior Homes	Mercy Senior Housing Oxnard (Casa Merced)	Francis of Assisi Community	Gault Street Senior Housing
Assets								
Current assets								
Cash and cash equivalents	\$ 27,393,905	\$ -	\$ 73,961	\$ 36,576	\$ 34,957	\$ 44,444	\$ 1,149,750	\$ 5,053
Cash, tenant security deposits	-	-	13,127	7,987	13,874	12,756	3,048	14,022
Cash, restricted	3,474,237	-	-	-	150	-	29,326	10,489
Investments	6,370,000	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	677,971	-	-	22,862	-	995	764	699
Due from affiliate, net	10,795,198	-	-	-	1,106	-	-	-
Pledges receivable, net	13,170	-	-	-	-	-	-	-
Grants receivable	195,542	-	-	-	-	-	-	-
Current portion of notes and interest receivable	23,678	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	534,793	-	-	-	-	-	-	-
Prepaid expenses and other assets	190,773	-	17,291	11,362	8,020	7,229	56,597	11,375
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	49,669,267	-	104,379	78,787	58,107	65,424	1,239,485	41,638
Property and equipment								
Land and land improvements	3,060,518	-	164,430	389,000	20,827	323,400	-	-
Buildings	442,973	-	3,160,574	2,273,478	5,238,239	4,196,592	-	4,664,224
Furniture and equipment	148,332	-	829,066	161,270	19,879	92,485	-	66,363
Predevelopment project costs	4,582,156	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(426,492)	-	(2,234,306)	(1,825,031)	(2,220,392)	(2,773,337)	-	(2,150,173)
Net property and equipment	7,807,487	-	1,919,764	998,717	3,058,553	1,839,140	-	2,580,414
Other long-term assets								
Restricted property reserves	3,704,839	-	1,307,594	603,701	116,155	155,857	1,257,758	152,144
Long-term investments	6,475,000	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	5,435,730	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(1,626,419)	330,645	-	-	-	-	-	-
Notes and interest receivable, net	2,522,535	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	7,633,928	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	24,145,613	330,645	1,307,594	603,701	116,155	155,857	1,257,758	152,144
Total assets	\$ 81,622,367	\$ 330,645	\$ 3,331,737	\$ 1,681,205	\$ 3,232,815	\$ 2,060,421	\$ 2,497,243	\$ 2,774,196

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California	Affordable Housing Initiatives (AHI)	All Hallows Community	Marin Homes for Independent Living (Camino Alto)	Cantebria Senior Homes	Mercy Senior Housing Oxnard (Casa Merced)	Francis of Assisi Community	Gault Street Senior Housing
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 2,027,535	\$ 2,646	\$ 401,249	\$ 171,363	\$ 52,171	\$ 80,951	\$ 21,238	\$ 40,228
Due to affiliates	-	80,792	-	-	6,916	32,000	-	-
Accrued interest	43,492	-	15,274	8,503	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	881,920	-	58,706	28,666	-	-	-	-
Current portion of notes payable, affiliates	3,167,731	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,880,429	-	337	1,506	2,348	1,871	125	2,466
Tenant security deposits	-	-	12,892	7,220	13,854	12,390	1	13,522
Total current liabilities	8,001,107	83,438	488,458	217,258	75,289	127,212	21,364	56,216
Long-term liabilities								
Due to affiliates	60,000	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	3,629,671	-	3,343,678	1,716,717	-	-	-	-
Notes payable, less current portion, affiliates	464,136	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,782,044	-	-	-	225	205	-	-
Total long-term liabilities	5,935,851	-	3,343,678	1,716,717	225	205	-	-
Total liabilities	13,936,958	83,438	3,832,136	1,933,975	75,514	127,417	21,364	56,216
Net assets								
Unrestricted net assets, controlling	57,292,025	247,207	(500,399)	(252,770)	290,724	(582,662)	2,475,879	(652,375)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	57,292,025	247,207	(500,399)	(252,770)	290,724	(582,662)	2,475,879	(652,375)
Temporarily restricted net assets	8,623,384	-	-	-	2,866,577	2,515,666	-	3,370,355
Permanently restricted net assets	1,770,000	-	-	-	-	-	-	-
Total net assets	67,685,409	247,207	(500,399)	(252,770)	3,157,301	1,933,004	2,475,879	2,717,980
Total liabilities and net assets	\$ 81,622,367	\$ 330,645	\$ 3,331,737	\$ 1,681,205	\$ 3,232,815	\$ 2,060,421	\$ 2,497,243	\$ 2,774,196

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2016

	John W. King Senior Community	Maria B. Freitas Senior Housing Corporation	Marin Housing Corporation (Martinelli House)	Mercy Family Plaza Limited Partnership (Mercy Family Plaza)	Mercy Gardens	Notre Dame Senior Housing Corporation	Oceana Senior Housing Corporation (Oceana Terrace)	Presentation Senior Housing Community
Assets								
Current assets								
Cash and cash equivalents	\$ 49,130	\$ 18,170	\$ 4	\$ 279,087	\$ 70,623	\$ 33,221	\$ 17,748	\$ 68,370
Cash, tenant security deposits	26,094	22,003	-	35,381	6,556	26,504	14,953	37,955
Cash, restricted	11,723	300	-	-	150	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	7	-	-	1,203	426	2,564	2,368
Due from affiliate, net	-	-	-	-	-	-	-	581
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	35,481	20,826	-	7,779	5,015	20,976	11,937	42,879
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	122,428	61,306	4	322,247	83,547	81,127	47,202	152,153
Property and equipment								
Land and land improvements	1,042,148	785,749	-	1,037,824	95,609	2,000,000	400,000	1,797,674
Buildings	13,630,022	5,902,910	-	1,353,281	3,843,347	8,540,554	3,623,977	14,020,029
Furniture and equipment	254,154	204,698	-	19,475	78,532	281,025	196,063	314,238
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(7,566,451)	(4,393,164)	-	(1,773,856)	(2,072,208)	(6,180,742)	(2,924,888)	(8,492,424)
Net property and equipment	7,359,873	2,500,193	-	636,724	1,945,280	4,640,837	1,295,152	7,639,517
Other long-term assets								
Restricted property reserves	447,209	379,745	-	165,939	210,009	217,033	188,038	1,298,806
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	4,681,512	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	447,209	379,745	4,681,512	165,939	210,009	217,033	188,038	1,298,806
Total assets	\$ 7,929,510	\$ 2,941,244	\$ 4,681,516	\$ 1,124,910	\$ 2,238,836	\$ 4,938,997	\$ 1,530,392	\$ 9,090,476

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2016

	John W. King Senior Community	Maria B. Freitas Senior Housing Corporation	Marin Housing Corporation (Martinelli House)	Mercy Family Plaza Limited Partnership (Mercy Family Plaza)	Mercy Gardens	Notre Dame Senior Housing Corporation	Oceana Senior Housing Corporation (Oceana Terrace)	Presentation Senior Housing Community
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 93,771	\$ 65,783	\$ -	\$ 17,169	\$ 187,130	\$ 54,922	\$ 137,301	\$ 124,783
Due to affiliates	10,000	-	-	15,702	8,019	-	-	-
Accrued interest	-	-	-	3,934	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	146,549	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	206	369	-	-	745	3,417	1,643	1,742
Tenant security deposits	25,290	21,142	-	34,881	6,056	25,924	14,402	37,388
Total current liabilities	129,267	87,294	-	218,235	201,950	84,263	153,346	163,913
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	506,302	-	823,305	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	888,969	1,060,319	-	617,766	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	2,886	-	-	-	3,072	1,955	-
Total long-term liabilities	-	2,886	-	888,969	1,566,621	3,072	1,443,026	-
Total liabilities	129,267	90,180	-	1,107,204	1,768,571	87,335	1,596,372	163,913
Net assets								
Unrestricted net assets, controlling	(1,273,891)	(356,663)	4,681,516	17,706	(1,260,472)	(663,571)	(1,683,942)	(549,321)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,273,891)	(356,663)	4,681,516	17,706	(1,260,472)	(663,571)	(1,683,942)	(549,321)
Temporarily restricted net assets	9,074,134	3,207,727	-	-	1,730,737	5,515,233	1,617,962	9,475,884
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	7,800,243	2,851,064	4,681,516	17,706	470,265	4,851,662	(65,980)	8,926,563
Total liabilities and net assets	\$ 7,929,510	\$ 2,941,244	\$ 4,681,516	\$ 1,124,910	\$ 2,238,836	\$ 4,938,997	\$ 1,530,392	\$ 9,090,476

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2016

	Russell Manor	Tierra Del Sol, Inc.	Garden Park Apartment Community	Mercy Oaks Village	Mercy Commercial California	MPCAL, LLC	MCC 1360, LLC	Central Coast Housing
Assets								
Current assets								
Cash and cash equivalents	\$ 9,408	\$ 13,971	\$ 56,720	\$ 43,924	\$ 816,834	\$ 116,062	\$ 468,340	\$ 110,676
Cash, tenant security deposits	19,687	24,160	6,268	21,415	-	-	-	4,898
Cash, restricted	-	10,284	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	366	-	24,357	63	39	-	-	-
Due from affiliate, net	-	621	-	-	54,167	27,400	2,739,409	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	17,467	18,487	13,966	12,367	4,270	-	-	3,072
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	46,928	67,523	101,311	77,769	875,310	143,462	3,207,749	118,646
Property and equipment								
Land and land improvements	242,906	1,213,204	561,834	-	-	5,845	-	211,256
Buildings	5,614,756	11,708,932	5,211,363	7,825,909	289,869	2,222,660	-	661,257
Furniture and equipment	381,927	31,415	46,690	76,895	-	-	-	1,941
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(4,253,405)	(4,044,850)	(1,773,408)	(2,994,575)	(140,643)	(56,991)	-	(347,302)
Net property and equipment	1,986,184	8,908,701	4,046,479	4,908,229	149,226	2,171,514	-	527,152
Other long-term assets								
Restricted property reserves	369,275	637,700	839,538	145,419	-	353,710	-	84,853
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	564
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	80,867
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	369,275	637,700	839,538	145,419	-	353,710	-	166,284
Total assets	\$ 2,402,387	\$ 9,613,924	\$ 4,987,328	\$ 5,131,417	\$ 1,024,536	\$ 2,668,686	\$ 3,207,749	\$ 812,082

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2016

	Russell Manor	Tierra Del Sol, Inc.	Garden Park Apartment Community	Mercy Oaks Village	Mercy Commercial California	MPCAL, LLC	MCC 1360, LLC	Central Coast Housing
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 33,442	\$ 29,468	\$ 19,056	\$ 37,886	\$ 29,031	\$ 12,457	\$ -	\$ 8,890
Due to affiliates	11,778	1,475,877	146,670	10,000	2,842,053	-	54,166	-
Accrued interest	-	-	-	-	-	83,810	-	107
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-	1,337
Current portion of notes payable, affiliates	-	96,934	-	-	-	-	-	-
Deferred revenue and other liabilities	1,188	2,276	537	-	16,145	16,405	-	-
Tenant security deposits	19,187	23,660	5,768	20,643	66,232	33,000	-	4,398
Total current liabilities	65,595	1,628,215	172,031	68,529	2,953,461	145,672	54,166	14,732
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	202,319	-	987,328	59,765	-	-	-	131,941
Accrued interest, affiliates	-	-	-	-	-	-	-	175,770
Notes payable, less current portion, net	356,479	(24,252)	3,219,314	476,456	-	2,778,432	-	225,100
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	180,000
Deferred revenue and other liabilities	3,018	-	-	-	407,817	-	-	-
Total long-term liabilities	561,816	(24,252)	4,206,642	536,221	407,817	2,778,432	-	712,811
Total liabilities	627,411	1,603,963	4,378,673	604,750	3,361,278	2,924,104	54,166	727,543
Net assets								
Unrestricted net assets, controlling	(1,296,555)	(1,079,507)	(825,113)	(835,605)	(2,336,742)	(255,418)	3,153,583	(8,848)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,296,555)	(1,079,507)	(825,113)	(835,605)	(2,336,742)	(255,418)	3,153,583	(8,848)
Temporarily restricted net assets	3,071,531	9,089,468	1,433,768	5,362,272	-	-	-	93,387
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,774,976	8,009,961	608,655	4,526,667	(2,336,742)	(255,418)	3,153,583	84,539
Total liabilities and net assets	\$ 2,402,387	\$ 9,613,924	\$ 4,987,328	\$ 5,131,417	\$ 1,024,536	\$ 2,668,686	\$ 3,207,749	\$ 812,082

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Sycamore Street Consolidated	Mercy Housing California Family Properties	Mercy Housing California 51, LP (Bill Sorro Community)	Mercy Housing California Special Needs	Mercy Housing California 57, LP (1500 Page)	Mercy Midtown Inc.	Consolidated Mercy Housing California Senior Properties
Assets								
Current assets								
Cash and cash equivalents	\$ 97,948	\$ 81,568	\$ -	\$ -	\$ -	\$ -	\$ 112,516	\$ 912,595
Cash, tenant security deposits	54,958	47,043	-	-	-	-	91,789	123,802
Cash, restricted	811	-	-	2,352,181	-	132,272	-	15,054
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	9,561	6,731	-	-	-	-	267,964	34,568
Due from affiliate, net	-	-	-	-	-	-	-	29,246
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	36,094	10,890	-	-	-	-	53,249	130,903
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>199,372</u>	<u>146,232</u>	<u>-</u>	<u>2,352,181</u>	<u>-</u>	<u>132,272</u>	<u>525,518</u>	<u>1,246,168</u>
Property and equipment								
Land and land improvements	438,540	1,560,000	-	-	-	310,058	-	2,112,489
Buildings	18,754,435	3,776,013	-	-	-	9,292,010	-	22,991,669
Furniture and equipment	384,663	-	-	-	-	63,134	-	1,163,504
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	34,213,215	-	-	228,577	-
Accumulated depreciation	(2,859,069)	(381,133)	-	-	-	(10,942)	-	(7,924,058)
Net property and equipment	<u>16,718,569</u>	<u>4,954,880</u>	<u>-</u>	<u>34,213,215</u>	<u>-</u>	<u>9,654,260</u>	<u>228,577</u>	<u>18,343,604</u>
Other long-term assets								
Restricted property reserves	689,738	35,810	-	-	-	-	34,691	4,276,529
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	(26,169)	-	(13,764)	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	60,551	-	-	19,128	-	56,921	-	-
Total other long-term assets	<u>750,289</u>	<u>35,810</u>	<u>(26,169)</u>	<u>19,128</u>	<u>(13,764)</u>	<u>56,921</u>	<u>34,691</u>	<u>4,276,529</u>
Total assets	<u>\$ 17,668,230</u>	<u>\$ 5,136,922</u>	<u>\$ (26,169)</u>	<u>\$ 36,584,524</u>	<u>\$ (13,764)</u>	<u>\$ 9,843,453</u>	<u>\$ 788,786</u>	<u>\$ 23,866,301</u>

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Sycamore Street Consolidated	Mercy Housing California Family Properties	Mercy Housing California 51, LP (Bill Sorro Community)	Mercy Housing California Special Needs	Mercy Housing California 57, LP (1500 Page)	Mercy Midtown Inc.	Consolidated Mercy Housing California Senior Properties
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 53,428	\$ 86,587	\$ 2,575	\$ 5,274,881	\$ 3,714	\$ 1,252,496	\$ 145,866	\$ 948,361
Due to affiliates	104,591	19,358	5,838	1,509,597	2,234	814,227	19,080	10,145
Accrued interest	-	5,337	-	23,396	-	12,785	-	334,269
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	67,048	-	13,355,924	-	6,139,377	-	527,438
Current portion of notes payable, affiliates	-	-	-	12,146	-	2,138	-	-
Deferred revenue and other liabilities	2,200	934	-	-	-	-	7,080	11,634
Tenant security deposits	53,941	46,391	-	-	-	-	90,713	120,202
Total current liabilities	214,160	225,655	8,413	20,175,944	5,948	8,221,023	262,739	1,952,049
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	3,030,920	1,046,625	-	-	-	-	-	655,489
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	7,246,750	4,051,017	-	15,002,853	-	1,382,296	-	19,916,166
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	17,521	2,793	-	90,444	-	-	-	93,155
Total long-term liabilities	10,295,191	5,100,435	-	15,093,297	-	1,382,296	-	20,664,810
Total liabilities	10,509,351	5,326,090	8,413	35,269,241	5,948	9,603,319	262,739	22,616,859
Net assets								
Unrestricted net assets, controlling	7,158,879	(189,168)	(34,582)	1,315,283	(19,712)	240,134	526,047	1,249,442
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	7,158,879	(189,168)	(34,582)	1,315,283	(19,712)	240,134	526,047	1,249,442
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	7,158,879	(189,168)	(34,582)	1,315,283	(19,712)	240,134	526,047	1,249,442
Total liabilities and net assets	\$ 17,668,230	\$ 5,136,922	\$ (26,169)	\$ 36,584,524	\$ (13,764)	\$ 9,843,453	\$ 788,786	\$ 23,866,301

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Assets					
Current assets					
Cash and cash equivalents	\$ 7,300,844	\$ 502,457	\$ 386,359	\$ -	\$ 40,305,221
Cash, tenant security deposits	1,543,204	45,143	129,948	-	2,346,575
Cash, restricted	15,438,406	71	201	-	21,475,655
Investments	-	-	-	-	6,370,000
Investments, restricted	-	-	-	-	-
Accounts receivable, net	1,225,954	955	10,173	(248,760)	2,041,830
Due from affiliate, net	137,162	704,107	-	(13,576,333)	912,664
Pledges receivable, net	-	-	-	-	13,170
Grants receivable	-	-	-	-	195,542
Current portion of notes and interest receivable	-	-	-	-	23,678
Current portion of notes and interest receivable, affiliates	-	83,380	-	(451,484)	166,689
Prepaid expenses and other assets	2,858,342	28,070	49,928	(1,625,429)	2,059,216
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>28,503,912</u>	<u>1,364,183</u>	<u>576,609</u>	<u>(15,902,006)</u>	<u>75,910,240</u>
Property and equipment					
Land and land improvements	73,439,067	5,484,234	1,643,175	-	98,339,787
Buildings	575,525,959	13,440,356	7,910,440	(12,795,770)	743,320,058
Furniture and equipment	15,212,303	165,798	3,790,024	-	23,983,874
Predevelopment project costs	7,871,318	-	-	-	12,453,474
Construction in progress	78,758,867	-	-	(3,147,604)	110,053,055
Accumulated depreciation	<u>(67,724,332)</u>	<u>(8,867,406)</u>	<u>(8,367,422)</u>	<u>3,556,494</u>	<u>(151,222,506)</u>
Net property and equipment	<u>683,083,182</u>	<u>10,222,982</u>	<u>4,976,217</u>	<u>(12,386,880)</u>	<u>836,927,742</u>
Other long-term assets					
Restricted property reserves	31,805,584	637,644	626,934	-	50,742,252
Long-term investments	-	-	-	-	6,475,000
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	60,000	-	(5,275,290)	221,004
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(9,900,749)	-	-	5,323,684	(5,831,905)
Notes and interest receivable, net	-	22,000	-	-	2,544,535
Notes and interest receivable, affiliates	-	-	-	(5,855,598)	6,459,842
Allowance for impaired assets	-	-	-	-	-
Other assets, net	<u>14,447,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,583,734</u>
Total other long-term assets	<u>36,351,969</u>	<u>719,644</u>	<u>626,934</u>	<u>(5,807,204)</u>	<u>75,194,462</u>
Total assets	<u>\$ 747,939,063</u>	<u>\$ 12,306,809</u>	<u>\$ 6,179,760</u>	<u>\$ (34,096,090)</u>	<u>\$ 988,032,444</u>

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 28,287,465	\$ 153,278	\$ 199,015	\$ (12,702)	\$ 40,043,434
Due to affiliates	10,227,024	8,819	129,814	(15,522,239)	2,022,461
Accrued interest	765,631	495,307	15,741	-	1,807,586
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	58,308,995	67,126	112,321	-	79,695,407
Current portion of notes payable, affiliates	915,178	2,021,362	-	(2,964,307)	3,251,182
Deferred revenue and other liabilities	2,111,627	1,210	3,052	(1,779,128)	2,292,364
Tenant security deposits	1,531,773	47,135	128,772	-	2,416,777
Total current liabilities	102,147,693	2,794,237	588,715	(20,278,376)	131,529,211
Long-term liabilities					
Due to affiliates	-	-	-	(60,000)	-
Accrued interest	20,112,911	514,813	2,019,651	-	30,091,369
Accrued interest, affiliates	551,928	-	-	(551,928)	175,770
Notes payable, less current portion, net	459,941,381	4,008,237	7,111,579	-	536,948,928
Notes payable, less current portion, affiliates	10,615,978	-	-	(9,541,802)	1,718,312
Deferred revenue and other liabilities	23,560,739	-	7,933	(3,850,062)	22,123,745
Total long-term liabilities	514,782,937	4,523,050	9,139,163	(14,003,792)	591,058,124
Total liabilities	616,930,630	7,317,287	9,727,878	(34,282,168)	722,587,335
Net assets					
Unrestricted net assets, controlling	127,702,910	225,418	(3,548,118)	186,078	188,557,397
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	127,702,910	225,418	(3,548,118)	186,078	188,557,397
Temporarily restricted net assets	3,305,523	4,764,104	-	-	75,117,712
Permanently restricted net assets	-	-	-	-	1,770,000
Total net assets	131,008,433	4,989,522	(3,548,118)	186,078	265,445,109
Total liabilities and net assets	\$ 747,939,063	\$ 12,306,809	\$ 6,179,760	\$ (34,096,090)	\$ 988,032,444

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing California	Affordable Housing Initiatives (AHI)	All Hallows Community	Marin Homes for Independent Living (Camino Alto)	Cantebria Senior Homes	Mercy Senior Housing Oxnard (Casa Merced)	Francis of Assisi Community	Gault Street Senior Housing
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ 937,446	\$ 373,585	\$ 342,892	\$ 298,581	\$ 2,763,758	\$ 237,965
Developer fees	16,758,512	-	-	-	-	-	-	-
Services fees	4,301,559	-	-	-	-	-	-	-
Philanthropy	1,578,425	-	-	-	-	-	-	-
Capital grants	28,658	-	-	-	-	-	-	-
Consulting	934,261	-	-	-	-	-	-	-
Interest	482,234	-	14,312	607	21	47	538	50
Other	26,549,081	-	12,701	8,542	2,602	3,541	76,243	3,374
Total revenues	50,632,730	-	964,459	382,734	345,515	302,169	2,840,539	241,389
Expenses and losses								
Compensation	9,003,843	-	254,091	87,394	112,757	115,897	494,331	100,525
Administrative	1,286,485	551	79,073	48,501	56,340	44,957	166,193	43,588
Professional services	597,069	1,536	17,205	9,285	7,435	45,634	9,093	7,380
Depreciation and amortization	53,088	-	142,966	65,443	195,939	154,444	106,200	174,207
Grants	1,937,298	-	-	-	-	-	25,409,508	-
Facility	350,296	-	142,875	82,367	97,776	131,411	319,206	94,577
Interest and fees	96,551	-	187,148	105,316	289	278	59,097	-
Bad debts	140,850	-	-	-	(405)	312	-	40
Provision for impaired assets	3,992,109	-	-	-	-	-	-	-
Project expenses	869,814	-	-	-	-	-	-	-
Allocation	3,243,111	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(14,314)	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(137)	(15)	-	-	-	-	-	-
Total expenses and losses	21,556,063	2,072	823,358	398,306	470,131	492,933	26,563,628	420,317
Excess (deficiency) of revenues over expenses	29,076,667	(2,072)	141,101	(15,572)	(124,616)	(190,764)	(23,723,089)	(178,928)
Net assets at beginning of year	38,608,742	249,279	(641,500)	(237,198)	3,281,917	2,123,768	94,987	2,896,908
Other transfers to (from) net assets	-	-	-	-	-	-	26,103,981	-
Net assets at end of year	\$ 67,685,409	\$ 247,207	\$ (500,399)	\$ (252,770)	\$ 3,157,301	\$ 1,933,004	\$ 2,475,879	\$ 2,717,980

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	John W. King Senior Community	Maria B. Freitas Senior Housing Corporation	Marin Housing Corporation (Martinelli House)	Mercy Family Plaza Limited Partnership (Mercy Family Plaza)	Mercy Gardens	Notre Dame Senior Housing Corporation	Oceana Senior Housing Corporation (Oceana Terrace)	Presentation Senior Housing Community
Revenues								
Rent - net of vacancies	\$ 938,877	\$ 501,511	\$ -	\$ 649,807	\$ 232,314	\$ 578,197	\$ 357,204	\$ 1,103,767
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	205	2,976	176,819	27	84	120	100	624
Other	19,341	5,153	-	12,288	1,921	8,930	6,296	16,317
Total revenues	958,423	509,640	176,819	662,122	234,319	587,247	363,600	1,120,708
Expenses and losses								
Compensation	476,122	239,419	-	54,103	87,379	234,346	125,494	531,209
Administrative	129,300	103,733	15,000	66,571	35,111	112,113	65,986	149,943
Professional services	13,880	9,709	-	7,015	9,259	10,562	7,435	12,165
Depreciation and amortization	521,914	215,040	-	157,427	145,533	320,307	141,327	520,505
Grants	-	-	120,336	-	-	-	-	-
Facility	247,044	177,997	-	144,814	70,427	208,857	116,886	311,933
Interest and fees	-	150	-	58,833	31,810	1	36,808	-
Bad debts	-	-	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	1,388,260	746,048	135,336	488,763	379,519	886,186	493,936	1,525,755
Excess (deficiency) of revenues over expenses	(429,837)	(236,408)	41,483	173,359	(145,200)	(298,939)	(130,336)	(405,047)
Net assets at beginning of year	8,230,080	3,087,472	4,640,033	(135,653)	615,465	5,150,601	64,356	9,331,610
Other transfers to (from) net assets	-	-	-	(20,000)	-	-	-	-
Net assets at end of year	\$ 7,800,243	\$ 2,851,064	\$ 4,681,516	\$ 17,706	\$ 470,265	\$ 4,851,662	\$ (65,980)	\$ 8,926,563

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Russell Manor	Tierra Del Sol, Inc.	Garden Park Apartment Community	Mercy Oaks Village	Mercy Commercial California	MPCAL, LLC	MCC 1360, LLC	Central Coast Housing
Revenues								
Rent - net of vacancies	\$ 461,259	\$ 582,180	\$ 353,023	\$ 387,529	\$ 771,375	\$ 103,102	\$ -	\$ 55,841
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	402	5,381	2,503	46	-	6,694	-	40
Other	3,620	12,334	14,390	6,820	233,354	58,522	-	27
Total revenues	465,281	599,895	369,916	394,395	1,004,729	168,318	-	55,908
Expenses and losses								
Compensation	153,206	189,194	121,236	130,381	174,156	-	-	26,161
Administrative	77,349	98,974	52,517	79,025	81,697	118,024	13,401	5,246
Professional services	9,635	10,419	81,687	34,475	18,808	17,034	3,654	3,354
Depreciation and amortization	212,027	466,560	193,163	290,163	14,154	56,991	-	16,114
Grants	-	-	-	-	-	-	-	-
Facility	142,496	216,365	126,452	140,319	491,757	58,328	-	14,612
Interest and fees	11,251	3,990	93,530	5,972	89	83,810	-	25,976
Bad debts	-	-	222	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	1,000	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	43
Total expenses and losses	605,964	985,502	668,807	680,335	781,661	334,187	17,055	91,506
Excess (deficiency) of revenues over expenses	(140,683)	(385,607)	(298,891)	(285,940)	223,068	(165,869)	(17,055)	(35,598)
Net assets at beginning of year	1,915,659	8,395,568	907,546	4,812,607	(2,559,810)	(89,549)	3,170,638	164,757
Other transfers to (from) net assets	-	-	-	-	-	-	-	(44,620)
Net assets at end of year	\$ 1,774,976	\$ 8,009,961	\$ 608,655	\$ 4,526,667	\$ (2,336,742)	\$ (255,418)	\$ 3,153,583	\$ 84,539

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Sycamore Street Consolidated	Mercy Housing California Family Properties	Mercy Housing California 51, LP (Bill Sorro Community)	Mercy Housing California Special Needs	Mercy Housing California 57, LP (1500 Page)	Mercy Midtown Inc.	Consolidated Mercy Housing California Senior Properties
Revenues								
Rent - net of vacancies	\$ 851,162	\$ 695,856	\$ -	\$ -	\$ -	\$ -	\$ 1,171,329	\$ 6,432,555
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	204	7	-	-	-	-	135	15,246
Other	7,287	21,986	-	-	-	-	1,131,417	85,489
Total revenues	858,653	717,849	-	-	-	-	2,302,881	6,533,290
Expenses and losses								
Compensation	167,433	145,149	-	-	-	-	389,869	1,537,845
Administrative	142,161	70,464	22	10,433	-	40,013	237,063	676,408
Professional services	85,929	76,688	1,712	4,399	2,180	7,630	63,105	69,120
Depreciation and amortization	794,081	340,561	-	-	-	11,101	-	1,008,085
Grants	-	-	-	-	-	-	-	50
Facility	326,782	218,632	-	-	-	-	1,101,781	1,066,186
Interest and fees	198,318	136,544	-	-	-	-	45	1,205,726
Bad debts	-	-	-	-	-	-	34	2,239
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	1	-	6	-	-	-
Total expenses and losses	1,714,704	988,038	1,735	14,832	2,186	58,744	1,791,897	5,565,659
Excess (deficiency) of revenues over expenses	(856,051)	(270,189)	(1,735)	(14,832)	(2,186)	(58,744)	510,984	967,631
Net assets at beginning of year	8,014,930	81,021	(32,847)	397,556	(17,526)	302,707	15,063	281,811
Other transfers to (from) net assets	-	-	-	932,559	-	(3,829)	-	-
Net assets at end of year	\$ 7,158,879	\$ (189,168)	\$ (34,582)	\$ 1,315,283	\$ (19,712)	\$ 240,134	\$ 526,047	\$ 1,249,442

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Revenues					
Rent - net of vacancies	\$ 22,168,472	\$ 723,887	\$ 1,375,512	\$ (185,449)	\$ 45,263,537
Developer fees	-	-	-	(2,761,485)	13,997,027
Services fees	27,319	-	-	(2,149,994)	2,178,884
Philanthropy	-	58,488	-	-	1,636,913
Capital grants	816,952	-	-	-	845,610
Consulting	-	-	-	(470,575)	463,686
Interest	143,752	742	916	(172,934)	681,898
Other	6,593,051	665,620	39,752	(27,525,495)	8,074,504
Total revenues	29,749,546	1,448,737	1,416,180	(33,265,932)	73,142,059
Expenses and losses					
Compensation	5,360,483	181,705	330,676	-	20,824,404
Administrative	4,582,765	99,421	215,286	(219,172)	8,784,542
Professional services	2,497,015	37,060	24,159	(2,083,235)	1,729,490
Depreciation and amortization	19,760,025	518,346	431,721	(447,257)	26,580,175
Grants	3,068,933	-	-	(27,280,992)	3,255,133
Facility	9,234,280	318,713	462,463	(242,903)	16,172,729
Interest and fees	9,182,909	188,147	316,676	(129,223)	11,900,041
Bad debts	68,505	-	3,238	(9,733)	205,302
Provision for impaired assets	-	-	-	(3,948,535)	43,574
Project expenses	-	-	-	-	870,814
Allocation	-	-	-	-	3,243,111
(Gain) loss on sale of assets	8,488	629,550	-	(65,310)	558,414
(Gain) loss on investment in limited partnership	1,251,763	-	-	(366,182)	885,479
Total expenses and losses	55,015,166	1,972,942	1,784,219	(34,792,542)	95,053,208
Excess (deficiency) of revenues over expenses	(25,265,620)	(524,205)	(368,039)	1,526,610	(21,911,149)
Net assets at beginning of year	125,998,207	5,513,727	(3,180,079)	(1,398,538)	230,054,315
Other transfers to (from) net assets	30,275,846	-	-	58,006	57,301,943
Net assets at end of year	\$ 131,008,433	\$ 4,989,522	\$ (3,548,118)	\$ 186,078	\$ 265,445,109

Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St. Andrew Senior Community, LP	Villa Columbia Mercy Riverside, LP	Eliminations	Consolidated Mercy Housing California Senior Properties
Assets									
Current assets									
Cash and cash equivalents	\$ -	\$ 73,916	\$ 379,148	\$ 67,334	\$ 122,813	\$ 19,236	\$ 250,148	\$ -	\$ 912,595
Cash, tenant security deposits	-	26,987	36,847	9,343	7,276	16,677	26,672	-	123,802
Cash, restricted	-	-	15,054	-	-	-	-	-	15,054
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	3,003	782	25,093	-	2,870	2,820	-	34,568
Due from affiliate, net	-	-	29,246	-	-	-	-	-	29,246
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	21,622	49,282	10,184	8,858	15,903	25,054	-	130,903
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	-	125,528	510,359	111,954	138,947	54,686	304,694	-	1,246,168
Property and equipment									
Land and land improvements	-	370,690	605,180	19,791	200,466	575,836	340,526	-	2,112,489
Buildings	-	4,293,492	7,259,203	1,815,376	1,983,587	3,457,725	4,182,286	-	22,991,669
Furniture and equipment	-	263,440	310,475	87,495	292,571	23,908	185,615	-	1,163,504
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,639,540)	(2,407,610)	(522,845)	(698,212)	(1,169,502)	(1,486,349)	-	(7,924,058)
Net property and equipment	-	3,288,082	5,767,248	1,399,817	1,778,412	2,887,967	3,222,078	-	18,343,604
Other long-term assets									
Restricted property reserves	-	1,093,830	1,302,824	456,682	282,863	287,639	852,691	-	4,276,529
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	1,250,671	-	-	-	-	-	-	(1,250,671)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-	-
Total other long-term assets	1,250,671	1,093,830	1,302,824	456,682	282,863	287,639	852,691	(1,250,671)	4,276,529
Total assets	\$ 1,250,671	\$ 4,507,440	\$ 7,580,431	\$ 1,968,453	\$ 2,200,222	\$ 3,230,292	\$ 4,379,463	\$ (1,250,671)	\$ 23,866,301

Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St. Andrew Senior Community, LP	Villa Columbia Mercy Riverside, LP	Eliminations	Consolidated Mercy Housing California Senior Properties
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ 3,714	\$ 242,244	\$ 103,012	\$ 303,311	\$ 183,501	\$ 74,813	\$ 37,766	\$ -	\$ 948,361
Due to affiliates	10,145	-	-	-	-	-	-	-	10,145
Accrued interest	-	80,979	113,849	28,439	20,679	37,549	52,774	-	334,269
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	-	168,750	65,000	65,016	53,672	90,000	85,000	-	527,438
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1,626	2,813	3,709	8	325	3,153	-	11,634
Tenant security deposits	-	26,488	36,327	8,907	6,821	16,177	25,482	-	120,202
Total current liabilities	13,859	520,087	321,001	409,382	264,681	218,864	204,175	-	1,952,049
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	655,489	-	-	655,489
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,129,220	6,801,059	1,832,800	1,491,660	2,770,191	2,891,236	-	19,916,166
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	6,125	81,030	-	2,850	3,150	-	93,155
Total long-term liabilities	-	4,129,220	6,807,184	1,913,830	1,491,660	3,428,530	2,894,386	-	20,664,810
Total liabilities	13,859	4,649,307	7,128,185	2,323,212	1,756,341	3,647,394	3,098,561	-	22,616,859
Net assets									
Unrestricted net assets, controlling	1,236,812	(141,867)	452,246	(354,759)	443,881	(417,102)	1,280,902	(1,250,671)	1,249,442
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	1,236,812	(141,867)	452,246	(354,759)	443,881	(417,102)	1,280,902	(1,250,671)	1,249,442
Temporarily restricted net assets	-	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	1,236,812	(141,867)	452,246	(354,759)	443,881	(417,102)	1,280,902	(1,250,671)	1,249,442
Total liabilities and net assets	\$ 1,250,671	\$ 4,507,440	\$ 7,580,431	\$ 1,968,453	\$ 2,200,222	\$ 3,230,292	\$ 4,379,463	\$ (1,250,671)	\$ 23,866,301

Mercy Housing California Senior Properties
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St. Andrew Senior Community, LP	Villa Columbia Mercy Riverside, LP	Eliminations	Consolidated Mercy Housing California Senior
Revenues									
Rent - net of vacancies	\$ -	\$ 1,053,748	\$ 2,478,002	\$ 655,443	\$ 754,381	\$ 604,231	\$ 886,750	\$ -	\$ 6,432,555
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	-	305	9,138	479	41	1,537	3,746	-	15,246
Other	-	10,796	12,631	27,129	21,214	4,013	9,706	-	85,489
Total revenues	-	1,064,849	2,499,771	683,051	775,636	609,781	900,202	-	6,533,290
Expenses and losses									
Compensation	-	229,950	593,477	193,827	109,457	162,125	249,009	-	1,537,845
Administrative	75	122,083	199,286	55,629	98,679	75,428	125,228	-	676,408
Professional services	2,181	15,173	10,435	13,689	8,285	6,835	12,522	-	69,120
Depreciation and amortization	-	178,672	319,640	76,322	114,182	134,328	184,941	-	1,008,085
Grants	-	50	-	-	-	-	-	-	50
Facility	-	193,576	336,189	89,649	129,965	115,832	200,975	-	1,066,186
Interest and fees	-	265,602	402,279	109,249	82,917	158,059	187,620	-	1,205,726
Bad debts	-	-	850	-	-	-	1,389	-	2,239
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(960,187)	-	-	-	-	-	-	960,187	-
Total expenses and losses	(957,931)	1,005,106	1,862,156	538,365	543,485	652,607	961,684	960,187	5,565,659
Excess (deficiency) of revenues over expenses	957,931	59,743	637,615	144,686	232,151	(42,826)	(61,482)	(960,187)	967,631
Net assets at beginning of year	278,881	(201,610)	(185,369)	(499,445)	211,730	(374,276)	1,342,384	(290,484)	281,811
Other transfers to (from) net assets	-	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 1,236,812	\$ (141,867)	\$ 452,246	\$ (354,759)	\$ 443,881	\$ (417,102)	\$ 1,280,902	\$ (1,250,671)	\$ 1,249,442

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Calwest	Mercy Housing California XXXIX, LP (Gleason Park)	Mercy Housing California XL, LP (Arlington Hotel)	Mercy Housing California XXXVIII, LP (East Leland Courts)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1180 Fourth Street)	Third and LeConte Associates LP (Bayview Hill Gardens)	Caroline Severance LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 68,604	\$ 345,023	\$ 121,151	\$ 320,877	\$ 1,043,648	\$ 272,429	\$ -
Cash, tenant security deposits	-	57,670	46,005	62,298	15,778	130,879	17,834	-
Cash, restricted	4,555,650	-	12,699	-	177,409	69,494	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	13,819	194,063	8,106	19,824	38,358	51,912	-
Due from affiliate, net	692,425	-	-	-	-	-	-	24,600
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	19,304	36,480	22,996	14,357	67,843	27,391	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	5,248,075	159,397	634,270	214,551	548,245	1,350,222	369,566	24,600
Property and equipment								
Land and land improvements	-	1,065,441	3,965,490	2,754,496	3,090,021	1,797,403	2,416,056	-
Buildings	-	19,955,626	35,688,037	19,453,560	13,825,757	63,582,747	28,785,513	-
Furniture and equipment	-	180,032	2,020,902	328,474	826,481	2,673,574	975,545	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(4,619,191)	(7,735,266)	(7,147,339)	(3,988,228)	(5,052,649)	(4,363,414)	-
Net property and equipment	-	16,581,908	33,939,163	15,389,191	13,754,031	63,001,075	27,813,700	-
Other long-term assets								
Restricted property reserves	-	1,415,811	2,828,824	468,837	4,262,980	751,462	709,531	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	(27,435,928)	-	-	-	-	-	-	(5,952)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	1,241,720	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	105,088	62,085	18,280	71,393	79,701	69,531	-
Total other long-term assets	(26,194,208)	1,520,899	2,890,909	487,117	4,334,373	831,163	779,062	(5,952)
Total assets	\$ (20,946,133)	\$ 18,262,204	\$ 37,464,342	\$ 16,090,859	\$ 18,636,649	\$ 65,182,460	\$ 28,962,328	\$ 18,648

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Calwest	Mercy Housing California XXXIX, LP (Gleason Park)	Mercy Housing California XL, LP (Arlington Hotel)	Mercy Housing California XXXVIII, LP (East Leland Courts)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1180 Fourth Street)	Third and LeConte Associates LP (Bayview Hill Gardens)	Caroline Severance LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 3,714	\$ 58,991	\$ 84,222	\$ 36,672	\$ 48,501	\$ 107,813	\$ 154,897	\$ 2,052
Due to affiliates	1,003,658	23,718	68,690	48,951	64,479	88,346	54,758	33,239
Accrued interest	-	-	-	3,507	-	6,845	42,000	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	38,113	-	61,072	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1,725	712,297	1,005	551,896	314,519	243,075	-
Tenant security deposits	-	56,350	45,295	59,984	14,971	130,437	16,535	-
Total current liabilities	1,007,372	140,784	910,504	188,232	679,847	709,032	511,265	35,291
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	2,883,074	1,474,457	482,784	658,486	911,141	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	1,187,838	21,320,014	33,456,582	11,597,568	10,753,704	37,646,933	18,091,563	-
Notes payable, less current portion, affiliates	1,139,500	1,201,238	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	9,167,025	-	8,622,843	15,000	-	-
Total long-term liabilities	2,327,338	22,521,252	45,506,681	13,072,025	19,859,331	38,320,419	19,002,704	-
Total liabilities	3,334,710	22,662,036	46,417,185	13,260,257	20,539,178	39,029,451	19,513,969	35,291
Net assets								
Unrestricted net assets, controlling	(24,836,366)	(4,399,832)	(8,952,843)	2,830,602	(1,902,529)	26,153,009	9,448,359	(16,643)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(24,836,366)	(4,399,832)	(8,952,843)	2,830,602	(1,902,529)	26,153,009	9,448,359	(16,643)
Temporarily restricted net assets	555,523	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(24,280,843)	(4,399,832)	(8,952,843)	2,830,602	(1,902,529)	26,153,009	9,448,359	(16,643)
Total liabilities and net assets	\$ (20,946,133)	\$ 18,262,204	\$ 37,464,342	\$ 16,090,859	\$ 18,636,649	\$ 65,182,460	\$ 28,962,328	\$ 18,648

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)	Mercy Housing California 52, LP (School House Station-Vista Grande)	1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apts.)	55 Laguna, LP (Open House Community at 55 Laguna)
Assets								
Current assets								
Cash and cash equivalents	\$ 156,940	\$ -	\$ 36,861	\$ -	\$ 189,741	\$ 226,957	\$ 793,515	\$ 37,059
Cash, tenant security deposits	93,769	-	75,102	-	52,157	79,078	55,751	25,000
Cash, restricted	272,233	-	862,228	-	-	-	933,710	351,313
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	27,012	-	123,295	-	49,584	9,542	46,523	10,973
Due from affiliate, net	-	62,754	-	75,000	-	-	-	990
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	27,362	-	36,092	-	30,940	22,555	28,153	24,031
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	577,316	62,754	1,133,578	75,000	322,422	338,132	1,857,652	449,366
Property and equipment								
Land and land improvements	3,897,034	-	4,434,686	-	5,722	20,714	1,278,420	140,938
Buildings	26,976,176	-	35,931,979	-	11,294,089	20,488,783	29,654,066	24,444,173
Furniture and equipment	458,143	-	896,879	-	288,734	181,140	958,726	316,954
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	129,129
Accumulated depreciation	(3,343,265)	-	(6,314,549)	-	(2,082,595)	(2,333,672)	(1,674,972)	(80,857)
Net property and equipment	27,988,088	-	34,948,995	-	9,505,950	18,356,965	30,216,240	24,950,337
Other long-term assets								
Restricted property reserves	562,035	-	3,839,930	-	1,646,115	516,974	417,405	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	14,206,442	-	29,224	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	71,957	-	97,105	-	1,109,016	25,511	38,063	2,323,329
Total other long-term assets	633,992	14,206,442	3,937,035	29,224	2,755,131	542,485	455,468	2,323,329
Total assets	\$ 29,199,396	\$ 14,269,196	\$ 40,019,608	\$ 104,224	\$ 12,583,503	\$ 19,237,582	\$ 32,529,360	\$ 27,723,032

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)	Mercy Housing California 52, LP (School House Station-Vista Grande)	1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apts.)	55 Laguna, LP (Open House Community at 55 Laguna)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 34,526	\$ 2,052	\$ 145,744	\$ 2,052	\$ 327,420	\$ 51,897	\$ 104,393	\$ 3,225,069
Due to affiliates	80,667	90,611	-	88,024	-	134,335	219,377	863,443
Accrued interest	17,410	-	-	-	-	27,130	-	29,221
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	154,817	-	-	-	-	106,639	-	12,831,162
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	43,083
Deferred revenue and other liabilities	10,969	-	2,387	-	1,715	1,729	184,428	9,429
Tenant security deposits	100,640	-	79,411	-	50,657	77,908	55,460	25,000
Total current liabilities	399,029	92,663	227,542	90,076	379,792	399,638	563,658	17,026,407
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	1,725,370	-	403,764	-	682,372	516,526	337,855	526,033
Accrued interest, affiliates	-	-	-	-	-	551,928	-	-
Notes payable, less current portion, net	17,123,561	-	10,933,627	-	9,134,371	7,929,638	17,334,535	8,412,713
Notes payable, less current portion, affiliates	-	-	-	-	-	4,452,969	700,000	-
Deferred revenue and other liabilities	263,933	-	-	-	2,383	400,938	15,000	152,027
Total long-term liabilities	19,112,864	-	11,337,391	-	9,819,126	13,851,999	18,387,390	9,090,773
Total liabilities	19,511,893	92,663	11,564,933	90,076	10,198,918	14,251,637	18,951,048	26,117,180
Net assets								
Unrestricted net assets, controlling	9,687,503	11,426,533	28,454,675	14,148	2,384,585	4,985,945	13,578,312	1,605,852
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	9,687,503	11,426,533	28,454,675	14,148	2,384,585	4,985,945	13,578,312	1,605,852
Temporarily restricted net assets	-	2,750,000	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	9,687,503	14,176,533	28,454,675	14,148	2,384,585	4,985,945	13,578,312	1,605,852
Total liabilities and net assets	\$ 29,199,396	\$ 14,269,196	\$ 40,019,608	\$ 104,224	\$ 12,583,503	\$ 19,237,582	\$ 32,529,360	\$ 27,723,032

