

Mercy Housing, Inc.

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

December 31, 2015 and 2014

Mercy Housing, Inc.

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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, 2015 and 2014, 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 statements of financial position of Mercy Housing, Inc. as of December 31, 2015 and 2014, 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.

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 43 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 audit 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, 2016, 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, 2016

Mercy Housing, Inc.

**Consolidated Statements of Financial Position
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 37,771,876	\$ 26,726,910
Cash, tenant security deposits	7,175,045	6,720,386
Cash, restricted	33,433,290	51,140,344
Investments	550,000	450,000
Investments, restricted	255,804	7,273
Accounts receivable, net	7,660,904	6,089,294
Pledges receivable, net	847,812	828,604
Grants receivable	6,416,878	2,353,433
Current portion of notes and interest receivable	13,973,595	13,048,552
Prepaid expenses and other assets	2,939,678	5,529,443
Inventory	70,385	1,490,643
Assets held for sale	<u>539,593</u>	<u>539,593</u>
Total current assets	<u>111,634,860</u>	<u>114,924,475</u>
Property and equipment, net	<u>1,891,722,349</u>	<u>1,817,693,760</u>
Other long-term assets		
Restricted property reserves	125,441,566	119,631,077
Long-term investments	6,300,000	6,350,000
Long-term investments, restricted	1,150,000	2,250,000
Pledges receivable, net	1,091,098	1,542,662
Investments in unconsolidated entities, net	1,127,092	1,033,388
Notes and interest receivable, net	31,033,859	29,996,839
Other assets, net	<u>41,236,344</u>	<u>37,515,181</u>
Total other long-term assets	<u>207,379,959</u>	<u>198,319,147</u>
Total assets	<u><u>\$ 2,210,737,168</u></u>	<u><u>\$ 2,130,937,382</u></u>

Mercy Housing, Inc.

**Consolidated Statements of Financial Position
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 56,883,996	\$ 48,516,503
Accrued interest	3,937,400	3,107,051
Current portion of notes payable	84,455,616	92,386,795
Deferred revenue and other liabilities	5,488,949	33,561,119
Tenant security deposits	<u>7,155,933</u>	<u>6,824,920</u>
Total current liabilities	<u>157,921,894</u>	<u>184,396,388</u>
Long-term liabilities		
Accrued interest	93,068,604	83,539,830
Notes payable, less current portion, net	1,149,848,921	1,079,618,115
Deferred revenue and other liabilities	<u>37,453,055</u>	<u>38,944,323</u>
Total long-term liabilities	<u>1,280,370,580</u>	<u>1,202,102,268</u>
Total liabilities	<u>1,438,292,474</u>	<u>1,386,498,656</u>
Commitments	-	-
Net assets		
Unrestricted net assets, controlling	32,320,306	40,250,750
Unrestricted net assets, noncontrolling	<u>520,367,923</u>	<u>487,395,322</u>
Total unrestricted net assets	552,688,229	527,646,072
Temporarily restricted net assets	216,354,465	213,390,654
Permanently restricted net assets	<u>3,402,000</u>	<u>3,402,000</u>
Total net assets	<u>772,444,694</u>	<u>744,438,726</u>
Total liabilities and net assets	<u><u>\$ 2,210,737,168</u></u>	<u><u>\$ 2,130,937,382</u></u>

See Notes to Consolidated Financial Statements.

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	89,012,755	-	63,999	-	4,434	16,839	89,098,027	89,098,027	-	-
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	28,730,633	144	207,379	900,631	30,012	1,030,894	30,899,693	30,899,693	-	-
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 limited partnership	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	-	-
Excess (deficiency) of revenues over expenses										
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)	-	-
Excess (deficiency) of revenues over expenses 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	\$ -

Mercy Housing, Inc.