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Esparto Family Apartments, LLC	Mercy Housing California 54, LP (Esperanza Crossing)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Trailside Terrace)	Mercy Housing California 56, LP (Jefferson Park Terrace)	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	El Monte Veterans Apartments LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 6,227	\$ -	\$ 21,649	\$ 5,870	\$ 18,466	\$ 142,767	\$ -
Cash, tenant security deposits	-	31,196	-	26,611	48,262	-	11,863	-
Cash, restricted	-	21,081	-	51,532	91,000	-	238,742	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	4,901	-	2,178	15,331	-	125	-
Due from affiliate, net	30,459	-	18,417	-	-	50	-	9,543
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	7,313	-	10,506	19,067	-	12,328	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	30,459	70,718	18,417	112,476	179,530	18,516	405,825	9,543
Property and equipment								
Land and land improvements	-	2,946,584	-	1,277,173	1,880,926	-	675,178	-
Buildings	-	8,432,461	-	10,290,394	14,966,495	-	13,057,001	-
Furniture and equipment	-	181,490	-	193,052	207,933	-	403,093	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	2,567	-	-	-	-
Accumulated depreciation	-	(1,414,462)	-	(1,145,921)	(1,942,568)	-	(1,804,324)	-
Net property and equipment	-	10,146,073	-	10,617,265	15,112,786	-	12,330,948	-
Other long-term assets								
Restricted property reserves	-	226,500	-	433,430	205,214	-	433,578	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	(182)	-	(215)	-	-	-	-	82,472
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	30,183	-	31,433	50,475	-	39,162	-
Total other long-term assets	(182)	256,683	(215)	464,863	255,689	-	472,740	82,472
Total assets	\$ 30,277	\$ 10,473,474	\$ 18,202	\$ 11,194,604	\$ 15,548,005	\$ 18,516	\$ 13,209,513	\$ 92,015

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Esparto Family Apartments, LLC	Mercy Housing California 54, LP (Esperanza Crossing)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Trailside Terrace)	Mercy Housing California 56, LP (Jefferson Park Terrace)	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	El Monte Veterans Apartments LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 2,052	\$ 81,148	\$ 2,052	\$ 29,078	\$ 51,604	\$ 3,699	\$ 28,626	\$ 2,052
Due to affiliates	43,357	5,748	31,120	20,542	31,098	16,434	21,218	19,044
Accrued interest	-	3,448	-	1,403	9,099	-	3,810	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	77,278	-	17,673	28,339	-	43,427	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	56	-	468	5,390	-	2,463	-
Tenant security deposits	-	30,696	-	24,749	47,417	-	11,099	-
Total current liabilities	45,409	198,374	33,172	93,913	172,947	20,133	110,643	21,096
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	397,532	-	438,186	488,532	-	121,589	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,332,987	-	4,542,887	5,779,691	-	4,114,530	-
Notes payable, less current portion, affiliates	-	-	-	-	1,074,176	-	587,838	-
Deferred revenue and other liabilities	-	-	-	-	305,175	-	1,293,732	-
Total long-term liabilities	-	4,730,519	-	4,981,073	7,647,574	-	6,117,689	-
Total liabilities	45,409	4,928,893	33,172	5,074,986	7,820,521	20,133	6,228,332	21,096
Net assets								
Unrestricted net assets, controlling	(15,132)	5,544,581	(14,970)	6,119,618	7,727,484	(1,617)	6,981,181	70,919
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(15,132)	5,544,581	(14,970)	6,119,618	7,727,484	(1,617)	6,981,181	70,919
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(15,132)	5,544,581	(14,970)	6,119,618	7,727,484	(1,617)	6,981,181	70,919
Total liabilities and net assets	\$ 30,277	\$ 10,473,474	\$ 18,202	\$ 11,194,604	\$ 15,548,005	\$ 18,516	\$ 13,209,513	\$ 92,015

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	El Monte Veterans Apartments, LP	1028 Howard Street, LLC	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)	Mercy Eden House LLC	Eden House, L.P.	Crossroad Gardens, LLC	Transbay Block 6, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 57,623	\$ 51,910	\$ 50,444	\$ 18,853	\$ 245,778	\$ 317,315	\$ 50,950	\$ -
Cash, tenant security deposits	32,563	27,324	9,132	30,763	-	73,411	49,184	-
Cash, restricted	172,971	-	-	-	-	489,543	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	9,656	-	3,651	1,185	-	17,064	45	-
Due from affiliate, net	30,728	1,844	-	-	-	-	-	58,385
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	11,669	13,363	29,795	11,286	-	27,288	13,085	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	315,210	94,441	93,022	62,087	245,778	924,621	113,264	58,385
Property and equipment								
Land and land improvements	1,293,775	-	1,103,953	324,803	-	1,036,535	731,593	-
Buildings	10,017,360	3,526,770	4,331,155	4,091,777	-	11,284,178	3,629,313	-
Furniture and equipment	596,258	86,746	253,139	154,890	-	545,379	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(1,128,705)	(645,171)	(747,916)	(3,224,645)	-	(1,043,103)	(387,756)	-
Net property and equipment	10,778,688	2,968,345	4,940,331	1,346,825	-	11,822,989	3,973,150	-
Other long-term assets								
Restricted property reserves	609,302	181,201	4,476,527	78,407	-	1,254,068	280,879	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	1,794,145	-	-	500,786
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	690,000
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	38,787	-	17,058	-	-	47,037	-	-
Total other long-term assets	648,089	181,201	4,493,585	78,407	1,794,145	1,301,105	280,879	1,190,786
Total assets	\$ 11,741,987	\$ 3,243,987	\$ 9,526,938	\$ 1,487,319	\$ 2,039,923	\$ 14,048,715	\$ 4,367,293	\$ 1,249,171

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	El Monte Veterans Apartments, LP	1028 Howard Street, LLC	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)	Mercy Eden House LLC	Eden House, L.P.	Crossroad Gardens, LLC	Transbay Block 6, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 28,826	\$ 20,299	\$ 31,214	\$ 25,407	\$ 2,052	\$ 62,911	\$ 39,514	\$ 2,052
Due to affiliates	9,830	-	5,544	150,000	-	324,640	234,564	63,634
Accrued interest	-	564	-	1,756	-	16,325	2,587	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	27,442	-	26,745	-	105,428	74,455	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	199	103	801	7,664	-	4,342	666	-
Tenant security deposits	31,799	26,824	8,632	30,634	-	76,112	48,674	-
Total current liabilities	70,654	75,232	46,191	242,206	2,052	589,758	400,460	65,686
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	272,795	1,331,025	208,787	1,086,725	-	15,089	1,364,745	-
Accrued interest, affiliates	-	-	-	-	-	320,062	-	-
Notes payable, less current portion, net	4,053,876	2,191,153	4,891,570	977,569	-	3,194,899	2,897,827	690,000
Notes payable, less current portion, affiliates	-	-	-	-	-	3,100,000	-	-
Deferred revenue and other liabilities	-	-	-	4,675	-	-	3,201	-
Total long-term liabilities	4,326,671	3,522,178	5,100,357	2,068,969	-	6,630,050	4,265,773	690,000
Total liabilities	4,397,325	3,597,410	5,146,548	2,311,175	2,052	7,219,808	4,666,233	755,686
Net assets								
Unrestricted net assets, controlling	7,344,662	(353,423)	4,380,390	(823,856)	2,037,871	6,828,907	(298,940)	493,485
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	7,344,662	(353,423)	4,380,390	(823,856)	2,037,871	6,828,907	(298,940)	493,485
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	7,344,662	(353,423)	4,380,390	(823,856)	2,037,871	6,828,907	(298,940)	493,485
Total liabilities and net assets	\$ 11,741,987	\$ 3,243,987	\$ 9,526,938	\$ 1,487,319	\$ 2,039,923	\$ 14,048,715	\$ 4,367,293	\$ 1,249,171

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California 62, LP (280 Beale)	Sunset Valley Duplexes, LLC	Mercy Housing California 63, LP (Sunset Valley Duplexes)	345 Arguello, LP	Mercy Housing California 68, LP (Land Park Woods)	Land Park Woods, LLC	1800 Pine, LP	Transbay Block 7, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 451,407	\$ -	\$ 104,314	\$ 132,704	\$ 32,447	\$ -	\$ 106,609	\$ -
Cash, tenant security deposits	69,125	-	43,089	14,973	50,236	-	25,542	-
Cash, restricted	250,061	-	15,368	583,456	1,030,899	-	1,074,002	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	66,701	-	861	33,125	55,011	2,850	58,184	-
Due from affiliate, net	-	8,500	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	23,308	-	13,630	30,767	11,469	-	45,512	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	860,602	8,500	177,262	795,025	1,180,062	2,850	1,309,849	-
Property and equipment								
Land and land improvements	926,444	-	10,203,273	7,988	375,120	-	14,710	-
Buildings	24,184,994	-	13,212,648	10,946,570	8,534,994	-	15,879,488	-
Furniture and equipment	655,362	-	271,221	97,832	380,771	-	20,615	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	14,585,693	442,104	-	12,334,148	-
Accumulated depreciation	(1,079,474)	-	(971,847)	(311,512)	(237,101)	-	(449,188)	-
Net property and equipment	24,687,326	-	22,715,295	25,326,571	9,495,888	-	27,799,773	-
Other long-term assets								
Restricted property reserves	681,918	-	556,877	84,674	-	-	100,631	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	414,714	-	-	-	116,980	-	(8,943)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	166	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	35,776	-	82,191	913,319	29,326	-	1,618,921	-
Total other long-term assets	717,694	414,880	639,068	997,993	29,326	116,980	1,719,552	(8,943)
Total assets	\$ 26,265,622	\$ 423,380	\$ 23,531,625	\$ 27,119,589	\$ 10,705,276	\$ 119,830	\$ 30,829,174	\$ (8,943)

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California 62, LP (280 Beale)	Sunset Valley Duplexes, LLC	Mercy Housing California 63, LP (Sunset Valley Duplexes)	345 Arguello, LP	Mercy Housing California 68, LP (Land Park Woods)	Land Park Woods, LLC	1800 Pine, LP	Transbay Block 7, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 278,532	\$ 2,052	\$ 41,124	\$ 2,073,076	\$ 991,255	\$ 2,539	\$ 2,271,529	\$ -
Due to affiliates	508,385	10,845	276,336	1,646,630	516,888	1,395	1,580,009	311
Accrued interest	-	-	-	298,818	8,968	-	22,877	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	28,122	-	-	10,524,591	4,326,987	-	12,763,372	-
Current portion of notes payable, affiliates	-	-	-	72	-	-	32,463	-
Deferred revenue and other liabilities	362	-	474	1,346	1,314	-	5,851	-
Tenant security deposits	68,108	-	42,999	13,736	47,734	-	23,855	-
Total current liabilities	883,509	12,897	360,933	14,558,269	5,893,146	3,934	16,699,956	311
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	514,494	-	737,900	-	659,942	-	357,069	-
Accrued interest, affiliates	-	-	1,987	-	-	-	-	-
Notes payable, less current portion, net	14,172,094	-	8,850,313	11,619,818	2,527,361	-	13,480,058	-
Notes payable, less current portion, affiliates	690,000	-	59,134	500,000	740,000	-	-	-
Deferred revenue and other liabilities	22,890	-	-	-	143,806	-	1	-
Total long-term liabilities	15,399,478	-	9,649,334	12,119,818	4,071,109	-	13,837,128	-
Total liabilities	16,282,987	12,897	10,010,267	26,678,087	9,964,255	3,934	30,537,084	311
Net assets								
Unrestricted net assets, controlling	9,982,635	410,483	13,521,358	441,502	741,021	115,896	292,090	(9,254)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	9,982,635	410,483	13,521,358	441,502	741,021	115,896	292,090	(9,254)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	9,982,635	410,483	13,521,358	441,502	741,021	115,896	292,090	(9,254)
Total liabilities and net assets	\$ 26,265,622	\$ 423,380	\$ 23,531,625	\$ 27,119,589	\$ 10,705,276	\$ 119,830	\$ 30,829,174	\$ (8,943)

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California 64, LP (Transbay Block 7)	Mercy Mather Veterans, LLC	Mercy Housing California 61, LP (Mather Veterans Village)	Mercy Housing California 65, LLC	Mercy Housing California 65, LP (15888 Hesperion)	Plaza Maria, LLC	Laguna Senior Housing, LP	JFK Tower, LP
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ 25,503	\$ -	\$ 19,520	\$ 376,086	\$ -	\$ 3,050
Cash, tenant security deposits	-	-	8,001	-	62,800	63,068	-	20,967
Cash, restricted	1,666,702	-	276,775	-	272,899	-	120,600	460,965
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	62,690	-	98,540	17,518	11,181	92,948
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	29,384	-	-	10,741	590,329	104,175
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>1,666,702</u>	<u>-</u>	<u>402,353</u>	<u>-</u>	<u>453,759</u>	<u>467,413</u>	<u>722,110</u>	<u>682,105</u>
Property and equipment								
Land and land improvements	-	-	1,112,787	-	2,991,331	750,000	-	16,755
Buildings	-	-	14,058,195	-	22,840,752	2,293,358	-	23,479,031
Furniture and equipment	1,574	-	434,035	-	408,441	7,108	-	16,803
Predevelopment project costs	-	-	-	-	-	-	4,185,233	-
Construction in progress	16,825,611	-	-	-	-	-	-	4,346,479
Accumulated depreciation	-	-	(322,519)	-	(83,514)	(515,031)	-	(122,520)
Net property and equipment	<u>16,827,185</u>	<u>-</u>	<u>15,282,498</u>	<u>-</u>	<u>26,157,010</u>	<u>2,535,435</u>	<u>4,185,233</u>	<u>27,736,548</u>
Other long-term assets								
Restricted property reserves	479,843	-	574,432	-	-	173,633	-	204,731
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	111,668	-	1,179	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	71,494	-	34,967	-	4,361,660	1,928,128
Total other long-term assets	<u>479,843</u>	<u>111,668</u>	<u>645,926</u>	<u>1,179</u>	<u>34,967</u>	<u>173,633</u>	<u>4,361,660</u>	<u>2,132,859</u>
Total assets	<u>\$ 18,973,730</u>	<u>\$ 111,668</u>	<u>\$ 16,330,777</u>	<u>\$ 1,179</u>	<u>\$ 26,645,736</u>	<u>\$ 3,176,481</u>	<u>\$ 9,269,003</u>	<u>\$ 30,551,512</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California 64, LP (Transbay Block 7)	Mercy Mather Veterans, LLC	Mercy Housing California 61, LP (Mather Veterans Village)	Mercy Housing California 65, LLC	Mercy Housing California 65, LP (15888 Hesperion)	Plaza Maria, LLC	Laguna Senior Housing, LP	JFK Tower, LP
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 4,075,586	\$ -	\$ 1,268,988	\$ -	\$ 2,029,533	\$ 19,659	\$ 13,488	\$ 1,101,200
Due to affiliates	177,795	4,701	367,173	4,160	955,016	-	8,408	162,271
Accrued interest	108	-	21,044	-	14,147	-	-	115,885
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	9,959,018	-	7,087,607	22,904	-	-
Current portion of notes payable, affiliates	485,512	-	-	-	700	-	44,376	2,874
Deferred revenue and other liabilities	-	-	442	-	261	9,994	4,510	2,904
Tenant security deposits	-	-	7,859	-	62,789	62,546	-	17,548
Total current liabilities	4,739,001	4,701	11,624,524	4,160	10,150,053	115,103	70,782	1,402,682
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	127,134	-	-	-	668,245	-	576,009	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	12,958,918	-	1,879,610	-	14,959,262	6,084,298	8,039,212	26,633,733
Notes payable, less current portion, affiliates	-	-	1,245,597	-	-	-	-	-
Deferred revenue and other liabilities	274,222	-	-	-	-	-	317,973	631,957
Total long-term liabilities	13,360,274	-	3,125,207	-	15,627,507	6,084,298	8,933,194	27,265,690
Total liabilities	18,099,275	4,701	14,749,731	4,160	25,777,560	6,199,401	9,003,976	28,668,372
Net assets								
Unrestricted net assets, controlling	874,455	106,967	1,581,046	(2,981)	868,176	(3,022,920)	265,027	1,883,140
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	874,455	106,967	1,581,046	(2,981)	868,176	(3,022,920)	265,027	1,883,140
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	874,455	106,967	1,581,046	(2,981)	868,176	(3,022,920)	265,027	1,883,140
Total liabilities and net assets	\$ 18,973,730	\$ 111,668	\$ 16,330,777	\$ 1,179	\$ 26,645,736	\$ 3,176,481	\$ 9,269,003	\$ 30,551,512

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	2698 California, LP	Mercy Housing California 66, LP (Colma Veterans Village)	455 Fell, LP (Parcel O)	Mercy Housing California 67, LP (Columbia Park)	St. Mary's Tower	Historic Live Oak (Odd Fellows)	Mercy Housing Camino, LLC	Mercy Housing La Cienega, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 34,034	\$ -	\$ -	\$ 162,109	\$ 145,752	\$ 8,998	\$ -	\$ -
Cash, tenant security deposits	8,120	-	-	49,424	-	8,024	-	-
Cash, restricted	524,406	15,560	378	823,497	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	35,122	-	-	9,975	-	-	-	-
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	51,936	50,000	316,667	20,216	-	2,622	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	653,618	65,560	317,045	1,065,221	145,752	19,644	-	-
Property and equipment								
Land and land improvements	7,103	-	-	1,243,440	-	84,914	-	-
Buildings	10,593,063	-	-	2,584,730	-	2,722,144	-	-
Furniture and equipment	-	-	-	-	-	18,132	-	-
Predevelopment project costs	-	931,299	2,182,272	-	-	-	-	-
Construction in progress	4,032,298	-	-	7,324,498	-	-	-	-
Accumulated depreciation	(55,172)	-	-	(219,949)	-	(969,653)	-	-
Net property and equipment	14,577,292	931,299	2,182,272	10,932,719	-	1,855,537	-	-
Other long-term assets								
Restricted property reserves	1,710,151	10,000	-	-	-	42,899	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	-	-	-	72
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	839,327	-	4,000	22,370	-	-	-	-
Total other long-term assets	2,549,478	10,000	4,000	22,370	-	42,899	-	72
Total assets	\$ 17,780,388	\$ 1,006,859	\$ 2,503,317	\$ 12,020,310	\$ 145,752	\$ 1,918,080	\$ -	\$ 72

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	2698 California, LP	Mercy Housing California 66, LP (Colma Veterans Village)	455 Fell, LP (Parcel O)	Mercy Housing California 67, LP (Columbia Park)	St. Mary's Tower	Historic Live Oak (Odd Fellows)	Mercy Housing Camino, LLC	Mercy Housing La Cienega, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,571,032	\$ 161,728	\$ 531,056	\$ 2,277,839	\$ 10,180	\$ 81,651	\$ -	\$ -
Due to affiliates	317,795	5,283	4,482	707,072	72,482	10,368	311	-
Accrued interest	850	-	-	-	30,898	37	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	3,804	-	-
Current portion of notes payable, affiliates	3,199	9,703	20,355	-	-	-	-	-
Deferred revenue and other liabilities	20,522	-	-	217	-	795	-	-
Tenant security deposits	7,870	-	-	52,056	-	7,524	-	-
Total current liabilities	1,921,268	176,714	555,893	3,037,184	113,560	104,179	311	-
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	54,503	-	42,623	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	14,577,896	844,225	1,913,682	13,239,647	-	1,237,861	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	180,030	-	-	-	-	-	-	-
Total long-term liabilities	14,812,429	844,225	1,956,305	13,239,647	-	1,237,861	-	-
Total liabilities	16,733,697	1,020,939	2,512,198	16,276,831	113,560	1,342,040	311	-
Net assets								
Unrestricted net assets, controlling	1,046,691	(14,080)	(8,881)	(4,256,521)	32,192	576,040	(311)	72
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	1,046,691	(14,080)	(8,881)	(4,256,521)	32,192	576,040	(311)	72
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,046,691	(14,080)	(8,881)	(4,256,521)	32,192	576,040	(311)	72
Total liabilities and net assets	\$ 17,780,388	\$ 1,006,859	\$ 2,503,317	\$ 12,020,310	\$ 145,752	\$ 1,918,080	\$ -	\$ 72

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	New Dana Strand IV, LP (Camino Del Mar)	St Mary's Tower, LLC	Mercy Housing California 71, LP (St Mary's Tower)	Francis of Assisi, LLC	Mercy Housing California 69, LP (Francis of Assisi)	Mercy Housing California 59, LP (Casa de la Mission)	0623 Vernon, LLC	Mercy Housing California 48, LP (Roseville)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ 452,585	\$ -	\$ 411,487	\$ 24,701	\$ -	\$ -
Cash, tenant security deposits	-	-	37,866	-	30,339	-	-	-
Cash, restricted	1,103	-	18,112	-	3,078	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	30,715	-	2,937	-	-	-
Due from affiliate, net	-	-	30,828	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	353,192	-	298,860	-	149,508	150,000	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>354,295</u>	<u>-</u>	<u>868,966</u>	<u>-</u>	<u>597,349</u>	<u>174,701</u>	<u>-</u>	<u>-</u>
Property and equipment								
Land and land improvements	3,940,000	-	8,880,000	-	418,598	-	-	2,200,000
Buildings	-	-	9,921,323	-	567,259	-	-	-
Furniture and equipment	-	-	-	-	172,845	-	-	-
Predevelopment project costs	-	-	-	-	-	54,691	-	-
Construction in progress	5,939,183	-	3,938,882	-	2,886,430	-	-	4,089,803
Accumulated depreciation	-	-	(137,838)	-	(28,446)	-	-	-
Net property and equipment	<u>9,879,183</u>	<u>-</u>	<u>22,602,367</u>	<u>-</u>	<u>4,016,686</u>	<u>54,691</u>	<u>-</u>	<u>6,289,803</u>
Other long-term assets								
Restricted property reserves	-	-	148,035	-	-	-	-	1,438,750
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	(10,013,603)	-	(26,717,396)	-	-	1,425,499	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	14,804	-	-	-	28,051	-	-	114,766
Total other long-term assets	<u>14,804</u>	<u>(10,013,603)</u>	<u>148,035</u>	<u>(26,717,396)</u>	<u>28,051</u>	<u>-</u>	<u>1,425,499</u>	<u>1,553,516</u>
Total assets	<u>\$ 10,248,282</u>	<u>\$ (10,013,603)</u>	<u>\$ 23,619,368</u>	<u>\$ (26,717,396)</u>	<u>\$ 4,642,086</u>	<u>\$ 229,392</u>	<u>\$ 1,425,499</u>	<u>\$ 7,843,319</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	New Dana Strand IV, LP (Camino Del Mar)	St Mary's Tower, LLC	Mercy Housing California 71, LP (St Mary's Tower)	Francis of Assisi, LLC	Mercy Housing California 69, LP (Francis of Assisi)	Mercy Housing California 59, LP (Casa de la Mission)	0623 Vernon, LLC	Mercy Housing California 48, LP (Roseville)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,647,305	\$ -	\$ 1,064,160	\$ -	\$ 1,034,707	\$ 48,417	\$ -	\$ 221,088
Due to affiliates	950	411	39,465	100	-	-	9,893	48,244
Accrued interest	-	-	83,395	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	171,494	-	-	-	-	95,269
Deferred revenue and other liabilities	-	-	1,205	-	4,104	-	-	-
Tenant security deposits	-	-	37,866	-	29,999	-	-	-
Total current liabilities	1,648,255	411	1,397,585	100	1,068,810	48,417	9,893	364,601
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	29,451	-	-	-	-	-	-	15,623
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	6,334,445	-	20,297,233	-	27,195,547	185,374	-	5,561,544
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	441,408	-	907,295	-	119,913	-	-	170,312
Total long-term liabilities	6,805,304	-	21,204,528	-	27,315,460	185,374	-	5,747,479
Total liabilities	8,453,559	411	22,602,113	100	28,384,270	233,791	9,893	6,112,080
Net assets								
Unrestricted net assets, controlling	1,794,723	(10,014,014)	1,017,255	(26,717,496)	(23,742,184)	(4,399)	1,415,606	1,731,239
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	1,794,723	(10,014,014)	1,017,255	(26,717,496)	(23,742,184)	(4,399)	1,415,606	1,731,239
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,794,723	(10,014,014)	1,017,255	(26,717,496)	(23,742,184)	(4,399)	1,415,606	1,731,239
Total liabilities and net assets	\$ 10,248,282	\$ (10,013,603)	\$ 23,619,368	\$ (26,717,396)	\$ 4,642,086	\$ 229,392	\$ 1,425,499	\$ 7,843,319

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Esperanza Crossing II, LLC	Mercy Housing California 76, LP (Esperanza Crossing Phase II)	Mercy Transformation, LLC	Sunnydale Parcel Q Housing Partners, LP	Eliminations	Consolidated Mercy Housing Calwest
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 208,881	\$ -	\$ 7,300,844
Cash, tenant security deposits	-	-	-	-	-	1,543,204
Cash, restricted	-	940	-	-	-	15,438,406
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	445	-	4	-	1,225,954
Due from affiliate, net	-	-	-	-	(907,361)	137,162
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	-	57,822	-	35,000	-	2,858,342
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	-	59,207	-	243,885	(907,361)	28,503,912
Property and equipment						
Land and land improvements	-	418,762	-	3,010,077	700,824	73,439,067
Buildings	-	-	-	-	-	575,525,959
Furniture and equipment	-	-	-	-	-	15,212,303
Predevelopment project costs	-	-	-	517,823	-	7,871,318
Construction in progress	-	1,882,042	-	-	-	78,758,867
Accumulated depreciation	-	-	-	-	-	(67,724,332)
Net property and equipment	-	2,300,804	-	3,527,900	700,824	683,083,182
Other long-term assets						
Restricted property reserves	-	-	-	-	-	31,805,584
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net.	100	-	-	-	35,598,189	(9,900,749)
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	(1,931,886)	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	22,840	-	-	-	14,447,134
Total other long-term assets	100	22,840	-	-	33,666,303	36,351,969
Total assets	\$ 100	\$ 2,382,851	\$ -	\$ 3,771,785	\$ 33,459,766	\$ 747,939,063

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2016

	Esperanza Crossing II, LLC	Mercy Housing California 76, LP (Esperanza Crossing Phase II)	Mercy Transformation, LLC	Sunnydale Parcel Q Housing Partners, LP	Eliminations	Consolidated Mercy Housing Calwest
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 100	\$ 170,040	\$ -	\$ 623,085	\$ (126,085)	\$ 28,287,465
Due to affiliates	-	50,000	-	-	(1,099,224)	10,227,024
Accrued interest	-	3,499	-	-	-	765,631
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	58,308,995
Current portion of notes payable, affiliates	-	6,078	-	-	-	915,178
Deferred revenue and other liabilities	-	-	-	-	-	2,111,627
Tenant security deposits	-	-	-	-	-	1,531,773
Total current liabilities	100	229,617	-	623,085	(1,225,309)	102,147,693
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	3,051	-	20,112,911
Accrued interest, affiliates	-	-	-	-	(322,049)	551,928
Notes payable, less current portion, net	-	1,605,788	-	3,153,826	-	459,941,381
Notes payable, less current portion, affiliates	-	-	-	-	(4,874,474)	10,615,978
Deferred revenue and other liabilities	-	105,000	-	-	-	23,560,739
Total long-term liabilities	-	1,710,788	-	3,156,877	(5,196,523)	514,782,937
Total liabilities	100	1,940,405	-	3,779,962	(6,421,832)	616,930,630
Net assets						
Unrestricted net assets, controlling	-	442,446	-	(8,177)	39,881,598	127,702,910
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	-	442,446	-	(8,177)	39,881,598	127,702,910
Temporarily restricted net assets	-	-	-	-	-	3,305,523
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	-	442,446	-	(8,177)	39,881,598	131,008,433
Total liabilities and net assets	\$ 100	\$ 2,382,851	\$ -	\$ 3,771,785	\$ 33,459,766	\$ 747,939,063

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing Calwest	Mercy Housing California XXXIX, LP (Gleason Park)	Mercy Housing California XL, LP (Arlington Hotel)	Mercy Housing California XXXVIII, LP (East Leland Courts)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1180 Fourth Street)	Third and LeConte Associates LP (Bayview Hill Gardens)	Caroline Severance LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 663,859	\$ 935,320	\$ 675,396	\$ 277,418	\$ 1,657,328	\$ 367,855	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	449,055	-	-	-	-	-	-	9,336
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	422,013	-	394,939	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	108,316	13,830	22,134	62	50,911	296	219	-
Other	1,419,490	42,463	605,494	34,365	128,026	376,084	531,148	-
Total revenues	1,976,861	720,152	1,984,961	709,823	851,294	2,033,708	899,222	9,336
Expenses and losses								
Compensation	-	196,961	382,100	107,274	293,707	411,433	247,994	-
Administrative	471,406	131,036	233,808	125,330	98,172	437,518	184,550	9,336
Professional services	2,236	99,923	281,076	57,231	90,461	117,980	12,068	1,468
Depreciation and amortization	-	841,369	1,673,847	891,981	606,011	2,211,043	1,377,248	-
Grants	47,265	-	-	-	-	20,839	-	-
Facility	-	222,294	496,826	237,642	190,129	1,297,105	490,904	-
Interest and fees	-	765	847,601	295,519	83,063	502,822	717,736	-
Bad debts	-	3,121	4,915	853	1,601	5,026	1,058	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	4,066,122	-	-	-	-	-	-	150
Total expenses and losses	4,587,029	1,495,469	3,920,173	1,715,830	1,363,144	5,003,766	3,031,558	10,954
Excess (deficiency) of revenues over expenses	(2,610,168)	(775,317)	(1,935,212)	(1,006,007)	(511,850)	(2,970,058)	(2,132,336)	(1,618)
Net assets at beginning of year	(16,244,894)	(3,624,515)	(7,017,631)	3,836,609	(1,390,679)	28,349,091	11,580,695	(15,025)
Other transfers to (from) net assets	(5,425,781)	-	-	-	-	773,976	-	-
Net assets at end of year	\$ (24,280,843)	\$ (4,399,832)	\$ (8,952,843)	\$ 2,830,602	\$ (1,902,529)	\$ 26,153,009	\$ 9,448,359	\$ (16,643)

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)	Mercy Housing California 52, LP (School House Station-Vista Grande)	1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apts.)	55 Laguna, LP (Open House Community at 55 Laguna)
Revenues								
Rent - net of vacancies	\$ 1,149,426	\$ -	\$ 1,027,114	\$ -	\$ 709,613	\$ 1,256,349	\$ 769,745	\$ 40,483
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	16,391	-	15,000	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	12	-	31,451	-	16,449	5	233	-
Other	78,233	-	61,443	-	32,785	30,926	377,292	3,706
Total revenues	<u>1,227,671</u>	<u>16,391</u>	<u>1,120,008</u>	<u>15,000</u>	<u>758,847</u>	<u>1,287,280</u>	<u>1,147,270</u>	<u>44,189</u>
Expenses and losses								
Compensation	169,044	-	346,540	-	308,998	200,955	165,337	944
Administrative	107,081	17,191	179,367	15,800	129,652	159,053	128,018	107,043
Professional services	138,688	1,468	188,041	1,468	108,814	81,445	86,073	25,250
Depreciation and amortization	1,145,571	-	1,610,638	-	464,158	543,180	898,149	81,466
Grants	211,193	-	-	-	-	-	-	-
Facility	225,866	-	433,500	-	374,484	283,950	448,574	12,018
Interest and fees	729,570	-	92,464	-	147,570	490,921	496,954	197,102
Bad debts	1,726	-	7,566	-	2,453	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	174	-	78	-	-	-	-
Total expenses and losses	<u>2,728,739</u>	<u>18,833</u>	<u>2,858,116</u>	<u>17,346</u>	<u>1,536,129</u>	<u>1,759,504</u>	<u>2,223,105</u>	<u>423,823</u>
Excess (deficiency) of revenues over expenses	(1,501,068)	(2,442)	(1,738,108)	(2,346)	(777,282)	(472,224)	(1,075,835)	(379,634)
Net assets at beginning of year	11,254,028	14,178,975	30,192,783	16,494	2,724,857	5,458,169	774,295	128,495
Other transfers to (from) net assets	(65,457)	-	-	-	437,010	-	13,879,852	1,856,991
Net assets at end of year	<u>\$ 9,687,503</u>	<u>\$ 14,176,533</u>	<u>\$ 28,454,675</u>	<u>\$ 14,148</u>	<u>\$ 2,384,585</u>	<u>\$ 4,985,945</u>	<u>\$ 13,578,312</u>	<u>\$ 1,605,852</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Esparto Family Apartments, LLC	Mercy Housing California 54, LP (Esperanza Crossing)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Trailside Terrace)	Mercy Housing California 56, LP (Jefferson Park Terrace)	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	El Monte Veterans Apartments LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 373,820	\$ -	\$ 281,754	\$ 607,701	\$ 350,765	\$ 511,297	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	8,500	-	6,375	-	-	-	-	20,982
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	49	-	102	189	1,135	-	-
Other	-	10,302	-	28,635	35,737	207,439	37,794	-
Total revenues	8,500	384,171	6,375	310,491	643,627	559,339	549,091	20,982
Expenses and losses								
Compensation	-	80,040	-	63,701	123,941	64,618	101,418	-
Administrative	9,299	67,818	10,717	55,535	87,152	63,217	109,115	47,786
Professional services	1,578	33,325	1,468	29,998	20,075	56,497	7,550	1,468
Depreciation and amortization	-	403,234	-	343,484	594,048	199,599	604,282	-
Grants	-	-	-	-	-	78,209	-	-
Facility	-	95,533	-	95,729	142,213	97,125	151,543	-
Interest and fees	-	167,022	-	154,507	258,970	244,652	155,562	-
Bad debts	-	2,699	-	937	2,392	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	1,432	-	-
(Gain) loss on investment in limited partnership	47	-	43	-	-	-	-	26
Total expenses and losses	10,924	849,671	12,228	743,891	1,228,791	805,349	1,129,470	49,280
Excess (deficiency) of revenues over expenses	(2,424)	(465,500)	(5,853)	(433,400)	(585,164)	(246,010)	(580,379)	(28,298)
Net assets at beginning of year	(12,708)	6,010,081	(9,117)	6,549,518	8,312,648	(1,451,649)	7,561,560	99,217
Other transfers to (from) net assets	-	-	-	3,500	-	1,696,042	-	-
Net assets at end of year	\$ (15,132)	\$ 5,544,581	\$ (14,970)	\$ 6,119,618	\$ 7,727,484	\$ (1,617)	\$ 6,981,181	\$ 70,919

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	El Monte Veterans Apartments, LP	1028 Howard Street, LLC	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)	Mercy Eden House LLC	Eden House, L.P.	Crossroad Gardens, LLC	Transbay Block 6, LLC
Revenues								
Rent - net of vacancies	\$ 406,543	\$ 463,141	\$ 175,116	\$ 363,965	\$ -	\$ 1,314,641	\$ 638,694	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	39,305
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	596	58	4,661	51	-	261	167	-
Other	26,976	6,087	(111,144)	26,609	-	35,564	23,881	500,000
Total revenues	434,115	469,286	68,633	390,625	-	1,350,466	662,742	539,305
Expenses and losses								
Compensation	121,059	79,427	184,613	77,459	-	224,355	134,196	-
Administrative	95,691	100,065	63,924	52,668	-	150,057	68,384	40,105
Professional services	55,413	31,231	9,560	9,295	1,469	142,504	49,434	1,488
Depreciation and amortization	478,482	165,401	215,145	147,212	-	441,815	139,715	-
Grants	-	-	-	-	-	-	-	-
Facility	106,825	140,453	176,359	197,261	-	365,208	225,786	-
Interest and fees	74,902	69,811	110,437	121,061	-	300,587	105,416	-
Bad debts	2,649	-	1,618	1,644	-	18,667	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	29	-	-	110
Total expenses and losses	935,021	586,388	761,656	606,600	1,498	1,643,193	722,931	41,703
Excess (deficiency) of revenues over expenses	(500,906)	(117,102)	(693,023)	(215,975)	(1,498)	(292,727)	(60,189)	497,602
Net assets at beginning of year	7,846,839	(236,321)	623,001	(607,881)	2,039,369	6,732,981	(238,751)	(4,117)
Other transfers to (from) net assets	(1,271)	-	4,450,412	-	-	388,653	-	-
Net assets at end of year	\$ 7,344,662	\$ (353,423)	\$ 4,380,390	\$ (823,856)	\$ 2,037,871	\$ 6,828,907	\$ (298,940)	\$ 493,485

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing California 62, LP (280 Beale)	Sunset Valley Duplexes, LLC	Mercy Housing California 63, LP (Sunset Valley Duplexes)	345 Arguello, LP	Mercy Housing California 68, LP (Land Park Woods)	Land Park Woods, LLC	1800 Pine, LP	Transbay Block 7, LLC
Revenues								
Rent - net of vacancies	\$ 823,172	\$ -	\$ 580,468	\$ 624,050	\$ 403,788	\$ -	\$ 884,216	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	8,500	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	199	1,656	289	6	-	-	-	-
Other	10,127	271,320	11,410	22,298	18,454	-	53,732	-
Total revenues	<u>833,498</u>	<u>281,476</u>	<u>592,167</u>	<u>646,354</u>	<u>422,242</u>	<u>-</u>	<u>937,948</u>	<u>-</u>
Expenses and losses								
Compensation	149,605	-	102,185	154,015	139,748	-	155,777	-
Administrative	166,899	8,501	130,056	129,628	89,997	95	163,945	-
Professional services	45,898	1,468	65,603	105,498	64,887	989	87,527	311
Depreciation and amortization	710,341	-	643,078	277,241	231,835	-	399,278	-
Grants	-	-	-	-	-	-	-	-
Facility	332,571	-	246,794	294,926	191,861	-	636,576	-
Interest and fees	527,331	-	312,403	309,759	133,644	-	439,623	-
Bad debts	1,511	-	3,963	588	2,589	-	-	-
Provision for impaired assets	-	3,412	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	91	-	-	-	43	-	1,100
Total expenses and losses	<u>1,934,156</u>	<u>13,472</u>	<u>1,504,082</u>	<u>1,271,655</u>	<u>854,561</u>	<u>1,127</u>	<u>1,882,726</u>	<u>1,411</u>
Excess (deficiency) of revenues over expenses	(1,100,658)	268,004	(911,915)	(625,301)	(432,319)	(1,127)	(944,778)	(1,411)
Net assets at beginning of year	(259,167)	142,479	1,493,808	1,066,803	1,173,340	117,023	1,236,868	-
Other transfers to (from) net assets	11,342,460	-	12,939,465	-	-	-	-	(7,843)
Net assets at end of year	<u>\$ 9,982,635</u>	<u>\$ 410,483</u>	<u>\$ 13,521,358</u>	<u>\$ 441,502</u>	<u>\$ 741,021</u>	<u>\$ 115,896</u>	<u>\$ 292,090</u>	<u>\$ (9,254)</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing California 64, LP (Transbay Block 7)	Mercy Mather Veterans, LLC	Mercy Housing California 61, LP (Mather Veterans Village)	Mercy Housing California 65, LLC	Mercy Housing California 65, LP (15888 Hesperion)	Plaza Maria, LLC	Laguna Senior Housing, LP	JFK Tower, LP
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ 219,543	\$ -	\$ 25,532	\$ 836,769	\$ -	\$ 157,740
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	2
Other	-	111,725	9,858	-	60,263	16,960	4,510	1,631
Total revenues	-	111,725	229,401	-	85,795	853,729	4,510	159,373
Expenses and losses								
Compensation	-	-	70,158	-	623	49,359	-	65,089
Administrative	83	852	256,773	1,601	232,079	82,664	870	90,214
Professional services	4,399	1,245	8,434	1,300	9,180	9,887	4,399	72,927
Depreciation and amortization	-	-	325,619	-	83,710	275,417	-	122,520
Grants	-	-	-	-	-	2,789,636	-	-
Facility	-	-	69,832	-	10,143	207,358	-	116,715
Interest and fees	-	-	147,678	-	1,109	254,985	25	103,987
Bad debts	-	-	-	-	-	-	-	824
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	55	-	25	-	-	-	-
Total expenses and losses	4,482	2,152	878,494	2,926	336,844	3,669,306	5,294	572,276
Excess (deficiency) of revenues over expenses	(4,482)	109,573	(649,093)	(2,926)	(251,049)	(2,815,577)	(784)	(412,903)
Net assets at beginning of year	(7,843)	(2,606)	2,075,914	(55)	483,450	(207,343)	265,811	(31,013)
Other transfers to (from) net assets	886,780	-	154,225	-	635,775	-	-	2,327,056
Net assets at end of year	\$ 874,455	\$ 106,967	\$ 1,581,046	\$ (2,981)	\$ 868,176	\$ (3,022,920)	\$ 265,027	\$ 1,883,140

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	2698 California, LP	Mercy Housing California 66, LP (Colma Veterans Village)	455 Fell, LP (Parcel O)	Mercy Housing California 67, LP (Columbia Park)	St. Mary's Tower	Historic Live Oak (Odd Fellows)	Mercy Housing Camino, LLC	Mercy Housing La Cienega, LLC
Revenues								
Rent - net of vacancies	\$ 69,406	\$ -	\$ -	\$ 454,606	\$ 591,576	\$ 20,397	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	2	-	-	-	128	6	-	-
Other	20	-	-	94,757	6,019	871	-	-
Total revenues	<u>69,428</u>	<u>-</u>	<u>-</u>	<u>549,363</u>	<u>597,723</u>	<u>21,274</u>	<u>-</u>	<u>-</u>
Expenses and losses								
Compensation	15,365	-	-	44,723	69,147	4,019	-	-
Administrative	21,780	869	83	55,120	39,499	5,583	-	-
Professional services	63,940	8,798	4,399	65,662	38,797	1,500	311	-
Depreciation and amortization	55,172	-	-	219,949	161,212	11,291	-	-
Grants	-	-	-	-	-	-	-	-
Facility	89,718	-	-	96,033	102,940	5,474	-	-
Interest and fees	16,890	-	-	105,275	303,728	77	-	-
Bad debts	-	-	-	-	-	105	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	(72)
Total expenses and losses	<u>262,865</u>	<u>9,667</u>	<u>4,482</u>	<u>586,762</u>	<u>715,323</u>	<u>28,049</u>	<u>311</u>	<u>(72)</u>
Excess (deficiency) of revenues over expenses	(193,437)	(9,667)	(4,482)	(37,399)	(117,600)	(6,775)	(311)	72
Net assets at beginning of year	(28,929)	(4,413)	(4,399)	-	-	-	-	-
Other transfers to (from) net assets	<u>1,269,057</u>	<u>-</u>	<u>-</u>	<u>(4,219,122)</u>	<u>149,792</u>	<u>582,815</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 1,046,691</u>	<u>\$ (14,080)</u>	<u>\$ (8,881)</u>	<u>\$ (4,256,521)</u>	<u>\$ 32,192</u>	<u>\$ 576,040</u>	<u>\$ (311)</u>	<u>\$ 72</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	New Dana Strand IV, LP (Camino Del Mar)	St Mary's Tower, LLC	Mercy Housing California 71, LP (St Mary's Tower)	Francis of Assisi, LLC	Mercy Housing California 69, LP (Francis of Assisi)	Mercy Housing California 59, LP (Casa de la Mission)	0623 Vernon, LLC	Mercy Housing California 48, LP (Roseville)
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ 622,748	\$ -	\$ 837,118	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	35	-	-	-	-	88
Other	-	-	1,269	-	1,201	-	1,425,500	-
Total revenues	-	-	624,052	-	838,319	-	1,425,500	88
Expenses and losses								
Compensation	-	-	57,345	-	197,211	-	-	-
Administrative	-	-	50,605	-	39,639	-	19	5,000
Professional services	5,349	310	43,873	-	14,349	4,399	1,336	5,199
Depreciation and amortization	-	-	137,838	-	28,446	-	-	-
Grants	-	-	-	-	-	-	-	-
Facility	-	-	95,247	-	229,283	-	1,482	-
Interest and fees	-	-	140,316	-	131,092	-	-	150
Bad debts	-	-	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	7,056	-
(Gain) loss on investment in limited partnership	-	(969)	-	(20)	-	-	1	-
Total expenses and losses	5,349	(659)	525,224	(20)	640,020	4,399	9,894	10,349
Excess (deficiency) of revenues over expenses	(5,349)	659	98,828	20	198,299	(4,399)	1,415,606	(10,261)
Net assets at beginning of year	-	-	-	-	-	-	-	-
Other transfers to (from) net assets	1,800,072	(10,014,673)	918,427	(26,717,516)	(23,940,483)	-	-	1,741,500
Net assets at end of year	\$ 1,794,723	\$ (10,014,014)	\$ 1,017,255	\$ (26,717,496)	\$ (23,742,184)	\$ (4,399)	\$ 1,415,606	\$ 1,731,239

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Esperanza Crossing II, LLC	Mercy Housing California 76, LP (Esperanza Crossing Phase II)	Mercy Transformation, LLC	Sunnydale Parcel Q Housing Partners, LP	Eliminations	Consolidated Mercy Housing Calwest
Revenues						
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,168,472
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	(546,125)	27,319
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	816,952
Consulting	-	-	-	-	-	-
Interest	-	-	-	-	(109,846)	143,752
Other	-	-	-	-	(78,209)	6,593,051
Total revenues	-	-	-	-	(734,180)	29,749,546
Expenses and losses						
Compensation	-	-	-	-	-	5,360,483
Administrative	-	-	-	3,778	(549,361)	4,582,765
Professional services	-	4,399	-	4,399	-	2,497,015
Depreciation and amortization	-	-	-	-	-	19,760,025
Grants	-	-	-	-	(78,209)	3,068,933
Facility	-	-	-	-	-	9,234,280
Interest and fees	-	-	-	-	(110,177)	9,182,909
Bad debts	-	-	-	-	-	68,505
Provision for impaired assets	-	-	-	-	(3,412)	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	8,488
(Gain) loss on investment in limited partnership	-	-	-	-	(2,815,270)	1,251,763
Total expenses and losses	-	4,399	-	8,177	(3,556,429)	55,015,166
Excess (deficiency) of revenues over expenses	-	(4,399)	-	(8,177)	2,822,249	(25,265,620)
Net assets at beginning of year	-	-	-	-	(4,927,938)	125,998,207
Other transfers to (from) net assets	-	446,845	-	-	41,987,287	30,275,846
Net assets at end of year	\$ -	\$ 442,446	\$ -	\$ (8,177)	\$ 39,881,598	\$ 131,008,433

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales (McIntosh Mobile Homes)	Richmond Hills	Sycamore Center (Red Bluff)	Sierra Vista
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ 48,282	\$ 354,858	\$ 54,754	\$ 17,529	\$ 27,034	\$ -
Cash, tenant security deposits	-	-	12,892	5	28,461	-	3,785	-
Cash, restricted	71	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	210	-	116	-	629	-
Due from affiliate, net	700,000	-	-	-	-	-	4,107	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	83,380	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	7,656	4,008	8,040	3,464	4,902	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>783,451</u>	<u>-</u>	<u>69,040</u>	<u>358,871</u>	<u>91,371</u>	<u>20,993</u>	<u>40,457</u>	<u>-</u>
Property and equipment								
Land and land improvements	3,700,000	-	96,144	658,571	602,623	368,530	58,366	-
Buildings	-	-	649,702	4,394,710	3,642,148	2,194,340	2,559,456	-
Furniture and equipment	-	-	-	105,508	11,660	32,811	15,819	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>(375,917)</u>	<u>(3,160,798)</u>	<u>(2,283,800)</u>	<u>(1,650,992)</u>	<u>(1,395,899)</u>	<u>-</u>
Net property and equipment	<u>3,700,000</u>	<u>-</u>	<u>369,929</u>	<u>1,997,991</u>	<u>1,972,631</u>	<u>944,689</u>	<u>1,237,742</u>	<u>-</u>
Other long-term assets								
Restricted property reserves	-	-	51,418	171,527	174,049	35,871	204,779	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	60,000	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	22,000	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other long-term assets	<u>82,000</u>	<u>-</u>	<u>51,418</u>	<u>171,527</u>	<u>174,049</u>	<u>35,871</u>	<u>204,779</u>	<u>-</u>
Total assets	<u>\$ 4,565,451</u>	<u>\$ -</u>	<u>\$ 490,387</u>	<u>\$ 2,528,389</u>	<u>\$ 2,238,051</u>	<u>\$ 1,001,553</u>	<u>\$ 1,482,978</u>	<u>\$ -</u>

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales (McIntosh Mobile Homes)	Richmond Hills	Sycamore Center (Red Bluff)	Sierra Vista
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 10	\$ 22,097	\$ 54,190	\$ 34,313	\$ 13,343	\$ 17,325	\$ -
Due to affiliates	8,819	-	-	-	-	-	-	-
Accrued interest	-	-	-	484,851	8,576	-	1,880	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	45,410	-	21,716	-
Current portion of notes payable, affiliates	1,938,173	-	-	-	-	83,189	-	-
Deferred revenue and other liabilities	-	-	983	-	227	-	-	-
Tenant security deposits	-	-	11,959	11	26,880	5,000	3,285	-
Total current liabilities	1,946,992	10	35,039	539,052	115,406	101,532	44,206	-
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	514,813	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	60,000	-	-	1,260,000	2,243,973	-	444,264	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	60,000	-	-	1,260,000	2,758,786	-	444,264	-
Total liabilities	2,006,992	10	35,039	1,799,052	2,874,192	101,532	488,470	-
Net assets								
Unrestricted net assets, controlling	2,558,459	(10)	267,786	(1,364,662)	(1,784,366)	(434,297)	994,508	-
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,558,459	(10)	267,786	(1,364,662)	(1,784,366)	(434,297)	994,508	-
Temporarily restricted net assets	-	-	187,562	2,093,999	1,148,225	1,334,318	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,558,459	(10)	455,348	729,337	(636,141)	900,021	994,508	-
Total liabilities and net assets	\$ 4,565,451	\$ -	\$ 490,387	\$ 2,528,389	\$ 2,238,051	\$ 1,001,553	\$ 1,482,978	\$ -

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2016

	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ 502,457
Cash, tenant security deposits	-	-	45,143
Cash, restricted	-	-	71
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	-	-	955
Due from affiliate, net	-	-	704,107
Pledges receivable, net	-	-	-
Grants receivable	-	-	-
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	83,380
Prepaid expenses and other assets	-	-	28,070
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	-	-	1,364,183
Property and equipment			
Land and land improvements	-	-	5,484,234
Buildings	-	-	13,440,356
Furniture and equipment	-	-	165,798
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	-	-	(8,867,406)
Net property and equipment	-	-	10,222,982
Other long-term assets			
Restricted property reserves	-	-	637,644
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	60,000
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	-	-
Notes and interest receivable, net	-	-	22,000
Notes and interest receivable, affiliates	-	-	-
Allowance for impaired assets	-	-	-
Other assets, net	-	-	-
Total other long-term assets	-	-	719,644
Total assets	\$ -	\$ -	\$ 12,306,809

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2016

	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ -	\$ 12,000	\$ 153,278
Due to affiliates	-	-	8,819
Accrued interest	-	-	495,307
Accrued interest, affiliates	-	-	-
Current portion of notes payable	-	-	67,126
Current portion of notes payable, affiliates	-	-	2,021,362
Deferred revenue and other liabilities	-	-	1,210
Tenant security deposits	-	-	47,135
Total current liabilities	-	12,000	2,794,237
Long-term liabilities			
Due to affiliates	-	-	-
Accrued interest	-	-	514,813
Accrued interest, affiliates	-	-	-
Notes payable, less current portion, net	-	-	4,008,237
Notes payable, less current portion, affiliates	-	-	-
Deferred revenue and other liabilities	-	-	-
Total long-term liabilities	-	-	4,523,050
Total liabilities	-	12,000	7,317,287
Net assets			
Unrestricted net assets, controlling	-	(12,000)	225,418
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	-	(12,000)	225,418
Temporarily restricted net assets	-	-	4,764,104
Permanently restricted net assets	-	-	-
Total net assets	-	(12,000)	4,989,522
Total liabilities and net assets	\$ -	\$ -	\$ 12,306,809

Mercy Properties California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales (McIntosh Mobile Homes)	Richmond Hills	Sycamore Center (Red Bluff)	Sierra Vista
Revenues								
Rent - net of vacancies	\$ -	\$ 10,400	\$ 169,017	\$ 20,577	\$ 376,527	\$ 41,079	\$ 106,287	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	12,000	-	-	-	-	-	-	-
Philanthropy	-	-	-	58,488	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	3	46	490	81	26	96	-
Other	613,772	-	3,974	-	4,287	-	29,861	1,075,122
Total revenues	<u>625,772</u>	<u>10,403</u>	<u>173,037</u>	<u>79,555</u>	<u>380,895</u>	<u>41,105</u>	<u>136,244</u>	<u>1,075,122</u>
Expenses and losses								
Compensation	-	-	94,114	-	77,378	-	10,213	-
Administrative	11,999	4,303	20,875	-	54,123	-	8,112	9
Professional services	5,972	5,123	2,499	2,501	4,880	11,387	2,499	2,199
Depreciation and amortization	-	6,724	23,910	179,732	133,365	80,228	94,387	-
Grants	1,061,396	-	-	-	-	-	-	-
Facility	-	8,961	81,338	43,426	76,250	20,552	75,524	12,662
Interest and fees	-	140	1	37,800	120,151	5,366	22,648	2,041
Bad debts	-	-	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	(96,171)	-	-	-	-	-	725,721
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>1,079,367</u>	<u>(70,920)</u>	<u>222,737</u>	<u>263,459</u>	<u>466,147</u>	<u>117,533</u>	<u>213,383</u>	<u>742,632</u>
Excess (deficiency) of revenues over expenses	(453,595)	81,323	(49,700)	(183,904)	(85,252)	(76,428)	(77,139)	332,490
Net assets at beginning of year	3,012,054	(81,333)	505,048	913,241	(550,889)	976,449	1,071,647	(332,490)
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 2,558,459</u>	<u>\$ (10)</u>	<u>\$ 455,348</u>	<u>\$ 729,337</u>	<u>\$ (636,141)</u>	<u>\$ 900,021</u>	<u>\$ 994,508</u>	<u>\$ -</u>

Mercy Properties California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Revenues			
Rent - net of vacancies	\$ -	\$ -	\$ 723,887
Developer fees	-	-	-
Services fees	-	(12,000)	-
Philanthropy	-	-	58,488
Capital grants	-	-	-
Consulting	-	-	-
Interest	-	-	742
Other	-	(1,061,396)	665,620
Total revenues	-	(1,073,396)	1,448,737
Expenses and losses			
Compensation	-	-	181,705
Administrative	-	-	99,421
Professional services	-	-	37,060
Depreciation and amortization	-	-	518,346
Grants	-	(1,061,396)	-
Facility	-	-	318,713
Interest and fees	-	-	188,147
Bad debts	-	-	-
Provision for impaired assets	-	-	-
Project expenses	-	-	-
Allocation	-	-	-
(Gain) loss on sale of assets	-	-	629,550
(Gain) loss on investment in limited partnership	-	-	-
Total expenses and losses	-	(1,061,396)	1,972,942
Excess (deficiency) of revenues over expenses	-	(12,000)	(524,205)
Net assets at beginning of year	-	-	5,513,727
Other transfers to (from) net assets	-	-	-
Net assets at end of year	\$ -	\$ (12,000)	\$ 4,989,522

San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2016

	San Juan Housing Corporation	Kennedy Estates Housing Associates (Kennedy Estates)	Tahoe Valley Townhomes Associates (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 357,923	\$ 28,436	\$ -	\$ 386,359
Cash, tenant security deposits	-	67,257	62,691	-	129,948
Cash, restricted	-	201	-	-	201
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	9,642	531	-	10,173
Due from affiliate, net	468,587	-	-	(468,587)	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	19,774	30,154	-	49,928
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	468,587	454,797	121,812	(468,587)	576,609
Property and equipment					
Land and land improvements	-	802,372	840,803	-	1,643,175
Buildings	-	5,790,992	2,119,448	-	7,910,440
Furniture and equipment	-	158,541	3,631,483	-	3,790,024
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(4,177,838)	(4,189,584)	-	(8,367,422)
Net property and equipment	-	2,574,067	2,402,150	-	4,976,217
Other long-term assets					
Restricted property reserves	-	408,161	218,773	-	626,934
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(36,069)	-	-	36,069	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	-	-	-	-
Total other long-term assets	(36,069)	408,161	218,773	36,069	626,934
Total assets	\$ 432,518	\$ 3,437,025	\$ 2,742,735	\$ (432,518)	\$ 6,179,760

San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2016

	San Juan Housing Corporation	Kennedy Estates Housing Associates (Kennedy Estates)	Tahoe Valley Townhomes Associates (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 118,023	\$ 45,393	\$ 35,599	\$ -	\$ 199,015
Due to affiliates	129,814	372,904	306,791	(679,695)	129,814
Accrued interest	-	6,873	8,868	-	15,741
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	24,437	87,884	-	112,321
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	2,364	688	-	3,052
Tenant security deposits	-	66,581	62,191	-	128,772
Total current liabilities	247,837	518,552	502,021	(679,695)	588,715
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	518,050	1,501,601	-	2,019,651
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	-	2,540,768	4,570,811	-	7,111,579
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	4,573	3,360	-	7,933
Total long-term liabilities	-	3,063,391	6,075,772	-	9,139,163
Total liabilities	247,837	3,581,943	6,577,793	(679,695)	9,727,878
Net assets					
Unrestricted net assets, controlling	184,681	(144,918)	(3,835,058)	247,177	(3,548,118)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	184,681	(144,918)	(3,835,058)	247,177	(3,548,118)
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	184,681	(144,918)	(3,835,058)	247,177	(3,548,118)
Total liabilities and net assets	\$ 432,518	\$ 3,437,025	\$ 2,742,735	\$ (432,518)	\$ 6,179,760

San Juan Housing Corporation
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	San Juan Housing Corporation	Kennedy Estates Housing Associates (Kennedy Estates)	Tahoe Valley Townhomes Associates (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Revenues					
Rent - net of vacancies	\$ -	\$ 727,796	\$ 647,716	\$ -	\$ 1,375,512
Developer fees	-	-	-	-	-
Services fees	52,656	-	-	(52,656)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	70	846	-	916
Other	-	21,055	18,697	-	39,752
Total revenues	<u>52,656</u>	<u>748,921</u>	<u>667,259</u>	<u>(52,656)</u>	<u>1,416,180</u>
Expenses and losses					
Compensation	-	167,930	162,746	-	330,676
Administrative	52,730	127,133	87,517	(52,094)	215,286
Professional services	1,126	10,838	12,195	-	24,159
Depreciation and amortization	-	228,582	203,139	-	431,721
Grants	-	-	-	-	-
Facility	-	295,450	167,013	-	462,463
Interest and fees	-	123,531	193,145	-	316,676
Bad debts	-	1,003	2,235	-	3,238
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	37	-	-	(37)	-
Total expenses and losses	<u>53,893</u>	<u>954,467</u>	<u>827,990</u>	<u>(52,131)</u>	<u>1,784,219</u>
Excess (deficiency) of revenues over expenses	(1,237)	(205,546)	(160,731)	(525)	(368,039)
Net assets at beginning of year	185,918	60,628	(3,674,327)	247,702	(3,180,079)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 184,681</u>	<u>\$ (144,918)</u>	<u>\$ (3,835,058)</u>	<u>\$ 247,177</u>	<u>\$ (3,548,118)</u>

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Mercy Housing Idaho NSP LLC	Boise Senior 202 Owner, LP (12th Street Senior)	Boise Senior 202 GP, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 300	\$ 4,699	\$ 12,182	\$ 5,434	\$ 11,405	\$ -	\$ 65,605	\$ -
Cash, tenant security deposits	-	5,054	10,293	20,374	4,530	-	15,185	-
Cash, restricted	149,835	-	-	-	-	-	10,000	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	131	-	1,797	1,557	298	-	329	-
Due from affiliate, net	10,013	-	-	-	708	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	37,204	-	-	-	-	-	-	-
Prepaid expenses and other assets	3,836	3,457	5,733	10,387	3,028	-	10,365	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	624,060	-	-	-	-	-
Total current assets	201,319	13,210	654,065	37,752	19,969	-	101,484	-
Property and equipment								
Land and land improvements	-	122,374	-	334,960	570	-	1,215,108	-
Buildings	-	1,343,135	-	1,850,143	1,448,228	-	9,644,176	-
Furniture and equipment	5,493	12,033	-	356,922	7,609	-	310,316	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(5,493)	(644,716)	-	(1,350,322)	(579,647)	-	(1,922,746)	-
Net property and equipment	-	832,826	-	1,191,703	876,760	-	9,246,854	-
Other long-term assets								
Restricted property reserves	-	117,293	105,475	130,973	49,658	-	625,143	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	504
Notes and interest receivable, net	63,312	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	70,901	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	36,840	-
Total other long-term assets	134,213	117,293	105,475	130,973	49,658	-	661,983	504
Total assets	\$ 335,532	\$ 963,329	\$ 759,540	\$ 1,360,428	\$ 946,387	\$ -	\$ 10,010,321	\$ 504

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Mercy Housing Idaho NSP LLC	Boise Senior 202 Owner, LP (12th Street Senior)	Boise Senior 202 GP, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 3,131	\$ 22,724	\$ 16,149	\$ 276,490	\$ 16,200	\$ -	\$ 49,535	\$ 2,465
Due to affiliates	1,202,819	-	-	708	-	-	10,013	2,766
Accrued interest	-	-	1,870	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	2,857	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	79	(144)	1,468	2,306	-	1,496	-
Tenant security deposits	-	4,775	9,950	20,424	4,030	-	14,393	-
Total current liabilities	1,205,950	27,578	30,682	299,090	22,536	-	75,437	5,231
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	4,638	-	-	-	33,163	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	260,000	745,419	(9,045)	290,000	-	580,146	-
Notes payable, less current portion, affiliates	-	-	-	205,539	-	-	4,297,700	-
Deferred revenue and other liabilities	-	-	878	-	-	-	-	-
Total long-term liabilities	-	260,000	750,935	196,494	290,000	-	4,911,009	-
Total liabilities	1,205,950	287,578	781,617	495,584	312,536	-	4,986,446	5,231
Net assets								
Unrestricted net assets, controlling	(983,947)	(212,191)	(22,077)	864,844	(229,068)	-	5,023,875	(3,827,889)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(983,947)	(212,191)	(22,077)	864,844	(229,068)	-	5,023,875	(3,827,889)
Temporarily restricted net assets	113,529	887,942	-	-	862,919	-	-	3,823,162
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(870,418)	675,751	(22,077)	864,844	633,851	-	5,023,875	(4,727)
Total liabilities and net assets	\$ 335,532	\$ 963,329	\$ 759,540	\$ 1,360,428	\$ 946,387	\$ -	\$ 10,010,321	\$ 504

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	MHNW-ID GP, LLC	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ 99,625
Cash, tenant security deposits	-	-	55,436
Cash, restricted	-	-	159,835
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	-	-	4,112
Due from affiliate, net	-	(10,721)	-
Pledges receivable, net	-	-	-
Grants receivable	-	-	-
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	37,204
Prepaid expenses and other assets	-	-	36,806
Inventory	-	-	-
Assets held for sale	-	-	624,060
Total current assets	-	(10,721)	1,017,078
Property and equipment			
Land and land improvements	-	-	1,673,012
Buildings	-	(137,262)	14,148,420
Furniture and equipment	-	-	692,373
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	-	72,455	(4,430,469)
Net property and equipment	-	(64,807)	12,083,336
Other long-term assets			
Restricted property reserves	-	-	1,028,542
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	(504)	-
Notes and interest receivable, net	-	-	63,312
Notes and interest receivable, affiliates	-	-	70,901
Allowance for impaired assets	-	-	-
Other assets, net	-	-	36,840
Total other long-term assets	-	(504)	1,199,595
Total assets	\$ -	\$ (76,032)	\$ 14,300,009

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	MHNW-ID GP, LLC	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ -	\$ (25,820)	\$ 360,874
Due to affiliates	-	(10,722)	1,205,584
Accrued interest	-	-	1,870
Accrued interest, affiliates	-	-	-
Current portion of notes payable	-	-	2,857
Current portion of notes payable, affiliates	-	-	-
Deferred revenue and other liabilities	-	-	5,205
Tenant security deposits	-	-	53,572
Total current liabilities	-	(36,542)	1,629,962
Long-term liabilities			
Due to affiliates	-	-	-
Accrued interest	-	-	37,801
Accrued interest, affiliates	-	-	-
Notes payable, less current portion, net	-	-	1,866,520
Notes payable, less current portion, affiliates	-	(4,297,700)	205,539
Deferred revenue and other liabilities	-	-	878
Total long-term liabilities	-	(4,297,700)	2,110,738
Total liabilities	-	(4,334,242)	3,740,700
Net assets			
Unrestricted net assets, controlling	-	4,258,210	4,871,757
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	-	4,258,210	4,871,757
Temporarily restricted net assets	-	-	5,687,552
Permanently restricted net assets	-	-	-
Total net assets	-	4,258,210	10,559,309
Total liabilities and net assets	\$ -	\$ (76,032)	\$ 14,300,009

**Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016**

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Mercy Housing Idaho NSP LLC	Boise Senior 202 Owner, LP (12th Street Senior)	Boise Senior 202 GP, LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 106,540	\$ 203,578	\$ 303,253	\$ 115,092	\$ -	\$ 345,372	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	12,000	-	-	-	-	-	-	-
Philanthropy	61,643	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	7,268	35	16,681	109	10	-	21	-
Other	870	1,955	21,945	5,650	477	65,584	6,140	-
Total revenues	81,781	108,530	242,204	309,012	115,579	65,584	351,533	-
Expenses and losses								
Compensation	43,674	33,180	47,104	103,691	25,387	-	108,893	-
Administrative	20,334	22,251	29,475	52,192	23,696	-	62,859	-
Professional services	17,902	8,285	6,642	11,617	8,285	-	22,557	289
Depreciation and amortization	-	48,534	-	81,818	52,498	-	436,194	-
Grants	3,882	-	-	-	-	-	-	-
Facility	463	38,205	61,493	124,302	42,589	-	104,351	(651)
Interest and fees	38,560	-	27,929	4,378	-	-	9,729	-
Bad debts	91,973	-	-	1,494	-	-	1	-
Provision for impaired assets	4,143	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	27,124	-	-	-	-	-	-	-
(Gain) loss on sale of assets	176,157	-	-	-	-	65,423	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	39
Total expenses and losses	424,212	150,455	172,643	379,492	152,455	65,423	744,584	(323)
Excess (deficiency) of revenues over expenses	(342,431)	(41,925)	69,561	(70,480)	(36,876)	161	(393,051)	323
Net assets at beginning of year	(527,987)	717,676	(91,638)	935,324	670,727	(161)	5,416,926	(5,050)
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ (870,418)	\$ 675,751	\$ (22,077)	\$ 864,844	\$ 633,851	\$ -	\$ 5,023,875	\$ (4,727)

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	MHNW-ID GP, LLC	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Revenues			
Rent - net of vacancies	\$ -	\$ -	\$ 1,073,835
Developer fees	-	-	-
Services fees	-	(12,000)	-
Philanthropy	-	-	61,643
Capital grants	-	-	-
Consulting	-	-	-
Interest	-	-	24,124
Other	3,882	(70,034)	36,469
Total revenues	<u>3,882</u>	<u>(82,034)</u>	<u>1,196,071</u>
Expenses and losses			
Compensation	-	-	361,929
Administrative	-	-	210,807
Professional services	55	(11,999)	63,633
Depreciation and amortization	-	(3,779)	615,265
Grants	-	(3,882)	-
Facility	-	-	370,752
Interest and fees	-	-	80,596
Bad debts	-	(91,973)	1,495
Provision for impaired assets	-	-	4,143
Project expenses	-	-	-
Allocation	-	-	27,124
(Gain) loss on sale of assets	-	-	241,580
(Gain) loss on investment in limited partnership	-	(39)	-
Total expenses and losses	<u>55</u>	<u>(111,672)</u>	<u>1,977,324</u>
Excess (deficiency) of revenues over expenses	<u>3,827</u>	<u>29,638</u>	<u>(781,253)</u>
Net assets at beginning of year	(3,827)	4,228,572	11,340,562
Other transfers to (from) net assets	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>\$ 4,258,210</u>	<u>\$ 10,559,309</u>

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartments Corp.	111th and Wentworth Limited Partnership (Wentworth Commons)	Belray Apartments Corporation	Belray Limited Partnership (Belray Apartments)
Assets								
Current assets								
Cash and cash equivalents	\$ 4,350	\$ 413,658	\$ 132,098	\$ 224,724	\$ -	\$ 21,222	\$ -	\$ 336,557
Cash, tenant security deposits	-	30,767	17,931	9,367	-	14,551	-	12,389
Cash, restricted	1,119,033	250	250	-	-	-	-	320,383
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	18,009	22,873	2,105	13,396	-	8,480	-	7,213
Due from affiliate, net	5,206,617	-	76	-	-	-	11,776	522
Pledges receivable, net	97,490	-	-	-	-	-	-	-
Grants receivable	484,338	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	3,785,645	-	-	-	-	-	-	-
Prepaid expenses and other assets	118,523	43,551	34,209	15,959	-	15,639	-	19,660
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	10,834,005	511,099	186,669	263,446	-	59,892	11,776	696,724
Property and equipment								
Land and land improvements	174,915	220,491	93,624	54,100	-	823,255	-	182,045
Buildings	516,847	7,615,709	5,693,333	2,162,365	-	8,315,018	-	3,409,730
Furniture and equipment	64,092	167,405	87,709	10,565	-	511,830	-	115,235
Predevelopment project costs	470,774	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(325,761)	(3,041,044)	(1,929,402)	(890,589)	-	(4,603,789)	-	(2,677,809)
Net property and equipment	900,867	4,962,561	3,945,264	1,336,441	-	5,046,314	-	1,029,201
Other long-term assets								
Restricted property reserves	-	783,455	1,210,444	191,528	-	250,015	-	461,620
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	7,127,492	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	722,538	-	-	-	981,765	-	237,959	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	10,582,934	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	18,432,964	783,455	1,210,444	191,528	981,765	250,015	237,959	461,620
Total assets	\$ 30,167,836	\$ 6,257,115	\$ 5,342,377	\$ 1,791,415	\$ 981,765	\$ 5,356,221	\$ 249,735	\$ 2,187,545

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartments Corp.	111th and Wentworth Limited Partnership (Wentworth Commons)	Belray Apartments Corporation	Belray Limited Partnership (Belray Apartments)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 770,712	\$ 152,898	\$ 136,729	\$ 60,956	\$ 700	\$ 68,297	\$ -	\$ 27,443
Due to affiliates	188,942	39,061	21,475	14,473	63,776	-	77,960	11,776
Accrued interest	-	10,164	9,462	4,442	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	750,000	70,245	72,283	30,900	-	-	-	6,000
Current portion of notes payable, affiliates	4,395,080	-	-	46,872	-	-	-	-
Deferred revenue and other liabilities	328,731	5,004	5,637	7,126	-	1,806	-	9,553
Tenant security deposits	-	29,278	17,523	8,204	-	14,170	-	11,862
Total current liabilities	6,433,465	306,650	263,109	172,973	64,476	84,273	77,960	66,634
Long-term liabilities								
Due to affiliates	-	-	-	-	982,369	-	300,250	-
Accrued interest	-	23,327	31,078	-	-	-	-	-
Accrued interest, affiliates	-	291,384	208,964	18,136	-	-	-	-
Notes payable, less current portion, net	6,973,396	5,077,492	4,352,315	1,169,043	-	(30,487)	-	3,240,658
Notes payable, less current portion, affiliates	-	600,739	473,012	357,790	-	6,473,396	-	-
Deferred revenue and other liabilities	454,009	7,110	4,635	2,430	-	-	-	-
Total long-term liabilities	7,427,405	6,000,052	5,070,004	1,547,399	982,369	6,442,909	300,250	3,240,658
Total liabilities	13,860,870	6,306,702	5,333,113	1,720,372	1,046,845	6,527,182	378,210	3,307,292
Net assets								
Unrestricted net assets, controlling	10,423,366	(49,587)	9,264	71,043	(65,080)	(1,170,961)	(128,475)	(1,119,747)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	10,423,366	(49,587)	9,264	71,043	(65,080)	(1,170,961)	(128,475)	(1,119,747)
Temporarily restricted net assets	5,508,600	-	-	-	-	-	-	-
Permanently restricted net assets	375,000	-	-	-	-	-	-	-
Total net assets	16,306,966	(49,587)	9,264	71,043	(65,080)	(1,170,961)	(128,475)	(1,119,747)
Total liabilities and net assets	\$ 30,167,836	\$ 6,257,115	\$ 5,342,377	\$ 1,791,415	\$ 981,765	\$ 5,356,221	\$ 249,735	\$ 2,187,545

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	Red Door Limited							
	Harold Washington Apartments Corporation	Magnolia Limited Partnership (Carlton Apartments)	Partnership (Major Jenkins Apartments)	4707 Malden Limited Partnership (Miriam Apartments)	Roseland Apartments Corporation	Roseland Limited Partnership (Holland Apartments)	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 750	\$ 206,737	\$ 2,607	\$ -	\$ 2,925	\$ -	\$ 571,474
Cash, tenant security deposits	-	8,277	20,253	6,568	-	9,840	-	26
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	8,501	1,292	7,578	-	6,192	-	18,000
Due from affiliate, net	10,956	-	-	-	-	8,168	36,019	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	17,732	33,015	18,202	-	18,655	-	36,730
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	10,956	35,260	261,297	34,955	-	45,780	36,019	626,230
Property and equipment								
Land and land improvements	-	65,063	180,445	65,000	-	295,356	-	881,175
Buildings	-	2,567,575	6,140,996	2,392,942	-	8,414,801	-	14,852,052
Furniture and equipment	-	137,546	255,442	62,448	-	419,586	-	478,376
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,249,433)	(5,054,665)	(1,826,249)	-	(5,212,312)	-	(9,285,073)
Net property and equipment	-	520,751	1,522,218	694,141	-	3,917,431	-	6,926,530
Other long-term assets								
Restricted property reserves	-	199,684	1,023,773	20,859	-	758,313	-	3,741,135
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	409,173	-	-	-	354,484	-	262,858	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	409,173	199,684	1,023,773	20,859	354,484	758,313	262,858	3,741,135
Total assets	\$ 420,129	\$ 755,695	\$ 2,807,288	\$ 749,955	\$ 354,484	\$ 4,721,524	\$ 298,877	\$ 11,293,895

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	Harold Washington Apartments Corporation	Magnolia Limited Partnership (Carlton Apartments)	Red Door Limited Partnership (Major Jenkins Apartments)	4707 Malden Limited Partnership (Miriam Apartments)	Roseland Apartments Corporation	Roseland Limited Partnership (Holland Apartments)	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 49,205	\$ 43,950	\$ 46,695	\$ -	\$ 89,536	\$ -	\$ 64,242
Due to affiliates	348,157	78,838	50,956	85,509	94,143	102,017	113,604	36,019
Accrued interest	-	-	-	284	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	55,152	98,772	24,698	-	2,400	-	1,200
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	4,722	10,447	1,281	-	4,386	-	52,313
Tenant security deposits	-	8,168	19,486	5,883	-	8,358	-	512
Total current liabilities	348,157	196,085	223,611	164,350	94,143	206,697	113,604	154,286
Long-term liabilities								
Due to affiliates	504,204	-	-	-	354,265	-	263,620	461,302
Accrued interest	-	-	-	-	-	-	-	2,994,063
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	512,176	1,944,785	231,148	-	4,328,472	-	8,358,447
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	1,080,500
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	504,204	512,176	1,944,785	231,148	354,265	4,328,472	263,620	12,894,312
Total liabilities	852,361	708,261	2,168,396	395,498	448,408	4,535,169	377,224	13,048,598
Net assets								
Unrestricted net assets, controlling	(432,232)	47,434	638,892	354,457	(93,924)	186,355	(78,347)	(1,754,703)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(432,232)	47,434	638,892	354,457	(93,924)	186,355	(78,347)	(1,754,703)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(432,232)	47,434	638,892	354,457	(93,924)	186,355	(78,347)	(1,754,703)
Total liabilities and net assets	\$ 420,129	\$ 755,695	\$ 2,807,288	\$ 749,955	\$ 354,484	\$ 4,721,524	\$ 298,877	\$ 11,293,895

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)	Near North Apartments Corp., NFP	Near North Limited Partnership (Schiff Residences)	Malden Arms Corp. II, NFP	Malden Limited Partnership II (Malden Arms II)	Englewood Apartments, NFP	901 West 63rd Limited Partnership (Englewood Apartments)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 17,838	\$ -	\$ 264,641	\$ -	\$ 5,174	\$ -	\$ 118,346
Cash, tenant security deposits	-	28,619	-	12,959	-	22,390	-	14,143
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	6,523	-	3,513	17,000	21,465	-	15,910
Due from affiliate, net	35,316	24,000	8,840	-	136,501	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	37,471	-	26,093	-	21,140	-	17,655
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	35,316	114,451	8,840	307,206	153,501	70,169	-	166,054
Property and equipment								
Land and land improvements	-	125,000	-	4,283,412	-	670,314	-	1,432,081
Buildings	-	5,927,618	-	12,638,483	-	4,474,656	-	15,697,619
Furniture and equipment	-	355,975	-	488,818	-	229,662	-	368,721
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(5,138,764)	-	(5,187,073)	-	(1,472,000)	-	(4,067,059)
Net property and equipment	-	1,269,829	-	12,223,640	-	3,902,632	-	13,431,362
Other long-term assets								
Restricted property reserves	-	170,067	-	1,001,352	-	2,008,883	-	1,109,139
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(90,274)	-	5,379,027	-	512,815	-	2,599,590	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	11,697	-	43,692
Total other long-term assets	(90,274)	170,067	5,379,027	1,001,352	512,815	2,020,580	2,599,590	1,152,831
Total assets	\$ (54,958)	\$ 1,554,347	\$ 5,387,867	\$ 13,532,198	\$ 666,316	\$ 5,993,381	\$ 2,599,590	\$ 14,750,247

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)	Near North Apartments Corp., NFP	Near North Limited Partnership (Schiff Residences)	Malden Arms Corp. II, NFP	Malden Limited Partnership II (Malden Arms II)	Englewood Apartments, NFP	901 West 63rd Limited Partnership (Englewood Apartments)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 101,021	\$ -	\$ 101,936	\$ -	\$ 82,177	\$ -	\$ 764,297
Due to affiliates	165,671	232,155	65,598	24,465	143,439	136,500	20,486	243,565
Accrued interest	-	-	-	-	-	-	-	1,475
Accrued interest, affiliates	-	-	-	-	-	-	-	111,175
Current portion of notes payable	-	-	-	1,200	-	1,200	-	43,182
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	7,796	-	7,273	-	6,035	-	5,071
Tenant security deposits	-	27,363	-	12,384	-	21,020	-	11,450
Total current liabilities	165,671	368,335	65,598	147,258	143,439	246,932	20,486	1,180,215
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	292,359	-	-
Accrued interest, affiliates	-	-	-	633,821	14,847	121,920	-	-
Notes payable, less current portion, net	-	4,710,605	-	3,199,128	-	2,410,079	-	1,724,303
Notes payable, less current portion, affiliates	-	-	-	2,922,000	3,525	576,000	2,000,000	1,206,417
Deferred revenue and other liabilities	-	-	-	-	-	803,933	-	198,469
Total long-term liabilities	-	4,710,605	-	6,754,949	18,372	4,204,291	2,000,000	3,129,189
Total liabilities	165,671	5,078,940	65,598	6,902,207	161,811	4,451,223	2,020,486	4,309,404
Net assets								
Unrestricted net assets, controlling	(220,629)	(3,524,593)	5,322,269	6,629,991	504,505	1,542,158	579,104	10,440,843
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(220,629)	(3,524,593)	5,322,269	6,629,991	504,505	1,542,158	579,104	10,440,843
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(220,629)	(3,524,593)	5,322,269	6,629,991	504,505	1,542,158	579,104	10,440,843
Total liabilities and net assets	\$ (54,958)	\$ 1,554,347	\$ 5,387,867	\$ 13,532,198	\$ 666,316	\$ 5,993,381	\$ 2,599,590	\$ 14,750,247

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	Countryside Seniors, LLC	Countryside LP (Countryside Apartments)	Countryside Johnston Center MM, LLC	Countryside Johnston Center Re-Use, LLC	HWA-850 Eastwood GP Corp., NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corp. I, NFP	Grayslake Senior Housing Limited Partnership
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 29,271	\$ -	\$ 78,808	\$ -	\$ 443,186	\$ -	\$ 250
Cash, tenant security deposits	-	49,361	-	24,919	-	102,318	-	35,999
Cash, restricted	-	-	-	-	-	850	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	4,271	-	350	-	127,551	-	901
Due from affiliate, net	25,000	-	-	-	57,604	2,112,771	94,500	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	18,590	-	17,241	-	51,698	-	22,544
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	25,000	101,493	-	121,318	57,604	2,838,374	94,500	59,694
Property and equipment								
Land and land improvements	-	2,599,688	-	492,159	-	4,575,852	-	2,113,338
Buildings	-	11,934,688	-	11,699,159	-	54,564,645	-	17,206,860
Furniture and equipment	-	234,156	-	344,847	-	209,029	-	332,223
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(3,336,213)	-	(3,043,471)	-	(11,646,700)	-	(2,356,562)
Net property and equipment	-	11,432,319	-	9,492,694	-	47,702,826	-	17,295,859
Other long-term assets								
Restricted property reserves	-	278,248	-	1,013,432	-	3,392,554	-	548,153
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	2,515,734	-	(278)	-	7,379,980	-	(253)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	512,058	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	68,143	-	84,979	-	82,577	-	160,303
Total other long-term assets	3,027,792	346,391	(278)	1,098,411	7,379,980	3,475,131	(253)	708,456
Total assets	\$ 3,052,792	\$ 11,880,203	\$ (278)	\$ 10,712,423	\$ 7,437,584	\$ 54,016,331	\$ 94,247	\$ 18,064,009

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	Countryside Seniors, LLC	Countryside LP (Countryside Apartments)	Countryside Johnston Center MM, LLC	Countryside Johnston Center Re-Use, LLC	HWA-850 Eastwood GP Corp., NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corp. I, NFP	Grayslake Senior Housing Limited Partnership
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 138,000	\$ -	\$ 119,499	\$ -	\$ 287,348	\$ -	\$ 281,634
Due to affiliates	61,986	100,304	11,999	8,095	75,132	2,211,469	104,520	15,333
Accrued interest	-	7,284	-	-	-	550,270	-	4,995
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	18,279	-	-	-	530,000	-	10,570
Current portion of notes payable, affiliates	-	10,760	-	-	-	-	-	35,965
Deferred revenue and other liabilities	-	814	-	6,335	-	25,422	-	548
Tenant security deposits	-	48,213	-	24,416	-	104,550	-	34,799
Total current liabilities	61,986	323,654	11,999	158,345	75,132	3,709,059	104,520	383,844
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	205,108	-	-	-	-	-	-
Accrued interest, affiliates	-	50,918	-	616,680	-	1,109,610	-	212,521
Notes payable, less current portion, net	-	4,501,349	-	1,804,581	-	30,064,061	-	589,208
Notes payable, less current portion, affiliates	-	611,978	-	2,403,500	4,381,647	4,263,520	-	250,926
Deferred revenue and other liabilities	-	-	-	35,682	-	4,193,853	-	914,407
Total long-term liabilities	-	5,369,353	-	4,860,443	4,381,647	39,631,044	-	1,967,062
Total liabilities	61,986	5,693,007	11,999	5,018,788	4,456,779	43,340,103	104,520	2,350,906
Net assets								
Unrestricted net assets, controlling	2,990,806	6,187,196	(12,277)	5,693,635	964,139	10,676,228	(10,273)	15,713,103
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,990,806	6,187,196	(12,277)	5,693,635	964,139	10,676,228	(10,273)	15,713,103
Temporarily restricted net assets	-	-	-	-	2,016,666	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,990,806	6,187,196	(12,277)	5,693,635	2,980,805	10,676,228	(10,273)	15,713,103
Total liabilities and net assets	\$ 3,052,792	\$ 11,880,203	\$ (278)	\$ 10,712,423	\$ 7,437,584	\$ 54,016,331	\$ 94,247	\$ 18,064,009

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC	MHL Keating MM, LLC	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 110,408	\$ 12,321	\$ -	\$ -	\$ 15,988	\$ 35,614	\$ 142,663
Cash, tenant security deposits	-	50,852	-	-	-	1	40,262	-
Cash, restricted	-	-	-	-	1,780	-	10	57,689
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	233,047	-	-	2,575,000	-	63,904	19,006
Due from affiliate, net	2,141,446	-	44,550	-	-	6,149	22,012	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	81,225	-	-	-	-	14,545	19,418
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	2,141,446	475,532	56,871	-	2,576,780	22,138	176,347	238,776
Property and equipment								
Land and land improvements	-	1,821,876	-	-	1,100,000	-	789,660	174,944
Buildings	-	25,948,299	-	-	-	-	6,241,716	4,075,649
Furniture and equipment	-	950,142	-	-	-	-	199,886	825,129
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,971,800)	-	-	-	-	(566,937)	(3,431,680)
Net property and equipment	-	25,748,517	-	-	1,100,000	-	6,664,325	1,644,042
Other long-term assets								
Restricted property reserves	-	2,567,638	-	-	39,663	-	691,808	5,148
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	128,290	-	(9,108,839)	(207)	-	326,238	-	600,537
Notes and interest receivable, net	-	-	-	-	-	-	-	75,000
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	621,243
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	80,569	-	-	-	-	-	-
Total other long-term assets	128,290	2,648,207	(9,108,839)	(207)	39,663	326,238	691,808	1,301,928
Total assets	\$ 2,269,736	\$ 28,872,256	\$ (9,051,968)	\$ (207)	\$ 3,716,443	\$ 348,376	\$ 7,532,480	\$ 3,184,746

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC	MHL Keating MM, LLC	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 705,465	\$ 1,152,927	\$ -	\$ -	\$ 656,887	\$ -	\$ 216,885	\$ 112,718
Due to affiliates	1,451,844	2,589,899	4,050	6,929	11,708	17,499	39,547	322,353
Accrued interest	-	23,916	-	-	-	-	19,488	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	148,559	-	-	2,575,000	-	81,983	-
Current portion of notes payable, affiliates	-	-	-	-	2,551,687	-	-	-
Deferred revenue and other liabilities	-	7,946	-	-	-	-	13,336	6,844
Tenant security deposits	-	49,174	-	-	-	-	41,149	26,320
Total current liabilities	2,157,309	3,972,421	4,050	6,929	5,795,282	17,499	412,388	468,235
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	233,668	-	-	-	-	-	-
Notes payable, less current portion, net	-	11,419,338	-	-	(5,502)	-	4,724,766	-
Notes payable, less current portion, affiliates	-	2,594,728	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1,876,286	-	-	-	-	-	-
Total long-term liabilities	-	16,124,020	-	-	(5,502)	-	4,724,766	-
Total liabilities	2,157,309	20,096,441	4,050	6,929	5,789,780	17,499	5,137,154	468,235
Net assets								
Unrestricted net assets, controlling	112,427	8,775,815	(9,056,018)	(7,136)	(2,073,337)	330,877	2,395,326	2,608,390
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	112,427	8,775,815	(9,056,018)	(7,136)	(2,073,337)	330,877	2,395,326	2,608,390
Temporarily restricted net assets	-	-	-	-	-	-	-	106,121
Permanently restricted net assets	-	-	-	-	-	-	-	2,000
Total net assets	112,427	8,775,815	(9,056,018)	(7,136)	(2,073,337)	330,877	2,395,326	2,716,511
Total liabilities and net assets	\$ 2,269,736	\$ 28,872,256	\$ (9,051,968)	\$ (207)	\$ 3,716,443	\$ 348,376	\$ 7,532,480	\$ 3,184,746

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	SC Residence, LLC				Mercy River West		Greenwich Park	
	SC Residence MM, LLC	(McAuley Apartments)	Roseland Place Inc., NFP	Roseland Place Limited Partnership	Commons Elgin LLC	Danville Veterans Housing MM, LLC	Danville Veterans Housing, LLC	Apartment MM, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 12,118	\$ 21,270	\$ -	\$ 30,479	\$ 11,122	\$ -	\$ 23,868	\$ -
Cash, tenant security deposits	-	14,431	-	16,588	-	-	-	-
Cash, restricted	-	-	-	-	123,674	-	324,698	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	1,410	-	28,378	27,412	-	3,188	-
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	7,727	-	86,419	15,266	-	210,906	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	12,118	44,838	-	161,864	177,474	-	562,660	-
Property and equipment								
Land and land improvements	-	400,000	-	1,550,234	1,295,369	-	1,692,705	-
Buildings	-	4,220,669	-	14,596,954	6,912,544	-	14,343,393	-
Furniture and equipment	-	257,148	-	478,774	107,985	-	357,075	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,564,725)	-	(2,940,704)	(493,443)	-	(186,578)	-
Net property and equipment	-	3,313,092	-	13,685,258	7,822,455	-	16,206,595	-
Other long-term assets								
Restricted property reserves	-	277,787	-	723,431	33,199	-	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(153)	-	9,243,520	-	-	319,963	-	7,993
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	662,440	-	1,079,506	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	14,663	-	38,248	-	-	616,243	-
Total other long-term assets	662,287	292,450	10,323,026	761,679	33,199	319,963	616,243	7,993
Total assets	\$ 674,405	\$ 3,650,380	\$ 10,323,026	\$ 14,608,801	\$ 8,033,128	\$ 319,963	\$ 17,385,498	\$ 7,993

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	SC Residence MM, LLC	SC Residence, LLC (McAuley Apartments)	Roseland Place Inc., NFP	Roseland Place Limited Partnership	Mercy River West Commons Elgin LLC	Danville Veterans Housing MM, LLC	Danville Veterans Housing, LLC	Greenwich Park Apartments MM, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 68,457	\$ -	\$ 212,065	\$ 298,302	\$ -	\$ 1,925,353	\$ -
Due to affiliates	-	-	2,648	-	23,325	1,355	903,379	1,325
Accrued interest	-	3,211	-	-	-	-	18,118	-
Accrued interest, affiliates	-	48,261	-	-	-	-	-	-
Current portion of notes payable	-	26,223	-	-	-	-	8,832,417	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	533,422	-
Deferred revenue and other liabilities	-	213	-	14,539	2,991	-	7,858	-
Tenant security deposits	-	12,128	-	15,883	-	-	-	-
Total current liabilities	-	158,493	2,648	242,487	324,618	1,355	12,220,547	1,325
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	933,420	-	-	46,218	-
Notes payable, less current portion, net	-	720,629	-	(491,101)	8,437,018	-	942,609	-
Notes payable, less current portion, affiliates	-	1,314,409	-	1,758,440	-	-	1,311,000	-
Deferred revenue and other liabilities	-	-	-	-	6,160	-	738,064	-
Total long-term liabilities	-	2,035,038	-	2,200,759	8,443,178	-	3,037,891	-
Total liabilities	-	2,193,531	2,648	2,443,246	8,767,796	1,355	15,258,438	1,325
Net assets								
Unrestricted net assets, controlling	674,405	1,456,849	1,340,965	12,165,555	(734,668)	318,608	2,127,060	6,668
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	674,405	1,456,849	1,340,965	12,165,555	(734,668)	318,608	2,127,060	6,668
Temporarily restricted net assets	-	-	8,979,413	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	674,405	1,456,849	10,320,378	12,165,555	(734,668)	318,608	2,127,060	6,668
Total liabilities and net assets	\$ 674,405	\$ 3,650,380	\$ 10,323,026	\$ 14,608,801	\$ 8,033,128	\$ 319,963	\$ 17,385,498	\$ 7,993