Consolidated Statements of Activities Year Ended December 31, 2014

	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	\$ 152,362,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,362,382	\$ 152,362,382	\$ -	\$ -
Developer fees	-	-	10,773,848	-	-	-	10,773,848	10,773,848	-	-
Services fees	937,045	89,030	-	-	-	53,690	1,079,765	1,079,765	-	-
Philanthropy	294,546	6,991,616	5,637,936	2,143,911	22,000	2,067,124	17,157,133	10,647,858	6,509,275	-
Capital grants	897,203	-	1,024,734	-	-	-	1,921,937	1,034,172	887,765	-
Consulting	15,002	176,644	477,367	-	2,638,836	-	3,307,849	3,307,849	-	-
Interest	406,361	739	174,078	1,447,633	57,672	135,152	2,221,635	2,199,323	22,312	-
Other	9,299,603	46,864	1,587,101	421,613	120,735	216,973	11,692,889	11,692,889	-	-
Release of restricted assets	-	-	-	-	-	-	-	16,065,586	(16,065,586)	-
Total revenues	164,212,142	7,304,893	19,675,064	4,013,157	2,839,243	2,472,939	200,517,438	209,163,672	(8,646,234)	-
Expenses and losses										
Compensation	47,020,910	9,670,327	7,471,766	941,637	1,628,832	10,923,004	77,656,476	77,656,476	-	-
Administrative	11,485,277	1,245,575	1,378,758	79,989	223,787	3,218,982	17,632,368	17,632,368	-	-
Professional services	5,257,955	797,322	790,929	83,012	311,354	748,937	7,989,509	7,989,509	-	-
Depreciation and amortization	82,993,427	-	62,866	-	4,434	19,969	83,080,696	83,080,696	-	-
Grants	7,122	-	129,501	-	20,000	20,600	177,223	177,223	-	-
Facility	58,346,907	8,070	520,929	16,530	180,384	766,190	59,839,010	59,839,010	-	-
Interest and fees	29,029,103	80	307,262	849,529	42,331	817,027	31,045,332	31,045,332	-	-
Bad debts	909,309	34,504	97,946	-	-	250,000	1,291,759	1,291,759	-	-
Provision for impaired assets	100,359	-	14,430	12,643	-	-	127,432	127,432	-	-
Project expenses	-	-	315,578	-	-	-	315,578	315,578	-	-
Allocation	6,033,636	2,673,226	3,173,955	460,032	819,460	(13,160,309)	-	-	-	-
(Gain)/loss on sale of assets	(2,552,893)	-	(322,307)	-	-	-	(2,875,200)	(2,875,200)	-	-
(Gain)/loss on investment in limited partnership	(10,279)	-	(90,871)	-	-	8,476	(92,674)	(92,674)	-	-
Total expenses and losses	238,620,833	14,429,104	13,850,742	2,443,372	3,230,582	3,612,876	276,187,509	276,187,509	-	-
Excess (deficiency) of revenues over expenses										
Consolidated	(74,408,691)	(7,124,211)	5,824,322	1,569,785	(391,339)	(1,139,937)	(75,670,071)	(67,023,837)	(8,646,234)	-
Attributable to non-controlling interest	(61,897,502)	-	88,586	-	-	-	(61,808,916)	(61,808,916)	-	-
Excess (deficiency) of revenues over expenses attributable to Mercy Housing, Inc.	\$ (12,511,189)	\$ (7,124,211)	\$ 5,735,736	\$ 1,569,785	\$ (391,339)	\$ (1,139,937)	\$ (13,861,155)	\$ (5,214,921)	\$ (8,646,234)	\$ -

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Consolidated Statements of Changes In Net Assets
Years Ended December 31, 2015 and 2014

	Unrestricted Net Assets			Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
	Controlling	Noncontrolling	Total			
Balance, January 1, 2014	\$ 47,454,051	\$ 450,611,887	\$ 498,065,938	\$ 212,679,836	\$ 3,402,000	\$ 714,147,774
Contributions	-	99,638,296	99,638,296	-	-	99,638,296
Distributions	-	(565,390)	(565,390)	-	-	(565,390)
Syndication	-	(811,488)	(811,488)	-	-	(811,488)
Other Transfers	(1,988,380)	330,933	(1,657,447)	9,357,052	-	7,699,605
Excess (deficiency) of revenues over expenses	(5,214,921)	(61,808,916)	(67,023,837)	(8,646,234)	-	(75,670,071)
Balance, December 31, 2014	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	(6,742,347)	(59,398,699)	(66,141,046)	2,963,811	-	(63,177,235)
Balance, December 31, 2015	<u>\$ 32,320,306</u>	<u>\$ 520,367,923</u>	<u>\$ 552,688,229</u>	<u>\$ 216,354,465</u>	<u>\$ 3,402,000</u>	<u>\$ 772,444,694</u>