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	Greenwich Park Apartments, LLC	Mercy Sterling NFP	New Sterling Park MM, LLC	New Sterling Park, LLC	Kankakee Station Street Senior Housing MM, LLC GP	Kankakee Station Street Senior Housing, LLC	Eliminations	Consolidated Mercy Housing Lakefront
Assets								
Current assets								
Cash and cash equivalents	\$ 123	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 3,291,090
Cash, tenant security deposits	-	-	-	-	-	-	-	542,811
Cash, restricted	13,456	-	-	3,011,413	-	-	-	4,973,486
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	11,244	-	-	-	-	64,613	(258,447)	3,079,878
Due from affiliate, net	250	-	-	1,699	-	-	(9,971,312)	13,460
Pledges receivable, net	-	-	-	-	-	-	-	97,490
Grants receivable	-	-	-	-	-	-	-	484,338
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	(3,785,645)	-
Prepaid expenses and other assets	-	-	-	-	-	328,731	(328,731)	1,019,813
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	25,073	-	-	3,013,612	-	393,344	(14,344,135)	13,502,366
Property and equipment								
Land and land improvements	1,254,195	-	-	910,000	-	1,385,500	(1,202,791)	30,499,005
Buildings	11,549,847	-	-	4,890,000	-	-	(16,168,912)	272,835,255
Furniture and equipment	193,577	-	-	58,495	-	-	-	8,301,876
Predevelopment project costs	-	-	-	-	-	-	-	470,774
Construction in progress	-	-	-	49,412,100	-	2,840,791	(2,619,251)	49,633,640
Accumulated depreciation	(21,411)	-	-	-	-	-	2,529,619	(82,991,627)
Net property and equipment	12,976,208	-	-	55,270,595	-	4,226,291	(17,461,335)	278,748,923
Other long-term assets								
Restricted property reserves	-	-	-	239,577	-	474,551	-	23,215,456
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	(7,127,492)	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	22	(9)	-	636,500	-	(25,550,100)	(2,131,127)
Notes and interest receivable, net	-	-	-	-	-	-	-	75,000
Notes and interest receivable, affiliates	-	-	-	-	-	-	(13,458,181)	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	94,820	-	-	92,804	-	-	-	1,388,738
Total other long-term assets	94,820	22	(9)	332,381	636,500	474,551	(46,135,773)	22,548,067
Total assets	\$ 13,096,101	\$ 22	\$ (9)	\$ 58,616,588	\$ 636,500	\$ 5,094,186	\$ (77,941,243)	\$ 314,799,356

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2016

	Greenwich Park Apartments, LLC	Mercy Sterling NFP	New Sterling Park MM, LLC	New Sterling Park, LLC	Kankakee Station Street Senior Housing MM, LLC GP	Kankakee Station Street Senior Housing, LLC	Eliminations	Consolidated Mercy Housing Lakefront
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 569,359	\$ -	\$ -	\$ 7,652,881	\$ -	\$ 662,934	\$ (268,481)	\$ 17,353,027
Due to affiliates	696,959	2,795	1,613	1,235,724	311	4,201	(10,736,397)	1,528,490
Accrued interest	10,263	-	-	-	-	5,241	-	668,613
Accrued interest, affiliates	-	-	-	-	-	-	(159,436)	-
Current portion of notes payable	-	-	-	-	-	-	-	13,380,263
Current portion of notes payable, affiliates	49,764	-	-	413,390	-	190,287	(3,832,146)	4,395,081
Deferred revenue and other liabilities	-	-	-	11,312	-	-	(328,731)	226,608
Tenant security deposits	-	-	-	-	-	-	-	552,293
Total current liabilities	1,326,345	2,795	1,613	9,313,307	311	862,663	(15,325,191)	38,104,375
Long-term liabilities								
Due to affiliates	-	-	-	3,000,000	-	-	(2,866,010)	3,000,000
Accrued interest	-	-	-	354,070	-	-	-	3,900,005
Accrued interest, affiliates	-	-	-	12,797	-	-	(4,504,904)	-
Notes payable, less current portion, net	11,024,690	-	-	39,485,130	-	2,876,432	-	164,294,768
Notes payable, less current portion, affiliates	-	-	-	336,883	-	326,422	(35,246,832)	-
Deferred revenue and other liabilities	587,097	-	-	2,217,668	-	388,786	(10,495,456)	1,933,133
Total long-term liabilities	11,611,787	-	-	45,406,548	-	3,591,640	(53,113,202)	173,127,906
Total liabilities	12,938,132	2,795	1,613	54,719,855	311	4,454,303	(68,438,393)	211,232,281
Net assets								
Unrestricted net assets, controlling	157,969	(2,773)	(1,622)	3,896,733	636,189	639,883	(9,502,850)	86,579,275
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	157,969	(2,773)	(1,622)	3,896,733	636,189	639,883	(9,502,850)	86,579,275
Temporarily restricted net assets	-	-	-	-	-	-	-	16,610,800
Permanently restricted net assets	-	-	-	-	-	-	-	377,000
Total net assets	157,969	(2,773)	(1,622)	3,896,733	636,189	639,883	(9,502,850)	103,567,075
Total liabilities and net assets	\$ 13,096,101	\$ 22	\$ (9)	\$ 58,616,588	\$ 636,500	\$ 5,094,186	\$ (77,941,243)	\$ 314,799,356

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartments Corp.	111th and Wentworth Limited Partnership (Wentworth Commons)	Belray Apartments Corporation	Belray Limited Partnership (Belray Apartments)
Revenues								
Rent - net of vacancies	\$ -	\$ 1,876,027	\$ 1,164,609	\$ 784,522	\$ -	\$ 466,065	\$ -	\$ 528,828
Developer fees	4,624,822	-	-	-	-	-	-	-
Services fees	882,501	-	-	-	-	-	2,423	-
Philanthropy	5,295,332	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	926,374	-	-	-	-	319	-	4,324
Other	574,354	4,279	6,213	1,233	-	70,084	-	24,716
Total revenues	<u>12,303,383</u>	<u>1,880,306</u>	<u>1,170,822</u>	<u>785,755</u>	<u>-</u>	<u>536,468</u>	<u>2,423</u>	<u>557,868</u>
Expenses and losses								
Compensation	3,523,956	417,680	302,537	112,935	-	143,418	-	166,492
Administrative	554,252	218,693	103,333	70,362	36	68,024	2,423	73,383
Professional services	488,793	120,223	146,867	51,490	1,378	17,917	643	17,411
Depreciation and amortization	16,570	368,605	221,949	143,965	-	325,150	-	111,303
Grants	2,670,589	-	-	-	-	-	-	-
Facility	270,512	636,440	397,332	349,823	-	335,586	-	232,408
Interest and fees	54,719	214,373	172,222	75,904	-	1,691	-	104
Bad debts	68,020	6,764	8,671	3,447	-	2,276	-	2,298
Provision for impaired assets	607,420	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	1,414,662	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	330,077	-	-	-	36	-	455	-
Total expenses and losses	<u>9,999,570</u>	<u>1,982,778</u>	<u>1,352,911</u>	<u>807,926</u>	<u>1,450</u>	<u>894,062</u>	<u>3,521</u>	<u>603,399</u>
Excess (deficiency) of revenues over expenses	<u>2,303,813</u>	<u>(102,472)</u>	<u>(182,089)</u>	<u>(22,171)</u>	<u>(1,450)</u>	<u>(357,594)</u>	<u>(1,098)</u>	<u>(45,531)</u>
Net assets at beginning of year	14,003,153	88,821	191,353	111,746	(63,630)	(813,367)	(127,377)	(1,074,216)
Other transfers to (from) net assets	-	(35,936)	-	(18,532)	-	-	-	-
Net assets at end of year	<u>\$ 16,306,966</u>	<u>\$ (49,587)</u>	<u>\$ 9,264</u>	<u>\$ 71,043</u>	<u>\$ (65,080)</u>	<u>\$ (1,170,961)</u>	<u>\$ (128,475)</u>	<u>\$ (1,119,747)</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Harold Washington Apartments Corporation	Magnolia Limited Partnership (Carlton Apartments)	Red Door Limited Partnership (Major Jenkins Apartments)	4707 Malden Limited Partnership (Miriam Apartments)	Roseland Apartments Corporation	Roseland Limited Partnership (Holland Apartments)	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)
Revenues								
Rent - net of vacancies	\$ -	\$ 546,140	\$ 1,175,413	\$ 468,939	\$ -	\$ 459,000	\$ -	\$ 877,858
Developer fees	-	-	-	-	-	-	-	-
Services fees	10,956	-	-	-	-	-	36,019	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	4,415	3,735	8	-	1,489	-	3,738
Other	-	3,036	32,397	11,808	-	21,531	-	133,249
Total revenues	<u>10,956</u>	<u>553,591</u>	<u>1,211,545</u>	<u>480,755</u>	<u>-</u>	<u>482,020</u>	<u>36,019</u>	<u>1,014,845</u>
Expenses and losses								
Compensation	-	192,636	263,925	137,366	-	155,739	-	278,968
Administrative	10,955	85,561	217,678	67,311	-	77,834	36,019	156,537
Professional services	211	16,997	165,984	10,186	831	44,453	678	98,839
Depreciation and amortization	-	93,782	240,014	85,140	-	322,789	-	554,004
Grants	-	-	-	-	-	-	-	-
Facility	-	219,750	400,912	205,995	-	284,537	-	505,414
Interest and fees	-	346	894	3,401	-	1,273	-	177,928
Bad debts	-	509	7,542	5,523	-	5,078	-	16,953
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	1,756	-	-	-	410	-	77	-
Total expenses and losses	<u>12,922</u>	<u>609,581</u>	<u>1,296,949</u>	<u>514,922</u>	<u>1,241</u>	<u>891,703</u>	<u>36,774</u>	<u>1,788,643</u>
Excess (deficiency) of revenues over expenses	(1,966)	(55,990)	(85,404)	(34,167)	(1,241)	(409,683)	(755)	(773,798)
Net assets at beginning of year	(430,266)	103,424	741,339	388,624	(92,683)	596,038	(77,592)	(968,681)
Other transfers to (from) net assets	-	-	(17,043)	-	-	-	-	(12,224)
Net assets at end of year	<u>\$ (432,232)</u>	<u>\$ 47,434</u>	<u>\$ 638,892</u>	<u>\$ 354,457</u>	<u>\$ (93,924)</u>	<u>\$ 186,355</u>	<u>\$ (78,347)</u>	<u>\$ (1,754,703)</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)	Near North Apartments Corp., NFP	Near North Limited Partnership (Schiff Residences)	Malden Arms Corp. II, NFP	Malden Limited Partnership II (Malden Arms II)	Englewood Apartments, NFP	901 West 63rd Limited Partnership (Englewood Apartments)
Revenues								
Rent - net of vacancies	\$ -	\$ 736,452	\$ -	\$ 840,492	\$ -	\$ 512,478	\$ -	\$ 882,281
Developer fees	-	-	-	-	-	-	-	-
Services fees	16,205	-	108,436	-	20,000	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	12,054	-	50	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	-	1,654	-	14,568	-	1,833
Other	-	73,183	-	10,209	-	3,413	-	95,776
Total revenues	<u>16,205</u>	<u>821,689</u>	<u>108,436</u>	<u>852,405</u>	<u>20,000</u>	<u>530,459</u>	<u>-</u>	<u>979,890</u>
Expenses and losses								
Compensation	-	275,496	-	191,276	-	167,166	-	241,569
Administrative	11,394	193,452	137,367	270,704	20,036	92,851	72	139,261
Professional services	623	21,496	679	62,293	678	24,610	1,480	41,389
Depreciation and amortization	-	217,924	-	485,070	-	179,385	-	648,669
Grants	-	-	-	-	-	-	-	-
Facility	-	382,525	(1,381)	337,404	-	245,845	-	369,850
Interest and fees	-	473	-	60,683	861	55,958	-	67,588
Bad debts	-	6,426	-	1,478	-	2,613	-	9,518
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	2,761	-	56	-	24	-	54	-
Total expenses and losses	<u>14,778</u>	<u>1,097,792</u>	<u>136,721</u>	<u>1,408,908</u>	<u>21,599</u>	<u>768,428</u>	<u>1,606</u>	<u>1,517,844</u>
Excess (deficiency) of revenues over expenses	1,427	(276,103)	(28,285)	(556,503)	(1,599)	(237,969)	(1,606)	(537,954)
Net assets at beginning of year	(222,056)	(3,248,490)	5,350,554	7,195,823	506,104	1,780,127	580,710	10,978,797
Other transfers to (from) net assets	-	-	-	(9,329)	-	-	-	-
Net assets at end of year	<u>\$ (220,629)</u>	<u>\$ (3,524,593)</u>	<u>\$ 5,322,269</u>	<u>\$ 6,629,991</u>	<u>\$ 504,505</u>	<u>\$ 1,542,158</u>	<u>\$ 579,104</u>	<u>\$ 10,440,843</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Countryside Seniors, LLC	Countryside Seniors Apartments, LP (Countryside Apartments)	Johnston Center MM, LLC	Johnston Center Re-Use, LLC	HWA-850 Eastwood GP Corp., NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corp. I, NFP	Grayslake Senior Housing Limited Partnership
Revenues								
Rent - net of vacancies	\$ -	\$ 550,116	\$ -	\$ 690,338	\$ -	\$ 4,664,413	\$ -	\$ 627,187
Developer fees	-	-	-	-	-	-	-	-
Services fees	5,000	-	19,550	-	16,063	-	24,214	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	1,647	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	525	-	386	-	2,645	-	130
Other	-	5,840	-	35,361	-	36,979	-	5,890
Total revenues	<u>5,000</u>	<u>556,481</u>	<u>19,550</u>	<u>727,732</u>	<u>16,063</u>	<u>4,704,037</u>	<u>24,214</u>	<u>633,207</u>
Expenses and losses								
Compensation	-	112,098	-	197,007	-	827,706	-	100,870
Administrative	5,000	77,607	19,550	121,648	16,063	324,655	24,214	91,244
Professional services	1,300	8,285	1,300	47,067	1,300	43,998	1,300	13,746
Depreciation and amortization	-	538,524	-	496,795	-	2,028,656	-	585,806
Grants	-	-	-	-	-	-	-	-
Facility	-	237,176	-	376,103	-	1,374,477	-	328,830
Interest and fees	-	133,854	-	101,503	-	1,598,700	-	153,933
Bad debts	-	-	-	1,748	-	1,177	-	740
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	55	-	61	-	150	-	64	-
Total expenses and losses	<u>6,355</u>	<u>1,107,544</u>	<u>20,911</u>	<u>1,341,871</u>	<u>17,513</u>	<u>6,199,369</u>	<u>25,578</u>	<u>1,275,169</u>
Excess (deficiency) of revenues over expenses	(1,355)	(551,063)	(1,361)	(614,139)	(1,450)	(1,495,332)	(1,364)	(641,962)
Net assets at beginning of year	2,992,161	6,738,259	(10,916)	6,339,992	2,982,255	12,171,560	(8,909)	16,355,065
Other transfers to (from) net assets	-	-	-	(32,218)	-	-	-	-
Net assets at end of year	<u>\$ 2,990,806</u>	<u>\$ 6,187,196</u>	<u>\$ (12,277)</u>	<u>\$ 5,693,635</u>	<u>\$ 2,980,805</u>	<u>\$ 10,676,228</u>	<u>\$ (10,273)</u>	<u>\$ 15,713,103</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC	MHL Keating MM, LLC	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.
Revenues								
Rent - net of vacancies	\$ -	\$ 2,412,331	\$ -	\$ -	\$ -	\$ -	\$ 1,159,285	\$ 649,215
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	4,050	-	-	11,788	-	-
Philanthropy	-	-	-	-	-	-	-	106,390
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	17,286	-	-	-	-	3	28,976
Other	-	65,973	-	-	-	-	22,361	257,267
Total revenues	<u>-</u>	<u>2,495,590</u>	<u>4,050</u>	<u>-</u>	<u>-</u>	<u>11,788</u>	<u>1,181,649</u>	<u>1,041,848</u>
Expenses and losses								
Compensation	-	586,813	-	-	-	-	158,602	262,863
Administrative	709	170,680	4,049	-	25,074	21,749	140,517	135,286
Professional services	55	50,020	1,300	1,300	4,399	1,609	14,866	32,657
Depreciation and amortization	-	724,109	-	-	-	-	180,578	129,731
Grants	-	-	12,223	-	-	-	-	95,786
Facility	-	1,214,298	-	-	-	-	417,286	377,265
Interest and fees	-	475,155	-	-	-	-	247,143	1,101
Bad debts	-	-	-	-	-	-	19,114	22,910
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	2,035,163	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	73	-	1,562,094	206	-	(177)	-	-
Total expenses and losses	<u>837</u>	<u>3,221,075</u>	<u>1,579,666</u>	<u>1,506</u>	<u>2,064,636</u>	<u>23,181</u>	<u>1,178,106</u>	<u>1,057,599</u>
Excess (deficiency) of revenues over expenses	(837)	(725,485)	(1,575,616)	(1,506)	(2,064,636)	(11,393)	3,543	(15,751)
Net assets at beginning of year	113,264	8,747,534	(7,582,031)	(5,630)	(8,701)	361,630	2,520,846	2,732,262
Other transfers to (from) net assets	-	753,766	101,629	-	-	(19,360)	(129,063)	-
Net assets at end of year	<u>\$ 112,427</u>	<u>\$ 8,775,815</u>	<u>\$ (9,056,018)</u>	<u>\$ (7,136)</u>	<u>\$ (2,073,337)</u>	<u>\$ 330,877</u>	<u>\$ 2,395,326</u>	<u>\$ 2,716,511</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	SC Residence MM, LLC	SC Residence, LLC (McAuley Apartments)	Roseland Place Inc., NFP	Roseland Place Limited Partnership	Mercy River West Commons Elgin LLC	Danville Veterans Housing MM, LLC	Danville Veterans Housing, LLC	Greenwich Park Apartments MM, LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 358,709	\$ -	\$ 756,440	\$ 1,078,189	\$ -	\$ 52,462	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	39,886	66	61,985	110	367	-	-	-
Other	-	6,665	-	95,040	33,782	320,000	400	8,000
Total revenues	39,886	365,440	61,985	851,590	1,112,338	320,000	52,862	8,000
Expenses and losses								
Compensation	-	92,742	-	235,094	122,144	-	-	-
Administrative	-	49,069	130	347,437	103,423	-	129,411	-
Professional services	1,300	10,749	1,245	11,487	24,382	1,300	7,980	1,325
Depreciation and amortization	-	156,979	-	453,005	183,199	-	188,295	-
Grants	-	-	-	-	-	-	-	-
Facility	-	158,142	-	284,375	419,792	-	15,071	-
Interest and fees	-	102,936	-	141,845	303,841	-	70,728	-
Bad debts	-	6,170	-	3,066	22,350	-	-	-
Provision for impaired assets	25,823	-	61,985	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	21	-	62	-	-	36	-	6
Total expenses and losses	27,144	576,787	63,422	1,476,309	1,179,131	1,336	411,485	1,331
Excess (deficiency) of revenues over expenses	12,742	(211,347)	(1,437)	(624,719)	(66,793)	318,664	(358,623)	6,669
Net assets at beginning of year	661,663	1,668,196	10,321,815	12,790,274	(667,875)	(56)	2,165,683	(1)
Other transfers to (from) net assets	-	-	-	-	-	-	320,000	-
Net assets at end of year	\$ 674,405	\$ 1,456,849	\$ 10,320,378	\$ 12,165,555	\$ (734,668)	\$ 318,608	\$ 2,127,060	\$ 6,668

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Greenwich Park Apartments, LLC	Mercy Sterling NFP	New Sterling Park MM, LLC	New Sterling Park, LLC	Kankakee Station Street Senior Housing MM, LLC GP	Kankakee Station Street Senior Housing, LLC	Eliminations	Consolidated Mercy Housing Lakefront
Revenues								
Rent - net of vacancies	\$ 1,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,260,789)	\$ 23,058,244
Developer fees	-	-	-	-	-	-	(2,390,279)	2,234,543
Services fees	-	-	-	-	-	-	(1,157,205)	-
Philanthropy	-	-	-	-	-	-	(100,786)	5,300,936
Capital grants	-	-	-	-	-	-	-	13,751
Consulting	-	-	-	-	-	-	-	-
Interest	6,020	-	-	-	-	-	(1,036,579)	84,263
Other	4,616	-	-	-	636,500	-	(1,362,330)	1,237,825
Total revenues	<u>11,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>636,500</u>	<u>-</u>	<u>(7,307,968)</u>	<u>31,929,562</u>
Expenses and losses								
Compensation	164	-	-	-	-	-	-	9,267,262
Administrative	42,063	-	308	92,498	-	-	(393,768)	4,156,154
Professional services	4,399	1,245	1,300	2,209	311	4,399	(610,026)	1,024,256
Depreciation and amortization	21,940	-	-	-	-	-	(484,612)	9,217,324
Grants	-	-	-	-	-	-	(2,696,924)	81,674
Facility	2,508	-	-	-	-	-	(5,380)	10,372,895
Interest and fees	-	-	-	-	-	-	(846,628)	3,372,529
Bad debts	-	-	-	-	-	-	(68,020)	156,371
Provision for impaired assets	-	-	-	-	-	-	(684,070)	11,158
Project expenses	-	-	-	-	-	-	-	2,035,163
Allocation	-	-	-	-	-	-	-	1,414,662
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	9	-	-	-	(1,837,682)	60,684
Total expenses and losses	<u>71,074</u>	<u>1,245</u>	<u>1,617</u>	<u>94,707</u>	<u>311</u>	<u>4,399</u>	<u>(7,627,110)</u>	<u>41,170,132</u>
Excess (deficiency) of revenues over expenses	(59,194)	(1,245)	(1,617)	(94,707)	636,189	(4,399)	319,142	(9,240,570)
Net assets at beginning of year	201,663	(1,528)	(5)	3,998,000	-	-	(8,861,278)	112,213,447
Other transfers to (from) net assets	15,500	-	-	(6,560)	-	644,282	(960,714)	594,198
Net assets at end of year	<u>\$ 157,969</u>	<u>\$ (2,773)</u>	<u>\$ (1,622)</u>	<u>\$ 3,896,733</u>	<u>\$ 636,189</u>	<u>\$ 639,883</u>	<u>\$ (9,502,850)</u>	<u>\$ 103,567,075</u>

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing South East	Mercy Place Belmont, Inc.	Mercy Housing Pembroke, Inc. (McFadden Place)	Mercy Housing Georgia Holdings, LLC (1826 Florance Street)	Marshside Village, Inc.	Allegre Point Senior Residences, Inc.	MHSE Adamsville Green Senior Partners, LLC	Adamsville Green Limited Partnership
Assets								
Current assets								
Cash and cash equivalents	\$ 12,481	\$ 4,275	\$ 12,479	\$ 896	\$ 296	\$ 10,636	\$ 8,225	\$ 407,622
Cash, tenant security deposits	-	13,527	9,652	-	11,433	18,326	-	9,393
Cash, restricted	202,815	-	2,572	-	-	37,950	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	650,000	-	-	-	-	-	-	-
Accounts receivable, net	8,536	3,647	698	-	-	450	-	7,971
Due from affiliate, net	492,182	496	-	-	-	171	94,433	-
Pledges receivable, net	3,525	-	-	-	-	-	-	-
Grants receivable	69,297	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	3,861,829	-	-	-	-	-	-	-
Prepaid expenses and other assets	36,712	6,535	4,684	283	4,862	12,590	-	14,466
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	5,337,377	28,480	30,085	1,179	16,591	80,123	102,658	439,452
Property and equipment								
Land and land improvements	-	18,400	49,640	15,789	241,500	317,000	-	2,076,465
Buildings	-	3,290,176	1,786,257	297,827	3,546,525	5,980,224	-	7,593,034
Furniture and equipment	58,966	60,348	14,714	4,596	108,319	112,202	-	1,095,585
Predevelopment project costs	31,405	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(35,801)	(1,461,142)	(804,025)	(123,946)	(1,318,788)	(1,872,948)	-	(2,591,783)
Net property and equipment	54,570	1,907,782	1,046,586	194,266	2,577,556	4,536,478	-	8,173,301
Other long-term assets								
Restricted property reserves	-	110,664	74,239	-	148,638	84,514	-	605,763
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	850,000	-	-	-	-	-	-	-
Due from affiliates	2,300,386	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	(54,523)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	5,800,005	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	79,176
Total other long-term assets	8,950,391	110,664	74,239	-	148,638	84,514	(54,523)	684,939
Total assets	\$ 14,342,338	\$ 2,046,926	\$ 1,150,910	\$ 195,445	\$ 2,742,785	\$ 4,701,115	\$ 48,135	\$ 9,297,692

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing South East	Mercy Place Belmont, Inc.	Mercy Housing Pembroke, Inc. (McFadden Place)	Mercy Housing Georgia Holdings, LLC (1826 Florance Street)	Marshside Village, Inc.	Allegre Point Senior Residences, Inc.	MHSE Adamsville Green Senior Partners, LLC	Adamsville Green Limited Partnership
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 218,812	\$ 30,707	\$ 32,233	\$ 10,254	\$ 57,301	\$ 64,813	\$ -	\$ 44,326
Due to affiliates	14,851,082	54,562	70,347	-	-	-	94,433	85,994
Accrued interest	-	-	-	368	-	-	-	638
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	6,651	-	-	-	42,388
Current portion of notes payable, affiliates	1,281	-	-	104,578	-	-	-	-
Deferred revenue and other liabilities	-	5	1,110	-	-	613	-	-
Tenant security deposits	-	12,664	8,766	-	11,345	17,339	-	8,815
Total current liabilities	15,071,175	97,938	112,456	121,851	68,646	82,765	94,433	182,161
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	56,532
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	113,715	-	(33,798)	-	3,239,111
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	39,025	-	-	-	-	-	-	-
Total long-term liabilities	39,025	-	-	113,715	-	(33,798)	-	3,295,643
Total liabilities	15,110,200	97,938	112,456	235,566	68,646	48,967	94,433	3,477,804
Net assets								
Unrestricted net assets, controlling	(7,937,931)	(386,308)	(261,883)	(40,121)	(410,105)	(318,365)	(46,298)	5,819,888
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(7,937,931)	(386,308)	(261,883)	(40,121)	(410,105)	(318,365)	(46,298)	5,819,888
Temporarily restricted net assets	7,170,069	2,335,296	1,300,337	-	3,084,244	4,970,513	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(767,862)	1,948,988	1,038,454	(40,121)	2,674,139	4,652,148	(46,298)	5,819,888
Total liabilities and net assets	\$ 14,342,338	\$ 2,046,926	\$ 1,150,910	\$ 195,445	\$ 2,742,785	\$ 4,701,115	\$ 48,135	\$ 9,297,692

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2016

	Dublin Manor, Inc.	McAuley Manor, Inc.	Mercy Manor, Inc.	Riverview - St. Mary's Inc.(St. Mary's Riverview I)	St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)	St. Mary's Villa, Inc.	Sacred Heart Village I, Inc.	Sacred Heart Village II, Inc.
Assets								
Current assets								
Cash and cash equivalents	\$ 20,749	\$ 12,551	\$ 3,732	\$ 7,128	\$ 13,810	\$ 15,162	\$ 15,540	\$ 30,683
Cash, tenant security deposits	7,931	9,722	8,550	13,078	11,717	16,345	17,857	19,284
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	17,315	525	18,468	10,243	9,897	7,500	1,731	14,134
Due from affiliate, net	-	-	-	-	-	-	30	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	4,798	5,827	5,422	6,224	6,125	6,843	7,131	7,140
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	50,793	28,625	36,172	36,673	41,549	45,850	42,289	71,241
Property and equipment								
Land and land improvements	80,000	108,170	55,000	75,000	84,000	109,340	135,461	304,262
Buildings	2,211,405	1,699,951	1,754,578	2,444,896	2,549,231	2,613,683	2,792,144	3,166,834
Furniture and equipment	26,135	38,215	43,901	38,257	33,865	48,957	59,232	86,983
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(705,467)	(734,422)	(735,800)	(951,813)	(920,856)	(1,143,632)	(1,402,273)	(1,297,952)
Net property and equipment	1,612,073	1,111,914	1,117,679	1,606,340	1,746,240	1,628,348	1,584,564	2,260,127
Other long-term assets								
Restricted property reserves	88,666	63,988	63,424	154,588	143,962	158,030	106,405	69,687
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	88,666	63,988	63,424	154,588	143,962	158,030	106,405	69,687
Total assets	\$ 1,751,532	\$ 1,204,527	\$ 1,217,275	\$ 1,797,601	\$ 1,931,751	\$ 1,832,228	\$ 1,733,258	\$ 2,401,055

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2016

	Dublin Manor, Inc.	McAuley Manor, Inc.	Mercy Manor, Inc.	Riverview - St. Mary's Inc.(St. Mary's Riverview I)	St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)	St. Mary's Villa, Inc.	Sacred Heart Village I, Inc.	Sacred Heart Village II, Inc.
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 25,457	\$ 25,701	\$ 49,472	\$ 46,080	\$ 40,417	\$ 66,661	\$ 70,843	\$ 85,195
Due to affiliates	-	-	-	-	-	-	-	30
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	666	1,419	757	523	1,385	508	1,300	6
Tenant security deposits	7,443	9,709	8,068	12,380	10,466	15,839	16,376	17,892
Total current liabilities	33,566	36,829	58,297	58,983	52,268	83,008	88,519	103,123
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	1,178	1,423	1,719	-	-
Total long-term liabilities	-	-	-	1,178	1,423	1,719	-	-
Total liabilities	33,566	36,829	58,297	60,161	53,691	84,727	88,519	103,123
Net assets								
Unrestricted net assets, controlling	270,428	183,499	190,624	434,777	448,239	342,526	347,195	482,710
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	270,428	183,499	190,624	434,777	448,239	342,526	347,195	482,710
Temporarily restricted net assets	1,447,538	984,199	968,354	1,302,663	1,429,821	1,404,975	1,297,544	1,815,222
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,717,966	1,167,698	1,158,978	1,737,440	1,878,060	1,747,501	1,644,739	2,297,932
Total liabilities and net assets	\$ 1,751,532	\$ 1,204,527	\$ 1,217,275	\$ 1,797,601	\$ 1,931,751	\$ 1,832,228	\$ 1,733,258	\$ 2,401,055

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2016

	Sacred Heart Village III, Inc.	St. Theresa Village, Inc.	Siena Springs (Siena Springs I)	Siena Springs II	Charles Meadows Corporation	Charles Crest Corporation (Charles Crest I)	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc
Assets								
Current assets								
Cash and cash equivalents	\$ 1,747	\$ 27,144	\$ 27,377	\$ 31,198	\$ 15,205	\$ 5,344	\$ 22,212	\$ 24,472
Cash, tenant security deposits	13,945	16,435	13,397	10,783	9,722	16,728	17,848	11,422
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	1,560	6,203	11,550	7,326	-	336	4,656	4,705
Due from affiliate, net	-	-	262	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	7,149	5,555	7,825	4,487	4,871	6,671	6,134	6,044
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	24,401	55,337	60,411	53,794	29,798	29,079	50,850	46,643
Property and equipment								
Land and land improvements	200,000	150,904	65,459	45,918	30,834	320,690	96,822	573,978
Buildings	3,095,813	2,936,707	2,170,785	2,299,771	1,263,936	1,095,320	2,882,636	3,145,281
Furniture and equipment	67,164	15,884	103,427	97,078	23,000	618,837	50,967	314,277
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(1,183,843)	(1,387,452)	(1,813,808)	(801,002)	(781,480)	(1,639,304)	(1,636,294)	(733,077)
Net property and equipment	2,179,134	1,716,043	525,863	1,641,765	536,290	395,543	1,394,131	3,300,459
Other long-term assets								
Restricted property reserves	88,181	84,440	186,601	225,812	54,714	50,256	149,365	261,231
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	88,181	84,440	186,601	225,812	54,714	50,256	149,365	261,231
Total assets	\$ 2,291,716	\$ 1,855,820	\$ 772,875	\$ 1,921,371	\$ 620,802	\$ 474,878	\$ 1,594,346	\$ 3,608,333

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2016

	Sacred Heart Village III, Inc.	St. Theresa Village, Inc.	Siena Springs (Siena Springs I)	Siena Springs II	Charles Meadows Corporation	Charles Crest Corporation (Charles Crest I)	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 39,332	\$ 138,750	\$ 78,896	\$ 73,672	\$ 45,757	\$ 129,916	\$ 125,612	\$ 46,375
Due to affiliates	-	-	-	262	-	-	1,000	24,745
Accrued interest	-	-	7,856	-	-	10,105	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	22,008	-	-	53,664	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,507	9,232	1,220	217	1,570	2,988	705	453
Tenant security deposits	13,002	15,934	12,897	9,993	8,663	16,078	16,453	10,687
Total current liabilities	53,841	163,916	122,877	84,144	55,990	212,751	143,770	82,260
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	1,369,527	18,000	-	1,293,621	-	(6,695)
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	806	840	-
Total long-term liabilities	-	-	1,369,527	18,000	-	1,294,427	840	(6,695)
Total liabilities	53,841	163,916	1,492,404	102,144	55,990	1,507,178	144,610	75,565
Net assets								
Unrestricted net assets, controlling	300,583	354,914	(719,529)	636,617	67,549	(1,032,300)	245,813	(181,119)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	300,583	354,914	(719,529)	636,617	67,549	(1,032,300)	245,813	(181,119)
Temporarily restricted net assets	1,937,292	1,336,990	-	1,182,610	497,263	-	1,203,923	3,713,887
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,237,875	1,691,904	(719,529)	1,819,227	564,812	(1,032,300)	1,449,736	3,532,768
Total liabilities and net assets	\$ 2,291,716	\$ 1,855,820	\$ 772,875	\$ 1,921,371	\$ 620,802	\$ 474,878	\$ 1,594,346	\$ 3,608,333

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Community Housing Georgia, Inc.		Eliminations	Consolidated Mercy Housing South East
Assets				
Current assets				
Cash and cash equivalents	\$ 802,075	\$ -	\$ 1,533,039	
Cash, tenant security deposits	362,351	-	639,446	
Cash, restricted	976,105	-	1,219,442	
Investments	-	-	-	
Investments, restricted	-	-	650,000	
Accounts receivable, net	152,246	(833)	288,864	
Due from affiliate, net	17,495	(588,295)	16,774	
Pledges receivable, net	-	-	3,525	
Grants receivable	-	-	69,297	
Current portion of notes and interest receivable	-	-	-	
Current portion of notes and interest receivable, affiliates	-	(3,626,716)	235,113	
Prepaid expenses and other assets	266,528	-	444,906	
Inventory	-	-	-	
Assets held for sale	-	-	-	
Total current assets	<u>2,576,800</u>	<u>(4,215,844)</u>	<u>5,100,406</u>	
Property and equipment				
Land and land improvements	25,521,827	-	30,676,459	
Buildings	156,716,818	(8,419,723)	208,914,109	
Furniture and equipment	5,510,905	-	8,631,814	
Predevelopment project costs	-	-	31,405	
Construction in progress	1,566,174	(206,865)	1,359,309	
Accumulated depreciation	<u>(39,962,791)</u>	<u>1,774,566</u>	<u>(64,265,133)</u>	
Net property and equipment	<u>149,352,933</u>	<u>(6,852,022)</u>	<u>185,347,963</u>	
Other long-term assets				
Restricted property reserves	6,653,706	-	9,626,874	
Long-term investments	-	-	-	
Long-term investments, restricted	-	-	850,000	
Due from affiliates	-	(2,001,437)	298,949	
Pledges receivable, net	-	-	-	
Investments in limited partnerships, net	-	54,523	-	
Notes and interest receivable, net	-	-	-	
Notes and interest receivable, affiliates	-	(5,711,909)	88,096	
Allowance for impaired assets	-	-	-	
Other assets, net	<u>1,243,189</u>	<u>-</u>	<u>1,322,365</u>	
Total other long-term assets	<u>7,896,895</u>	<u>(7,658,823)</u>	<u>12,186,284</u>	
Total assets	\$ 159,826,628	\$ (18,726,689)	\$ 202,634,653	

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Community Housing Georgia, Inc.		Eliminations	Consolidated Mercy Housing South East
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 2,835,076	\$ (142,119)	\$	4,239,539
Due to affiliates	5,563,618	(4,652,022)		16,094,051
Accrued interest	118,266	-		137,233
Accrued interest, affiliates	-	-		-
Current portion of notes payable	964,311	-		1,089,022
Current portion of notes payable, affiliates	3,060,580	(3,165,158)		1,281
Deferred revenue and other liabilities	51,524	-		77,708
Tenant security deposits	357,890	-		618,699
Total current liabilities	12,951,265	(7,959,299)		22,257,533
Long-term liabilities				
Due to affiliates	-	-		-
Accrued interest	393,828	-		450,360
Accrued interest, affiliates	20,525	(20,525)		-
Notes payable, less current portion, net	56,680,804	-		62,674,285
Notes payable, less current portion, affiliates	5,711,909	(5,711,909)		-
Deferred revenue and other liabilities	8,557,915	(7,857,892)		745,014
Total long-term liabilities	71,364,981	(13,590,326)		63,869,659
Total liabilities	84,316,246	(21,549,625)		86,127,192
Net assets				
Unrestricted net assets, controlling	75,464,730	2,822,936		77,079,069
Unrestricted net assets, noncontrolling	-	-		-
Total unrestricted net assets	75,464,730	2,822,936		77,079,069
Temporarily restricted net assets	45,652	-		39,428,392
Permanently restricted net assets	-	-		-
Total net assets	75,510,382	2,822,936		116,507,461
Total liabilities and net assets	\$ 159,826,628	\$ (18,726,689)	\$	202,634,653

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing South East	Mercy Place Belmont, Inc.	Mercy Housing Pembroke, Inc. (McFadden Place)	Mercy Housing Georgia Holdings, LLC (1826 Florance Street)	Marshside Village, Inc.	Allegre Point Senior Residences, Inc.	MHSE Adamsville Green Senior Partners, LLC	Adamsville Green Limited Partnership
Revenues								
Rent - net of vacancies	\$ -	\$ 253,518	\$ 212,599	\$ -	\$ 307,333	\$ 368,032	\$ -	\$ 858,140
Developer fees	717,485	-	-	-	-	-	-	-
Services fees	328,044	-	-	-	-	-	8,695	-
Philanthropy	261,183	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	56,037	-	40	-	45	1,193	-	460
Other	19,484	3,932	3,700	-	2,179	8,216	-	6,672
Total revenues	1,382,233	257,450	216,339	-	309,557	377,441	8,695	865,272
Expenses and losses								
Compensation	1,313,579	105,354	68,577	-	117,342	161,456	-	152,739
Administrative	339,848	44,951	42,154	363	68,611	91,873	87,082	168,592
Professional services	47,898	7,480	10,923	2,554	7,241	10,485	1,300	73,092
Depreciation and amortization	8,424	120,758	63,659	11,705	129,046	217,802	-	259,368
Grants	276,733	-	-	-	-	-	-	-
Facility	115,017	75,910	70,199	663	115,280	154,385	-	236,302
Interest and fees	251,337	180	-	9,565	-	1,278	-	66,303
Bad debts	303,958	-	-	-	-	-	-	154
Provision for impaired assets	36,485	-	-	-	-	-	-	-
Project expenses	175,239	-	-	-	-	-	-	-
Allocation	504,569	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	8	-
Total expenses and losses	3,373,087	354,633	255,512	24,850	437,520	637,279	88,390	956,550
Excess (deficiency) of revenues over expenses	(1,990,854)	(97,183)	(39,173)	(24,850)	(127,963)	(259,838)	(79,695)	(91,278)
Net assets at beginning of year	1,222,992	2,046,171	1,077,627	(15,271)	2,802,102	4,911,986	33,397	5,922,566
Other transfers to (from) net assets	-	-	-	-	-	-	-	(11,400)
Net assets at end of year	\$ (767,862)	\$ 1,948,988	\$ 1,038,454	\$ (40,121)	\$ 2,674,139	\$ 4,652,148	\$ (46,298)	\$ 5,819,888

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Dublin Manor, Inc.	McAuley Manor, Inc.	Mercy Manor, Inc.	Riverview - St. Mary's Inc.(St. Mary's Riverview I)	St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)	St. Mary's Villa, Inc.	Sacred Heart Village I, Inc.	Sacred Heart Village II, Inc.
Revenues								
Rent - net of vacancies	\$ 205,714	\$ 237,524	\$ 183,839	\$ 259,952	\$ 265,276	\$ 309,955	\$ 274,995	\$ 296,462
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	17	12	12	297	293	305	21	12
Other	2,392	3,482	3,295	27,712	19,558	2,682	4,997	3,784
Total revenues	208,123	241,018	187,146	287,961	285,127	312,942	280,013	300,258
Expenses and losses								
Compensation	45,116	55,856	42,703	91,307	84,696	113,118	85,259	84,884
Administrative	40,150	43,483	38,116	39,708	33,525	47,714	59,069	54,488
Professional services	7,450	8,051	7,435	7,698	7,698	7,435	7,435	10,935
Depreciation and amortization	68,642	53,948	59,179	85,496	88,267	91,504	83,600	82,376
Grants	-	-	-	-	-	-	-	-
Facility	65,036	92,218	77,935	99,063	102,279	101,309	128,061	138,308
Interest and fees	-	-	-	262	42	62	-	163
Bad debts	373	262	340	-	221	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	226,767	253,818	225,708	323,534	316,728	361,142	363,424	371,154
Excess (deficiency) of revenues over expenses	(18,644)	(12,800)	(38,562)	(35,573)	(31,601)	(48,200)	(83,411)	(70,896)
Net assets at beginning of year	1,736,610	1,180,498	1,197,540	1,773,013	1,909,661	1,795,701	1,728,150	2,368,828
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 1,717,966	\$ 1,167,698	\$ 1,158,978	\$ 1,737,440	\$ 1,878,060	\$ 1,747,501	\$ 1,644,739	\$ 2,297,932

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Sacred Heart Village III, Inc.	St. Theresa Village, Inc.	Siena Springs (Siena Springs I)	Siena Springs II	Charles Meadows Corporation	Charles Crest Corporation (Charles Crest I)	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc
Revenues								
Rent - net of vacancies	\$ 326,250	\$ 402,673	\$ 437,132	\$ 305,512	\$ 237,405	\$ 458,056	\$ 336,985	\$ 225,797
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	16	16	48	68	9	93	363	102
Other	3,530	30,447	4,716	15,285	4,705	2,538	27,187	2,310
Total revenues	329,796	433,136	441,896	320,865	242,119	460,687	364,535	228,209
Expenses and losses								
Compensation	92,815	148,061	70,087	61,197	76,687	96,131	99,100	64,612
Administrative	69,484	74,990	43,862	47,361	32,713	42,190	47,903	49,521
Professional services	7,435	7,435	7,465	7,632	7,462	7,510	7,435	9,255
Depreciation and amortization	87,058	87,664	68,799	76,204	38,862	36,417	97,139	169,258
Grants	-	-	-	-	-	-	-	-
Facility	143,429	177,533	166,378	129,866	105,901	189,937	179,332	88,365
Interest and fees	15	62	97,748	72	-	123,312	-	188
Bad debts	-	928	2,979	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	400,236	496,673	457,318	322,332	261,625	495,497	430,909	381,199
Excess (deficiency) of revenues over expenses	(70,440)	(63,537)	(15,422)	(1,467)	(19,506)	(34,810)	(66,374)	(152,990)
Net assets at beginning of year	2,308,315	1,755,441	(704,107)	1,820,694	584,318	(997,490)	1,516,110	3,685,758
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 2,237,875	\$ 1,691,904	\$ (719,529)	\$ 1,819,227	\$ 564,812	\$ (1,032,300)	\$ 1,449,736	\$ 3,532,768

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
Revenues			
Rent - net of vacancies	\$ 13,509,563	\$ -	\$ 20,272,712
Developer fees	-	(678,716)	38,769
Services fees	-	(336,739)	-
Philanthropy	-	-	261,183
Capital grants	-	-	-
Consulting	-	-	-
Interest	521,373	(24,697)	556,135
Other	497,068	(170,559)	529,312
Total revenues	<u>14,528,004</u>	<u>(1,210,711)</u>	<u>21,658,111</u>
Expenses and losses			
Compensation	2,518,603	-	5,749,279
Administrative	2,292,142	(64,295)	3,835,598
Professional services	588,517	(328,044)	547,212
Depreciation and amortization	7,250,102	(311,274)	9,024,003
Grants	-	(152,701)	124,032
Facility	5,897,945	-	8,650,651
Interest and fees	2,797,867	(4,984)	3,343,472
Bad debts	158,431	(255,093)	212,553
Provision for impaired assets	-	(20,525)	15,960
Project expenses	-	-	175,239
Allocation	-	-	504,569
(Gain) loss on sale of assets	-	-	-
(Gain) loss on investment in limited partnership	-	(8)	-
Total expenses and losses	<u>21,503,607</u>	<u>(1,136,924)</u>	<u>32,182,568</u>
Excess (deficiency) of revenues over expenses	(6,975,603)	(73,787)	(10,524,457)
Net assets at beginning of year	67,414,200	2,891,137	111,965,947
Other transfers to (from) net assets	15,071,785	5,586	15,065,971
Net assets at end of year	<u>\$ 75,510,382</u>	<u>\$ 2,822,936</u>	<u>\$ 116,507,461</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Corner/ Heritage Row)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)	Mercy Housing Georgia X, L.P. (Savannah Gardens Phase I)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 2,711	\$ 11,748	\$ 24,761	\$ 388,545	\$ -	\$ 7,366	\$ 3,693
Cash, tenant security deposits	-	21,603	20,019	6,175	4,869	-	18,262	33,500
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	2,459	8,408	2,679	4,121	-	2,256	5,448
Due from affiliate, net	200,690	-	-	-	-	229,278	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	16,678	12,639	13,084	28,597	-	15,967	16,234
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	200,690	43,451	52,814	46,699	426,132	229,278	43,851	58,875
Property and equipment								
Land and land improvements	-	535,412	979,190	743,196	140,506	-	667,047	2,777,550
Buildings	-	1,325,845	7,993,781	5,425,251	16,148,215	-	6,610,246	10,044,959
Furniture and equipment	-	10,527	98,271	204,852	449,671	-	405,415	855,093
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,038,973)	(3,630,973)	(2,450,087)	(5,234,785)	-	(2,132,238)	(2,968,363)
Net property and equipment	-	832,811	5,440,269	3,923,212	11,503,607	-	5,550,470	10,709,239
Other long-term assets								
Restricted property reserves	-	199,509	112,589	161,041	301,326	-	540,922	394,868
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(15,154)	-	-	-	-	(17,035)	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	22,988	31,850	80,777	-	40,723	138,572
Total other long-term assets	(15,154)	199,509	135,577	192,891	382,103	(17,035)	581,645	533,440
Total assets	\$ 185,536	\$ 1,075,771	\$ 5,628,660	\$ 4,162,802	\$ 12,311,842	\$ 212,243	\$ 6,175,966	\$ 11,301,554

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Corner/ Heritage Row)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)	Mercy Housing Georgia X, L.P. (Savannah Gardens Phase I)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 153,411	\$ 118,489	\$ 38,104	\$ 91,467	\$ -	\$ 207,224	\$ 104,574
Due to affiliates	115,600	947,035	287,183	88,191	-	212,143	229,278	17,130
Accrued interest	-	530	4,170	5,542	13,080	-	1,565	5,850
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	15,517	39,923	16,453	37,988	-	69,006	13,145
Current portion of notes payable, affiliates	-	-	137,223	-	-	-	-	-
Deferred revenue and other liabilities	-	5,491	3,571	-	5,773	-	696	3,990
Tenant security deposits	-	21,402	18,615	5,675	4,350	-	18,018	33,300
Total current liabilities	115,600	1,143,386	609,174	153,965	152,658	212,143	525,787	177,989
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	321,148	-	-	13,062
Accrued interest, affiliates	-	-	-	2,879	-	-	-	-
Notes payable, less current portion, net	-	364,771	880,854	792,356	7,591,473	-	349,426	4,805,182
Notes payable, less current portion, affiliates	-	-	-	56,107	-	-	-	-
Deferred revenue and other liabilities	-	-	761,816	-	-	-	131,403	293,005
Total long-term liabilities	-	364,771	1,642,670	851,342	7,912,621	-	480,829	5,111,249
Total liabilities	115,600	1,508,157	2,251,844	1,005,307	8,065,279	212,143	1,006,616	5,289,238
Net assets								
Unrestricted net assets, controlling	24,284	(432,386)	3,376,816	3,157,495	4,246,563	100	5,169,350	6,012,316
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	24,284	(432,386)	3,376,816	3,157,495	4,246,563	100	5,169,350	6,012,316
Temporarily restricted net assets	45,652	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	69,936	(432,386)	3,376,816	3,157,495	4,246,563	100	5,169,350	6,012,316
Total liabilities and net assets	\$ 185,536	\$ 1,075,771	\$ 5,628,660	\$ 4,162,802	\$ 12,311,842	\$ 212,243	\$ 6,175,966	\$ 11,301,554

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Lithonia Park View, Inc.	Mercy Housing Georgia VIII, L.P. (Terraces at Park View)	MPI Highland Place, LLC	MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)	Antioch II, LLC	Antioch Villas, L.P.	Mercy Housing Georgia XI GP, LLC	Mercy Housing Georgia XI, LP (Etowah Terrace)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 54,920	\$ -	\$ 11,072	\$ -	\$ 14,549	\$ -	\$ 9,409
Cash, tenant security deposits	-	17,300	-	61,079	-	20,734	-	16,534
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	2,887	-	19,231	-	8,713	-	11,060
Due from affiliate, net	-	-	-	-	117,500	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	15,530	-	46,254	-	16,363	-	12,216
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	90,637	-	137,636	117,500	60,359	-	49,219
Property and equipment								
Land and land improvements	-	2,630,109	-	2,156,146	-	2,689,193	-	1,096,699
Buildings	-	7,514,011	-	37,867,534	-	9,604,449	-	7,988,648
Furniture and equipment	-	186,212	-	820,269	-	609,293	-	132,528
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,847,848)	-	(10,992,201)	-	(2,072,219)	-	(1,622,276)
Net property and equipment	-	7,482,484	-	29,851,748	-	10,830,716	-	7,595,599
Other long-term assets								
Restricted property reserves	-	256,783	-	2,521,126	-	607,640	-	170,720
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(49)	-	(1,687)	-	(82)	-	837	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	56,255	-	184,051	-	96,008	-	83,770
Total other long-term assets	(49)	313,038	(1,687)	2,705,177	(82)	703,648	837	254,490
Total assets	\$ (49)	\$ 7,886,159	\$ (1,687)	\$ 32,694,561	\$ 117,418	\$ 11,594,723	\$ 837	\$ 7,899,308

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Lithonia Park View, Inc.	Mercy Housing Georgia VIII, L.P. (Terraces at Park View)	MPI Highland Place, LLC	MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)	Antioch II, LLC	Antioch Villas, L.P.	Mercy Housing Georgia XI GP, LLC	Mercy Housing Georgia XI, LP (Etowah Terrace)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 42,799	\$ -	\$ 758,194	\$ -	\$ 48,737	\$ -	\$ 53,528
Due to affiliates	19,392	-	18,894	2,889,922	134,329	117,500	12,099	46,342
Accrued interest	-	6,855	-	-	-	21,784	-	1,178
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	110,083	-	-	-	46,852	-	44,316
Current portion of notes payable, affiliates	-	-	-	2,899,304	-	24,053	-	-
Deferred revenue and other liabilities	-	231	-	16,635	-	4,494	-	2,712
Tenant security deposits	-	17,200	-	64,523	-	19,581	-	15,331
Total current liabilities	19,392	177,168	18,894	6,628,578	134,329	283,001	12,099	163,407
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	4,387	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	2,382,514	-	16,391,962	-	4,921,036	-	1,352,600
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	65,154	-	5,140,146	-	459,799	-	108,456
Total long-term liabilities	-	2,447,668	-	21,532,108	-	5,385,222	-	1,461,056
Total liabilities	19,392	2,624,836	18,894	28,160,686	134,329	5,668,223	12,099	1,624,463
Net assets								
Unrestricted net assets, controlling	(19,441)	5,261,323	(20,581)	4,533,875	(16,911)	5,926,500	(11,262)	6,274,845
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(19,441)	5,261,323	(20,581)	4,533,875	(16,911)	5,926,500	(11,262)	6,274,845
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(19,441)	5,261,323	(20,581)	4,533,875	(16,911)	5,926,500	(11,262)	6,274,845
Total liabilities and net assets	\$ (49)	\$ 7,886,159	\$ (1,687)	\$ 32,694,561	\$ 117,418	\$ 11,594,723	\$ 837	\$ 7,899,308

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	MHSE Arbors, LLC	The Arbors at Ellington, Ltd.	MHSE Savannah Gardens Phase III GP, LLC	Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC	MHSE Savannah Gardens Phase V GP, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 3,720	\$ -	\$ 111,275	\$ -	\$ 4,637	\$ -	\$ 18,939
Cash, tenant security deposits	-	9,898	-	26,300	-	23,350	-	-
Cash, restricted	-	-	-	-	-	642,635	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	6,608	-	30,155	-	-
Due from affiliate, net	-	-	27,775	-	-	-	12,000	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	4,757	-	13,147	-	10,632	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	18,375	27,775	157,330	-	711,409	12,000	18,939
Property and equipment								
Land and land improvements	-	1,538,810	-	1,952,981	-	1,222,654	-	-
Buildings	-	3,537,855	-	8,980,849	-	9,557,997	-	-
Furniture and equipment	-	307,389	-	193,598	-	199,701	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,158,835)	-	(1,753,820)	-	(58,041)	-	-
Net property and equipment	-	4,225,219	-	9,373,608	-	10,922,311	-	-
Other long-term assets								
Restricted property reserves	-	182,877	-	406,378	-	189,935	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	487,046	-	(58,233)	-	1,269,283	-	73,479	(3)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	36,665	-	98,351	-	44,456	-	-
Total other long-term assets	487,046	219,542	(58,233)	504,729	1,269,283	234,391	73,479	(3)
Total assets	\$ 487,046	\$ 4,463,136	\$ (30,458)	\$ 10,035,667	\$ 1,269,283	\$ 11,868,111	\$ 85,479	\$ 18,936

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	MHSE Arbors, LLC	The Arbors at Ellington, Ltd.	MHSE Savannah Gardens Phase III GP, LLC	Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC	MHSE Savannah Gardens Phase V GP, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 58,557	\$ -	\$ 35,808	\$ -	\$ 861,280	\$ -	\$ -
Due to affiliates	11,733	26,332	38,983	27,797	472,434	366,076	19,115	25,000
Accrued interest	-	2,080	-	13,378	-	1,825	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	14,993	-	36,381	-	353,264	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	4,412	-	982	-	-
Tenant security deposits	-	9,898	-	26,400	-	23,183	-	-
Total current liabilities	11,733	111,860	38,983	144,176	472,434	1,606,610	19,115	25,000
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	36,703	-	10,008	-	3,520	-	-
Accrued interest, affiliates	-	-	-	-	-	20,525	-	-
Notes payable, less current portion, net	-	2,459,668	-	2,796,170	-	222,665	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	5,711,909	-	-
Deferred revenue and other liabilities	-	5,253	-	-	-	42,931	-	-
Total long-term liabilities	-	2,501,624	-	2,806,178	-	6,001,550	-	-
Total liabilities	11,733	2,613,484	38,983	2,950,354	472,434	7,608,160	19,115	25,000
Net assets								
Unrestricted net assets, controlling	475,313	1,849,652	(69,441)	7,085,313	796,849	4,259,951	66,364	(6,064)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	475,313	1,849,652	(69,441)	7,085,313	796,849	4,259,951	66,364	(6,064)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	475,313	1,849,652	(69,441)	7,085,313	796,849	4,259,951	66,364	(6,064)
Total liabilities and net assets	\$ 487,046	\$ 4,463,136	\$ (30,458)	\$ 10,035,667	\$ 1,269,283	\$ 11,868,111	\$ 85,479	\$ 18,936

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments, LLC	MHSE Mercy Park, LLC	Mercy Park Chamblee	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Assets							
Current assets							
Cash and cash equivalents	\$ 23,221	\$ 110,805	\$ 704	\$ -	\$ -	\$ -	\$ 802,075
Cash, tenant security deposits	32,788	21,926	28,014	-	-	-	362,351
Cash, restricted	160	267,919	-	-	65,391	-	976,105
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	8,132	39,082	1,007	-	-	-	152,246
Due from affiliate, net	16,155	-	43	-	1,388	(587,334)	17,495
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	20,202	11,831	12,397	-	-	-	266,528
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	100,658	451,563	42,165	-	66,779	(587,334)	2,576,800
Property and equipment							
Land and land improvements	2,552,166	1,788,716	671,483	-	1,379,969	-	25,521,827
Buildings	11,833,285	8,680,776	3,603,117	-	-	-	156,716,818
Furniture and equipment	680,351	357,735	-	-	-	-	5,510,905
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	129,256	-	1,436,918	-	1,566,174
Accumulated depreciation	(1,180,805)	(542,444)	(278,883)	-	-	-	(39,962,791)
Net property and equipment	13,884,997	10,284,783	4,124,973	-	2,816,887	-	149,352,933
Other long-term assets							
Restricted property reserves	345,238	40,816	221,938	-	-	-	6,653,706
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	100	-	(1,738,502)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	142,911	118,793	-	-	67,019	-	1,243,189
Total other long-term assets	488,149	159,609	221,938	100	67,019	(1,738,502)	7,896,895
Total assets	\$ 14,473,804	\$ 10,895,955	\$ 4,389,076	\$ 100	\$ 2,950,685	\$ (2,325,836)	\$ 159,826,628

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments, LLC	MHSE Mercy Park, LLC	Mercy Park Chamblee	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 87,062	\$ 32,819	\$ 139,063	\$ -	\$ 9,960	\$ (6,000)	\$ 2,835,076
Due to affiliates	20,880	4,218	-	100	80,295	(664,383)	5,563,618
Accrued interest	20,443	7,503	12,483	-	-	-	118,266
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	98,302	16,208	102,185	-	-	(50,305)	964,311
Current portion of notes payable, affiliates	-	-	-	-	-	-	3,060,580
Deferred revenue and other liabilities	1,574	563	400	-	-	-	51,524
Tenant security deposits	32,639	21,325	26,450	-	-	-	357,890
Total current liabilities	260,900	82,636	280,581	100	90,255	(720,688)	12,951,265
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	5,000	-	-	-	-	393,828
Accrued interest, affiliates	-	-	-	-	-	(2,879)	20,525
Notes payable, less current portion, net	5,010,821	2,024,488	4,506,986	-	(172,168)	-	56,680,804
Notes payable, less current portion, affiliates	-	-	-	-	-	(56,107)	5,711,909
Deferred revenue and other liabilities	1,343,087	-	-	-	206,865	-	8,557,915
Total long-term liabilities	6,353,908	2,029,488	4,506,986	-	34,697	(58,986)	71,364,981
Total liabilities	6,614,808	2,112,124	4,787,567	100	124,952	(779,674)	84,316,246
Net assets							
Unrestricted net assets, controlling	7,858,996	8,783,831	(398,491)	-	2,825,733	(1,546,162)	75,464,730
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	7,858,996	8,783,831	(398,491)	-	2,825,733	(1,546,162)	75,464,730
Temporarily restricted net assets	-	-	-	-	-	-	45,652
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	7,858,996	8,783,831	(398,491)	-	2,825,733	(1,546,162)	75,510,382
Total liabilities and net assets	\$ 14,473,804	\$ 10,895,955	\$ 4,389,076	\$ 100	\$ 2,950,685	\$ (2,325,836)	\$ 159,826,628

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Corner/ Heritage Row)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)	Mercy Housing Georgia X, L.P. (Savannah Gardens Phase I)
Revenues								
Rent - net of vacancies	\$ -	\$ 496,465	\$ 407,620	\$ 429,852	\$ 2,046,292	\$ -	\$ 559,133	\$ 807,187
Developer fees	-	-	-	-	-	-	-	-
Services fees	64,500	-	-	-	-	123,130	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	281	205	540	183	106	-	5,362	71
Other	-	22,678	24,874	795	7,340	-	11,164	95,110
Total revenues	64,781	519,348	433,034	430,830	2,053,738	123,130	575,659	902,368
Expenses and losses								
Compensation	-	148,998	103,565	106,849	298,571	-	127,375	179,038
Administrative	64,530	102,407	66,169	80,348	297,290	123,317	140,258	112,188
Professional services	733	17,709	17,752	8,159	193,625	1,300	9,954	56,566
Depreciation and amortization	-	348,356	333,074	251,926	630,931	-	205,444	597,375
Grants	-	-	-	-	-	-	-	-
Facility	-	280,347	166,068	186,385	871,720	-	346,056	316,304
Interest and fees	-	7,391	54,433	70,687	222,410	-	22,243	93,854
Bad debts	-	23,186	11,451	-	3,766	-	1,185	7,925
Provision for impaired assets	281	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	515	-	-	-	-	85	-	-
Total expenses and losses	66,059	928,394	752,512	704,354	2,518,313	124,702	852,515	1,363,250
Excess (deficiency) of revenues over expenses	(1,278)	(409,046)	(319,478)	(273,524)	(464,575)	(1,572)	(276,856)	(460,882)
Net assets at beginning of year	71,214	(23,340)	3,696,294	3,431,019	4,711,138	1,672	5,446,206	6,533,163
Other transfers to (from) net assets	-	-	-	-	-	-	-	(59,965)
Net assets at end of year	\$ 69,936	\$ (432,386)	\$ 3,376,816	\$ 3,157,495	\$ 4,246,563	\$ 100	\$ 5,169,350	\$ 6,012,316

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Lithonia Park View, Inc.	Mercy Housing Georgia VIII, L.P. (Terraces at Park View)	MPI Highland Place, LLC	MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)	Antioch II, LLC	Antioch Villas, L.P.	Mercy Housing Georgia XI GP, LLC	Mercy Housing Georgia XI, LP (Etowah Terrace)
Revenues								
Rent - net of vacancies	\$ -	\$ 723,672	\$ -	\$ 3,278,850	\$ -	\$ 1,028,272	\$ -	\$ 491,911
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	30,000	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	105	-	513,558	-	(35)	-	54
Other	-	9,382	-	81,518	-	41,446	-	3,730
Total revenues	-	733,159	-	3,873,926	30,000	1,069,683	-	495,695
Expenses and losses								
Compensation	-	134,768	-	603,192	-	144,572	-	122,412
Administrative	61	84,323	60	263,805	30,060	147,561	11	65,414
Professional services	1,300	11,051	1,300	57,719	1,300	46,480	1,245	10,637
Depreciation and amortization	-	403,243	-	1,560,557	-	459,293	-	361,124
Grants	-	-	-	-	-	-	-	-
Facility	-	246,762	-	1,640,030	-	363,984	-	211,381
Interest and fees	-	90,537	-	776,058	-	285,276	-	23,200
Bad debts	-	10,522	-	63,541	-	1,779	-	779
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	11	-	109	-	34	-	30	-
Total expenses and losses	1,372	981,206	1,469	4,964,902	31,394	1,448,945	1,286	794,947
Excess (deficiency) of revenues over expenses	(1,372)	(248,047)	(1,469)	(1,090,976)	(1,394)	(379,262)	(1,286)	(299,252)
Net assets at beginning of year	(18,069)	5,509,370	(19,112)	5,624,851	(15,517)	6,305,762	(9,976)	6,574,097
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ (19,441)	\$ 5,261,323	\$ (20,581)	\$ 4,533,875	\$ (16,911)	\$ 5,926,500	\$ (11,262)	\$ 6,274,845

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	MHSE Arbors, LLC	The Arbors at Ellington, Ltd.	MHSE Savannah Gardens Phase III GP, LLC	Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC	MHSE Savannah Gardens Phase V GP, LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 224,690	\$ -	\$ 714,330	\$ -	\$ 40,145	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	10,833	-	-	-	6,000	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	39	-	170	-	5	-	-
Other	-	3,337	-	12,633	11,890	24,815	50,305	-
Total revenues	-	228,066	10,833	727,133	11,890	64,965	56,305	-
Expenses and losses								
Compensation	-	28,914	-	102,548	-	27,620	-	-
Administrative	182	39,196	10,060	108,446	-	252,935	6,071	25,011
Professional services	1,044	10,878	1,300	40,769	1,301	4,932	1,300	1,300
Depreciation and amortization	-	258,899	-	430,703	-	58,541	-	-
Grants	-	-	-	-	-	-	-	-
Facility	-	107,035	-	234,903	-	32,111	-	-
Interest and fees	-	44,409	-	187,595	-	3,722	-	-
Bad debts	-	-	-	13,705	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	13	-	39	-	31	-	76	80
Total expenses and losses	1,239	489,331	11,399	1,118,669	1,332	379,861	7,447	26,391
Excess (deficiency) of revenues over expenses	(1,239)	(261,265)	(566)	(391,536)	10,558	(314,896)	48,858	(26,391)
Net assets at beginning of year	476,552	2,110,917	(68,875)	7,476,849	786,291	2,064,969	17,506	20,327
Other transfers to (from) net assets	-	-	-	-	-	2,509,878	-	-
Net assets at end of year	<u>\$ 475,313</u>	<u>\$ 1,849,652</u>	<u>\$ (69,441)</u>	<u>\$ 7,085,313</u>	<u>\$ 796,849</u>	<u>\$ 4,259,951</u>	<u>\$ 66,364</u>	<u>\$ (6,064)</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments, LLC	MHSE Mercy Park, LLC	Mercy Park Chamblee	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Revenues							
Rent - net of vacancies	\$ 895,424	\$ 547,019	\$ 818,701	\$ -	\$ -	\$ -	\$ 13,509,563
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	(234,463)	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	3	1,007	-	-	(281)	521,373
Other	22,721	18,416	63,253	-	-	(8,339)	497,068
Total revenues	918,145	565,438	882,961	-	-	(243,083)	14,528,004
Expenses and losses							
Compensation	151,822	68,075	170,284	-	-	-	2,518,603
Administrative	143,229	158,626	113,181	-	-	(142,597)	2,292,142
Professional services	44,122	22,912	17,430	-	4,399	-	588,517
Depreciation and amortization	747,567	465,068	138,001	-	-	-	7,250,102
Grants	-	-	-	-	-	-	-
Facility	304,191	159,149	431,519	-	-	-	5,897,945
Interest and fees	278,986	476,974	160,373	-	-	(281)	2,797,867
Bad debts	9,472	11,105	15	-	-	-	158,431
Provision for impaired assets	-	-	-	-	-	(281)	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	(1,023)	-
Total expenses and losses	1,679,389	1,361,909	1,030,803	-	4,399	(144,182)	21,503,607
Excess (deficiency) of revenues over expenses	(761,244)	(796,471)	(147,842)	-	(4,399)	(98,901)	(6,975,603)
Net assets at beginning of year	4,772,725	3,672,059	(250,649)	-	-	(1,483,243)	67,414,200
Other transfers to (from) net assets	3,847,515	5,908,243	-	-	2,830,132	35,982	15,071,785
Net assets at end of year	\$ 7,858,996	\$ 8,783,831	\$ (398,491)	\$ -	\$ 2,825,733	\$ (1,546,162)	\$ 75,510,382

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC (New Tacoma Phase II)
Assets								
Current assets								
Cash and cash equivalents	\$ 2,793,365	\$ 19,537	\$ 7,214	\$ -	\$ 266,798	\$ 117,867	\$ 12,414	\$ 113,598
Cash, tenant security deposits	-	8,686	5,887	-	62,426	-	20,397	12,005
Cash, restricted	2,314,024	-	-	-	-	-	-	46,053
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	45,147	5,642	8,883	-	1,117	73	39,910	10,286
Due from affiliate, net	1,551,183	-	219	-	-	23,353	-	7,592
Pledges receivable, net	807,974	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	85,681	-	-	-	-	-	-	-
Prepaid expenses and other assets	17,731	5,031	3,387	-	35,568	-	11,551	7,174
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>7,615,105</u>	<u>38,896</u>	<u>25,590</u>	<u>-</u>	<u>365,909</u>	<u>141,293</u>	<u>84,272</u>	<u>196,708</u>
Property and equipment								
Land and land improvements	-	173,288	303,978	-	1,975,080	-	3,033,659	1,066,635
Buildings	37,073	2,475,408	2,220,563	-	21,322,641	-	16,073,491	9,179,916
Furniture and equipment	11,952	67,811	7,629	-	918,890	-	413,401	166,607
Predevelopment project costs	2,226,636	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(47,856)	(1,154,862)	(853,522)	-	(6,949,876)	-	(4,268,898)	(410,930)
Net property and equipment	<u>2,227,805</u>	<u>1,561,645</u>	<u>1,678,648</u>	<u>-</u>	<u>17,266,735</u>	<u>-</u>	<u>15,251,653</u>	<u>10,002,228</u>
Other long-term assets								
Restricted property reserves	1,316,456	379,416	32,019	-	477,141	-	593,092	120,803
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	2,848,043	-	-	-	-	-	-	-
Pledges receivable, net	407,178	-	-	-	-	-	-	-
Investments in limited partnerships, net	606,097	-	-	294,353	-	1,633,777	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	4,827,240	-	-	-	-	8,216,406	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	35,480	-	23,231	76,266
Total other long-term assets	<u>10,005,014</u>	<u>379,416</u>	<u>32,019</u>	<u>294,353</u>	<u>512,621</u>	<u>9,850,183</u>	<u>616,323</u>	<u>197,069</u>
Total assets	<u>\$ 19,847,924</u>	<u>\$ 1,979,957</u>	<u>\$ 1,736,257</u>	<u>\$ 294,353</u>	<u>\$ 18,145,265</u>	<u>\$ 9,991,476</u>	<u>\$ 15,952,248</u>	<u>\$ 10,396,005</u>

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC (New Tacoma Phase II)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 314,971	\$ 23,243	\$ 16,723	\$ -	\$ 53,652	\$ 424	\$ 128,452	\$ 86,840
Due to affiliates	63,316	-	-	7,793	-	22,915	31,436	65,759
Accrued interest	-	1,817	-	-	26,840	-	2,188	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	410,032	21,265	-	-	130,264	-	7,202	-
Current portion of notes payable, affiliates	1,827,992	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	3,341	122	-	14,327	-	2,207	1,097
Tenant security deposits	-	8,186	5,062	-	62,198	-	19,896	11,305
Total current liabilities	2,616,311	57,852	21,907	7,793	287,281	23,339	191,381	165,001
Long-term liabilities								
Due to affiliates	-	-	-	-	26,198	-	-	-
Accrued interest	-	-	-	-	-	-	-	85,312
Accrued interest, affiliates	-	-	-	-	1,489,343	-	-	-
Notes payable, less current portion, net	22,031	821,046	-	-	9,366,265	-	5,088,851	2,238,190
Notes payable, less current portion, affiliates	-	-	79,106	-	4,385,089	-	8,216,406	-
Deferred revenue and other liabilities	2,068	-	-	-	-	-	-	103,853
Total long-term liabilities	24,099	821,046	79,106	-	15,266,895	-	13,305,257	2,427,355
Total liabilities	2,640,410	878,898	101,013	7,793	15,554,176	23,339	13,496,638	2,592,356
Net assets								
Unrestricted net assets, controlling	13,640,053	570,954	(136,193)	286,560	2,591,089	3,469,711	2,455,610	7,803,649
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	13,640,053	570,954	(136,193)	286,560	2,591,089	3,469,711	2,455,610	7,803,649
Temporarily restricted net assets	3,567,461	530,105	1,771,437	-	-	6,498,426	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	17,207,514	1,101,059	1,635,244	286,560	2,591,089	9,968,137	2,455,610	7,803,649
Total liabilities and net assets	\$ 19,847,924	\$ 1,979,957	\$ 1,736,257	\$ 294,353	\$ 18,145,265	\$ 9,991,476	\$ 15,952,248	\$ 10,396,005

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2016

	New Tacoma Condominium Association	Evergreen Vista 1 GP LLC	Evergreen Vista 1 Owner, LP	Rainer Vista Block 43 GP, LLC	Rainer Vista Block 43 Owner, LP (Columbia City Station Apts.)	Cobble Knoll I Mercy LLC	Allegre Mercy Redevelopment LLLP	Villa Kathleen Redevelopment LLLP
Assets								
Current assets								
Cash and cash equivalents	\$ 7,381	\$ -	\$ 9,084	\$ -	\$ 152,725	\$ -	\$ 30,408	\$ 203,418
Cash, tenant security deposits	-	-	44,140	-	19,600	-	45,816	49,068
Cash, restricted	-	-	-	-	-	-	-	294
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	14	-	11,799	-	-	-	340,615	10,552
Due from affiliate, net	198	-	-	35,844	-	93,723	-	428
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	13,589	-	7,568	-	9,897	9,604
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	7,593	-	78,612	35,844	179,893	93,723	426,736	273,364
Property and equipment								
Land and land improvements	-	-	1,068,023	-	2,144,069	-	710,670	1,271,763
Buildings	-	-	11,533,498	-	9,563,579	-	10,440,141	9,039,545
Furniture and equipment	-	-	406,003	-	271,228	-	279,058	345,222
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(2,642,488)	-	(1,845,651)	-	(1,254,095)	(810,494)
Net property and equipment	-	-	10,365,036	-	10,133,225	-	10,175,774	9,846,036
Other long-term assets								
Restricted property reserves	-	-	470,440	-	200,817	-	762,237	684,922
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	59	-	(76)	-	221,297	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	15,322	-	15,951	-	66,734	92,373
Total other long-term assets	-	59	485,762	(76)	216,768	221,297	828,971	777,295
Total assets	\$ 7,593	\$ 59	\$ 10,929,410	\$ 35,768	\$ 10,529,886	\$ 315,020	\$ 11,431,481	\$ 10,896,695

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2016

	New Tacoma Condominium Association	Evergreen Vista 1 GP LLC	Evergreen Vista 1 Owner, LP	Rainier Vista Block 43 GP, LLC	Rainier Vista Block 43 Owner, LP (Columbia City Station Apts.)	Cobble Knoll I Mercy LLC	Allegre Mercy Redevelopment LLLP	Villa Kathleen Redevelopment LLLP
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ -	\$ 86,732	\$ -	\$ 33,777	\$ -	\$ 81,613	\$ 47,120
Due to affiliates	7,593	6,183	-	38,502	35,844	96,970	58,137	37,574
Accrued interest	-	-	21,469	-	10,586	-	47,248	4,915
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	82,683	-	41,451	-	47,064	25,602
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	3,766	-	1,460	-	1,244	1,463
Tenant security deposits	-	-	44,189	-	18,750	-	41,953	41,559
Total current liabilities	7,593	6,183	238,839	38,502	141,868	96,970	277,259	158,233
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	22,685
Accrued interest, affiliates	-	-	878,490	-	-	-	-	-
Notes payable, less current portion, net	-	-	4,395,403	-	8,815,327	-	2,428,699	3,283,940
Notes payable, less current portion, affiliates	-	-	4,110,219	-	-	-	-	-
Deferred revenue and other liabilities	-	-	782,506	-	441,192	-	-	-
Total long-term liabilities	-	-	10,166,618	-	9,256,519	-	2,428,699	3,306,625
Total liabilities	7,593	6,183	10,405,457	38,502	9,398,387	96,970	2,705,958	3,464,858
Net assets								
Unrestricted net assets, controlling	-	(6,124)	523,953	(2,734)	1,131,499	218,050	8,725,523	7,431,837
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	-	(6,124)	523,953	(2,734)	1,131,499	218,050	8,725,523	7,431,837
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	-	(6,124)	523,953	(2,734)	1,131,499	218,050	8,725,523	7,431,837
Total liabilities and net assets	\$ 7,593	\$ 59	\$ 10,929,410	\$ 35,768	\$ 10,529,886	\$ 315,020	\$ 11,431,481	\$ 10,896,695

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2016

	Impact Family Village GP LLC	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	MHNW 9 Othello East GP, LLC	MHNW 9 Othello East, LP	MHNW 10 Othello West GP, LLC	MHNW 10 Othello West, LP
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 121,140	\$ -	\$ 397,995	\$ -	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	20,511	-	94,348	-	-	-	-
Cash, restricted	-	45,070	-	-	-	6,973	-	210,567
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	10,119	-	3,447	-	59	-	-
Due from affiliate, net	25,706	-	-	370	-	72,971	-	54
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	218,672	-	29,197	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>25,706</u>	<u>415,512</u>	<u>-</u>	<u>525,357</u>	<u>-</u>	<u>80,003</u>	<u>-</u>	<u>210,621</u>
Property and equipment								
Land and land improvements	-	2,649,051	-	212,706	-	1,162,283	-	780,174
Buildings	-	12,839,383	-	30,844,231	-	-	-	-
Furniture and equipment	-	359,545	-	304,803	-	-	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	17,448,985	-	10,289,737
Accumulated depreciation	-	(1,991,012)	-	(3,367,815)	-	-	-	-
Net property and equipment	<u>-</u>	<u>13,856,967</u>	<u>-</u>	<u>27,993,925</u>	<u>-</u>	<u>18,611,268</u>	<u>-</u>	<u>11,069,911</u>
Other long-term assets								
Restricted property reserves	-	243,325	-	1,349,059	-	-	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	913,734	-	461,649	-	(59,668)	-	500,000	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	60,038	-	56,087	-	32,227	-	1,265
Total other long-term assets	<u>913,734</u>	<u>303,363</u>	<u>461,649</u>	<u>1,405,146</u>	<u>(59,668)</u>	<u>32,227</u>	<u>500,000</u>	<u>1,265</u>
Total assets	<u>\$ 939,440</u>	<u>\$ 14,575,842</u>	<u>\$ 461,649</u>	<u>\$ 29,924,428</u>	<u>\$ (59,668)</u>	<u>\$ 18,723,498</u>	<u>\$ 500,000</u>	<u>\$ 11,281,797</u>

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2016

	Impact Family Village GP LLC	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	MHNW 9 Othello East GP, LLC	MHNW 9 Othello East, LP	MHNW 10 Othello West GP, LLC	MHNW 10 Othello West, LP
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 2,297	\$ 64,208	\$ -	\$ 109,764	\$ -	\$ 2,675,660	\$ -	\$ 1,123,429
Due to affiliates	18,265	-	3,537	-	2,297	632,009	1,356	266,259
Accrued interest	-	-	-	35,183	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	202,417	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	7,035	-	5,012	-	-	-	-
Tenant security deposits	-	19,659	-	90,322	-	-	-	-
Total current liabilities	20,562	90,902	3,537	442,698	2,297	3,307,669	1,356	1,389,688
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	238,987	-	77,958	-	58,592	-	41,783
Accrued interest, affiliates	-	-	-	1,812,232	-	-	-	-
Notes payable, less current portion, net	-	7,536,586	-	11,750,958	-	13,639,122	-	7,520,708
Notes payable, less current portion, affiliates	-	-	-	10,068,092	-	-	-	-
Deferred revenue and other liabilities	-	272,417	-	11,250	-	868,074	-	445,064
Total long-term liabilities	-	8,047,990	-	23,720,490	-	14,565,788	-	8,007,555
Total liabilities	20,562	8,138,892	3,537	24,163,188	2,297	17,873,457	1,356	9,397,243
Net assets								
Unrestricted net assets, controlling	918,878	6,436,950	458,112	5,761,240	(61,965)	850,041	498,644	1,884,554
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	918,878	6,436,950	458,112	5,761,240	(61,965)	850,041	498,644	1,884,554
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	918,878	6,436,950	458,112	5,761,240	(61,965)	850,041	498,644	1,884,554
Total liabilities and net assets	\$ 939,440	\$ 14,575,842	\$ 461,649	\$ 29,924,428	\$ (59,668)	\$ 18,723,498	\$ 500,000	\$ 11,281,797

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2016

	MHNW 12 Eleanor		MHNW 11		Consolidated Mercy		Consolidated Mercy
	Apartments, LLC	Eleanor Apartments	Woodlakes, LLC	Woodlakes LLLP	Properties Washington	Eliminations	
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 190,534	\$ 297,797	\$ -	\$ 4,741,275
Cash, tenant security deposits	-	-	-	54,382	132,839	-	570,105
Cash, restricted	-	12,263	-	160,286	-	-	2,795,530
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	9,176	8,237	-	505,076
Due from affiliate, net	-	437	-	6,278	-	(1,810,851)	7,505
Pledges receivable, net	-	-	-	-	-	-	807,974
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	(23,091)	62,590
Prepaid expenses and other assets	-	-	-	-	47,371	-	416,340
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	-	12,700	-	420,656	486,244	(1,833,942)	9,906,395
Property and equipment							
Land and land improvements	-	1,421,145	-	1,117,445	5,925,035	(526,075)	24,488,929
Buildings	-	-	-	6,974,068	32,180,525	(18,020,684)	156,703,378
Furniture and equipment	-	-	-	149,560	852,665	349,816	4,904,190
Predevelopment project costs	-	-	-	-	-	-	2,226,636
Construction in progress	-	4,456,861	-	1,456,800	-	(1,313,138)	32,339,245
Accumulated depreciation	-	-	-	(88,304)	(17,806,568)	2,734,310	(40,758,061)
Net property and equipment	-	5,878,006	-	9,609,569	21,151,657	(16,775,771)	179,904,317
Other long-term assets							
Restricted property reserves	-	-	-	165,921	1,250,845	-	8,046,493
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	(2,848,043)	-
Pledges receivable, net	-	-	-	-	-	-	407,178
Investments in limited partnerships, net	-	-	(185,948)	-	-	(3,776,730)	608,544
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	(12,978,040)	65,606
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	2,080	-	40,214	24,177	-	541,445
Total other long-term assets	-	2,080	(185,948)	206,135	1,275,022	(19,602,813)	9,669,266
Total assets	<u>\$ -</u>	<u>\$ 5,892,786</u>	<u>\$ (185,948)</u>	<u>\$ 10,236,360</u>	<u>\$ 22,912,923</u>	<u>\$ (38,212,526)</u>	<u>\$ 199,479,978</u>

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2016

	MHNW 12 Eleanor Apartments, LLC	Eleanor Apartments	MHNW 11 Woodlakes, LLC	MHNW 11 Woodlakes LLLP	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 1,147,097	\$ -	\$ 1,032,006	\$ 214,684	\$ (49,560)	\$ 7,193,132
Due to affiliates	312	112,003	311	503,701	211,407	(1,807,875)	415,604
Accrued interest	-	-	-	2,452	20,044	-	172,742
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	15,630	157,051	-	1,140,661
Current portion of notes payable, affiliates	-	-	-	1,359	-	(1,359)	1,827,992
Deferred revenue and other liabilities	-	-	-	3,587	14,904	-	59,565
Tenant security deposits	-	-	-	52,343	121,959	-	537,381
Total current liabilities	312	1,259,100	311	1,611,078	740,049	(1,858,794)	11,347,077
Long-term liabilities							
Due to affiliates	-	-	-	-	180,000	(206,198)	-
Accrued interest	-	-	-	8,858	264,222	-	798,397
Accrued interest, affiliates	-	-	-	-	78,694	(4,258,759)	-
Notes payable, less current portion, net	-	3,582,574	-	7,880,529	9,453,659	-	97,823,888
Notes payable, less current portion, affiliates	-	-	-	-	499,950	(26,947,394)	411,468
Deferred revenue and other liabilities	-	-	-	-	-	(2,821,845)	104,579
Total long-term liabilities	-	3,582,574	-	7,889,387	10,476,525	(34,234,196)	99,138,332
Total liabilities	312	4,841,674	311	9,500,465	11,216,574	(36,092,990)	110,485,409
Net assets							
Unrestricted net assets, controlling	(312)	1,051,112	(186,259)	735,895	11,428,599	(2,119,536)	76,359,390
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(312)	1,051,112	(186,259)	735,895	11,428,599	(2,119,536)	76,359,390
Temporarily restricted net assets	-	-	-	-	267,750	-	12,635,179
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(312)	1,051,112	(186,259)	735,895	11,696,349	(2,119,536)	88,994,569
Total liabilities and net assets	\$ -	\$ 5,892,786	\$ (185,948)	\$ 10,236,360	\$ 22,912,923	\$ (38,212,526)	\$ 199,479,978

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC (New Tacoma Phase II)
Revenues								
Rent - net of vacancies	\$ -	\$ 295,312	\$ 151,878	\$ -	\$ 1,467,043	\$ -	\$ 472,186	\$ 245,672
Developer fees	3,095,234	-	-	-	-	-	-	-
Services fees	258,859	-	-	-	-	12,006	-	-
Philanthropy	4,394,521	-	-	-	-	-	-	-
Capital grants	52	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	1,029,629	447	9	-	164	-	313	31
Other	384,214	4,055	1,419	-	29,700	-	45,893	12,650
Total revenues	9,162,509	299,814	153,306	-	1,496,907	12,006	518,392	258,353
Expenses and losses								
Compensation	2,173,185	61,540	54,689	-	271,924	-	122,404	64,417
Administrative	343,498	31,650	22,464	-	155,123	12,077	124,125	87,064
Professional services	269,868	7,621	13,961	440	34,429	288	55,097	34,038
Depreciation and amortization	3,356	95,326	81,802	-	906,538	-	745,158	373,477
Grants	516,429	-	-	-	-	-	-	-
Facility	101,741	123,412	58,191	-	346,379	-	178,579	69,073
Interest and fees	4,133	43,620	150	-	545,615	-	32,483	173,839
Bad debts	15,347	-	-	-	1,041	-	389	2,172
Provision for impaired assets	977,754	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	837,162	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	284,135	-	-	76	-	75	-	-
Total expenses and losses	5,526,608	363,169	231,257	516	2,261,049	12,440	1,258,235	804,080
Excess (deficiency) of revenues over expenses	3,635,901	(63,355)	(77,951)	(516)	(764,142)	(434)	(739,843)	(545,727)
Net assets at beginning of year	13,571,613	1,164,414	1,713,195	287,076	3,355,231	9,968,571	3,195,453	751,415
Other transfers to (from) net assets	-	-	-	-	-	-	-	7,597,961
Net assets at end of year	\$ 17,207,514	\$ 1,101,059	\$ 1,635,244	\$ 286,560	\$ 2,591,089	\$ 9,968,137	\$ 2,455,610	\$ 7,803,649

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	New Tacoma Condominium Association	Evergreen Vista 1 GP LLC	Evergreen Vista 1 Owner, LP	Rainier Vista Block 43 GP, LLC	Rainier Vista Block 43 Owner, LP (Columbia City Station Apts.)	Cobble Knoll I Mercy LLC	Allegre Mercy Redevelopment LLLP	Villa Kathleen Redevelopment LLLP
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ 1,015,522	\$ -	\$ 536,183	\$ -	\$ 639,986	\$ 662,273
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	8,606	-	37,071	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	177	-	48	-	293	266
Other	123,660	-	48,768	-	2,765	-	32,669	5,999
Total revenues	<u>123,660</u>	<u>-</u>	<u>1,064,467</u>	<u>8,606</u>	<u>538,996</u>	<u>37,071</u>	<u>672,948</u>	<u>668,538</u>
Expenses and losses								
Compensation	-	-	149,598	-	101,568	-	166,260	165,420
Administrative	-	-	115,127	8,606	66,924	37,071	97,328	98,996
Professional services	-	513	14,718	366	10,500	439	14,762	13,651
Depreciation and amortization	-	-	485,859	-	415,387	-	357,535	354,695
Grants	-	-	-	-	-	-	-	-
Facility	123,660	-	255,122	-	162,847	-	318,978	237,792
Interest and fees	-	-	426,765	-	140,443	-	42,649	72,331
Bad debts	-	-	2,990	-	476	-	596	384
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	39	-	36	-	60	-	-
Total expenses and losses	<u>123,660</u>	<u>552</u>	<u>1,450,179</u>	<u>9,008</u>	<u>898,145</u>	<u>37,570</u>	<u>998,108</u>	<u>943,269</u>
Excess (deficiency) of revenues over expenses	-	(552)	(385,712)	(402)	(359,149)	(499)	(325,160)	(274,731)
Net assets at beginning of year	-	(5,572)	909,665	(2,332)	1,490,648	218,549	9,050,683	7,706,568
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>\$ (6,124)</u>	<u>\$ 523,953</u>	<u>\$ (2,734)</u>	<u>\$ 1,131,499</u>	<u>\$ 218,050</u>	<u>\$ 8,725,523</u>	<u>\$ 7,431,837</u>

**Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016**

	Impact Family Village GP LLC	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	MHNW 9 Othello East GP, LLC	MHNW 9 Othello East, LP	MHNW 10 Othello West GP, LLC	MHNW 10 Othello West, LP
Revenues								
Rent - net of vacancies	\$ -	\$ 593,584	\$ -	\$ 2,078,276	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	8,034	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	132	-	2,033	-	-	-	-
Other	-	16,672	-	61,302	-	-	500,000	-
Total revenues	8,034	610,388	-	2,141,611	-	-	500,000	-
Expenses and losses								
Compensation	-	115,794	-	381,900	-	-	-	-
Administrative	8,033	74,955	-	198,823	8	206	-	-
Professional services	764	103,050	421	31,313	366	1,900	1,300	-
Depreciation and amortization	-	627,321	-	1,186,907	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Facility	-	209,860	-	558,972	-	-	-	-
Interest and fees	-	81,775	-	1,065,503	-	-	-	-
Bad debts	-	3,781	-	5,021	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	61	-	129	-	-	-	-	-
Total expenses and losses	8,858	1,216,536	550	3,428,439	374	2,106	1,300	-
Excess (deficiency) of revenues over expenses	(824)	(606,148)	(550)	(1,286,828)	(374)	(2,106)	498,700	-
Net assets at beginning of year	919,702	7,043,098	458,662	6,698,102	(61,591)	852,147	(56)	951,786
Other transfers to (from) net assets	-	-	-	349,966	-	-	-	932,768
Net assets at end of year	\$ 918,878	\$ 6,436,950	\$ 458,112	\$ 5,761,240	\$ (61,965)	\$ 850,041	\$ 498,644	\$ 1,884,554

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	MHNW 12 Eleanor Apartments, LLC	Eleanor Apartments	MHNW 11 Woodlakes, LLC	MHNW 11 Woodlakes LLLP	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
Revenues							
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 311,939	\$ 2,262,642	\$ (34,889)	\$ 10,697,607
Developer fees	-	-	-	-	-	(870,010)	2,225,224
Services fees	-	-	-	-	-	(316,814)	7,762
Philanthropy	-	-	-	-	-	-	4,394,521
Capital grants	-	-	-	-	-	-	52
Consulting	-	-	-	-	-	-	-
Interest	-	-	-	32	10,103	(976,299)	67,378
Other	-	-	432,939	3,069	338,126	(639,792)	1,404,108
Total revenues	-	-	432,939	315,040	2,610,871	(2,837,804)	18,796,652
Expenses and losses							
Compensation	-	-	-	65,191	542,976	-	4,436,866
Administrative	-	193	-	40,255	414,953	(90,790)	1,846,689
Professional services	312	4,399	312	10,180	186,385	(251,097)	560,296
Depreciation and amortization	-	-	-	88,304	1,398,267	(604,881)	6,515,051
Grants	-	-	-	-	-	(500,000)	16,429
Facility	-	-	-	97,197	826,675	(158,548)	3,509,930
Interest and fees	-	-	-	35,075	196,539	(982,263)	1,878,657
Bad debts	-	-	-	-	2,170	-	34,367
Provision for impaired assets	-	-	-	-	-	(976,299)	1,455
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	837,162
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	5	-	-	(5,126)	279,490
Total expenses and losses	312	4,592	317	336,202	3,567,965	(3,569,004)	19,916,392
Excess (deficiency) of revenues over expenses	(312)	(4,592)	432,622	(21,162)	(957,094)	731,200	(1,119,740)
Net assets at beginning of year	-	-	-	-	12,653,443	(2,536,679)	80,353,791
Other transfers to (from) net assets	-	1,055,704	(618,881)	757,057	-	(314,057)	9,760,518
Net assets at end of year	<u>\$ (312)</u>	<u>\$ 1,051,112</u>	<u>\$ (186,259)</u>	<u>\$ 735,895</u>	<u>\$ 11,696,349</u>	<u>\$ (2,119,536)</u>	<u>\$ 88,994,569</u>

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Properties Washington	Mercy Housing Washington VIII, LP (Hillside Gardens)	Mercy Housing Washington VI, LP (Lincoln Way II)	Mercy Housing Washington V, LP (Sterling Meadows)	Mercy Housing Washington VII, LP (Eliza McCabe Townhomes)	Mercy Housing Washington IX, LP (Evergreen Vista II)	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Assets									
Current assets									
Cash and cash equivalents	\$ 21,724	\$ 14,703	\$ 157,806	\$ 46,284	\$ 19,247	\$ 5,169	\$ 32,864	\$ -	\$ 297,797
Cash, tenant security deposits	-	20,233	32,689	27,985	19,106	19,500	13,326	-	132,839
Cash, restricted	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	1,136	1,155	150	1,269	3,845	682	-	8,237
Due from affiliate, net	346,117	-	-	-	79	-	-	(346,196)	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	4,676	9,612	7,667	7,108	9,883	8,425	-	47,371
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	367,841	40,748	201,262	82,086	46,809	38,397	55,297	(346,196)	486,244
Property and equipment									
Land and land improvements	-	384,489	1,582,770	891,759	615,966	1,845,921	766,630	(162,500)	5,925,035
Buildings	-	3,065,590	4,569,419	4,961,136	5,126,507	7,446,553	7,011,320	-	32,180,525
Furniture and equipment	-	113,316	183,969	133,458	185,131	129,998	106,793	-	852,665
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,825,301)	(3,569,171)	(3,170,084)	(2,819,901)	(3,567,821)	(2,854,290)	-	(17,806,568)
Net property and equipment	-	1,738,094	2,766,987	2,816,269	3,107,703	5,854,651	5,030,453	(162,500)	21,151,657
Other long-term assets									
Restricted property reserves	-	58,490	252,520	198,717	119,766	232,595	388,757	-	1,250,845
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	1,975,341	-	-	-	-	-	-	(1,975,341)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	20,620	3,557	-	24,177
Total other long-term assets	1,975,341	58,490	252,520	198,717	119,766	253,215	392,314	(1,975,341)	1,275,022
Total assets	\$ 2,343,182	\$ 1,837,332	\$ 3,220,769	\$ 3,097,072	\$ 3,274,278	\$ 6,146,263	\$ 5,478,064	\$ (2,484,037)	\$ 22,912,923