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Operating activities		
Changes in net assets	\$ (63,177,235)	\$ (75,670,071)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Forgiveness of debt	(249,922)	(486,517)
Gain on sale of assets	(10,959,932)	(2,875,200)
Depreciation and amortization	89,098,027	83,080,696
Provisions for loan losses and impaired assets	402,708	127,432
(Gain) loss from investments in partnerships	175,086	(92,674)
(Gain) loss on interest rate swap contracts	56,840	1,191,343
Amortization of prepaid ground lease	48,200	44,875
Net changes in current assets and liabilities that provided (used) cash		
Cash, tenant security deposits	(454,659)	(358,246)
Accounts receivable, net	(1,571,610)	3,040,059
Grants receivable	(4,063,445)	(208,965)
Pledges receivable	432,356	(1,593,311)
Prepaid expenses and other assets	2,589,765	(1,088,156)
Inventory	1,420,258	1,843,153
Assets held for sale	-	(440,493)
Accounts payable	(4,303,924)	2,998,906
Accrued interest payable	10,359,123	6,131,873
Deferred revenue	(1,862,936)	(3,436,132)
Cash, restricted - Neighborhood Stabilization, net	49,415	600,087
Tenant security deposits liability	331,013	555,113
Net cash provided by operating activities	<u>18,319,128</u>	<u>13,363,772</u>
Investing activities		
Net change in restricted cash and reserves	(15,853,352)	16,710,533
Net change in investments	801,469	1,775,865
Purchases of property and equipment	(137,128,398)	(177,004,242)
Net change in investments in partnerships	(268,790)	(104,884)
Net change in notes receivable	<u>(2,151,580)</u>	<u>(12,257,759)</u>
Net cash used in investing activities	<u>(154,600,651)</u>	<u>(170,880,487)</u>

Mercy Housing, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Financing activities		
Proceeds from notes payable	208,277,174	208,020,463
Principal payments on notes payable	(144,401,084)	(147,273,628)
Financing fees	(7,732,804)	(4,662,512)
Capital contributions from investor partners	97,767,135	99,638,296
Distributions paid to investor limited partners	(5,459,781)	(565,390)
Syndication costs	(1,124,151)	(811,488)
Net cash provided by financing activities	147,326,489	154,345,741
Net decrease in cash and cash equivalents	11,044,966	(3,170,974)
Cash and cash equivalents at beginning of year	26,726,910	29,897,884
Cash and cash equivalents at end of year	\$ 37,771,876	\$ 26,726,910
Cash paid for interest, net of amounts capitalized of \$1,532,869 and \$2,281,757, respectively	\$ 18,075,542	\$ 19,066,293
Noncash investing and financing activities:		
Net noncash net assets of transferred entities to (from) MHI	\$ (1,188,097)	\$ 7,368,672
Transfers of net assets of non-controlling interests	1,188,097	330,933
Property and equipment and other assets transferred to MHI	-	(7,699,605)
(Increase) decrease in property and equipment in payables	12,959,083	10,033,993
Increase (decrease) in accounts payable from property equipment purchases (disposals)	(12,959,083)	(10,033,993)
Increase in property and equipment from notes payable	(1,383,381)	(25,449,436)
Increase in notes payable from property and equipment	1,383,381	25,449,436
Increase in property and equipment from capitalized amortization	(870,032)	1,248,914
Capitalized amortization in property and equipment	870,032	(1,248,914)
Increase in other assets from prepaid expenses	(454,010)	676,453
Decrease in prepaid expenses from other assets	454,010	(676,453)
Increase in unrestricted net assets	13,802,428	16,065,586
Release of temporarily and permanently restricted net assets	(13,802,428)	(16,065,586)
Total noncash investing and financing activities	\$ -	\$ -

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2015 and 2014

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.

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.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

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

Mercy Housing, Inc.
Mercy Loan Fund (MLF)
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)
 Mercy Housing Colorado IV, LTD (Wapiti Meadows)
 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 Nebraska I, LTD (Capital Corners)
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
 Mesa Senior Meadows
 Guadalupe Senior Village
 Peoria Place
 Plazas de Merced
 Vista Alegre
 Willow Street Apartments
Mercy Housing California
 Affordable Housing Initiatives (AHI)
 All Hallows Community
 Marin Homes for Independent Living (Camino Alto)
 Cantebria Senior Homes

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Mercy Senior Housing Oxnard (Casa Merced)
EH/CC Housing Corporation (Eden House)
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)
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
Mercy Housing California 58, LP (Neary Lagoon Apts.)
Sycamore Street Consolidated
Mercy Housing California Family Properties
Mercy Housing California 51, LP (200 6th St)
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, Inc.

**Notes to Consolidated Financial Statements
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Mercy Housing California 52, LP (School House Station-Vista Grande)
1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apts.)
55 Laguna, LP (55 Laguna Senior Housing)
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 Eden House LLC
Eden House, L.P.
Crossroad Gardens LLC
Transbay Block 6, LLC
Mercy Housing California 62, LP (Transbay Block 6)
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
Mercy Housing California 64, LP (Transbay Block 7)
Mercy Mather Veterans, LLC
Mercy Housing California 61, LP (Mather Veterans Village)
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)
Sycamore Street, LLC
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
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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 Idaho-II, LP (Comstock Apartments)
Mercy Housing Idaho-I, LP (Northside Nampa)
Mercy Housing Idaho III, LP (New Hope Apartments)
Mercy Housing Lakefront
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

Mercy Housing, Inc.