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Properties Washington	Mercy Housing Washington VIII, LP (Hillside Gardens)	Mercy Housing Washington VI, LP (Lincoln Way II)	Mercy Housing Washington V, LP (Sterling Meadows)	Mercy Housing Washington VII, LP (Eliza McCabe Townhomes)	Mercy Housing Washington IX, LP (Evergreen Vista II)	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ -	\$ 21,305	\$ 27,049	\$ 91,522	\$ 23,578	\$ 34,422	\$ 16,808	\$ -	\$ 214,684
Due to affiliates	188,060	159,963	238,361	-	125,009	12,977	65,225	(578,188)	211,407
Accrued interest	-	-	5,376	5,761	1,660	4,500	2,747	-	20,044
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	-	6,048	30,972	17,832	16,391	39,757	46,051	-	157,051
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	5,351	328	4,076	2,379	1,525	1,245	-	14,904
Tenant security deposits	-	11,963	32,189	27,485	18,606	19,600	12,116	-	121,959
Total current liabilities	188,060	204,630	334,275	146,676	187,623	112,781	144,192	(578,188)	740,049
Long-term liabilities									
Due to affiliates	180,000	-	-	-	-	-	-	-	180,000
Accrued interest	-	-	264,222	-	-	-	-	-	264,222
Accrued interest, affiliates	-	-	-	-	-	78,694	-	-	78,694
Notes payable, less current portion, net	-	808,498	2,449,473	742,872	1,064,687	2,915,686	1,472,443	-	9,453,659
Notes payable, less current portion, affiliates	-	-	-	-	-	499,950	-	-	499,950
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-	-
Total long-term liabilities	180,000	808,498	2,713,695	742,872	1,064,687	3,494,330	1,472,443	-	10,476,525
Total liabilities	368,060	1,013,128	3,047,970	889,548	1,252,310	3,607,111	1,616,635	(578,188)	11,216,574
Net assets									
Unrestricted net assets, controlling	1,707,372	824,204	172,799	2,207,524	2,021,968	2,539,152	3,861,429	(1,905,849)	11,428,599
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	1,707,372	824,204	172,799	2,207,524	2,021,968	2,539,152	3,861,429	(1,905,849)	11,428,599
Temporarily restricted net assets	267,750	-	-	-	-	-	-	-	267,750
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	1,975,122	824,204	172,799	2,207,524	2,021,968	2,539,152	3,861,429	(1,905,849)	11,696,349
Total liabilities and net assets	\$ 2,343,182	\$ 1,837,332	\$ 3,220,769	\$ 3,097,072	\$ 3,274,278	\$ 6,146,263	\$ 5,478,064	\$ (2,484,037)	\$ 22,912,923

Mercy Properties Washington
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Properties Washington	Mercy Housing Washington VIII, LP (Hillside Gardens)	Mercy Housing Washington VI, LP (Lincoln Way II)	Mercy Housing Washington V, LP (Sterling Meadows)	Mercy Housing Washington VII, LP (Eliza McCabe Townhomes)	Mercy Housing Washington IX, LP (Evergreen Vista II)	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Revenues									
Rent - net of vacancies	\$ -	\$ 186,638	\$ 449,137	\$ 400,763	\$ 307,457	\$ 533,879	\$ 384,768	\$ -	\$ 2,262,642
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	123,046	-	-	-	-	-	-	(123,046)	-
Philanthropy	-	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	-	13	124	64	290	67	9,545	-	10,103
Other	-	6,778	301,922	3,570	8,808	14,411	2,637	-	338,126
Total revenues	123,046	193,429	751,183	404,397	316,555	548,357	396,950	(123,046)	2,610,871
Expenses and losses									
Compensation	-	38,202	117,641	105,996	63,391	121,323	96,423	-	542,976
Administrative	122,987	51,784	119,796	62,329	67,204	52,334	69,232	(130,713)	414,953
Professional services	678	9,190	9,380	28,033	10,645	99,660	28,799	-	186,385
Depreciation and amortization	-	130,472	202,965	207,640	199,777	372,502	284,911	-	1,398,267
Grants	-	-	-	-	-	-	-	-	-
Facility	-	88,265	131,975	198,427	164,816	151,399	91,793	-	826,675
Interest and fees	-	465	88,640	7,936	20,744	66,435	12,319	-	196,539
Bad debts	-	-	-	70	1,479	621	-	-	2,170
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	282	-	-	-	-	-	-	(282)	-
Total expenses and losses	123,947	318,378	670,397	610,431	528,056	864,274	583,477	(130,995)	3,567,965
Excess (deficiency) of revenues over expenses	(901)	(124,949)	80,786	(206,034)	(211,501)	(315,917)	(186,527)	7,949	(957,094)
Net assets at beginning of year	1,976,023	949,153	92,013	2,413,558	2,233,469	2,855,069	4,047,956	(1,913,798)	12,653,443
Other transfers to (from) net assets	-	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 1,975,122	\$ 824,204	\$ 172,799	\$ 2,207,524	\$ 2,021,968	\$ 2,539,152	\$ 3,861,429	\$ (1,905,849)	\$ 11,696,349

General Partners
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Properties, Inc.	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue Housing, Inc.	Consolidated McDermott Place	Consolidated South of Market Mercy Housing	Consolidated Visitacion Valley Affordable Housing	Consolidated Mercy Housing West	Consolidated Affordable Housing Corp.
Assets								
Current assets								
Cash and cash equivalents	\$ 3,450,020	\$ 160,903	\$ 58,695	\$ 7,469	\$ 718,767	\$ 151,715	\$ 6,923,262	\$ 5,548
Cash, tenant security deposits	710,078	50,563	22,739	9,973	200,028	113,737	1,549,839	23,853
Cash, restricted	1,460	-	-	-	500	-	244,221	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	729,551	2,580	31,898	3,240	101,660	185,737	680,991	1,928
Due from affiliate, net	28,035	-	-	-	10,638	-	161	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	468,528	31,704	33,521	7,629	115,035	48,313	984,037	7,235
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	99,100	-	-	-	-	-	-	-
Total current assets	5,486,772	245,750	146,853	28,311	1,146,628	499,502	10,382,511	38,564
Property and equipment								
Land and land improvements	15,893,038	2,267,383	561,839	15,440	4,084,594	-	69,242,285	278,856
Buildings	156,054,018	10,774,309	9,464,831	212,107	27,876,048	26,264,984	574,395,777	3,978,612
Furniture and equipment	5,448,610	273,601	311,072	3,391	783,730	655,147	14,160,148	66,148
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(87,853,973)	(6,190,838)	(6,943,261)	(11,385)	(18,562,608)	(16,115,627)	(229,614,926)	(2,673,461)
Net property and equipment	89,541,693	7,124,455	3,394,481	219,553	14,181,764	10,804,504	428,183,284	1,650,155
Other long-term assets								
Restricted property reserves	9,045,821	663,714	786,877	-	1,579,090	997,886	21,874,971	107,574
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	400,918	-	-	-	(26,151,119)	-	(7,337,323)	3
Notes and interest receivable, net	-	-	-	-	-	-	285,520	-
Notes and interest receivable, affiliates	-	-	-	-	1,197,412	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	214,941	3,057	-	-	-	-	2,710,999	-
Total other long-term assets	9,661,680	666,771	786,877	-	(23,374,617)	997,886	17,534,167	107,577
Total assets	\$ 104,690,145	\$ 8,036,976	\$ 4,328,211	\$ 247,864	\$ (8,046,225)	\$ 12,301,892	\$ 456,099,962	\$ 1,796,296

General Partners
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Properties, Inc.	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue Housing, Inc.	Consolidated McDermott Place	Consolidated South of Market Mercy Housing	Consolidated Visitacion Valley Affordable Housing	Consolidated Mercy Housing West	Consolidated Affordable Housing Corp.
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,855,081	\$ 147,773	\$ 85,372	\$ 40,150	\$ 210,687	\$ 271,704	\$ 2,395,048	\$ 44,762
Due to affiliates	4,385,466	177,784	18,456	501,779	804,793	94,277	2,175,385	495,839
Accrued interest	1,153,617	48,842	-	1,376	13,282	21,126	310,567	1,448
Accrued interest, affiliates	13,625	-	-	-	-	-	-	16,509
Current portion of notes payable	2,210,769	114,700	-	6,774	207,176	70,770	2,292,142	12,200
Current portion of notes payable, affiliates	149,673	-	-	-	52,735	-	-	75,000
Deferred revenue and other liabilities	147,584	6,238	8,634	773	23,918	35,437	493,740	2,085
Tenant security deposits	695,261	48,410	22,531	9,005	195,878	114,765	1,535,696	22,619
Total current liabilities	10,611,076	543,747	134,993	559,857	1,508,469	608,079	9,202,578	670,462
Long-term liabilities								
Due to affiliates	-	-	-	-	1,409,893	-	-	-
Accrued interest	17,520,690	95,769	3,461,590	286,146	7,245,960	806,930	35,572,089	197,091
Accrued interest, affiliates	3,404,467	51,855	-	-	1,042,145	-	1,152,195	1,226
Notes payable, less current portion, net	50,166,582	5,229,645	3,527,422	1,060,860	15,397,015	6,006,576	282,926,912	1,355,701
Notes payable, less current portion, affiliates	16,351,092	414,246	-	-	545,068	-	9,601,619	54,461
Deferred revenue and other liabilities	1,988,357	5,400	5,696	-	4,521	9,065	7,002,147	1,548
Total long-term liabilities	89,431,188	5,796,915	6,994,708	1,347,006	25,644,602	6,822,571	336,254,962	1,610,027
Total liabilities	100,042,264	6,340,662	7,129,701	1,906,863	27,153,071	7,430,650	345,457,540	2,280,489
Net assets								
Unrestricted net assets, controlling	4,516,698	1,696,314	(2,801,490)	(1,658,999)	(35,199,296)	3,503,242	75,954,488	(484,193)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	4,516,698	1,696,314	(2,801,490)	(1,658,999)	(35,199,296)	3,503,242	75,954,488	(484,193)
Temporarily restricted net assets	131,183	-	-	-	-	1,368,000	34,687,934	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	4,647,881	1,696,314	(2,801,490)	(1,658,999)	(35,199,296)	4,871,242	110,642,422	(484,193)
Total liabilities and net assets	\$ 104,690,145	\$ 8,036,976	\$ 4,328,211	\$ 247,864	\$ (8,046,225)	\$ 12,301,892	\$ 456,099,962	\$ 1,796,296

General Partners
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Housing Wheaton	Eliminations	Consolidated General Partners
Assets			
Current assets			
Cash and cash equivalents	\$ 769,210	\$ -	\$ 12,245,589
Cash, tenant security deposits	308,072	-	2,988,882
Cash, restricted	200	-	246,381
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	91,776	-	1,829,361
Due from affiliate, net	6,218	(10,894)	34,158
Pledges receivable, net	-	-	-
Grants receivable	-	-	-
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-
Prepaid expenses and other assets	98,426	-	1,794,428
Inventory	-	-	-
Assets held for sale	-	-	99,100
Total current assets	<u>1,273,902</u>	<u>(10,894)</u>	<u>19,237,899</u>
Property and equipment			
Land and land improvements	3,745,452	-	96,088,887
Buildings	37,565,227	-	846,585,913
Furniture and equipment	5,242,192	-	26,944,039
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	<u>(17,685,548)</u>	<u>-</u>	<u>(385,651,627)</u>
Net property and equipment	<u>28,867,323</u>	<u>-</u>	<u>583,967,212</u>
Other long-term assets			
Restricted property reserves	2,623,808	-	37,679,741
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	35,843,457	2,755,936
Notes and interest receivable, net	-	-	285,520
Notes and interest receivable, affiliates	-	-	1,197,412
Allowance for impaired assets	-	-	-
Other assets, net	-	-	2,928,997
Total other long-term assets	<u>2,623,808</u>	<u>35,843,457</u>	<u>44,847,606</u>
Total assets	<u>\$ 32,765,033</u>	<u>\$ 35,832,563</u>	<u>\$ 648,052,717</u>

General Partners
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Housing Wheaton	Eliminations	Consolidated General Partners
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 518,207	\$ -	\$ 5,568,784
Due to affiliates	18,403	(10,894)	8,661,288
Accrued interest	33,754	-	1,584,012
Accrued interest, affiliates	-	-	30,134
Current portion of notes payable	241,906	-	5,156,437
Current portion of notes payable, affiliates	-	-	277,408
Deferred revenue and other liabilities	49,200	-	767,609
Tenant security deposits	298,153	-	2,942,318
Total current liabilities	1,159,623	(10,894)	24,987,990
Long-term liabilities			
Due to affiliates	-	-	1,409,893
Accrued interest	333,796	-	65,520,061
Accrued interest, affiliates	83,333	-	5,735,221
Notes payable, less current portion, net	11,443,110	-	377,113,823
Notes payable, less current portion, affiliates	5,000,000	-	31,966,486
Deferred revenue and other liabilities	14,725	-	9,031,459
Total long-term liabilities	16,874,964	-	490,776,943
Total liabilities	18,034,587	(10,894)	515,764,933
Net assets			
Unrestricted net assets, controlling	5,138,943	35,843,457	86,509,164
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	9,527,320	35,843,457	90,897,541
Temporarily restricted net assets	9,591,503	-	45,778,620
Permanently restricted net assets	-	-	-
Total net assets	14,730,446	35,843,457	132,287,784
Total liabilities and net assets	\$ 32,765,033	\$ 35,832,563	\$ 648,052,717

General Partners
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Consolidated Mercy Properties, Inc.	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue Housing, Inc.	Consolidated McDermott Place	Consolidated South of Market Mercy Housing	Consolidated Visitacion Valley Affordable Housing	Consolidated Mercy Housing West	Consolidated Affordable Housing Corp.
Revenues								
Rent - net of vacancies	\$ 17,873,691	\$ 1,212,071	\$ 959,488	\$ 229,757	\$ 3,053,382	\$ 2,313,943	\$ 30,002,504	\$ 325,802
Developer fees	-	-	-	-	-	-	-	-
Services fees	94,133	-	-	-	5,963	-	56,721	-
Philanthropy	23,919	-	-	-	-	-	66,244	-
Capital grants	32,725	-	-	-	-	-	29,050	-
Consulting	-	-	-	-	-	-	-	-
Interest	76,825	178	13,371	7	18,209	326	672,762	101
Other	316,053	19,660	(1,511)	16,607	1,495,298	13,260	2,615,240	35,262
Total revenues	18,417,346	1,231,909	971,348	246,371	4,572,852	2,327,529	33,442,521	361,165
Expenses and losses								
Compensation	3,898,525	235,241	335,942	94,476	686,030	432,397	7,382,629	60,563
Administrative	2,577,216	225,133	139,291	38,028	509,824	162,535	4,334,646	62,584
Professional services	902,414	63,579	83,071	8,323	201,007	191,623	1,657,355	9,062
Depreciation and amortization	6,070,885	467,836	366,992	11,215	940,391	934,336	25,032,912	146,619
Grants	146,286	-	-	-	670,621	-	119,218	-
Facility	6,398,682	326,632	421,673	105,383	1,022,100	876,020	10,313,843	184,893
Interest and fees	2,841,499	295,559	175,972	38,140	680,008	331,066	7,427,053	44,638
Bad debts	140,338	2,178	3,338	7,453	7,102	-	50,479	827
Provision for impaired assets	9,620	-	-	-	17,010	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	63	-
(Gain) loss on sale of assets	-	-	-	-	-	-	(156,096)	-
(Gain) loss on investment in limited partnership	4	-	-	-	(3,203,994)	-	446,688	(3)
Total expenses and losses	22,985,469	1,616,158	1,526,279	303,018	1,530,099	2,927,977	56,608,790	509,183
Excess (deficiency) of revenues over expenses	(4,568,123)	(384,249)	(554,931)	(56,647)	3,042,753	(600,448)	(23,166,269)	(148,018)
Net assets at beginning of year	10,459,115	2,080,563	(2,246,559)	(1,602,352)	(39,165,150)	5,471,690	133,829,791	(336,175)
Other transfers to (from) net assets	(1,243,111)	-	-	-	923,101	-	(21,100)	-
Net assets at end of year	\$ 4,647,881	\$ 1,696,314	\$ (2,801,490)	\$ (1,658,999)	\$ (35,199,296)	\$ 4,871,242	\$ 110,642,422	\$ (484,193)

General Partners
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Consolidated Mercy Housing Wheaton	Eliminations	Consolidated General Partners
Revenues			
Rent - net of vacancies	\$ 3,786,947	\$ -	\$ 59,757,585
Developer fees	-	-	-
Services fees	-	(3,463)	153,354
Philanthropy	58,833	-	148,996
Capital grants	-	-	61,775
Consulting	-	-	-
Interest	558	-	782,337
Other	232,701	-	4,742,570
Total revenues	4,079,039	(3,463)	65,646,617
Expenses and losses			
Compensation	875,912	-	14,001,715
Administrative	802,241	(3,463)	8,848,035
Professional services	57,205	-	3,173,639
Depreciation and amortization	728,866	-	34,700,052
Grants	-	-	936,125
Facility	1,231,497	-	20,880,723
Interest and fees	307,724	-	12,141,659
Bad debts	301	-	212,016
Provision for impaired assets	-	-	26,630
Project expenses	-	-	-
Allocation	-	-	63
(Gain) loss on sale of assets	-	-	(156,096)
(Gain) loss on investment in limited partnership	-	(1,704,169)	(4,461,474)
Total expenses and losses	4,003,746	(1,707,632)	90,303,087
Excess (deficiency) of revenues over expenses	75,293	1,704,169	(24,656,470)
Net assets at beginning of year	-	32,722,610	141,213,533
Other transfers to (from) net assets	14,655,153	1,416,678	15,730,721
Net assets at end of year	\$ 14,730,446	\$ 35,843,457	\$ 132,287,784

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Properties, Inc.	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing California VII, LP (Casa San Juan)	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado I, LTD (Grace)	Marlton Affordable Housing Associates (Marlton Manor)	Mercy Housing California V, LP (Mercy Village Folsom)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 114,592	\$ 111,680	\$ 18,351	\$ 113,469	\$ 103,844	\$ 1,212,850	\$ 32,497
Cash, tenant security deposits	-	85,465	71,487	58,866	14,784	10,901	41,521	51,065
Cash, restricted	-	-	300	-	-	-	300	200
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	7,668	518,844	103	6,964	1,786	85,885	7,221
Due from affiliate, net	979,216	4,100	-	-	-	-	-	23,779
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	48,387	35,936	12,489	9,719	12,103	52,389	27,779
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	979,216	260,212	738,247	89,809	144,936	128,634	1,392,945	142,541
Property and equipment								
Land and land improvements	-	5,300	1,737,711	991,080	948,056	168,629	27,431	785,272
Buildings	-	10,033,783	15,741,975	7,852,075	6,423,390	3,283,691	15,482,703	10,477,990
Furniture and equipment	-	379,493	336,379	523,357	151,331	51,764	615,983	424,290
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(9,395,769)	(9,652,377)	(5,857,867)	(3,364,574)	(1,820,487)	(8,436,740)	(5,611,949)
Net property and equipment	-	1,022,807	8,163,688	3,508,645	4,158,203	1,683,597	7,689,377	6,075,603
Other long-term assets								
Restricted property reserves	-	1,019,408	582,265	751,901	271,361	62,073	1,252,363	436,979
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(417,426)	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	7,075	2,036	24,106	15,689
Total other long-term assets	(417,426)	1,019,408	582,265	751,901	278,436	64,109	1,276,469	452,668
Total assets	\$ 561,790	\$ 2,302,427	\$ 9,484,200	\$ 4,350,355	\$ 4,581,575	\$ 1,876,340	\$ 10,358,791	\$ 6,670,812

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Properties, Inc.	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing California VII, LP (Casa San Juan)	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado I, LTD (Grace)	Marlton Affordable Housing Associates (Marlton Manor)	Mercy Housing California V, LP (Mercy Village Folsom)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,012	\$ 119,430	\$ 57,664	\$ 37,384	\$ 34,109	\$ 71,050	\$ 112,602	\$ 120,687
Due to affiliates	990,826	121,716	273,103	21,069	350,000	644	79,371	101,421
Accrued interest	-	-	-	-	14,925	2,264	6,167	3,873
Accrued interest, affiliates	-	-	-	13,625	-	-	-	-
Current portion of notes payable	-	-	-	-	37,320	4,490	426,475	81,458
Current portion of notes payable, affiliates	-	-	-	46,676	-	-	-	13,580
Deferred revenue and other liabilities	-	882	19,839	1,231	1,702	34,766	3,533	712
Tenant security deposits	-	85,421	70,987	58,153	14,290	10,001	44,233	50,565
Total current liabilities	991,838	327,449	421,593	178,138	452,346	123,215	672,381	372,296
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	4,976,446	4,989,573	-	208,823	-	-	547,702
Accrued interest, affiliates	53,634	-	-	-	458,848	-	-	349,415
Notes payable, less current portion, net	-	6,574,976	8,097,865	(63,665)	1,630,029	352,671	604,341	4,136,572
Notes payable, less current portion, affiliates	955,833	-	-	3,067,634	774,312	1,330,000	-	1,361,970
Deferred revenue and other liabilities	-	6,615	4,207	320	231,227	35,097	387,207	105,012
Total long-term liabilities	1,009,467	11,558,037	13,091,645	3,004,289	3,303,239	1,717,768	991,548	6,500,671
Total liabilities	2,001,305	11,885,486	13,513,238	3,182,427	3,755,585	1,840,983	1,663,929	6,872,967
Net assets								
Unrestricted net assets, controlling	(1,570,698)	(9,583,059)	(4,029,038)	1,167,928	825,990	35,357	8,694,862	(202,155)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,570,698)	(9,583,059)	(4,029,038)	1,167,928	825,990	35,357	8,694,862	(202,155)
Temporarily restricted net assets	131,183	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(1,439,515)	(9,583,059)	(4,029,038)	1,167,928	825,990	35,357	8,694,862	(202,155)
Total liabilities and net assets	\$ 561,790	\$ 2,302,427	\$ 9,484,200	\$ 4,350,355	\$ 4,581,575	\$ 1,876,340	\$ 10,358,791	\$ 6,670,812

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Park Terrace Apartments, LP	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)
Assets								
Current assets								
Cash and cash equivalents	\$ 96,792	\$ 139,669	\$ 32,135	\$ 72,223	\$ 24,781	\$ 17,177	\$ 11,454	\$ 87,977
Cash, tenant security deposits	34,318	21,748	11,473	24,805	8,858	25,535	9,173	15,951
Cash, restricted	400	-	-	-	100	160	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	7,679	5,318	25	9,025	710	6,839	8,385	1,950
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	15,556	30,267	3,989	8,826	5,843	16,347	10,872	13,746
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	154,745	197,002	47,622	114,879	40,292	66,058	39,884	119,624
Property and equipment								
Land and land improvements	832,080	-	145,725	-	516,164	891,045	1,064,406	1,899,306
Buildings	5,084,593	6,317,140	1,828,074	3,338,332	2,432,522	4,905,627	3,652,701	7,536,027
Furniture and equipment	138,151	275,078	6,718	45,451	112,257	218,085	173,936	225,296
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(3,266,160)	(2,440,824)	(1,282,118)	(1,976,190)	(1,674,236)	(5,169,538)	(2,297,033)	(3,934,667)
Net property and equipment	2,788,664	4,151,394	698,399	1,407,593	1,386,707	845,219	2,594,010	5,725,962
Other long-term assets								
Restricted property reserves	436,478	424,379	211,988	385,563	132,780	141,609	184,689	127,456
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	19,189	-
Total other long-term assets	436,478	424,379	211,988	385,563	132,780	141,609	203,878	127,456
Total assets	\$ 3,379,887	\$ 4,772,775	\$ 958,009	\$ 1,908,035	\$ 1,559,779	\$ 1,052,886	\$ 2,837,772	\$ 5,973,042

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Park Terrace Apartments, LP	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 72,334	\$ 66,422	\$ 13,931	\$ 15,095	\$ 43,849	\$ 54,921	\$ 63,686	\$ 83,146
Due to affiliates	3,963	196,186	13,947	5,000	27,718	77,011	212,538	330,509
Accrued interest	-	-	-	-	2,862	823	-	11,158
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	15,858	23,087	40,630	51,878
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	2,371	33,492	231	314	173	1,000	824	6,717
Tenant security deposits	33,408	20,804	10,973	23,926	7,792	25,035	8,950	15,149
Total current liabilities	112,076	316,904	39,082	44,335	98,252	181,877	326,628	498,557
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	150,446	669,204	1,293,385	1,666,237	-	1,812,483	-	-
Accrued interest, affiliates	-	-	-	-	15,759	-	-	773,001
Notes payable, less current portion, net	940,437	1,113,511	1,900,000	2,667,388	837,800	2,848,566	496,120	1,721,803
Notes payable, less current portion, affiliates	-	-	-	-	126,779	-	386,000	2,283,443
Deferred revenue and other liabilities	3,658	845,212	75	15,000	-	-	336,228	-
Total long-term liabilities	1,094,541	2,627,927	3,193,460	4,348,625	980,338	4,661,049	1,218,348	4,778,247
Total liabilities	1,206,617	2,944,831	3,232,542	4,392,960	1,078,590	4,842,926	1,544,976	5,276,804
Net assets								
Unrestricted net assets, controlling	2,173,270	1,827,944	(2,274,533)	(2,484,925)	481,189	(3,790,040)	1,292,796	696,238
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,173,270	1,827,944	(2,274,533)	(2,484,925)	481,189	(3,790,040)	1,292,796	696,238
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,173,270	1,827,944	(2,274,533)	(2,484,925)	481,189	(3,790,040)	1,292,796	696,238
Total liabilities and net assets	\$ 3,379,887	\$ 4,772,775	\$ 958,009	\$ 1,908,035	\$ 1,559,779	\$ 1,052,886	\$ 2,837,772	\$ 5,973,042

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mercy Housing South Carolina I, LP (Mulberry Court Mulberry Court LLC Apts)	Mercy Housing Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)	Mercy Housing South Dakota I, LLC (Driftwood Estates)
Assets							
Current assets							
Cash and cash equivalents	\$ 162,217	\$ -	\$ 44,109	\$ -	\$ 18,093	\$ -	\$ 243,178
Cash, tenant security deposits	17,701	-	37,117	-	4,885	-	12,279
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	16,558	-	9,057	-	3,860
Due from affiliate, net	-	-	-	-	-	110,320	337
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	28,974	-	17,073	-	4,675	-	8,446
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	208,892	-	114,857	-	36,710	110,320	268,100
Property and equipment							
Land and land improvements	867,962	-	48,604	-	834,890	-	614,740
Buildings	7,317,421	-	3,551,873	-	3,908,377	-	4,194,624
Furniture and equipment	388,890	-	63,186	-	36,005	-	266,701
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(4,067,152)	-	(2,072,235)	-	(1,580,006)	-	(1,894,082)
Net property and equipment	4,507,121	-	1,591,428	-	3,199,266	-	3,181,983
Other long-term assets							
Restricted property reserves	352,785	-	257,334	-	68,574	-	474,250
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	(306)	-	49,781	-	(359)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	11,496	-	-	-	15,600	-	-
Total other long-term assets	364,281	(306)	257,334	49,781	84,174	(359)	474,250
Total assets	\$ 5,080,294	\$ (306)	\$ 1,963,619	\$ 49,781	\$ 3,320,150	\$ 109,961	\$ 8,127,046
							\$ 3,924,333

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)	Mercy Housing South Dakota I, LLC (Driftwood Estates)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 151,835	\$ -	\$ 47,981	\$ -	\$ 77,198	\$ -	\$ 202,977	\$ 77,155
Due to affiliates	20,139	23,102	65,000	10,271	329,014	173,977	320,259	139,885
Accrued interest	9,899	-	-	-	2,450	-	19,801	7,077
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	41,858	-	2,800	-	20,063	-	65,209	65,322
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	7,149	-	3,829	-	10,009	3,415
Tenant security deposits	16,751	-	36,617	-	4,885	-	94,134	11,901
Total current liabilities	240,482	23,102	159,547	10,271	437,439	173,977	712,389	304,755
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	1,011,136	-
Accrued interest, affiliates	3,955	-	19,765	-	251,838	-	-	255,168
Notes payable, less current portion, net	2,608,187	-	3,464,017	-	547,631	-	5,966,136	855,808
Notes payable, less current portion, affiliates	41,800	-	430,606	-	489,778	-	-	1,271,688
Deferred revenue and other liabilities	-	-	2,325	-	-	-	12,915	-
Total long-term liabilities	2,653,942	-	3,916,713	-	1,289,247	-	6,990,187	2,382,664
Total liabilities	2,894,424	23,102	4,076,260	10,271	1,726,686	173,977	7,702,576	2,687,419
Net assets								
Unrestricted net assets, controlling	2,185,870	(23,408)	(2,112,641)	39,510	1,593,464	(64,016)	424,470	1,236,914
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,185,870	(23,408)	(2,112,641)	39,510	1,593,464	(64,016)	424,470	1,236,914
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,185,870	(23,408)	(2,112,641)	39,510	1,593,464	(64,016)	424,470	1,236,914
Total liabilities and net assets	\$ 5,080,294	\$ (306)	\$ 1,963,619	\$ 49,781	\$ 3,320,150	\$ 109,961	\$ 8,127,046	\$ 3,924,333

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing South Dakota II, LLC (Northern Heights)	Mercy Housing Colorado XI, LLC (Pinon Terrace)	Commons on Main GP, LLC	Commons on Main, LP	Aromor Mercy, LLC (Aromor Apts)	Mercy Galewood SLF, Inc.	FHD Holdings LLC	Franciscan Homes III, LP
Assets								
Current assets								
Cash and cash equivalents	\$ 175,945	\$ 152,328	\$ -	\$ -	\$ 182,453	\$ -	\$ 3,139	\$ 11,544
Cash, tenant security deposits	18,810	26,555	-	-	6,639	-	-	2,228
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	2,536	1,604	-	-	1,214	-	-	4,336
Due from affiliate, net	11,807	-	-	-	-	-	99,917	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	12,586	15,785	-	-	13,487	-	-	6,699
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	221,684	196,272	-	-	203,793	-	103,056	24,807
Property and equipment								
Land and land improvements	812,105	1,658,632	-	-	762,319	-	-	42,857
Buildings	4,510,037	10,137,533	-	-	7,350,687	-	-	812
Furniture and equipment	189,210	170,331	-	-	537,590	-	-	811
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(1,967,254)	(3,583,489)	-	-	(2,600,371)	-	-	-
Net property and equipment	3,544,098	8,383,007	-	-	6,050,225	-	-	44,480
Other long-term assets								
Restricted property reserves	402,053	256,923	-	-	321,674	-	-	2,159
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	403,437	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	358,088	86,239	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	3,143	28,935	-	-	19,921	-	-	-
Total other long-term assets	405,196	285,858	-	-	341,595	358,088	489,676	2,159
Total assets	\$ 4,170,978	\$ 8,865,137	\$ -	\$ -	\$ 6,595,613	\$ 358,088	\$ 592,732	\$ 71,446

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing South Dakota II, LLC (Northern Heights)	Mercy Housing Colorado XI, LLC (Pinon Terrace)	Commons on Main GP, LLC	Commons on Main, LP	Aromor Mercy, LLC (Aromor Apts)	Mercy Galewood SLF, Inc.	FHD Holdings LLC	Franciscan Homes III, LP
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 83,013	\$ 46,806	\$ -	\$ -	\$ 37,069	\$ -	\$ -	\$ 66,078
Due to affiliates	192,299	15,201	162,510	-	21,575	15,170	52,417	650,396
Accrued interest	4,332	3,663	-	-	-	-	-	17,000
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	14,370	13,225	-	-	-	-	-	8,000
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	208,868
Deferred revenue and other liabilities	8,801	1,952	-	-	2,772	-	-	1,623
Tenant security deposits	18,310	21,578	-	-	6,040	-	-	2,228
Total current liabilities	321,125	102,425	162,510	-	67,456	15,170	52,417	954,193
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	35,618	-	-	-	-	-	159,637
Accrued interest, affiliates	41,752	452,396	-	-	914,460	-	-	-
Notes payable, less current portion, net	685,629	782,828	-	-	(9,129)	-	-	1,144,735
Notes payable, less current portion, affiliates	718,619	1,057,500	-	-	2,551,500	-	-	236,027
Deferred revenue and other liabilities	-	3,259	-	-	-	-	-	-
Total long-term liabilities	1,446,000	2,331,601	-	-	3,456,831	-	-	1,540,399
Total liabilities	1,767,125	2,434,026	162,510	-	3,524,287	15,170	52,417	2,494,592
Net assets								
Unrestricted net assets, controlling	2,403,853	6,431,111	(162,510)	-	3,071,326	342,918	540,315	(2,423,146)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,403,853	6,431,111	(162,510)	-	3,071,326	342,918	540,315	(2,423,146)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,403,853	6,431,111	(162,510)	-	3,071,326	342,918	540,315	(2,423,146)
Total liabilities and net assets	\$ 4,170,978	\$ 8,865,137	\$ -	\$ -	\$ 6,595,613	\$ 358,088	\$ 592,732	\$ 71,446

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Franciscan Homes IV, LTD	Eliminations	Consolidated Mercy Properties, Inc.
Assets			
Current assets			
Cash and cash equivalents	\$ 7,096	\$ -	\$ 3,450,020
Cash, tenant security deposits	3,130	-	710,078
Cash, restricted	-	-	1,460
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	6,680	-	729,551
Due from affiliate, net	-	(1,201,441)	28,035
Pledges receivable, net	-	-	-
Grants receivable	-	-	-
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-
Prepaid expenses and other assets	8,130	-	468,528
Inventory	-	-	-
Assets held for sale	99,100	-	99,100
Total current assets	124,136	(1,201,441)	5,486,772
Property and equipment			
Land and land improvements	-	-	15,893,038
Buildings	-	(17,003)	156,054,018
Furniture and equipment	-	-	5,448,610
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	-	5,642	(87,853,973)
Net property and equipment	-	(11,361)	89,541,693
Other long-term assets			
Restricted property reserves	-	-	9,045,821
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	(403,437)	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	324,901	400,918
Notes and interest receivable, net	-	-	-
Notes and interest receivable, affiliates	-	-	-
Allowance for impaired assets	-	-	-
Other assets, net	-	-	214,941
Total other long-term assets	-	(78,536)	9,661,680
Total assets	\$ 124,136	\$ (1,291,338)	\$ 104,690,145

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Franciscan Homes IV, LTD	Eliminations	Consolidated Mercy Properties, Inc.
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 97,647	\$ -	\$ 1,855,081
Due to affiliates	1,281,418	(1,892,189)	4,385,466
Accrued interest	1,047,323	-	1,153,617
Accrued interest, affiliates	-	-	13,625
Current portion of notes payable	1,298,726	-	2,210,769
Current portion of notes payable, affiliates	-	(119,451)	149,673
Deferred revenue and other liabilities	247	-	147,584
Tenant security deposits	3,130	-	695,261
Total current liabilities	3,728,491	(2,011,640)	10,611,076
Long-term liabilities			
Due to affiliates	-	-	-
Accrued interest	-	-	17,520,690
Accrued interest, affiliates	-	(185,524)	3,404,467
Notes payable, less current portion, net	262,326	-	50,166,582
Notes payable, less current portion, affiliates	167,410	(899,807)	16,351,092
Deferred revenue and other liabilities	88,831	(88,831)	1,988,357
Total long-term liabilities	518,567	(1,174,162)	89,431,188
Total liabilities	4,247,058	(3,185,802)	100,042,264
Net assets			
Unrestricted net assets, controlling	(4,122,922)	1,894,464	4,516,698
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	(4,122,922)	1,894,464	4,516,698
Temporarily restricted net assets	-	-	131,183
Permanently restricted net assets	-	-	-
Total net assets	(4,122,922)	1,894,464	4,647,881
Total liabilities and net assets	\$ 124,136	\$ (1,291,338)	\$ 104,690,145

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Properties, Inc.	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing California VII, LP (Casa San Juan)	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado I, LTD (Grace)	Marlton Affordable Housing Associates (Marlton Manor)	Mercy Housing California V, LP (Mercy Village Folsom)
Revenues								
Rent - net of vacancies	\$ -	\$ 1,309,907	\$ 1,981,681	\$ 896,696	\$ 399,879	\$ 552,915	\$ 2,647,754	\$ 627,781
Developer fees	-	-	-	-	-	-	-	-
Services fees	241,154	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	32,725	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	30,225	13,974	4,835	1,052	19	2	15,113	2,112
Other	40,118	34,304	24,105	15,791	4,175	10,464	39,650	10,799
Total revenues	311,497	1,358,185	2,010,621	913,539	404,073	596,106	2,702,517	640,692
Expenses and losses								
Compensation	-	407,592	299,413	123,535	94,476	149,948	669,983	125,294
Administrative	258,522	151,041	154,289	105,121	79,763	56,450	350,755	102,119
Professional services	1,525	120,448	146,614	139,504	6,835	30,535	12,515	36,575
Depreciation and amortization	-	271,727	575,270	325,752	271,860	160,780	645,174	404,379
Grants	-	-	-	-	-	-	-	-
Facility	-	545,160	549,426	289,645	142,488	157,067	737,635	214,699
Interest and fees	7,852	201,670	275,069	166,851	112,665	31,958	95,709	165,041
Bad debts	-	30	26,205	-	669	-	21,983	2,368
Provision for impaired assets	30,225	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	3,107	-	-	-	-	-	-	-
Total expenses and losses	301,231	1,697,668	2,026,286	1,150,408	708,756	586,738	2,533,754	1,050,475
Excess (deficiency) of revenues over expenses	10,266	(339,483)	(15,665)	(236,869)	(304,683)	9,368	168,763	(409,783)
Net assets at beginning of year	(1,449,781)	(9,243,576)	(4,013,373)	1,413,894	1,130,673	25,989	8,781,817	207,628
Other transfers to (from) net assets	-	-	-	(9,097)	-	-	(255,718)	-
Net assets at end of year	\$ (1,439,515)	\$ (9,583,059)	\$ (4,029,038)	\$ 1,167,928	\$ 825,990	\$ 35,357	\$ 8,694,862	\$ (202,155)

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Park Terrace Apartments, LP	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)
Revenues								
Rent - net of vacancies	\$ 514,887	\$ 933,766	\$ 204,633	\$ 327,890	\$ 216,394	\$ 373,142	\$ 354,106	\$ 562,824
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	23,919	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	877	6,572	67	12,494	50	143	915	28
Other	9,596	19,664	7,084	1,365	3,279	1,663	9,400	11,344
Total revenues	525,360	983,921	211,784	341,749	219,723	374,948	364,421	574,196
Expenses and losses								
Compensation	134,257	359,138	35,488	83,719	26,214	100,836	88,358	96,374
Administrative	93,779	145,191	38,074	55,286	45,131	59,674	59,234	85,151
Professional services	44,060	94,320	9,655	28,340	6,966	6,950	9,114	9,734
Depreciation and amortization	200,784	121,356	32,974	86,936	107,720	182,854	174,708	328,080
Grants	-	-	-	-	-	-	-	-
Facility	182,334	313,330	93,726	138,137	81,341	167,322	198,579	148,106
Interest and fees	10,319	33,818	57,000	80,372	35,309	97,256	1,087	216,984
Bad debts	6,645	226	-	-	1,039	-	8,623	3,864
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	672,178	1,067,379	266,917	472,790	303,720	614,892	539,703	888,293
Excess (deficiency) of revenues over expenses	(146,818)	(83,458)	(55,133)	(131,041)	(83,997)	(239,944)	(175,282)	(314,097)
Net assets at beginning of year	2,320,088	1,911,402	(2,219,400)	(2,353,884)	565,186	(3,550,096)	1,468,078	1,010,335
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 2,173,270	\$ 1,827,944	\$ (2,274,533)	\$ (2,484,925)	\$ 481,189	\$ (3,790,040)	\$ 1,292,796	\$ 696,238

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)	Mercy Housing South Dakota I, LLC (Driftwood Estates)
Revenues								
Rent - net of vacancies	\$ 717,811	\$ -	\$ 495,021	\$ -	\$ 266,415	\$ -	\$ 1,568,614	\$ 623,622
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	15,000	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	136	-	54	-	38	-	2,500	141
Other	8,609	-	5,436	-	5,986	-	39,569	3,554
Total revenues	726,556	-	500,511	-	272,439	15,000	1,610,683	627,317
Expenses and losses								
Compensation	149,665	-	117,238	-	47,072	-	228,890	92,027
Administrative	128,923	-	58,001	-	41,771	15,060	245,837	65,339
Professional services	59,967	1,607	17,897	1,355	9,316	733	20,159	10,834
Depreciation and amortization	343,977	-	77,366	-	172,796	-	436,431	161,383
Grants	-	-	-	-	-	-	-	-
Facility	164,906	-	239,522	-	102,109	-	550,958	212,209
Interest and fees	129,970	-	19,924	-	88,471	-	354,325	157,783
Bad debts	75	-	31,307	-	9,797	-	712	1,276
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	61	-	18	-	23	-	-
Total expenses and losses	977,483	1,668	561,255	1,373	471,332	15,816	1,837,312	700,851
Excess (deficiency) of revenues over expenses	(250,927)	(1,668)	(60,744)	(1,373)	(198,893)	(816)	(226,629)	(73,534)
Net assets at beginning of year	2,439,004	(21,740)	(2,051,897)	40,883	1,792,357	(63,200)	651,099	1,310,448
Other transfers to (from) net assets	(2,207)	-	-	-	-	-	-	-
Net assets at end of year	\$ 2,185,870	\$ (23,408)	\$ (2,112,641)	\$ 39,510	\$ 1,593,464	\$ (64,016)	\$ 424,470	\$ 1,236,914

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing South Dakota II, LLC (Northern Heights)	Mercy Housing Colorado XI, LLC (Pinon Terrace)	Commons on Main GP, LLC	Commons on Main, LP	Aromor Mercy, LLC (Aromor Apts)	Mercy Galewood SLF, Inc.	FHD Holdings LLC	Franciscan Homes III, LP
Revenues								
Rent - net of vacancies	\$ 650,953	\$ 544,560	\$ -	\$ 330,980	\$ 534,220	\$ -	\$ -	\$ 118,441
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	94,133	25,500	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	143	87	-	3,135	2,717	-	-	-
Other	9,273	19,334	-	8,599	9,020	-	-	3,241
Total revenues	660,369	563,981	-	342,714	545,957	94,133	25,500	121,682
Expenses and losses								
Compensation	114,375	127,355	-	25,972	174,845	-	-	13,578
Administrative	94,372	82,973	105	69,165	85,500	94,133	25,501	42,117
Professional services	9,908	8,326	13,630	16,156	9,683	1,245	1,355	7,808
Depreciation and amortization	187,362	366,526	-	121,017	314,291	-	-	-
Grants	-	-	-	-	-	146,286	-	-
Facility	227,890	182,244	-	304,274	201,513	-	-	98,597
Interest and fees	97,739	130,955	-	5,052	114,163	-	-	8,961
Bad debts	931	1,539	-	12,236	9	-	-	5,217
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	9	-	-	3	801	-
Total expenses and losses	732,577	899,918	13,744	553,872	900,004	241,667	27,657	176,278
Excess (deficiency) of revenues over expenses	(72,208)	(335,937)	(13,744)	(211,158)	(354,047)	(147,534)	(2,157)	(54,596)
Net assets at beginning of year	2,476,061	6,767,048	3,818,561	1,048,575	3,425,373	490,452	542,472	(2,368,550)
Other transfers to (from) net assets	-	-	(3,967,327)	(837,417)	-	-	-	-
Net assets at end of year	\$ 2,403,853	\$ 6,431,111	\$ (162,510)	\$ -	\$ 3,071,326	\$ 342,918	\$ 540,315	\$ (2,423,146)

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Franciscan Homes IV, LTD	Eliminations	Consolidated Mercy Properties, Inc.
Revenues			
Rent - net of vacancies	\$ 118,799	\$ -	\$ 17,873,691
Developer fees	-	-	-
Services fees	-	(281,654)	94,133
Philanthropy	-	-	23,919
Capital grants	-	-	32,725
Consulting	-	-	-
Interest	1	(20,605)	76,825
Other	749	(40,118)	316,053
Total revenues	119,549	(342,377)	18,417,346
Expenses and losses			
Compensation	12,883	-	3,898,525
Administrative	36,065	(347,226)	2,577,216
Professional services	8,745	-	902,414
Depreciation and amortization	-	(618)	6,070,885
Grants	-	-	146,286
Facility	155,465	-	6,398,682
Interest and fees	165,843	(20,647)	2,841,499
Bad debts	5,587	-	140,338
Provision for impaired assets	-	(20,605)	9,620
Project expenses	-	-	-
Allocation	-	-	-
(Gain) loss on sale of assets	-	-	-
(Gain) loss on investment in limited partnership	-	(4,018)	4
Total expenses and losses	384,588	(393,114)	22,985,469
Excess (deficiency) of revenues over expenses	(265,039)	50,737	(4,568,123)
Net assets at beginning of year	(3,857,883)	(1,984,928)	10,459,115
Other transfers to (from) net assets	-	3,828,655	(1,243,111)
Net assets at end of year	\$ (4,122,922)	\$ 1,894,464	\$ 4,647,881