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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.
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
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, Inc.

**Notes to Consolidated Financial Statements
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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)
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
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)
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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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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)

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)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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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)

West 28th Street, LP (Montclair/Tolton Court)

16th & Church Street Associates, LP (Padre Palou)

Mercy Housing California III, LP (Plaza Maria Apts.)

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 XXVIII, 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, Inc.

**Notes to Consolidated Financial Statements
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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)

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.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2015 and 2014

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.

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 \$213,191

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2015 and 2014

and \$100,359 has been recognized for the years ended December 31, 2015 and 2014, 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.

Deferred fees and amortization

Financing costs associated with mortgages are amortized using the straight-line method over the life of the related loans, which approximates the effective interest method.

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, 2015 and 2014 was \$2,795,044 and \$2,341,035, respectively. Estimated amortization expense for each of the ensuing years through December 31, 2020 is as follows:

2016	\$ 2,319,206
2017	1,844,970
2018	1,705,420
2019	1,670,326
2020	1,636,113

Investment in unconsolidated entities

MHI and its subsidiaries hold investments in limited partnerships and other entities that do not consolidate. 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, 2015 and 2014, the investment balance was \$1,127,092 and \$1,033,388 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

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2015 and 2014

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.

Transfers of net assets

During the year ended December 31, 2015 no entities were added to or removed from the consolidated financial statements. During the year ended December 31, 2014, two entities were added and two entities were removed from the consolidated financial statements. The net effect of the changes to beginning net assets for the years ended December 31, 2015 and 2014 were increases of \$0 and \$7,699,605, respectively. The following is a summary of the changes for the year ended December 31, 2014:

Addition of entities:	
Roseland Place Inc., NFP	\$ 10,323,216
Roseland Place Limited Partnership	14,072,472
Transfer of entities:	
St. Vincent's Garden	(7,627,086)
Somerset Senior Housing, LTD (Casitats de Merced)	(3,489)
Transfer of eliminations	(9,065,477)
Miscellaneous entities	<u>(31)</u>
Total	<u>\$ 7,699,605</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, 2015 and 2014

As of December 31, 2015 and 2014, the Company had recorded pledges receivable of \$1,300,000 and \$1,775,000, respectively, from Ascension Health and St. Joseph's Health System. As of December 31, 2015, future pledge payments from Strategic Partners are as follows:

For the year ending December 31, 2016	\$ 400,000
2017	400,000
2018	400,000
2019	100,000
2020	-
Total	<u>\$ 1,300,000</u>

Catholic Health Initiatives (CHI) and Dignity Health (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, 2015 and 2014. 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, 2015 and 2014, the Company did not identify any uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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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
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

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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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, 2015 and 2014 a tax liability of \$2,047,684 and \$0, 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 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 2012 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, 2015 and 2014, the Company had seven and six, respectively, interest rate swap contracts outstanding that were used to mitigate the economic impact of changes in interest rates. The swaps are designated as fair value 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, 2015 and 2014, 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.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Reclassifications

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

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, 2015 and 2014, cash and investments were as follows:

	2015	2014
Unrestricted Cash - Properties	\$ 33,596,117	\$ 25,379,769
Unrestricted Cash/Investments - MLF	1,470,936	317,942
Unrestricted Cash/Investments - Corporate Operating Entities	9,552,518	7,829,199
	<hr/>	<hr/>
Total Unrestricted and Designated Cash/Investments	44,619,571	33,526,910
 Restricted Cash - Tenant Security Deposits	 7,175,045	 6,720,386
Restricted Cash/Investments -		
Corporate Entities (including MLF)	19,592,378	45,405,942
Restricted Cash - Properties	15,249,021	7,991,675
Restricted Cash - LT Restricted Property Reserves	125,441,566	119,631,077
	<hr/>	<hr/>
	\$ 212,077,581	\$ 213,275,990
	<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 2016 to September 2023. The approximate market value of the investments was \$45,466,102 and \$37,605,320 as of December 31, 2015 and 2014 as follows:

	2015	2014
Certificates of deposit	\$ 45,460,298	\$ 37,598,047
Equities	5,804	7,273
	<hr/>	<hr/>
	\$ 45,466,102	\$ 37,605,320
	<hr/>	<hr/>

MHI recorded investment income related to all certificate of deposit investments of \$143,873 and \$145,058 as of December 31, 2015 and 2014, 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, 2015 and 2014**

As of December 31, 2015, future pledge payments are as follows:

For the year ending December 31, 2016	\$ 847,812
2017	560,342
2018	440,244
2019	100,000
2020	-
Total pledges receivable	<u>1,948,398</u>
Allowance and discount	<u>(9,488)</u>
Total pledges receivable, net of allowance and discount	<u><u>\$ 1,938,910</u></u>

In prior years included in pledges receivable was a non-revocable charitable remainder unitrust in which Mercy Housing California was named as the charitable beneficiary under the trust agreement. Payments were made to the designated non-charitable beneficiaries during their lifetime based on a fixed payout percentage of 8 percent. Mercy Housing California received benefits under the trust agreement upon the death of the non-charitable beneficiaries. During 2014, \$254,797 was received from the trust and no pledge receivable balance remains as of December 31, 2015 and 2014.

The amount of pledges written off was \$84,673 and \$53,692 for the years ended December 31, 2015 and 2014, 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, 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.

The amount due as of December 31, 2014 was \$2,353,433. Of this \$1,056,495 relates to a CDFI grant awarded to Mercy Loan Fund and \$775,718 relates to various public source grants awarded to Mercy Housing Lakefront for resident service programs.

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 2016 to 2041. At December 31, 2015 and 2014, substantially all of the notes and interest receivable are collateralized by real estate.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Total allowances for Mercy Housing Inc. at December 31, 2015 and 2014 consisted of the following:

	MLF	MHSW	MHC	CCH	MHL	MPI	MHI	Total
Balance at January 1, 2014	\$ 2,684,915	\$ 724,920	\$ 27,209	\$ 80,706	\$ 72,296	\$ 390,187	\$ -	\$ 3,980,233
Increase/Decrease to allowance charged to:								
Provision for impaired assets	12,643	-	-	-	-	14,430	-	27,073
Loans charged off	(370,049)	(55,104)	(5,233)	-	-	-	-	(430,386)
Recoveries of loans charged off	15,534	-	-	-	(70,213)	-	-	(54,679)
Balance at December 31, 2014	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	<u>\$ 2,103,983</u>	<u>\$ 611,711</u>	<u>\$ 21,976</u>	<u>\$ 80,706</u>	<u>\$ -</u>	<u>\$ 419,047</u>	<u>\$ 34,147</u>	<u>\$ 3,271,570</u>

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Note 6 - Property and equipment and assets held for sale

Property and equipment

Property and equipment at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Land and land improvements	\$ 264,149,337	\$ 251,302,045
Buildings	2,149,943,916	2,033,879,382
Furniture and equipment	72,503,189	69,149,435
Predevelopment project costs	14,979,724	17,090,242
Construction in progress	<u>83,027,130</u>	<u>71,742,142</u>
Total property and equipment	2,584,603,296	2,443,163,246
Less accumulated depreciation	<u>(692,880,947)</u>	<u>(625,469,486)</u>
Property and equipment, net	<u>\$ 1,891,722,349</u>	<u>\$ 1,817,693,760</u>

For the years ended December 31, 2015 and 2014, depreciation expense was \$86,302,983 and \$80,739,661, respectively.

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, 2015 and 2014, 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 2015 or 2014.

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

	<u>2015</u>	<u>2014</u>
Total assets	\$ 861,037	\$ 823,708
Total liabilities	4,810,558	4,648,388
Discontinued operations	(124,841)	(165,920)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Note 7 - Investments in unconsolidated entities

MHI and its subsidiaries hold investments in limited partnerships and other entities that do not consolidate. As of December 31, 2015 and 2014, MHI is invested in the following non-consolidating entities:

Dove Family Housing Association (La Costa Paloma)
New Dana Strand Partners I, LP (Harborview Apartments/Garden Apartments)
Brentwood Green Valley Apartments
Galewood SLF Associates, LP
Sunnydale Development Company LLC
Mercy Loan Fund Sub-CDE 1, LLC
Housing Partnership Equity Trust, LLC
180 Properties, LLC

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

Investment in unconsolidated entities as of January 1, 2014	\$ 835,830
Capital contributed	105,000
Other transfers	(116)
Equity in project earnings	<u>92,674</u>
Investment in unconsolidated entities as of December 31, 2014	1,033,388
Capital contributed	307,850
Distributions from cash flow	(39,060)
Equity in project earnings	<u>(175,086)</u>
Investment in unconsolidated entities as of December 31, 2015	<u><u>\$ 1,127,092</u></u>

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Note 8 - Notes payable

Notes payable as of December 31, 2015 and 2014 include both secured and unsecured borrowings and consist of the following:

	<u>2015</u>	<u>2014</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, 2015 and 2014 is 2.95% and 2.89%, respectively. Commitment expires December 31, 2018. ⁽¹⁾	\$ -	\$ -
JP Morgan Chase - Revolving predevelopment loan bearing interest at thirty day LIBOR plus 2.50% payable monthly. For the years ended December 31, 2015 and 2014, credit line is available to fund predevelopment expenses up to a total of \$7,000,000. The rate as of December 31, 2015 and 2014 is 2.75% and 2.69%, respectively. Commitment expires August 1, 2016. ⁽²⁾	5,113,190	7,000,000
Investor Loans to Mercy Loan Fund. Notes bearing interest from 0% to 5% and maturing through 2026. Available balances under these notes were \$5,528,834 and \$2,328,369 as of December 31, 2015 and 2014, respectively.	39,539,633	37,129,871
Other Notes Payable, bearing interest from 0% to 3.74% and maturing through March 2021. Available balances were \$1,500,000 as of December 31, 2015 and 2014.	<u>18,691,112</u>	<u>19,142,624</u>
Subtotal - Unsecured Corporate Operating and Predevelopment Loans	63,343,935	63,272,495

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</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 \$163,115,430 and \$126,828,857 as of December 31, 2015 and 2014, respectively.	190,244,877	233,446,177
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, 2015 and 2014, respectively.	<u>980,715,725</u>	<u>875,286,238</u>
Total	1,234,304,537	1,172,004,910
Less current portion	<u>(84,455,616)</u>	<u>(92,386,795)</u>
Non-current portion	<u><u>\$ 1,149,848,921</u></u>	<u><u>\$ 1,079,618,115</u></u>

(1) As of December 31, 2015 and 2014, the Company had standby Letters of Credit of \$1,250,000 and \$1,980,000, respectively, issued under the operating sub-limit.

(2) As of December 31, 2015 and 2014, the \$5,113,190 and \$7,000,000, respectively, advanced under the facility line of credit represents 56.5 percent and 43.2 percent, respectively, of the total aggregate predevelopment costs funded to date for those projects where the facility line of credit was being used.

Future minimum principal maturities of notes payable are as follows:

For the year ending December 31, 2016	\$ 84,455,616
2017	32,223,892
2018	11,940,425
2019	13,255,144
2020	18,990,798
Thereafter	<u>1,073,438,662</u>
Total maturities	1,234,304,537
Less current maturities	<u>(84,455,616)</u>
Notes payable, less current portion	<u><u>\$ 1,149,848,921</u></u>

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Included in current maturities as of December 31, 2015 and 2014 is construction debt totaling \$53,229,217 and \$64,440,708, 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,			
2016	\$ 1,272,714	\$ 656,554	\$ 1,929,268
2017	1,273,552	657,706	1,931,258
2018	1,162,983	658,892	1,821,875
2019	1,041,950	660,112	1,702,062
2020	466,267	661,370	1,127,637
Thereafter	298,262	26,084,965	26,383,227
Total future minimum lease payments	<u>\$ 5,515,728</u>	<u>\$29,379,599</u>	<u>\$34,895,327</u>

Lease expense for operating leases was approximately \$2,693,372 and \$2,772,068 for the years ended December 31, 2015 and 2014, respectively, and is included in facilities expense. Ground leases at seven and four projects, respectively, have been prepaid and are amortizing over the related lives through 2114. Prepaid lease expense as of December 31, 2015 and 2014 was \$12,568,302 and \$10,002,755, 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.

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.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

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 2016 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, 2015 is \$901,979,943 relating to 111 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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

construction is complete and permanent financing repays the construction loans. As of December 31, 2015, MHI had provided guarantees on 23 acquisition and construction loans of \$277,391,506 of which \$86,529,900 was outstanding.

The Company has also issued other guarantees in order to secure financing on various projects. As of December 31, 2015, \$6,308,125 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, 2015, \$1,748,276 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. The accounting standard was applied to the Company's financial assets and liabilities effective January 1, 2009, and to certain non-financial assets and liabilities effective January 1, 2010. 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 2015 and 2014 of \$(56,840) and \$(1,191,343), respectively, is classified within level 2 of the fair value hierarchy. The unrealized gain/(loss) on certificates of deposit during 2015 and 2014 of \$(1,439,702) and \$(431,953), 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, 2015 and 2014.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2015 and 2014

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)	\$ -	\$ (3,853,583)	\$ -	\$ (3,853,583)
Certificates of deposit	45,460,298	-	-	45,460,298
Equities	5,804	-	-	5,804

The following table presents the financial assets and liabilities that the Company measured at fair value on a recurring basis as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Net interest rate swap-asset/(liability)	\$ -	\$ (3,796,743)	\$ -	\$ (3,796,743)
Certificates of deposit	37,598,047	-	-	37,598,047
Equities	7,273	-	-	7,273

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 an 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 \$1,260,838 and \$1,165,870 for the years ended December 31, 2015 and 2014, 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.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Aggregate reserves relating to retained risk were \$4,203,544 and \$5,411,438 as of December 31, 2015 and 2014, 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, 2015 and 2014, the Company held \$5,287,725 and \$4,607,699, respectively, in restricted cash to pay future insurance claims.

As of December 31, 2015 and 2014, claims of \$1,501,764 and \$1,872,049, respectively are outstanding and included in Accounts Payable and Accrued Expenses.

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 \$378,434,704 and \$317,596,184 as of December 31, 2015 and 2014, respectively. During 2015 and 2014, change orders totaled \$13,717,490 and \$16,325,260, respectively. As of December 31, 2015 and 2014, \$10,891,227 and \$14,862,417 remains payable, respectively, which includes retainage payable of \$6,543,636 and \$8,017,423, 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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

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.

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.

The United States economy is experiencing a budgetary challenge that may continue for an indefinite period, which could adversely affect the Company. Changes in Federal, State and Local programs or regulations could have a material impact on future results. MHI obtains and employs substantial capital from various federal, state and local governmental agencies, including the department of HUD. In addition, MHI obtains funding from private equity groups including national, state and local banks and financial institutions. The current economic environment has produced hardships on these agencies and institutions. Management continues to employ diversification strategies to offset their concentration with any one specific lending institution or government agency. Continuation of the current economic and credit market 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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

value of investments reported in the consolidated statements of financial position as of December 31, 2015. 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 balance sheet 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 balance sheet date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Company through April 21, 2016 (the date the consolidated financial statements were available to be issued) and concluded that one subsequent event has occurred that would require disclosure in the notes to the consolidated financial statements.

In April of 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 34 entities comprising approximately 3,800 apartment units. The entities are expected to be separately transferred to an MHI-controlled entity during the last half of 2016. The transfer of each asset is contingent upon the receipt of all required federal and state approvals. In addition, Franciscan Ministries has agreed to provide MHI with a \$6,000,000 unrestricted cash gift. This gift will be used to support MHI's mission and will be paid in four installments subject to the completion of pre-determined activities related to the above transfer. As of the report date \$1,500,000 has been given to MHI.

Supplementary Information

Mercy Housing, Inc.

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Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	Mercy Housing, Inc.	Mercy Loan Fund (MLF)	Mercy Housing Management Group (MHM)	Consolidated Mercy Portfolio Services, Inc.	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California	Consolidated Mercy Housing Northwest - Idaho, Inc.
Assets							
Current assets							
Cash and cash equivalents	\$ 21,587,914	\$ 8,229,673	\$ -	\$ 709,817	\$ 1,997,142	\$ 27,074,016	\$ 130,684
Cash, tenant security deposits	-	-	-	-	342,989	2,077,297	54,737
Cash, restricted	8,501,395	328,579	1,481	23,951	467,827	11,116,130	109,902
Investments	550,000	-	-	-	-	-	-
Investments, restricted	5,804	2,563,483	-	-	-	-	-
Accounts receivable, net	935,411	55,063	3,885,488	976,355	441,310	2,351,566	73,666
Due from affiliate, net	7,323,503	1,771	2,011,058	-	8,183	1,068,340	750,025
Pledges receivable, net	400,135	-	-	-	13,803	-	30
Grants receivable	1,250,000	-	-	-	198,408	954,935	10,000
Current portion of notes and interest receivable	-	14,326,832	-	-	-	38,678	-
Current portion of notes and interest receivable, affiliates	9,091,465	-	-	-	12,097	222,436	37,204
Prepaid expenses and other assets	1,880,679	29,016	157,336	28,149	349,979	1,894,665	29,883
Inventory	-	-	-	-	-	-	70,385
Assets held for sale	-	-	-	-	-	-	440,493
Total current assets	<u>51,526,306</u>	<u>25,534,417</u>	<u>6,055,363</u>	<u>1,738,272</u>	<u>3,831,738</u>	<u>46,798,063</u>	<u>1,707,009</u>
Property and equipment							
Land and land improvements	855,000	-	-	-	9,598,741	75,205,966	1,885,309
Buildings	71,748	-	-	-	89,469,281	629,010,648	14,064,060
Furniture and equipment	3,774,376	-	11,330	-	3,450,054	22,283,058	423,202
Predevelopment project costs	-	-	-	-	-	11,196,902	-
Construction in progress	-	-	-	-	-	58,212,009	-
Accumulated depreciation	<u>(3,774,710)</u>	<u>-</u>	<u>(11,330)</u>	<u>-</u>	<u>(40,798,920)</u>	<u>(136,691,074)</u>	<u>(3,818,698)</u>
Net property and equipment	<u>926,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,719,156</u>	<u>659,217,509</u>	<u>12,553,873</u>
Other long-term assets							
Restricted property reserves	-	-	-	288,063	5,906,043	36,432,709	1,111,184
Long-term investments	6,300,000	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	775,972	-	-	-	59,891	221,003	-
Pledges receivable, net	900,000	-	-	-	20	-	-
Investments in limited partnerships, net	1,071,836	223,756	-	-	-	(4,899,263)	-
Notes and interest receivable, net	6,884,065	29,812,873	-	-	-	3,390,901	88,533
Notes and interest receivable, affiliates	3,863,405	-	-	-	3,962,145	6,399,533	70,901
Allowance for impaired assets	-	-	-	-	(545,883)	-	-
Other assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,127,466</u>	<u>17,975,624</u>	<u>61,827</u>
Total other long-term assets	<u>19,795,278</u>	<u>30,036,629</u>	<u>-</u>	<u>288,063</u>	<u>10,509,682</u>	<u>59,520,507</u>	<u>1,332,445</u>
Total assets	<u>\$ 72,247,998</u>	<u>\$ 55,571,046</u>	<u>\$ 6,055,363</u>	<u>\$ 2,026,335</u>	<u>\$ 76,060,576</u>	<u>\$ 765,536,079</u>	<u>\$ 15,593,327</u>