Mercy Properties II, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Properties II, Inc.	Mercy Housing Utah I, LP (Francis Peak View)	Mercy Housing Idaho V, LP (Sisters Villa)	Eliminations	Consolidated Mercy Properties II, Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 121,274	\$ 39,629	\$ -	\$ 160,903
Cash, tenant security deposits	-	33,363	17,200	-	50,563
Cash, restricted	-	-	-	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	2,580	-	-	2,580
Due from affiliate, net	40,829	-	-	(40,829)	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	22,913	8,791	-	31,704
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	40,829	180,130	65,620	(40,829)	245,750
Property and equipment					
Land and land improvements	-	1,258,093	1,009,290	-	2,267,383
Buildings	-	6,865,414	3,908,895	-	10,774,309
Furniture and equipment	-	224,957	48,644	-	273,601
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(4,133,814)	(2,057,024)	-	(6,190,838)
Net property and equipment	-	4,214,650	2,909,805	-	7,124,455
Other long-term assets					
Restricted property reserves	-	455,791	207,923	-	663,714
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(224)	-	-	224	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	-	3,057	-	3,057
Total other long-term assets	(224)	455,791	210,980	224	666,771
Total assets	\$ 40,605	\$ 4,850,571	\$ 3,186,405	\$ (40,605)	\$ 8,036,976

Mercy Properties II, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Properties II, Inc.	Mercy Housing Utah I, LP (Francis Peak View)	Mercy Housing Idaho V, LP (Sisters Villa)	Eliminations	Consolidated Mercy Properties II, Inc.
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 83,828	\$ 63,945	\$ -	\$ 147,773
Due to affiliates	102,299	12,000	113,599	(50,114)	177,784
Accrued interest	-	42,957	5,885	-	48,842
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	91,169	23,531	-	114,700
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	6,204	34	-	6,238
Tenant security deposits	-	31,710	16,700	-	48,410
Total current liabilities	102,299	267,868	223,694	(50,114)	543,747
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	8,000	87,769	-	95,769
Accrued interest, affiliates	-	-	51,855	-	51,855
Notes payable, less current portion, net	-	3,605,552	1,624,093	-	5,229,645
Notes payable, less current portion, affiliates	-	-	414,246	-	414,246
Deferred revenue and other liabilities	-	5,400	-	-	5,400
Total long-term liabilities	-	3,618,952	2,177,963	-	5,796,915
Total liabilities	102,299	3,886,820	2,401,657	(50,114)	6,340,662
Net assets					
Unrestricted net assets, controlling	(61,694)	963,751	784,748	9,509	1,696,314
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	(61,694)	963,751	784,748	9,509	1,696,314
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(61,694)	963,751	784,748	9,509	1,696,314
Total liabilities and net assets	\$ 40,605	\$ 4,850,571	\$ 3,186,405	\$ (40,605)	\$ 8,036,976

Mercy Properties II, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Properties II, Inc.	Mercy Housing Utah I, LP (Francis Peak View)	Mercy Housing Idaho V, LP (Sisters Villa)	Eliminations	Consolidated Mercy Properties II, Inc.
Revenues					
Rent - net of vacancies	\$ -	\$ 861,088	\$ 350,983	\$ -	\$ 1,212,071
Developer fees	-	-	-	-	-
Services fees	26,244	-	-	(26,244)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	120	58	-	178
Other	-	16,687	2,973	-	19,660
Total revenues	<u>26,244</u>	<u>877,895</u>	<u>354,014</u>	<u>(26,244)</u>	<u>1,231,909</u>
Expenses and losses					
Compensation	-	161,657	73,584	-	235,241
Administrative	17,331	162,478	62,540	(17,216)	225,133
Professional services	733	52,931	9,915	-	63,579
Depreciation and amortization	-	312,014	155,822	-	467,836
Grants	-	-	-	-	-
Facility	-	233,286	93,346	-	326,632
Interest and fees	-	192,190	103,369	-	295,559
Bad debts	-	2,178	-	-	2,178
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	38	-	-	(38)	-
Total expenses and losses	<u>18,102</u>	<u>1,116,734</u>	<u>498,576</u>	<u>(17,254)</u>	<u>1,616,158</u>
Excess (deficiency) of revenues over expenses	8,142	(238,839)	(144,562)	(8,990)	(384,249)
Net assets at beginning of year	(69,836)	1,202,590	929,310	18,499	2,080,563
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (61,694)</u>	<u>\$ 963,751</u>	<u>\$ 784,748</u>	<u>\$ 9,509</u>	<u>\$ 1,696,314</u>

**2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2016**

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP (Hamilton Apts.)	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
Assets				
Current assets				
Cash and cash equivalents	\$ 2,135	\$ 56,560	\$ -	\$ 58,695
Cash, tenant security deposits	-	22,739	-	22,739
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	31,898	-	31,898
Due from affiliate, net	10,000	-	(10,000)	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	33,521	-	33,521
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>12,135</u>	<u>144,718</u>	<u>(10,000)</u>	<u>146,853</u>
Property and equipment				
Land and land improvements	-	561,839	-	561,839
Buildings	-	9,464,831	-	9,464,831
Furniture and equipment	-	311,072	-	311,072
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(6,943,261)	-	(6,943,261)
Net property and equipment	<u>-</u>	<u>3,394,481</u>	<u>-</u>	<u>3,394,481</u>
Other long-term assets				
Restricted property reserves	-	786,877	-	786,877
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	(105,860)	-	105,860	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	304,891	-	(304,891)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	-	-	-
Total other long-term assets	<u>199,031</u>	<u>786,877</u>	<u>(199,031)</u>	<u>786,877</u>
Total assets	<u>\$ 211,166</u>	<u>\$ 4,326,076</u>	<u>\$ (209,031)</u>	<u>\$ 4,328,211</u>

2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2016

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP (Hamilton Apts.)	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,012	\$ 84,360	\$ -	\$ 85,372
Due to affiliates	10,000	18,456	(10,000)	18,456
Accrued interest	-	-	-	-
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	8,634	-	8,634
Tenant security deposits	-	22,531	-	22,531
Total current liabilities	11,012	133,981	(10,000)	134,993
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	3,461,590	-	3,461,590
Accrued interest, affiliates	-	207,280	(207,280)	-
Notes payable, less current portion, net	-	3,527,422	-	3,527,422
Notes payable, less current portion, affiliates	-	424,120	(424,120)	-
Deferred revenue and other liabilities	-	5,696	-	5,696
Total long-term liabilities	-	7,626,108	(631,400)	6,994,708
Total liabilities	11,012	7,760,089	(641,400)	7,129,701
Net assets				
Unrestricted net assets, controlling	200,154	(3,434,013)	432,369	(2,801,490)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	200,154	(3,434,013)	432,369	(2,801,490)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	200,154	(3,434,013)	432,369	(2,801,490)
Total liabilities and net assets	\$ 211,166	\$ 4,326,076	\$ (209,031)	\$ 4,328,211

**2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016**

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP (Hamilton Apts.)	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
Revenues				
Rent - net of vacancies	\$ -	\$ 959,488	\$ -	\$ 959,488
Developer fees	-	-	-	-
Services fees	10,000	-	(10,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	14,527	13,371	(14,527)	13,371
Other	-	(1,511)	-	(1,511)
Total revenues	<u>24,527</u>	<u>971,348</u>	<u>(24,527)</u>	<u>971,348</u>
Expenses and losses				
Compensation	-	335,942	-	335,942
Administrative	5,025	139,266	(5,000)	139,291
Professional services	755	82,316	-	83,071
Depreciation and amortization	-	366,992	-	366,992
Grants	-	-	-	-
Facility	-	421,673	-	421,673
Interest and fees	-	190,499	(14,527)	175,972
Bad debts	-	3,338	-	3,338
Provision for impaired assets	14,527	-	(14,527)	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	5,687	-	(5,687)	-
Total expenses and losses	<u>25,994</u>	<u>1,540,026</u>	<u>(39,741)</u>	<u>1,526,279</u>
Excess (deficiency) of revenues over expenses	(1,467)	(568,678)	15,214	(554,931)
Net assets at beginning of year	201,621	(2,865,335)	417,155	(2,246,559)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 200,154</u>	<u>\$ (3,434,013)</u>	<u>\$ 432,369</u>	<u>\$ (2,801,490)</u>

McDermott Place
Consolidating Statement of Financial Position
December 31, 2016

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 7,469	\$ -	\$ 7,469
Cash, tenant security deposits	-	9,973	-	9,973
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	3,240	-	3,240
Due from affiliate, net	48,056	-	(48,056)	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	7,629	-	7,629
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>48,056</u>	<u>28,311</u>	<u>(48,056)</u>	<u>28,311</u>
Property and equipment				
Land and land improvements	-	15,440	-	15,440
Buildings	-	212,107	-	212,107
Furniture and equipment	-	3,391	-	3,391
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(11,385)	-	(11,385)
Net property and equipment	<u>-</u>	<u>219,553</u>	<u>-</u>	<u>219,553</u>
Other long-term assets				
Restricted property reserves	-	-	-	-
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	(986,898)	-	986,898	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	-	-	-
Total other long-term assets	<u>(986,898)</u>	<u>-</u>	<u>986,898</u>	<u>-</u>
Total assets	<u>\$ (938,842)</u>	<u>\$ 247,864</u>	<u>\$ 938,842</u>	<u>\$ 247,864</u>

McDermott Place
Consolidating Statement of Financial Position
December 31, 2016

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 40,150	\$ -	\$ 40,150
Due to affiliates	107,779	487,800	(93,800)	501,779
Accrued interest	-	1,376	-	1,376
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	6,774	-	6,774
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	773	-	773
Tenant security deposits	-	9,005	-	9,005
Total current liabilities	107,779	545,878	(93,800)	559,857
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	286,146	-	286,146
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	1,060,860	-	1,060,860
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	1,347,006	-	1,347,006
Total liabilities	107,779	1,892,884	(93,800)	1,906,863
Net assets				
Unrestricted net assets, controlling	(1,046,621)	(1,645,020)	1,032,642	(1,658,999)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(1,046,621)	(1,645,020)	1,032,642	(1,658,999)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	(1,046,621)	(1,645,020)	1,032,642	(1,658,999)
Total liabilities and net assets	\$ (938,842)	\$ 247,864	\$ 938,842	\$ 247,864

McDermott Place
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Revenues				
Rent - net of vacancies	\$ -	\$ 229,757	\$ -	\$ 229,757
Developer fees	-	-	-	-
Services fees	6,030	-	(6,030)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	7	-	7
Other	-	16,607	-	16,607
Total revenues	<u>6,030</u>	<u>246,371</u>	<u>(6,030)</u>	<u>246,371</u>
Expenses and losses				
Compensation	-	94,476	-	94,476
Administrative	6,030	38,772	(6,774)	38,028
Professional services	733	7,590	-	8,323
Depreciation and amortization	-	11,215	-	11,215
Grants	-	-	-	-
Facility	-	105,383	-	105,383
Interest and fees	-	38,140	-	38,140
Bad debts	-	7,453	-	7,453
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	6	-	(6)	-
Total expenses and losses	<u>6,769</u>	<u>303,029</u>	<u>(6,780)</u>	<u>303,018</u>
Excess (deficiency) of revenues over expenses	(739)	(56,658)	750	(56,647)
Net assets at beginning of year	(1,045,882)	(1,588,362)	1,031,892	(1,602,352)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ (1,046,621)</u>	<u>\$ (1,645,020)</u>	<u>\$ 1,032,642</u>	<u>\$ (1,658,999)</u>

South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2016

	South of Market Mercy Housing	1101 Howard Street Associates, LP (1101 Howard St Apts.)	Mercy Housing California VI, LP (205 Jones Street Apts.)	1475 167th Avenue Associates, LP (Bermuda Gardens)	Centro Partners, LP (EI Centro Residential)	Riverside/Leibrandt Partners, LP (La Playa Residential)	West 28th Street, LP (Montclair/Tolton Court)	16th & Church Street Associates, LP (Padre Palou)
Assets								
Current assets								
Cash and cash equivalents	\$ 67,079	\$ 58,608	\$ 51,310	\$ 42,405	\$ 42,973	\$ 76,458	\$ 42,404	\$ 68,863
Cash, tenant security deposits	-	29,085	32,457	56,331	41,182	8,388	19,239	13,346
Cash, restricted	-	-	-	500	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	2,470	15,552	73,338	6,465	-	1,312	2,523
Due from affiliate, net	100,740	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	11,746	11,910	32,035	43,145	3,032	5,712	7,455
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>167,819</u>	<u>101,909</u>	<u>111,229</u>	<u>204,609</u>	<u>133,765</u>	<u>87,878</u>	<u>68,667</u>	<u>92,187</u>
Property and equipment								
Land and land improvements	-	807,358	233,860	835,000	913,787	568,985	720,004	5,600
Buildings	-	5,339,086	3,745,006	5,153,718	4,612,214	1,946,483	4,580,944	2,498,597
Furniture and equipment	-	125,921	153,231	84,253	158,281	21,527	138,219	102,298
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(3,138,989)	(2,879,446)	(3,546,018)	(2,831,654)	(1,138,493)	(2,926,488)	(2,101,520)
Net property and equipment	<u>-</u>	<u>3,133,376</u>	<u>1,252,651</u>	<u>2,526,953</u>	<u>2,852,628</u>	<u>1,398,502</u>	<u>2,512,679</u>	<u>504,975</u>
Other long-term assets								
Restricted property reserves	-	186,097	161,480	252,929	319,174	207,539	223,718	224,236
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(24,831,223)	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	1,197,412	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	<u>(23,633,811)</u>	<u>186,097</u>	<u>161,480</u>	<u>252,929</u>	<u>319,174</u>	<u>207,539</u>	<u>223,718</u>	<u>224,236</u>
Total assets	<u>\$ (23,465,992)</u>	<u>\$ 3,421,382</u>	<u>\$ 1,525,360</u>	<u>\$ 2,984,491</u>	<u>\$ 3,305,567</u>	<u>\$ 1,693,919</u>	<u>\$ 2,805,064</u>	<u>\$ 821,398</u>

South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2016

	South of Market Mercy Housing	1101 Howard Street Associates, LP (1101 Howard St Apts.)	Mercy Housing California VI, LP (205 Jones Street Apts.)	1475 167th Avenue Associates, LP (Bermuda Gardens)	Centro Partners, LP (EI Centro Residential)	Riverside/Leibrandt Partners, LP (La Playa Residential)	West 28th Street, LP (Montclair/Tolton Court)	16th & Church Street Associates, LP (Padre Palou)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,209	\$ 24,938	\$ 33,493	\$ 54,226	\$ 27,134	\$ 10,582	\$ 29,065	\$ 16,061
Due to affiliates	88,545	15,000	19,100	805,002	-	12,000	33,473	45,102
Accrued interest	-	755	965	10,460	232	870	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	35,261	21,898	102,716	35,949	11,352	-	-
Current portion of notes payable, affiliates	-	-	-	52,735	-	-	-	-
Deferred revenue and other liabilities	-	121	11,413	5,967	5,946	239	232	-
Tenant security deposits	-	28,625	31,539	54,956	40,896	7,888	19,128	12,846
Total current liabilities	89,754	104,700	118,408	1,086,062	110,157	42,931	81,898	74,009
Long-term liabilities								
Due to affiliates	775,972	-	-	-	-	-	-	633,921
Accrued interest	-	1,425,952	1,044,526	960,161	2,372,116	677,677	-	765,528
Accrued interest, affiliates	-	-	-	-	-	-	-	1,042,145
Notes payable, less current portion, net	-	2,538,130	2,003,020	4,068,319	2,910,143	1,058,599	1,706,802	1,112,002
Notes payable, less current portion, affiliates	-	-	-	-	312,729	232,339	-	-
Deferred revenue and other liabilities	-	-	2,328	-	2,095	-	98	-
Total long-term liabilities	775,972	3,964,082	3,049,874	5,028,480	5,597,083	1,968,615	1,706,900	3,553,596
Total liabilities	865,726	4,068,782	3,168,282	6,114,542	5,707,240	2,011,546	1,788,798	3,627,605
Net assets								
Unrestricted net assets, controlling	(24,331,718)	(647,400)	(1,642,922)	(3,130,051)	(2,401,673)	(317,627)	1,016,266	(2,806,207)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(24,331,718)	(647,400)	(1,642,922)	(3,130,051)	(2,401,673)	(317,627)	1,016,266	(2,806,207)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(24,331,718)	(647,400)	(1,642,922)	(3,130,051)	(2,401,673)	(317,627)	1,016,266	(2,806,207)
Total liabilities and net assets	\$ (23,465,992)	\$ 3,421,382	\$ 1,525,360	\$ 2,984,491	\$ 3,305,567	\$ 1,693,919	\$ 2,805,064	\$ 821,398

South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California IX, LP (Sycamore St. Commons)	Eliminations	Consolidated South of Market Mercy Housing
Assets			
Current assets			
Cash and cash equivalents	\$ 268,667	\$ -	\$ 718,767
Cash, tenant security deposits	-	-	200,028
Cash, restricted	-	-	500
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	-	-	101,660
Due from affiliate, net	3,845	(93,947)	10,638
Pledges receivable, net	-	-	-
Grants receivable	-	-	-
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-
Prepaid expenses and other assets	-	-	115,035
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	<u>272,512</u>	<u>(93,947)</u>	<u>1,146,628</u>
Property and equipment			
Land and land improvements	-	-	4,084,594
Buildings	-	-	27,876,048
Furniture and equipment	-	-	783,730
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	-	-	(18,562,608)
Net property and equipment	<u>-</u>	<u>-</u>	<u>14,181,764</u>
Other long-term assets			
Restricted property reserves	3,917	-	1,579,090
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	(1,319,896)	(26,151,119)
Notes and interest receivable, net	-	-	-
Notes and interest receivable, affiliates	-	-	1,197,412
Allowance for impaired assets	-	-	-
Other assets, net	-	-	-
Total other long-term assets	<u>3,917</u>	<u>(1,319,896)</u>	<u>(23,374,617)</u>
Total assets	<u>\$ 276,429</u>	<u>\$ (1,413,843)</u>	<u>\$ (8,046,225)</u>

South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California IX, LP (Sycamore St. Commons)	Eliminations	Consolidated South of Market Mercy Housing
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 13,979	\$ -	\$ 210,687
Due to affiliates	-	(213,429)	804,793
Accrued interest	-	-	13,282
Accrued interest, affiliates	-	-	-
Current portion of notes payable	-	-	207,176
Current portion of notes payable, affiliates	-	-	52,735
Deferred revenue and other liabilities	-	-	23,918
Tenant security deposits	-	-	195,878
Total current liabilities	<u>13,979</u>	<u>(213,429)</u>	<u>1,508,469</u>
Long-term liabilities			
Due to affiliates	-	-	1,409,893
Accrued interest	-	-	7,245,960
Accrued interest, affiliates	-	-	1,042,145
Notes payable, less current portion, net	-	-	15,397,015
Notes payable, less current portion, affiliates	-	-	545,068
Deferred revenue and other liabilities	-	-	4,521
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>25,644,602</u>
Total liabilities	<u>13,979</u>	<u>(213,429)</u>	<u>27,153,071</u>
Net assets			
Unrestricted net assets, controlling	262,450	(1,200,414)	(35,199,296)
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	<u>262,450</u>	<u>(1,200,414)</u>	<u>(35,199,296)</u>
Temporarily restricted net assets	-	-	-
Permanently restricted net assets	-	-	-
Total net assets	<u>262,450</u>	<u>(1,200,414)</u>	<u>(35,199,296)</u>
Total liabilities and net assets	<u>\$ 276,429</u>	<u>\$ (1,413,843)</u>	<u>\$ (8,046,225)</u>

**South of Market Mercy Housing
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016**

	South of Market Mercy Housing	1101 Howard Street Associates, LP (1101 Howard St Apts.)	Mercy Housing California VI, LP (205 Jones Street Apts.)	1475 167th Avenue Associates, LP (Bermuda Gardens)	Centro Partners, LP (El Centro Residential)	Riverside/Leibrandt Partners, LP (La Playa Residential)	West 28th Street, LP (Montclair/Tolton Court)	16th & Church Street Associates, LP (Padre Palou)
Revenues								
Rent - net of vacancies	\$ -	\$ 463,247	\$ 497,158	\$ 868,184	\$ 525,079	\$ 138,119	\$ 294,720	\$ 266,875
Developer fees	-	-	-	-	-	-	-	-
Services fees	100,463	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	17,010	102	100	651	68	101	57	116
Other	1,417,822	7,732	10,295	7,077	27,187	1,533	7,544	12,263
Total revenues	1,535,295	471,081	507,553	875,912	552,334	139,753	302,321	279,254
Expenses and losses								
Compensation	-	80,134	129,801	176,215	141,595	20,203	99,319	38,763
Administrative	121,941	71,216	83,793	104,968	70,597	26,109	59,376	54,794
Professional services	1,850	36,847	19,365	47,455	65,734	6,835	6,835	11,087
Depreciation and amortization	-	175,638	152,952	187,906	121,732	48,131	170,300	83,732
Grants	670,621	-	-	-	-	-	-	-
Facility	-	130,281	162,072	296,066	132,577	46,159	105,372	149,573
Interest and fees	-	77,032	66,289	215,339	120,489	45,927	1	154,931
Bad debts	-	-	-	6,995	107	-	-	-
Provision for impaired assets	17,010	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(3,198,182)	-	-	-	-	-	-	-
Total expenses and losses	(2,386,760)	571,148	614,272	1,034,944	652,831	193,364	441,203	492,880
Excess (deficiency) of revenues over expenses	3,922,055	(100,067)	(106,719)	(159,032)	(100,497)	(53,611)	(138,882)	(213,626)
Net assets at beginning of year	(29,284,899)	(499,591)	(1,494,335)	(2,971,019)	(2,301,176)	(264,016)	1,174,864	(2,592,581)
Other transfers to (from) net assets	1,031,126	(47,742)	(41,868)	-	-	-	(19,716)	-
Net assets at end of year	\$ (24,331,718)	\$ (647,400)	\$ (1,642,922)	\$ (3,130,051)	\$ (2,401,673)	\$ (317,627)	\$ 1,016,266	\$ (2,806,207)

**South of Market Mercy Housing
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016**

	Mercy Housing California IX, LP (Sycamore St. Commons)	Eliminations	Consolidated South of Market Mercy Housing
Revenues			
Rent - net of vacancies	\$ -	\$ -	\$ 3,053,382
Developer fees	-	-	-
Services fees	-	(94,500)	5,963
Philanthropy	-	-	-
Capital grants	-	-	-
Consulting	-	-	-
Interest	4	-	18,209
Other	3,845	-	1,495,298
Total revenues	<u>3,849</u>	<u>(94,500)</u>	<u>4,572,852</u>
Expenses and losses			
Compensation	-	-	686,030
Administrative	12,499	(95,469)	509,824
Professional services	4,999	-	201,007
Depreciation and amortization	-	-	940,391
Grants	-	-	670,621
Facility	-	-	1,022,100
Interest and fees	-	-	680,008
Bad debts	-	-	7,102
Provision for impaired assets	-	-	17,010
Project expenses	-	-	-
Allocation	-	-	-
(Gain) loss on sale of assets	-	-	-
(Gain) loss on investment in limited partnership	-	(5,812)	(3,203,994)
Total expenses and losses	<u>17,498</u>	<u>(101,281)</u>	<u>1,530,099</u>
Excess (deficiency) of revenues over expenses	(13,649)	6,781	3,042,753
Net assets at beginning of year	276,099	(1,208,496)	(39,165,150)
Other transfers to (from) net assets	-	1,301	923,101
Net assets at end of year	<u>\$ 262,450</u>	<u>\$ (1,200,414)</u>	<u>\$ (35,199,296)</u>

Visitacion Valley Affordable Housing Corporation
Consolidating Statement of Financial Position
December 31, 2016

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing Corporation
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 151,715	\$ -	\$ 151,715
Cash, tenant security deposits	-	113,737	-	113,737
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	185,737	-	185,737
Due from affiliate, net	33,750	-	(33,750)	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	48,313	-	48,313
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>33,750</u>	<u>499,502</u>	<u>(33,750)</u>	<u>499,502</u>
Property and equipment				
Land and land improvements	-	-	-	-
Buildings	-	26,264,984	-	26,264,984
Furniture and equipment	-	655,147	-	655,147
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(16,115,627)	-	(16,115,627)
Net property and equipment	<u>-</u>	<u>10,804,504</u>	<u>-</u>	<u>10,804,504</u>
Other long-term assets				
Restricted property reserves	-	997,886	-	997,886
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	3,121,480	-	(3,121,480)	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	-	-	-
Total other long-term assets	<u>3,121,480</u>	<u>997,886</u>	<u>(3,121,480)</u>	<u>997,886</u>
Total assets	<u>\$ 3,155,230</u>	<u>\$ 12,301,892</u>	<u>\$ (3,155,230)</u>	<u>\$ 12,301,892</u>

Visitacion Valley Affordable Housing Corporation
Consolidating Statement of Financial Position
December 31, 2016

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing Corporation
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,012	\$ 270,692	\$ -	\$ 271,704
Due to affiliates	94,277	45,000	(45,000)	94,277
Accrued interest	-	21,126	-	21,126
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	70,770	-	70,770
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	35,437	-	35,437
Tenant security deposits	-	114,765	-	114,765
Total current liabilities	95,289	557,790	(45,000)	608,079
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	806,930	-	806,930
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	6,006,576	-	6,006,576
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	9,065	-	9,065
Total long-term liabilities	-	6,822,571	-	6,822,571
Total liabilities	95,289	7,380,361	(45,000)	7,430,650
Net assets				
Unrestricted net assets, controlling	1,691,941	4,921,531	(3,110,230)	3,503,242
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	1,691,941	4,921,531	(3,110,230)	3,503,242
Temporarily restricted net assets	1,368,000	-	-	1,368,000
Permanently restricted net assets	-	-	-	-
Total net assets	3,059,941	4,921,531	(3,110,230)	4,871,242
Total liabilities and net assets	\$ 3,155,230	\$ 12,301,892	\$ (3,155,230)	\$ 12,301,892

Visitacion Valley Affordable Housing Corporation
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing Corporation
Revenues				
Rent - net of vacancies	\$ -	\$ 2,313,943	\$ -	\$ 2,313,943
Developer fees	-	-	-	-
Services fees	15,000	-	(15,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	326	-	326
Other	-	13,260	-	13,260
Total revenues	15,000	2,327,529	(15,000)	2,327,529
Expenses and losses				
Compensation	-	432,397	-	432,397
Administrative	14,971	162,564	(15,000)	162,535
Professional services	755	190,868	-	191,623
Depreciation and amortization	-	934,336	-	934,336
Grants	-	-	-	-
Facility	-	876,020	-	876,020
Interest and fees	-	331,066	-	331,066
Bad debts	-	-	-	-
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	300	-	(300)	-
Total expenses and losses	16,026	2,927,251	(15,300)	2,927,977
Excess (deficiency) of revenues over expenses	(1,026)	(599,722)	300	(600,448)
Net assets at beginning of year	3,060,967	5,521,253	(3,110,530)	5,471,690
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	\$ 3,059,941	\$ 4,921,531	\$ (3,110,230)	\$ 4,871,242

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing West	Mercy Housing California XIV, LP (10th & Mission Apartments)	Mercy Housing California XV, LP (Nueva Vista)	Mercy Housing California XVII, LP (Derek Silva Community)	Mercy Housing California XXIV, LP (Carter Terrace Apartments)	Mercy Housing California XVIII, LP (Polk Street Senior Community)	Mercy Housing California XIII, LP (Linbrook Court)	Mercy Housing California XX, LP (Mission Creek Sr.)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 581,423	\$ 50,272	\$ 7,912	\$ 452,581	\$ 116,480	\$ 330,036	\$ 1,249,948
Cash, tenant security deposits	-	118,043	38,183	19,557	107,061	22,165	33,637	65,359
Cash, restricted	4,140	-	300	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	12,471	5,314	45,458	14,934	40	5,090	45,494
Due from affiliate, net	2,047,944	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	94,322	20,546	28,979	35,600	43,898	12,934	78,768
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	2,052,084	806,259	114,615	101,906	610,176	182,583	381,697	1,439,569
Property and equipment								
Land and land improvements	-	1,323,633	917,754	135,399	7,088,220	1,028,700	1,804,059	28,240
Buildings	-	63,254,021	10,996,836	14,662,715	21,257,241	15,997,469	10,233,219	39,748,618
Furniture and equipment	-	1,488,404	319,134	46,784	1,522,830	117,470	266,801	1,004,135
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(18,735,442)	(6,264,469)	(7,413,986)	(13,638,599)	(7,354,565)	(5,762,116)	(16,560,328)
Net property and equipment	-	47,330,616	5,969,255	7,430,912	16,229,692	9,789,074	6,541,963	24,220,665
Other long-term assets								
Restricted property reserves	457,341	1,294,413	415,918	705,283	1,020,010	907,854	271,134	2,022,733
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	168,800	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	7,390,234	-	-	-	-	-	-	-
Notes and interest receivable, net	285,520	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	23,881,700	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	43,932	3,342	174	-	13,467	2,772	23,747
Total other long-term assets	32,183,595	1,338,345	419,260	705,457	1,020,010	921,321	273,906	2,046,480
Total assets	\$ 34,235,679	\$ 49,475,220	\$ 6,503,130	\$ 8,238,275	\$ 17,859,878	\$ 10,892,978	\$ 7,197,566	\$ 27,706,714

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing West	Mercy Housing California XIV, LP (10th & Mission Apartments)	Mercy Housing California XV, LP (Nueva Vista)	Mercy Housing California XVII, LP (Derek Silva Community)	Mercy Housing California XXIV, LP (Carter Terrace Apartments)	Mercy Housing California XVIII, LP (Polk Street Senior Community)	Mercy Housing California XIII, LP (Linbrook Court)	Mercy Housing California XX, LP (Mission Creek Sr.)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,206	\$ 111,649	\$ 33,415	\$ 103,997	\$ 93,016	\$ 71,934	\$ 31,818	\$ 157,160
Due to affiliates	1,222,696	78,760	32,340	114,544	24,224	24,950	40,000	19,351
Accrued interest	-	-	2,980	4,853	15,936	6,114	10,689	3,279
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	61,540	300,000	100,000	400,000	62,384	325,000
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	8,161	2,259	1,813	21,362	20,670	3,115	263,879
Tenant security deposits	-	117,648	37,683	18,095	107,411	21,220	33,137	64,719
Total current liabilities	1,223,902	316,218	170,217	543,302	361,949	544,888	181,143	833,388
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	1,613,926	-	851,800	4,362,231	4,458,929	542,796	1,739,610
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	900,000	37,665,407	3,699,741	7,314,741	16,240,958	8,907,889	3,912,074	21,321,065
Notes payable, less current portion, affiliates	5,516,324	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	200,213	2,245	1,516,197	-	847,128	304	8,980
Total long-term liabilities	6,416,324	39,479,546	3,701,986	9,682,738	20,603,189	14,213,946	4,455,174	23,069,655
Total liabilities	7,640,226	39,795,764	3,872,203	10,226,040	20,965,138	14,758,834	4,636,317	23,903,043
Net assets								
Unrestricted net assets, controlling	(8,092,481)	9,679,456	2,630,927	(1,987,765)	(3,105,260)	(3,865,856)	2,561,249	3,803,671
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(8,092,481)	9,679,456	2,630,927	(1,987,765)	(3,105,260)	(3,865,856)	2,561,249	3,803,671
Temporarily restricted net assets	34,687,934	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	26,595,453	9,679,456	2,630,927	(1,987,765)	(3,105,260)	(3,865,856)	2,561,249	3,803,671
Total liabilities and net assets	\$ 34,235,679	\$ 49,475,220	\$ 6,503,130	\$ 8,238,275	\$ 17,859,878	\$ 10,892,978	\$ 7,197,566	\$ 27,706,714

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California XVI, LP (Villa Madera)	Mercy Housing California XII, LP (Villa Amador)	Village Park Housing Associates (Village Park Apts.)	Mercy Housing California XXI, LP (White Rock Village)	Mercy Housing California XIX, LP (Grand & Venice)	Mercy Housing California XXV, LP (Casa Alegre)	Pinewood Court Apartments, LP (Terracina Pinewood Court)	Mercy Housing California XXII, LP (The Dudley)
Assets								
Current assets								
Cash and cash equivalents	\$ 117,979	\$ 154,690	\$ 46,587	\$ 516,101	\$ 124,184	\$ 132,872	\$ 24,877	\$ 53,553
Cash, tenant security deposits	60,422	80,274	36,578	147,985	48,080	20,588	43,629	18,492
Cash, restricted	-	2,866	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	1,994	10,870	4,724	43,161	70,810	1,250	221	52,216
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	11,867	27,713	15,815	49,817	47,066	11,476	14,284	32,545
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	192,262	276,413	103,704	757,064	290,140	166,186	83,011	156,806
Property and equipment								
Land and land improvements	2,223,946	6,280,035	214,579	5,531,488	176,286	873,574	2,014,938	121,460
Buildings	12,008,565	26,984,865	4,513,871	24,177,715	19,997,125	3,449,179	7,067,910	7,305,192
Furniture and equipment	195,460	674,962	75,244	369,798	170,359	47,308	96,855	242,594
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(6,244,113)	(12,039,692)	(3,722,847)	(10,190,190)	(8,411,591)	(2,068,290)	(4,275,610)	(3,836,042)
Net property and equipment	8,183,858	21,900,170	1,080,847	19,888,811	11,932,179	2,301,771	4,904,093	3,833,204
Other long-term assets								
Restricted property reserves	428,958	617,091	174,860	399,314	277,618	179,942	178,624	276,583
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	9,747	22,190	-	20,006	1,848,344	1,185	16,592	23,238
Total other long-term assets	438,705	639,281	174,860	419,320	2,125,962	181,127	195,216	299,821
Total assets	\$ 8,814,825	\$ 22,815,864	\$ 1,359,411	\$ 21,065,195	\$ 14,348,281	\$ 2,649,084	\$ 5,182,320	\$ 4,289,831

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California XVI, LP (Villa Madera)	Mercy Housing California XII, LP (Villa Amador)	Village Park Housing Associates (Village Park Apts.)	Mercy Housing California XXI, LP (White Rock Village)	Mercy Housing California XIX, LP (Grand & Venice)	Mercy Housing California XXV, LP (Casa Alegre)	Pinewood Court Apartments, LP (Terracina Pinewood Court)	Mercy Housing California XXII, LP (The Dudley)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 78,454	\$ 61,894	\$ 30,734	\$ 52,935	\$ 162,320	\$ 12,643	\$ 63,412	\$ 74,084
Due to affiliates	365,049	5,280	161,324	311,589	22,902	99,161	172,886	396,496
Accrued interest	40,724	50,531	1,688	64,825	4,759	-	8,900	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	101,619	49,856	27,424	129,705	19,239	-	59,986	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	3,931	8,637	-	23,153	3,150	488	966	21,604
Tenant security deposits	60,387	77,928	36,638	151,203	47,963	20,087	43,107	17,992
Total current liabilities	650,164	254,126	257,808	733,410	260,333	132,379	349,257	510,176
Long-term liabilities								
Due to affiliates	-	168,800	-	-	-	-	-	-
Accrued interest	901,599	2,997,853	1,427,204	1,600,188	2,179,675	321,766	371,959	1,553,779
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	7,800,871	16,338,060	2,267,025	18,093,448	6,932,862	895,078	2,764,034	4,268,723
Notes payable, less current portion, affiliates	284,000	-	-	-	-	-	555,978	-
Deferred revenue and other liabilities	555,420	40,095	-	728,776	1,863,559	-	2,214	158,738
Total long-term liabilities	9,541,890	19,544,808	3,694,229	20,422,412	10,976,096	1,216,844	3,694,185	5,981,240
Total liabilities	10,192,054	19,798,934	3,952,037	21,155,822	11,236,429	1,349,223	4,043,442	6,491,416
Net assets								
Unrestricted net assets, controlling	(1,377,229)	3,016,930	(2,592,626)	(90,627)	3,111,852	1,299,861	1,138,878	(2,201,585)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,377,229)	3,016,930	(2,592,626)	(90,627)	3,111,852	1,299,861	1,138,878	(2,201,585)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(1,377,229)	3,016,930	(2,592,626)	(90,627)	3,111,852	1,299,861	1,138,878	(2,201,585)
Total liabilities and net assets	\$ 8,814,825	\$ 22,815,864	\$ 1,359,411	\$ 21,065,195	\$ 14,348,281	\$ 2,649,084	\$ 5,182,320	\$ 4,289,831

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California XXVI, LP (Martin Luther King Village)	Mercy Housing California XLI, LP (Westbrook Plaza)	Mercy Housing California XIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)	Mercy Housing California XXVIII, LP (The Vineyard Townhomes)	Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)	Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)	New Dana Strand Townhomes, LP (New Dana Strand Townhomes)
Assets								
Current assets								
Cash and cash equivalents	\$ 76,790	\$ 265,094	\$ 156,586	\$ 217,082	\$ 302,843	\$ 1,121,458	\$ 16,402	\$ 44,971
Cash, tenant security deposits	17,023	59,465	35,781	51,346	67,978	58,444	36,208	72,902
Cash, restricted	-	-	10,008	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	58,864	1,524	809	22,091	19,064	28,290	2,372	184,244
Due from affiliate, net	-	-	-	-	-	161	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	20,696	36,993	45,900	17,218	16,476	60,353	13,730	79,070
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	173,373	363,076	249,084	307,737	406,361	1,268,706	68,712	381,187
Property and equipment								
Land and land improvements	2,783,667	693,387	1,781,588	1,779,284	2,275,562	131,824	2,930,938	5,022,013
Buildings	10,745,395	24,646,715	41,716,280	14,470,825	14,498,830	21,415,454	13,138,049	33,388,657
Furniture and equipment	388,833	257,442	938,544	173,899	192,137	814,880	155,101	1,100,465
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(4,810,052)	(6,052,154)	(11,336,419)	(7,025,448)	(6,281,349)	(9,169,330)	(6,737,923)	(14,998,028)
Net property and equipment	9,107,843	19,545,390	33,099,993	9,398,560	10,685,180	13,192,828	9,486,165	24,513,107
Other long-term assets								
Restricted property reserves	862,205	269,655	1,472,351	467,877	283,882	1,876,560	124,201	509,825
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	18,482	52,414	37,282	26,040	31,691	-	6,415	289,988
Total other long-term assets	880,687	322,069	1,509,633	493,917	315,573	1,876,560	130,616	799,813
Total assets	\$ 10,161,903	\$ 20,230,535	\$ 34,858,710	\$ 10,200,214	\$ 11,407,114	\$ 16,338,094	\$ 9,685,493	\$ 25,694,107

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California XXVI, LP (Martin Luther King Village)	Mercy Housing California XLI, LP (Westbrook Plaza)	Mercy Housing California XIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)	Mercy Housing California XXVIII, LP (The Vineyard Townhomes)	Mercy Terrace, LLC	Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)	New Dana Strand Townhomes, LP (New Dana Strand Townhomes)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 109,943	\$ 45,063	\$ 87,121	\$ 35,976	\$ 44,726	\$ 104,400	\$ 115,548	\$ 68,572
Due to affiliates	126,150	53,027	63,183	100,855	178,960	734,606	63,799	141,360
Accrued interest	24,999	975	-	323	18,870	3,243	2,954	7,100
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	32,484	-	56,025	67,386	300,000	45,438	56,211
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	2,828	7,330	49,466	2,228	4,133	1,281	257	6,198
Tenant security deposits	17,005	58,964	35,153	50,556	67,478	57,944	35,689	72,266
Total current liabilities	280,925	197,843	234,923	245,963	381,553	1,201,474	263,685	351,707
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	1,602,220	1,428,807	-	416,028	-	-	2,070,168	1,900,057
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	8,418,428	7,000,006	16,753,360	1,273,335	3,370,293	11,465,452	7,632,548	20,605,216
Notes payable, less current portion, affiliates	394,428	-	12,626,500	-	-	-	-	-
Deferred revenue and other liabilities	4,950	3,205	-	-	320,814	9,717	253,168	72,683
Total long-term liabilities	10,420,026	8,432,018	29,379,860	1,689,363	3,691,107	11,475,169	9,955,884	22,577,956
Total liabilities	10,700,951	8,629,861	29,614,783	1,935,326	4,072,660	12,676,643	10,219,569	22,929,663
Net assets								
Unrestricted net assets, controlling	(539,048)	11,600,674	5,243,927	8,264,888	7,334,454	3,661,451	(534,076)	2,764,444
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(539,048)	11,600,674	5,243,927	8,264,888	7,334,454	3,661,451	(534,076)	2,764,444
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(539,048)	11,600,674	5,243,927	8,264,888	7,334,454	3,661,451	(534,076)	2,764,444
Total liabilities and net assets	\$ 10,161,903	\$ 20,230,535	\$ 34,858,710	\$ 10,200,214	\$ 11,407,114	\$ 16,338,094	\$ 9,685,493	\$ 25,694,107

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California XXXII, LP (Creekview Manor)	Mercy Housing California XXXVI, LP (Kent Gardens)	Mercy Housing California XXXI, LP (Martinelli House)	Mercy Housing California XXXV, LP (Ardenaire Apartments)	Mercy Housing California XXXIII, LP (Casa Verde)	Mercy Housing California XXXVII, LP (Ross Ranch)	Colonia San Martin Associates, LP	Mercy Housing California 50, LP (Vera Haile Senior Housing)
Assets								
Current assets								
Cash and cash equivalents	\$ 59,430	\$ 37,522	\$ 198,141	\$ 5,570	\$ 267,063	\$ -	\$ 51,698	\$ 110,922
Cash, tenant security deposits	82,818	27,675	38,771	22,975	35,921	-	22,891	33,822
Cash, restricted	-	-	-	-	-	-	-	29,818
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	868	5,759	7,396	21,178	-	11,079	2,676
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	28,791	22,473	22,690	14,706	17,425	-	14,931	33,284
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	171,039	88,538	265,361	50,647	341,587	-	100,599	210,522
Property and equipment								
Land and land improvements	8,329,285	2,966,427	388,345	1,009,826	812,667	-	3,437,212	3,173,363
Buildings	16,594,629	14,753,746	9,639,147	9,642,639	10,548,538	-	9,607,884	35,885,615
Furniture and equipment	629,140	456,450	414,180	223,746	352,433	-	275,770	479,520
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(9,653,393)	(5,870,541)	(3,700,251)	(3,335,798)	(4,131,539)	-	(4,602,441)	(3,271,754)
Net property and equipment	15,899,661	12,306,082	6,741,421	7,540,413	7,582,099	-	8,718,425	36,266,744
Other long-term assets								
Restricted property reserves	462,063	1,215,955	569,634	662,653	687,361	-	1,003,254	1,107,908
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	45,332	19,099	14,003	12,352	29,061	-	28,189	46,633
Total other long-term assets	507,395	1,235,054	583,637	675,005	716,422	-	1,031,443	1,154,541
Total assets	\$ 16,578,095	\$ 13,629,674	\$ 7,590,419	\$ 8,266,065	\$ 8,640,108	\$ -	\$ 9,850,467	\$ 37,631,807

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California XXXII, LP (Creekview Manor)	Mercy Housing California XXXVI, LP (Kent Gardens)	Mercy Housing California XXXI, LP (Martinelli House)	Mercy Housing California XXXV, LP (Ardenaire Apartments)	Mercy Housing California XXXIII, LP (Casa Verde)	Mercy Housing California XXXVII, LP (Ross Ranch)	Colonia San Martin Associates, LP	Mercy Housing California 50, LP (Vera Haile Senior Housing)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 45,809	\$ 331,485	\$ 53,411	\$ 43,636	\$ 44,726	\$ -	\$ 35,698	\$ 66,990
Due to affiliates	113,602	18,448	-	-	15,000	-	10,500	47,687
Accrued interest	11,824	-	10,293	14,708	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	37,159	-	60,686	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	6,745	501	6,172	1,120	5,996	-	1,625	14,662
Tenant security deposits	82,248	27,175	38,271	22,897	34,444	-	22,225	32,184
Total current liabilities	297,387	377,609	168,833	82,361	100,166	-	70,048	161,523
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	546,581	-	-	930,935	-	-	412,931	1,083,459
Accrued interest, affiliates	-	-	1,152,195	-	-	-	-	-
Notes payable, less current portion, net	4,574,451	1,415,922	2,503,971	6,922,098	-	-	2,981,830	23,716,206
Notes payable, less current portion, affiliates	-	10,355,200	3,529,317	-	-	-	-	900,000
Deferred revenue and other liabilities	8,453	-	2,266	178,022	-	-	-	-
Total long-term liabilities	5,129,485	11,771,122	7,187,749	8,031,055	-	-	3,394,761	25,699,665
Total liabilities	5,426,872	12,148,731	7,356,582	8,113,416	100,166	-	3,464,809	25,861,188
Net assets								
Unrestricted net assets, controlling	11,151,223	1,480,943	233,837	152,649	8,539,942	-	6,385,658	11,770,619
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	11,151,223	1,480,943	233,837	152,649	8,539,942	-	6,385,658	11,770,619
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	11,151,223	1,480,943	233,837	152,649	8,539,942	-	6,385,658	11,770,619
Total liabilities and net assets	\$ 16,578,095	\$ 13,629,674	\$ 7,590,419	\$ 8,266,065	\$ 8,640,108	\$ -	\$ 9,850,467	\$ 37,631,807

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California 49, LP (McAuley Meadows)	Eliminations	Consolidated Mercy Housing West
Assets			
Current assets			
Cash and cash equivalents	\$ 32,195	\$ -	\$ 6,923,262
Cash, tenant security deposits	25,766	-	1,549,839
Cash, restricted	197,089	-	244,221
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	730	-	680,991
Due from affiliate, net	-	(2,047,944)	161
Pledges receivable, net	-	-	-
Grants receivable	-	-	-
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-
Prepaid expenses and other assets	13,671	-	984,037
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	<u>269,451</u>	<u>(2,047,944)</u>	<u>10,382,511</u>
Property and equipment			
Land and land improvements	1,964,586	-	69,242,285
Buildings	12,048,833	-	574,395,777
Furniture and equipment	669,470	-	14,160,148
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	<u>(2,120,626)</u>	<u>-</u>	<u>(229,614,926)</u>
Net property and equipment	<u>12,562,263</u>	<u>-</u>	<u>428,183,284</u>
Other long-term assets			
Restricted property reserves	671,911	-	21,874,971
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	(168,800)	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	(14,727,557)	(7,337,323)
Notes and interest receivable, net	-	-	285,520
Notes and interest receivable, affiliates	-	(23,881,700)	-
Allowance for impaired assets	-	-	-
Other assets, net	<u>25,282</u>	<u>-</u>	<u>2,710,999</u>
Total other long-term assets	<u>697,193</u>	<u>(38,778,057)</u>	<u>17,534,167</u>
Total assets	<u>\$ 13,528,907</u>	<u>\$ (40,826,001)</u>	<u>\$ 456,099,962</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing California 49, LP (McAuley Meadows)	Eliminations	Consolidated Mercy Housing West
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 21,273	\$ -	\$ 2,395,048
Due to affiliates	8,010	(2,591,354)	2,175,385
Accrued interest	-	-	310,567
Accrued interest, affiliates	-	-	-
Current portion of notes payable	-	-	2,292,142
Current portion of notes payable, affiliates	-	-	-
Deferred revenue and other liabilities	10	-	493,740
Tenant security deposits	25,979	-	1,535,696
Total current liabilities	55,272	(2,591,354)	9,202,578
Long-term liabilities			
Due to affiliates	-	(168,800)	-
Accrued interest	257,588	-	35,572,089
Accrued interest, affiliates	-	-	1,152,195
Notes payable, less current portion, net	4,971,820	-	282,926,912
Notes payable, less current portion, affiliates	6,073,600	(30,633,728)	9,601,619
Deferred revenue and other liabilities	225,000	-	7,002,147
Total long-term liabilities	11,528,008	(30,802,528)	336,254,962
Total liabilities	11,583,280	(33,393,882)	345,457,540
Net assets			
Unrestricted net assets, controlling	1,945,627	(7,432,119)	75,954,488
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	1,945,627	(7,432,119)	75,954,488
Temporarily restricted net assets	-	-	34,687,934
Permanently restricted net assets	-	-	-
Total net assets	1,945,627	(7,432,119)	110,642,422
Total liabilities and net assets	\$ 13,528,907	\$ (40,826,001)	\$ 456,099,962

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing West	Mercy Housing California XIV, LP (10th & Mission Apartments)	Mercy Housing California XV, LP (Nueva Vista)	Mercy Housing California XVII, LP (Derek Silva Community)	Mercy Housing California XXIV, LP (Carter Terrace Apartments)	Mercy Housing California XVIII, LP (Polk Street Senior Community)	Mercy Housing California XIII, LP (Linbrook Court)	Mercy Housing California XX, LP (Mission Creek Sr.)
Revenues								
Rent - net of vacancies	\$ -	\$ 1,466,857	\$ 606,684	\$ 1,273,116	\$ 1,835,888	\$ 1,451,606	\$ 821,273	\$ 2,238,930
Developer fees	-	-	-	-	-	-	-	-
Services fees	834,040	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	54,158	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	3,944	6,802	69	39,581	164,520	63,997	74	286,531
Other	32,017	559,932	22,101	57,010	31,577	59,170	84,268	654,913
Total revenues	870,001	2,033,591	628,854	1,423,865	2,031,985	1,574,773	905,615	3,180,374
Expenses and losses								
Compensation	-	543,597	125,843	335,745	337,326	389,943	139,902	812,375
Administrative	821,527	275,016	98,651	128,960	255,925	114,224	105,435	257,411
Professional services	1,573	90,583	79,267	32,302	108,254	83,839	95,107	21,076
Depreciation and amortization	-	2,558,173	461,179	548,638	1,030,751	665,653	420,331	1,470,258
Grants	119,218	-	-	-	-	-	-	-
Facility	-	963,673	157,150	600,470	541,557	342,875	164,659	586,209
Interest and fees	-	346,875	38,448	177,896	609,201	426,476	210,516	593,745
Bad debts	-	2,896	-	273	788	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	63
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	448,548	-	-	-	-	-	-	-
Total expenses and losses	1,390,866	4,780,813	960,538	1,824,284	2,883,802	2,023,010	1,135,950	3,741,137
Excess (deficiency) of revenues over expenses	(520,865)	(2,747,222)	(331,684)	(400,419)	(851,817)	(448,237)	(230,335)	(560,763)
Net assets at beginning of year	27,116,318	12,426,678	2,962,611	(1,587,346)	(2,253,443)	(3,417,619)	2,791,584	4,364,434
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 26,595,453	\$ 9,679,456	\$ 2,630,927	\$ (1,987,765)	\$ (3,105,260)	\$ (3,865,856)	\$ 2,561,249	\$ 3,803,671

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing California XVI, LP (Villa Madera)	Mercy Housing California XII, LP (Villa Amador)	Village Park Housing Associates (Village Park Apts.)	Mercy Housing California XXI, LP (White Rock Village)	Mercy Housing California XIX, LP (Grand & Venice)	Mercy Housing California XXV, LP (Casa Alegre)	Pinewood Court Apartments, LP (Terracina Pinewood Court)	Mercy Housing California XXII, LP (The Dudley)
Revenues								
Rent - net of vacancies	\$ 826,113	\$ 1,055,648	\$ 388,805	\$ 1,858,277	\$ 724,973	\$ 273,606	\$ 505,589	\$ 842,387
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	2,811	1,959	42	1,751	46	31	17	92
Other	20,249	15,754	2,084	14,808	210,775	3,043	15,593	8,895
Total revenues	849,173	1,073,361	390,931	1,874,836	935,794	276,680	521,199	851,374
Expenses and losses								
Compensation	101,870	106,962	100,338	261,383	154,808	67,476	115,850	357,856
Administrative	120,275	146,796	57,565	203,117	109,434	48,291	41,741	120,086
Professional services	9,035	48,095	7,015	14,065	9,767	48,126	9,035	34,195
Depreciation and amortization	507,571	1,383,173	119,451	1,004,511	744,122	160,414	364,248	282,983
Grants	-	-	-	-	-	-	-	-
Facility	278,149	411,696	130,300	430,454	490,784	81,254	191,738	253,334
Interest and fees	272,372	607,471	81,471	677,125	239,333	24,686	162,015	119,708
Bad debts	-	567	-	-	-	-	-	755
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	1,289,272	2,704,760	496,140	2,590,655	1,748,248	430,247	884,627	1,168,917
Excess (deficiency) of revenues over expenses	(440,099)	(1,631,399)	(105,209)	(715,819)	(812,454)	(153,567)	(363,428)	(317,543)
Net assets at beginning of year	(937,130)	4,669,429	(2,487,417)	625,192	3,924,306	1,453,428	1,502,306	(1,884,042)
Other transfers to (from) net assets	-	(21,100)	-	-	-	-	-	-
Net assets at end of year	\$ (1,377,229)	\$ 3,016,930	\$ (2,592,626)	\$ (90,627)	\$ 3,111,852	\$ 1,299,861	\$ 1,138,878	\$ (2,201,585)

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing California XXVI, LP (Martin Luther King Village)	Mercy Housing California XLI, LP (Westbrook Plaza)	Mercy Housing California XIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)	Mercy Housing California XXVIII, LP (The Vineyard Townhomes)	Mercy Terrace, LLC	Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)	New Dana Strand Townhomes, LP (New Dana Strand Townhomes)
Revenues								
Rent - net of vacancies	\$ 574,018	\$ 776,368	\$ 1,138,808	\$ 776,876	\$ 809,050	\$ 3,399,087	\$ 453,297	\$ 1,157,970
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	19,060	14,210	518	2,399	17	3,783	589	3,127
Other	41,150	24,795	103,964	19,593	15,310	12,275	9,231	26,839
Total revenues	634,228	815,373	1,243,290	798,868	824,377	3,415,145	463,117	1,187,936
Expenses and losses								
Compensation	279,480	134,357	389,366	152,995	68,746	837,229	90,992	183,929
Administrative	113,462	129,754	185,663	138,454	118,949	302,043	68,795	211,049
Professional services	23,993	52,226	70,605	82,782	88,052	12,369	9,035	36,621
Depreciation and amortization	560,383	988,362	1,772,634	656,732	683,805	892,743	650,331	1,573,344
Grants	-	-	-	-	-	-	-	-
Facility	327,452	261,948	396,306	211,563	227,605	984,925	210,922	323,941
Interest and fees	237,920	245,890	1,659	47,992	235,913	245,446	254,532	367,372
Bad debts	30,238	-	-	1,962	-	-	-	6,660
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	1,572,928	1,812,537	2,816,233	1,292,480	1,423,070	3,274,755	1,284,607	2,702,916
Excess (deficiency) of revenues over expenses	(938,700)	(997,164)	(1,572,943)	(493,612)	(598,693)	140,390	(821,490)	(1,514,980)
Net assets at beginning of year	370,449	12,597,838	6,816,870	8,758,500	7,933,147	3,521,061	287,414	4,357,193
Other transfers to (from) net assets	29,203	-	-	-	-	-	-	(77,769)
Net assets at end of year	\$ (539,048)	\$ 11,600,674	\$ 5,243,927	\$ 8,264,888	\$ 7,334,454	\$ 3,661,451	\$ (534,076)	\$ 2,764,444

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing California XXXII, LP (Creekview Manor)	Mercy Housing California XXXVI, LP (Kent Gardens)	Mercy Housing California XXXI, LP (Martinelli House)	Mercy Housing California XXXV, LP (Ardenaire Apartments)	Mercy Housing California XXXIII, LP (Casa Verde)	Mercy Housing California XXXVII, LP (Ross Ranch)	Colonia San Martin Associates, LP	Mercy Housing California 50, LP (Vera Haile Senior Housing)
Revenues								
Rent - net of vacancies	\$ 869,767	\$ 636,185	\$ 774,084	\$ 330,419	\$ 488,300	\$ -	\$ 254,705	\$ 959,829
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	66,244	-	-	-	-	-
Capital grants	-	-	-	-	(25,108)	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	143	11,762	3,130	10,996	182	-	14,591	13,018
Other	11,154	13,942	12,179	99,870	143,856	-	187,085	88,658
Total revenues	881,064	661,889	855,637	441,285	607,230	-	456,381	1,061,505
Expenses and losses								
Compensation	231,322	161,451	196,788	98,496	140,981	-	128,152	239,335
Administrative	160,221	144,711	109,691	65,258	113,230	855	69,052	173,143
Professional services	70,838	118,792	9,290	59,347	67,227	2,199	48,773	137,985
Depreciation and amortization	1,005,542	645,063	399,900	364,314	441,441	-	537,100	1,434,648
Grants	-	-	-	-	-	-	-	-
Facility	245,913	184,181	227,929	170,947	192,315	1,110	149,575	451,112
Interest and fees	210,323	2,949	307,516	149,107	1	1,846	52,131	340,360
Bad debts	-	322	38	3,736	2,139	-	105	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	(156,096)	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	1,924,159	1,257,469	1,251,152	911,205	957,334	(150,086)	984,888	2,776,583
Excess (deficiency) of revenues over expenses	(1,043,095)	(595,580)	(395,515)	(469,920)	(350,104)	150,086	(528,507)	(1,715,078)
Net assets at beginning of year	12,194,318	2,076,523	629,352	622,569	8,890,046	(150,086)	6,914,165	13,485,697
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 11,151,223	\$ 1,480,943	\$ 233,837	\$ 152,649	\$ 8,539,942	\$ -	\$ 6,385,658	\$ 11,770,619

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing California 49, LP (McAuley Meadows)	Eliminations	Consolidated Mercy Housing West
Revenues			
Rent - net of vacancies	\$ 433,989	\$ -	\$ 30,002,504
Developer fees	-	-	-
Services fees	-	(777,319)	56,721
Philanthropy	-	-	66,244
Capital grants	-	-	29,050
Consulting	-	-	-
Interest	2,970	-	672,762
Other	13,150	-	2,615,240
Total revenues	<u>450,109</u>	<u>(777,319)</u>	<u>33,442,521</u>
Expenses and losses			
Compensation	97,736	-	7,382,629
Administrative	82,041	(756,179)	4,334,646
Professional services	75,887	-	1,657,355
Depreciation and amortization	705,114	-	25,032,912
Grants	-	-	119,218
Facility	121,797	-	10,313,843
Interest and fees	138,758	-	7,427,053
Bad debts	-	-	50,479
Provision for impaired assets	-	-	-
Project expenses	-	-	-
Allocation	-	-	63
(Gain) loss on sale of assets	-	-	(156,096)
(Gain) loss on investment in limited partnership	-	(1,860)	446,688
Total expenses and losses	<u>1,221,333</u>	<u>(758,039)</u>	<u>56,608,790</u>
Excess (deficiency) of revenues over expenses	(771,224)	(19,280)	(23,166,269)
Net assets at beginning of year	2,716,851	(7,461,405)	133,829,791
Other transfers to (from) net assets	-	48,566	(21,100)
Net assets at end of year	<u>\$ 1,945,627</u>	<u>\$ (7,432,119)</u>	<u>\$ 110,642,422</u>

Affordable Housing Corp.
Consolidating Statement of Financial Position
December 31, 2016

	Affordable Housing Corp.	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 5,548	\$ -	\$ 5,548
Cash, tenant security deposits	-	23,853	-	23,853
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	1,928	-	1,928
Due from affiliate, net	55,015	-	(55,015)	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	7,235	-	7,235
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>55,015</u>	<u>38,564</u>	<u>(55,015)</u>	<u>38,564</u>
Property and equipment				
Land and land improvements	-	278,856	-	278,856
Buildings	-	3,978,612	-	3,978,612
Furniture and equipment	-	66,148	-	66,148
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(2,673,461)	-	(2,673,461)
Net property and equipment	<u>-</u>	<u>1,650,155</u>	<u>-</u>	<u>1,650,155</u>
Other long-term assets				
Restricted property reserves	-	107,574	-	107,574
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	(498)	-	501	3
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	-	-	-
Total other long-term assets	<u>(498)</u>	<u>107,574</u>	<u>501</u>	<u>107,577</u>
Total assets	<u>\$ 54,517</u>	<u>\$ 1,796,293</u>	<u>\$ (54,514)</u>	<u>\$ 1,796,296</u>

Affordable Housing Corp.
Consolidating Statement of Financial Position
December 31, 2016

	Affordable Housing Corp.	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 44,762	\$ -	\$ 44,762
Due to affiliates	320,054	236,571	(60,786)	495,839
Accrued interest	-	1,448	-	1,448
Accrued interest, affiliates	-	16,509	-	16,509
Current portion of notes payable	-	12,200	-	12,200
Current portion of notes payable, affiliates	-	75,000	-	75,000
Deferred revenue and other liabilities	-	2,085	-	2,085
Tenant security deposits	-	22,619	-	22,619
Total current liabilities	320,054	411,194	(60,786)	670,462
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	197,091	-	197,091
Accrued interest, affiliates	-	1,226	-	1,226
Notes payable, less current portion, net	-	1,355,701	-	1,355,701
Notes payable, less current portion, affiliates	-	54,461	-	54,461
Deferred revenue and other liabilities	-	1,548	-	1,548
Total long-term liabilities	-	1,610,027	-	1,610,027
Total liabilities	320,054	2,021,221	(60,786)	2,280,489
Net assets				
Unrestricted net assets, controlling	(265,537)	(224,928)	6,272	(484,193)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(265,537)	(224,928)	6,272	(484,193)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	(265,537)	(224,928)	6,272	(484,193)
Total liabilities and net assets	\$ 54,517	\$ 1,796,293	\$ (54,514)	\$ 1,796,296

**Affordable Housing Corp.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016**

	Affordable Housing Corp.	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Revenues				
Rent - net of vacancies	\$ -	\$ 325,802	\$ -	\$ 325,802
Developer fees	-	-	-	-
Services fees	9,738	-	(9,738)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	101	-	101
Other	-	35,262	-	35,262
Total revenues	9,738	361,165	(9,738)	361,165
Expenses and losses				
Compensation	-	60,563	-	60,563
Administrative	15,809	56,513	(9,738)	62,584
Professional services	777	8,285	-	9,062
Depreciation and amortization	-	146,619	-	146,619
Grants	-	-	-	-
Facility	-	184,893	-	184,893
Interest and fees	-	44,638	-	44,638
Bad debts	-	827	-	827
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	4	-	(7)	(3)
Total expenses and losses	16,590	502,338	(9,745)	509,183
Excess (deficiency) of revenues over expenses	(6,852)	(141,173)	7	(148,018)
Net assets at beginning of year	(258,685)	(83,755)	6,265	(336,175)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	\$ (265,537)	\$ (224,928)	\$ 6,272	\$ (484,193)

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Wheaton	Clare of Assisi Homes	Clare Gardens	Francis Heights	Villa Maria	Lone Oak Manor	Princeton Manor	Assisi Homes of Illinois
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 7,824	\$ 258,599	\$ 257,206	\$ 1,390	\$ 6,994	\$ 87,519	\$ 126,295
Cash, tenant security deposits	-	18,444	29,510	151,250	13,033	12,544	9,204	58,121
Cash, restricted	-	-	200	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	193	11,255	68,446	2,502	870	5,429	654
Due from affiliate, net	-	-	-	313	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	10,314	22,045	40,961	6,334	13,350	4,561	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	36,775	321,609	518,176	23,259	33,758	106,713	185,070
Property and equipment								
Land and land improvements	-	219,664	165,548	391,737	144,231	433,294	204,337	549,298
Buildings	-	4,400,748	6,082,307	10,836,688	3,155,918	3,105,306	2,152,836	3,190,100
Furniture and equipment	-	341,425	1,352,459	2,862,681	209,567	7,364	3,068	456,183
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,555,071)	(4,277,609)	(6,627,906)	(1,671,907)	(62,790)	(42,928)	(2,386,663)
Net property and equipment	-	2,406,766	3,322,705	7,463,200	1,837,809	3,483,174	2,317,313	1,808,918
Other long-term assets								
Restricted property reserves	-	244,398	165,103	1,145,326	123,921	254,615	46,028	388,682
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	-	244,398	165,103	1,145,326	123,921	254,615	46,028	388,682
Total assets	\$ -	\$ 2,687,939	\$ 3,809,417	\$ 9,126,702	\$ 1,984,989	\$ 3,771,547	\$ 2,470,054	\$ 2,382,670

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Wheaton	Clare of Assisi Homes	Clare Gardens	Francis Heights	Villa Maria	Lone Oak Manor	Princeton Manor	Assisi Homes of Illinois
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 38,473	\$ 90,287	\$ 112,293	\$ 22,164	\$ 25,317	\$ 13,019	\$ 136,198
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	28,084	473	-	2,934	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	106,678	8,593	-	70,400	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1,356	3,519	24,113	917	1,880	565	15,731
Tenant security deposits	-	17,690	28,782	150,747	12,513	10,307	6,827	55,890
Total current liabilities	-	57,519	257,350	296,219	35,594	110,838	20,411	207,819
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	333,796	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	27,000	7,170,661	1,960,396	-	1,209,786	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	5,600	9,125	-	-	-	-
Total long-term liabilities	-	27,000	7,176,261	2,303,317	-	1,209,786	-	-
Total liabilities	-	84,519	7,433,611	2,599,536	35,594	1,320,624	20,411	207,819
Net assets								
Unrestricted net assets, controlling	-	114,977	(3,624,194)	6,116,574	68,752	34,730	54,011	2,174,851
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	-	114,977	(3,624,194)	6,116,574	68,752	34,730	54,011	2,174,851
Temporarily restricted net assets	-	2,488,443	-	410,592	1,880,643	2,416,193	2,395,632	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	-	2,603,420	(3,624,194)	6,527,166	1,949,395	2,450,923	2,449,643	2,174,851
Total liabilities and net assets	\$ -	\$ 2,687,939	\$ 3,809,417	\$ 9,126,702	\$ 1,984,989	\$ 3,771,547	\$ 2,470,054	\$ 2,382,670

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Franciscan Campus, Inc.	Brandywine Apartments	Eliminations	Consolidated Mercy Housing Wheaton
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 23,383	\$ -	\$ 769,210
Cash, tenant security deposits	-	15,966	-	308,072
Cash, restricted	-	-	-	200
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	2,427	-	91,776
Due from affiliate, net	-	5,905	-	6,218
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	861	-	98,426
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	-	48,542	-	1,273,902
Property and equipment				
Land and land improvements	1,485,087	152,256	-	3,745,452
Buildings	3,524,786	1,116,538	-	37,565,227
Furniture and equipment	-	9,445	-	5,242,192
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	(37,526)	(23,148)	-	(17,685,548)
Net property and equipment	4,972,347	1,255,091	-	28,867,323
Other long-term assets				
Restricted property reserves	-	255,735	-	2,623,808
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	-	-	-	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	-	-	-
Total other long-term assets	-	255,735	-	2,623,808
Total assets	\$ 4,972,347	\$ 1,559,368	\$ -	\$ 32,765,033

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2016

	Mercy Housing Franciscan Campus, Inc.	Brandywine Apartments	Eliminations	Consolidated Mercy Housing Wheaton
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 6,494	\$ 73,962	\$ -	\$ 518,207
Due to affiliates	18,403	-	-	18,403
Accrued interest	-	2,263	-	33,754
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	56,235	-	241,906
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	1,119	-	49,200
Tenant security deposits	-	15,397	-	298,153
Total current liabilities	<u>24,897</u>	<u>148,976</u>	<u>-</u>	<u>1,159,623</u>
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	-	-	333,796
Accrued interest, affiliates	83,333	-	-	83,333
Notes payable, less current portion, net	-	1,075,267	-	11,443,110
Notes payable, less current portion, affiliates	5,000,000	-	-	5,000,000
Deferred revenue and other liabilities	-	-	-	14,725
Total long-term liabilities	<u>5,083,333</u>	<u>1,075,267</u>	<u>-</u>	<u>16,874,964</u>
Total liabilities	<u>5,108,230</u>	<u>1,224,243</u>	<u>-</u>	<u>18,034,587</u>
Net assets				
Unrestricted net assets, controlling	(135,883)	335,125	-	5,138,943
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(135,883)	335,125	-	5,138,943
Temporarily restricted net assets	-	-	-	9,591,503
Permanently restricted net assets	-	-	-	-
Total net assets	<u>(135,883)</u>	<u>335,125</u>	<u>-</u>	<u>14,730,446</u>
Total liabilities and net assets	<u>\$ 4,972,347</u>	<u>\$ 1,559,368</u>	<u>\$ -</u>	<u>\$ 32,765,033</u>

Mercy Housing Wheaton
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Mercy Housing Wheaton	Clare of Assisi Homes	Clare Gardens	Francis Heights	Villa Maria	Lone Oak Manor	Princeton Manor	Assisi Homes of Illinois
Revenues								
Rent - net of vacancies	\$ -	\$ 218,943	\$ 1,025,280	\$ 1,560,955	\$ 163,363	\$ 258,579	\$ 167,051	\$ 308,556
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	58,833	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	82	13	142	131	33	28	113
Other	-	1,106	2,320	44,733	341	1,325	2,361	179,042
Total revenues	-	220,131	1,027,613	1,664,663	163,835	259,937	169,440	487,711
Expenses and losses								
Compensation	-	76,802	271,789	334,610	51,813	44,546	14,572	57,104
Administrative	-	32,743	331,917	270,521	25,160	37,851	61,717	33,084
Professional services	-	7,950	9,245	10,080	6,550	10,080	6,480	2,499
Depreciation and amortization	-	88,345	158,033	242,934	67,641	39,619	27,101	63,051
Grants	-	-	-	-	-	-	-	-
Facility	-	102,519	240,221	525,823	64,345	101,372	38,397	116,779
Interest and fees	-	966	173,745	18,108	441	18,383	-	-
Bad debts	-	-	-	301	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	-	309,325	1,184,950	1,402,377	215,950	251,851	148,267	272,517
Excess (deficiency) of revenues over expenses	-	(89,194)	(157,337)	262,286	(52,115)	8,086	21,173	215,194
Net assets at beginning of year	-	-	-	-	-	-	-	-
Other transfers to (from) net assets	-	2,692,614	(3,466,857)	6,264,880	2,001,510	2,442,837	2,428,470	1,959,657
Net assets at end of year	\$ -	\$ 2,603,420	\$ (3,624,194)	\$ 6,527,166	\$ 1,949,395	\$ 2,450,923	\$ 2,449,643	\$ 2,174,851

Mercy Housing Wheaton
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2016

	Dayspring Villa	Brandywine Apartments	Eliminations	Consolidated Mercy Housing Wheaton
Revenues				
Rent - net of vacancies	\$ -	\$ 84,220	\$ -	\$ 3,786,947
Developer fees	-	-	-	-
Services fees	-	-	-	-
Philanthropy	-	-	-	58,833
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	16	-	558
Other	-	1,473	-	232,701
Total revenues	-	85,709	-	4,079,039
Expenses and losses				
Compensation	-	24,676	-	875,912
Administrative	-	9,248	-	802,241
Professional services	2,500	1,821	-	57,205
Depreciation and amortization	37,526	4,616	-	728,866
Grants	-	-	-	-
Facility	3,995	38,046	-	1,231,497
Interest and fees	91,862	4,219	-	307,724
Bad debts	-	-	-	301
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-
Total expenses and losses	135,883	82,626	-	4,003,746
Excess (deficiency) of revenues over expenses	(135,883)	3,083	-	75,293
Net assets at beginning of year	-	-	-	-
Other transfers to (from) net assets	-	332,042	-	14,655,153
Net assets at end of year	\$ (135,883)	\$ 335,125	\$ -	\$ 14,730,446

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016**

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Agriculture (USDA)</u>				
Direct				
Intermediary Relending Program	10.767		\$ 866,994	
Rural Rental Assistance Payments	10.427		3,726,763	
Rural Rental Housing Loans	10.415		25,436,047	
Pass Through				
Idaho Housing & Finance Association (IHFA) / Rental Assistance Payments (RAP)	10.427			\$ 139,029
United States Department of Agriculture (USDA) / Arizona Department of Health Services (ADHS)/Food Stamp Nutrition Education Program	10.561			6,476
Subtotal USDA			30,029,804	145,505
<u>United States Department of Energy</u>				
Pass Through				
King County Dept of Community and Human Services/ HOME Weatherization	81.042			750,000
Subtotal United States Department of Energy			-	750,000
<u>United States Department of Health and Human Services</u>				
Pass Through				
ACA – State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	2810005		23,900
Tacoma-Pierce County Health Department	93.757	2016-00000179		3,000
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243	00-HM-430 / 00-HM-430-731		314,737
Subtotal United States Department of Health and Human Services			-	341,637
<u>United States Department of Housing & Urban Development (HUD)</u>				
Direct				
Interest Reduction Payments Section 236	14.103		67,254	
Mortgage Insurance for the Purchase Section 223 (a) (7)	14.155		13,096,207	
Grant Capital Advance Section 202	14.157		184,046,300	
Project Rental Assistance Contract (PRAC) Section 202	14.157		9,010,768	
Supportive Housing for the Elderly Direct Loan Section 202	14.157		14,109,160	
Project Rental Assistance Contract (PRAC) Section 811	14.181		8,881,772	
Multifamily Services Coordinator Grant	14.191		75,915	
Housing Assistance Payments (HAP) Section 8	14.195		27,831,715	
Multifamily Assisted Housing Reform and Affordability Act	14.197		7,700,000	
Office of Community Planning and Development-Supportive Housing Program	14.235		3,051,542	
Supportive Housing Program-Capital Advance	14.235		4,562,086	
HOME Investment Partnership Program	14.239		464,312	
HUD Tax Credit Assistance Program (Recovery Act Funded)	14.258		1,400,000	
Continuum of Care Program	14.267		164,210	
Pass Through				
Illinois Housing Development Authority / Section 8 New Construction and Substantial Rehabilitation	14.182			848,426
California Housing Finance Agency (CHFA) / Risk Sharing Loans	14.188	92-012-N 97-033N; 97022-N		3,852,197
Boise Housing Authority / HOME Investment Partnership Program / HAP Section 8	14.195			12,048
Chicago Housing Authority / HAP Section 8	14.195			681,329
City and County of San Francisco / Mayor's Office of Housing / HAP Program Section 8	14.195			1,043,861
City of Chicago / Department of Housing / CDBG State Program / HAP Section 8	14.195			245,589
City of Chicago / Department of Housing / CDBG State Program Entitlement / HAP Section 8	14.195			370,289
City of Chicago / Department of Housing / HOME Investment Partnership Program / HAP Section 8	14.195			982,818

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016**

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Housing & Urban Development (HUD)</u>				
City of Chicago, Illinois / Department of Housing / CDBG Multi-family Loan State Program / HAP Section 8	14.195			286,135
City of Cincinnati / HOME Investment Partnership / HAP Section 8	14.195			54,585
City of Council Bluffs / HOME Investment Partnership Program / HAP Section 8	14.195			73,559
City of Daly / HOME Investment Partnership Program / HAP Section 8	14.195			118,506
City of Los Angeles / CDBG State Programs and HOME Investment Partnership Program / HAP Section 8	14.195			16,589
City of Yuba City / HOME Investment Partnership Program / HAP Section 8	14.195			173,583
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program / HAP Section 8	14.195			737,350
County of Contra Costa / Housing Opportunities for Persons with AIDS HOPWA Grant / HAP Section 8	14.195			254,764
Davis County Housing Authority / CDBG States Program	14.195			630,743
Housing Authority of the County of Santa Cruz / HAP / Section 8	14.195			181,851
Illinois Housing Development Authority / Section 8 New Construction and Substantial Rehabilitation	14.195			888,990
Illinois Housing Development Authority / HOME Investment Partnership Program / Multifamily Program / HAP Section 8	14.195			350,069
Omaha Housing Authority of the City of Omaha / Housing Assistance payment (HAP) Section 8	14.195			519,271
Redevelopment Agency of the City and County of San Francisco / Housing Assistance Payment (HAP) Section 8	14.195			1,302,608
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program / HAP Section 8	14.195			38,982
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement / HAP Section 8	14.195			947,202
State of Ohio / Division of Community Development / City of Cincinnati / HOME Ownership Program / HAP Section 8	14.195			48,666
Tacoma Community Development Authority / CDBG State Program	14.195			237,920
Tacoma Community Redevelopment Authority / CDBG State Program / HAP Section 8	14.195			144,263
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program	14.195			151,861
Wisconsin Housing and Economic Development Authority / Tax Credit Assistance Program/ HAP Section 8	14.195			544,008
Omaha Housing Authority of the City of Omaha / Multi-family Assisted Housing Reform and Affordability Act	14.197	103-11014-PUR/CON-EC-FAM		4,467,783
City and County of San Francisco / CDBG State Program	14.218	95-F765446-00		3,000,000
City of Chicago / Chicago Department of Housing / CDBG Entitlement Grant	14.218			122,224
City of Chicago, Department of Family and Support Services	14.218	34145/PO 31453		257,420
Snohomish County / HOME Investment Partnership Program	14.218			12,624
Amador-Toulumne Community Action Agency / CDBG Technical Assistance Program	14.227			63,932
City and County of Denver / CDBG State Program	14.228			444,599
City and County of San Francisco / CDBG State Program	14.228			4,067,011
City and County of San Francisco / Mayor's Office of Housing / CDBG State Program	14.228	95-F765446-00		3,647,022
City of Chicago / Department of Housing / CDBG Multi-family Loan State Program	14.228			2,320
City of Chicago, Illinois / Department of Housing / CDBG State Program / SNAP Program "Strategic Neighborhood Action Program"	14.228			3,472,391
City of Daly City / CDBG State Loan Program	14.228			536,202
City of Dubuque, Iowa / CDBG State Program	14.228	258-93		518,201
City of Eagle, Idaho County / Idaho Community Development Block Grant	14.228			461,959
City of Encinitas / CDBG State Program	14.228			614,000
City of Folsom / CDBG State Program	14.228			92,940
City of Live Oaks / CDBG State Program	14.228			200,000
City of Los Angeles / CDBG State Program	14.228	95-2167; C-93360		968,193
City of Santa Cruz / CDBG Revolving Loan Fund	14.228			332,137
City of Santa Cruz / CDBG State Program	14.228	CA027HG701		221,100
City of Santa Cruz / CDBG State Program	14.228			150,452
City of Yolo/CDBG	14.228			770,568
Community Housing Services Agency / CDBG State Program	14.228			1,961,666
County of Alameda / CDBG State Program	14.228			453,565
County of San Mateo / CDBG State Loan Program	14.228			176,797
Davis County Housing Authority / CDBG States Program	14.228			342,230

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016**

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Housing & Urban Development (HUD)</u>				
Pierce County / CDBG State Program	14.228			75,000
Redevelopment Agency / City and County of San Francisco / CDBG State Program	14.228			357,660
Tacoma Community Development Authority / CDBG State Program	14.228			472,500
Tacoma Community Redevelopment Authority / CDBG Loan Agreement	14.228			600,000
Tacoma Community Redevelopment Authority / CDBG State Program	14.228			400,000
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	29756, 11573, 13400, 46833, 9316		1,174,450
City of Chicago/ AIDS Foundation of Chicago / Substance Abuse and Mental Health Services Projects of Regional and National Significance	14.235			176,582
City of Greenville (Community Development Department) / Forgivable Loan	14.235			262,406
City of Chicago / Department of Human Services (DHS) / HUD Shelter Plus Care	14.238	24444, 24445 and 24443		1,423,781
Amador-Toulumne Community Action Agency / CDBG Technical Assistance Program	14.239	00-HM-430 / 00- HM-430-731		271,340
California Housing Finance Agency (CHFA) / County of Alameda Housing and Community Development / HOME Investment Partnership Program	14.239			2,870,230
California State Department of Housing and Community Development / HOME Investment Partnership Program	14.239	02-HOME-0633		1,341,780
California State Department of Housing and Community Development / HOME Investment Partnership Program	14.239			4,415,279
California/ HOME Investment Partnership Program	14.239			3,696,226
City and County of San Francisco / HOME Investment Partnership Program	14.239			2,583,849
City and County of Denver / HOME Investment Partnership Program	14.239			277,240
City and County of San Francisco / HOME Program Loan Agreement	14.239			8,674,761
City and County of San Francisco / Mayor's Office of Housing / HOME Investment Partnership Program	14.239			632,023
City and County of San Francisco/HOME Investment Partnership Program	14.239			15,602,528
City of Bakersfield / HOME Investment Partnership Program	14.239	98-284		230,000
City of Bellingham / HOME Investment Partnership Program / HAP Section 8	14.239	00-HM-430 / 00- HM-430-731		967
City of Bellingham / HOME Investment Partnership Program / HAP Section 8	14.239			200,450
City of Chicago / Department of Housing / HOME Investment Partnership Program	14.239			17,807,977
City of Chicago/Dept of Community Development/HOME	14.239			6,211,488
City of Cincinnati / HOME Investment Partnership Program	14.239	65X0131; 65X015		449,370
City of Cincinnati / HOME Investment Partnership Program	14.239			81,239
City of Daly / HOME Investment Partnership Program	14.239			491,643
City of Glendale / HOME Investment Partnership Program	14.239			149,240
City of Live Oaks/ HOME Investment Partnership Program	14.239			913,900
City of Los Angeles / HOME Investment Partnership Program	14.239	95.1452; C92700		1,180,554
City of Santa Cruz / HOME Investment Partnership Program	14.239	M-92-SG-19-0100- 400-27-04		2,993,637
City of Seattle/HOME Investment Program	14.239			2,830,921
City of South Lake Tahoe / HOME Investment Partnership Program	14.239	96-HOME-0222; 97-HOME-0280		2,889,250
City of Stockton / HOME Investment Partnership Program	14.239			5,164,390
City of Yolo/HOME	14.239			3,230,209
City of Yuba City / HOME Investment Partnership Program	14.239	98-HOME-0341		1,090,946
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program	14.239			557,075
Community Housing Services Agency / HOME Investment Partnership Program	14.239			257,877
County of Alameda / HOME Investment Partnership Program	14.239			798,781
County of Contra Costa / HOME Investment Partnership Program	14.239	07-52-HM		1,827,511
County of Contra Costa / HOME Investment Partnership Program	14.239			2,540,733
County of El Dorado/HOME Investment Partnership Program	14.239	02-HOME-0613		3,000,000
County of Kern / HOME Investment Partnership Program	14.239	069-99		400,000
County of Marin / HOME Investment Partnership Program	14.239			889,450
County of Orange / HOME Investment Partnership Program	14.239			935,132
County of Riverside / HOME Investment Partnership Program	14.239	File No: 4HM-02- 003		1,038,000
County of San Mateo/HOME Investment Partnership Program	14.239			2,608,827
Department of Housing and Community Development of the State of California / HOME Grant CHDO	14.239	96-HOME-0223		1,319,650
Georgia Housing and Finance Authority / HOME Investment Partnership Program	14.239			7,804,029
HOME Investment Partnership Program	14.239	00-HM-430 / 00- HM-430-731		3,841,725

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016**

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Housing & Urban Development (HUD)</u>				
HOME Investment Partnership Program	14.239	11-HOME6952		2,993,170
HOME Investment Partnership Program	14.239			3,638,898
Housing Authority of the City of Los Angeles, California / HOME Investment Partnership Program	14.239			6,729,758
Housing Authority of the County of Dekalb Georgia/HOME Investment Partnership Program	14.239			860,203
Idaho Housing Agency / HOME Investment Partnership Program	14.239			480,220
Idaho Housing and Finance Association / HOME Investments Partnership Program	14.239			1,088,558
Illinois Housing Development Authority / HOME Investment Partnership Program	14.239			6,112,479
Iowa Department of Economic Development / HOME Investment Partnership Program	14.239	M-92-SG-19-0100-400-27-04		327,728
King County Dept of Community and Human Services / HOME Investment Program	14.239			1,677,233
Pierce County Community Development / HOME Investment Partnership Program	14.239			54,460
Redevelopment Agency of Sacramento/HOME Investment Program	14.239			8,200,000
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program	14.239			7,765,919
Sacramento Housing and Redevelopment Agency / Rural California Housing Corporation / HOME Investment Partnership Program	14.239			852,910
Snohomish County / HOME Investment Partnership Program	14.239			2,755,660
State of Arizona / Department of Commerce / HOME Investment Partnership Program	14.239			150,000
State of Ohio / Division of Community Development / City of Cincinnati / HOME Ownership Program	14.239			252,000
State of Washington / Department of Community, Trade and Economic Development / HOME Investment Partnership Program	14.239			1,334,313
State of Washington/ Department of Commerce/ Housing Division/ HOME Contracts	14.239			3,205,173
Tacoma Community Redevelopment Agency / HOME Investment Partnership Program	14.239			565,000
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program	14.239			767,230
City and County of San Francisco Housing Opportunities for Persons with Aids	14.241			800,000
County of Contra Costa / CDBG Section 108 Loan Guarantee	14.241			680,000
County of Sacramento / Sacramento County Department of Human Assistance / Housing Opportunities for Persons with AIDS / HOPWA Loan	14.241			1,065,000
County of San Diego Department of Housing and Community Development / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			1,534,812
Redevelopment Agency of the City and County of San Francisco / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			4,630,363
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement	14.241			1,218,054
State of California / Department of Housing & Community Development / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241	91-HRL-PH-002		837,774
Community Development Commission of the City of Oxnard / CDBG Section 108 Loan Guarantee	14.248	96-164218		720,846
County of Alameda / CDBG Section 108 Loan Guarantee	14.248	00-HM-430 / 00-HM-430-731		153,628
County of Contra Costa / CDBG Section 108 Loan Guarantee	14.248			1,367,092
County of San Mateo / Section 108 Loan Guarantee	14.248			1,043,617
Enterprise Community Partners	14.252	00-HM-430 / 00-HM-430-731, 13RG2500, 13SG2917, 13SG2917 23040		116,595
City of Chicago / Chicago Department of Housing / American Recovery & Reinvestment Act (ARRA)	14.256			4,366,523
State of California / TCAP	14.258			24,705,821
Wisconsin Housing and Economic Development Authority / Tax Credit Assistance Program	14.258			1,825,586
Housing Authority of the City of Atlanta, Georgia / Hope VI	14.866			5,861,141
Subtotal HUD			274,461,241	262,875,768

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016**

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Treasury</u>				
Direct				
CDFI Program	21.020		1,400,000	
Subtotal United States Department of Treasury			<u>1,400,000</u>	<u>-</u>
Total Expenditures of Direct and Indirect Federal Awards			<u>\$ 305,891,045</u>	<u>\$ 264,112,910</u>
Total Expenditures of Federal Awards				<u>\$ 570,003,955</u>

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016**

		Federal Expenditures
Summary by CFDA Number:		
USDA Rural Rental Housing Loans	10.415	\$ 25,436,047
USDA Rural Rental Assistance Payments	10.427	3,865,792
USDA Food Stamp Nutrition Education	10.561	6,476
USDA Intermediary Relending Program	10.767	866,994
HUD Interest Reduction Payments Section 236	14.103	67,254
HUD Mortgage Insurance for the Purchase Section 223(a)(7)	14.155	13,096,207
HUD Supportive Housing for the Elderly Direct Loan Section/Capital Advance Section 202/HUD Project Rental Assistance Contract (PRAC) Section 202	14.157	207,166,228
HUD Supportive Housing for Persons with Disabilities Capital Advance Section 811/HUD Project Rental Assistance Contract (PRAC) Section 811	14.181	8,881,772
HUD Section 8 New Construction and Substantial Rehabilitation	14.182	\$ 848,426
HUD Housing Assistance Payments (HAP) Section 8	14.195	38,869,154
Subtotal Section 8 Project-Based Cluster		39,717,580
HUD Housing Finance Agencies (HFA) Risk Sharing Loans	14.188	3,852,197
HUD Multi-Family Services Coordinator Grant	14.191	75,915
HUD Multi-Family Assisted Housing Reform & Affordability Act	14.197	12,167,783
HUD Community Development Block Grant Entitlement Grant	14.218	3,392,268
HUD Comm. Dev. Block Grant/Technical Assistance Program	14.227	63,932
HUD Community Development Block Grant/State's Program	14.228	21,338,513
HUD Supportive Housing Program - Capital Advance/Office of Community Planning & Development - Supportive Housing Program/Forgivable Loan	14.235	9,227,066
HUD Shelter Plus Care	14.238	1,423,781
HUD HOME Investment Partnership Program/HOME Grant CHDO	14.239	164,375,451
HUD Housing Opportunities for Persons with AIDS HOPWA Grant	14.241	10,766,003
HUD Community Development Block Section 108 Loan Guarantee	14.248	3,285,183
HUD Capacity Building For Affordable Housing And Community Development Grants	14.252	116,595
City of Chicago / Chicago Department of Housing / American Recovery & Reinvestment Act (ARRA)	14.256	4,366,523
HUD Tax Credit Assistance Program (Recovery Act Funded)	14.258	27,931,407
Continuum of Care	14.267	164,210
Revitalization of Severely Distressed Public Housing (Hope VI)	14.866	5,861,141
Community Development Financial Institutions	21.020	1,400,000
Department of Energy Weatherization Assistance Program (WAP)	81.042	750,000
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243	314,737
ACA – State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	23,900
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	3,000
		\$ 570,003,955

Mercy Housing, Inc.

**Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016**

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mercy Housing, Inc., under programs of the federal government for the year ended December 31, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mercy Housing, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mercy Housing, Inc.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in OMB Circular A-122, "Cost Principles for Non-Profit Organizations" and the cost principles contained in the Uniform Guidance. Mercy Housing, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Loan and capital advance program

Mercy Housing, Inc. has received direct loans and capital grant advances under multiple federal programs as listed below. The loan balances outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule. Mercy Housing, Inc. received additional loans during the year. The balance of the loans outstanding at December 31, 2016 consists of:

CFDA Number	Program Name	Outstanding Balance at December 31, 2016
10.415	USDA Rural Rental Housing Loans	\$ 22,989,510
10.767	USDA Intermediary Relending Program	\$ 790,336
14.103	HUD Interest Reduction Payments Section 236	\$ 85,374
14.155	HUD Mortgage Insurance for the Purchase Section 223(a)(7) HUD Supportive Housing for the Elderly Direct Loan Section/Capital	\$ 12,551,221
14.157	Advance Section 202/HUD Project Rental Assistance Contract (PRAC) Section 202	\$ 205,917,180
14.182	HUD Section 8 New Construction and Substantial Rehabilitation	\$ 882,259
14.188	HUD Housing Finance Agencies (HFA) Risk Sharing Loans	\$ 3,672,750
14.197	HUD Multi-Family Assisted Housing Reform & Affordability Act	\$ 12,412,584
14.218	HUD Community Development Block Grant Entitlement Grant	\$ 4,509,400
14.228	HUD Community Development Block Grant/State's Program HUD Supportive Housing Program - Capital Advance/Office of	\$ 2,128,640
14.235	Community Planning & Development - Supportive Housing Program/Forgivable Loan	\$ 9,165,204
14.239	Home Investment Partnership Program	\$ 150,085,875
14.241	HUD Housing Opportunities for Persons with AIDS HOPWA Grant	\$ 10,793,871
14.248	Community Development Block Section 108 Loan Guarantee	\$ 3,285,183
14.866	Revitalization of Severely Distressed Public Housing (Hope VI)	\$ 5,917,142

Independent Auditor's 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 Board of Directors
Mercy Housing, Inc.

We have audited, 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, the financial statements of Mercy Housing, Inc., which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon April 21, 2017, which included an emphasis of matter paragraph for the adoption of new accounting guidance as indicated on page 3.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mercy Housing, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mercy Housing, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Mercy Housing, Inc.'s internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Mercy Housing, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mercy Housing, Inc.'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mercy Housing, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mercy Housing, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Charlotte, North Carolina
April 21, 2017

Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Mercy Housing, Inc.

Report on Compliance for Each Major Federal Program

We have audited Mercy Housing, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mercy Housing, Inc.'s major federal programs for the year ended December 31, 2016. Mercy Housing, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mercy Housing, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mercy Housing, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mercy Housing, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Mercy Housing, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of Mercy Housing, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mercy Housing, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report

on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mercy Housing, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CohnReznick LLP". The signature is written in a cursive, flowing style.

Charlotte, North Carolina
April 21, 2017

Mercy Housing, Inc.

**Schedule of Findings and Questioned Costs
December 31, 2016**

Summary of auditor's results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Mercy Housing, Inc. were prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies related to the audit of financial statements were reported in the Independent Auditor's 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*. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of Mercy Housing, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit and reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for Mercy Housing, Inc. expresses an unmodified opinion on all major federal programs.
6. There are no audit findings required to be reported in accordance with 2 CFR Section 200.516(a) in this Schedule.
7. The programs tested as major programs were:

HUD Project Rental Assistance Contract (PRAC) Section 811	14.181
HUD Community Development Block Grant Entitlement Grant	14.218
HUD Supportive Housing Program	14.235
HUD HOME Investment Partnership Program	14.239
8. The threshold for distinguishing Type A and B programs was \$3,000,000.
9. Mercy Housing, Inc. was determined to be a low-risk auditee.

Mercy Housing, Inc.

**Schedule of Findings and Questioned Costs
December 31, 2016**

A. Findings - Financial Statements Audit

None.

B. Findings and Questioned Costs - Major Federal Award Programs Audit

None.

C. Status of Prior Year Findings and Questioned Costs

None.

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