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	Mercy Housing, Inc.	Mercy Loan Fund (MLF)	Mercy Housing Management Group (MHM)	Consolidated Mercy Portfolio Services, Inc.	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California	Consolidated Mercy Housing Northwest - Idaho, Inc.
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 5,874,822	\$ 124,922	\$ 5,045,003	\$ 27,589	\$ 1,550,248	\$ 23,710,829	\$ 133,483
Due to affiliates	43,534	-	9,195,918	2,063,870	6,118,895	1,135,028	2,084,766
Accrued interest	53,671	200,331	-	-	69,559	1,184,471	1,886
Accrued interest, affiliates	38,767	-	-	-	19,198	-	-
Current portion of notes payable	6,975,584	7,813,000	-	876,758	354,884	47,422,319	2,657
Current portion of notes payable, affiliates	3,094,884	76,275	-	-	69,795	3,018,803	-
Deferred revenue and other liabilities	6,028,824	-	842,295	4,734	132,536	2,296,201	8,892
Tenant security deposits	-	-	-	-	319,399	2,195,656	52,505
Total current liabilities	<u>22,110,086</u>	<u>8,214,528</u>	<u>15,083,216</u>	<u>2,972,951</u>	<u>8,634,514</u>	<u>80,963,307</u>	<u>2,284,189</u>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	69,962	-	-	-	609,730	26,596,239	43,241
Accrued interest, affiliates	-	-	-	-	55,950	158,760	-
Notes payable, less current portion, net	14,078,119	30,427,239	-	-	19,034,897	403,016,368	1,913,339
Notes payable, less current portion, affiliates	9,281,741	1,223,119	-	-	5,050,163	1,718,312	11,425
Deferred revenue and other liabilities	2,402,130	2,000,000	-	48,233	548,286	23,028,778	571
Total long-term liabilities	<u>25,831,952</u>	<u>33,650,358</u>	<u>-</u>	<u>48,233</u>	<u>25,299,026</u>	<u>454,518,457</u>	<u>1,968,576</u>
Total liabilities	<u>47,942,038</u>	<u>41,864,886</u>	<u>15,083,216</u>	<u>3,021,184</u>	<u>33,933,540</u>	<u>535,481,764</u>	<u>4,252,765</u>
Net assets							
Unrestricted net assets, controlling	18,492,173	13,656,160	(9,027,853)	(994,849)	21,401,294	152,938,729	5,494,998
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	<u>18,492,173</u>	<u>13,656,160</u>	<u>(9,027,853)</u>	<u>(994,849)</u>	<u>21,401,294</u>	<u>152,938,729</u>	<u>5,494,998</u>
Temporarily restricted net assets	5,058,787	50,000	-	-	20,225,742	75,345,586	5,845,564
Permanently restricted net assets	<u>755,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>1,770,000</u>	<u>-</u>
Total net assets	<u>24,305,960</u>	<u>13,706,160</u>	<u>(9,027,853)</u>	<u>(994,849)</u>	<u>42,127,036</u>	<u>230,054,315</u>	<u>11,340,562</u>
Total liabilities and net assets	<u>\$ 72,247,998</u>	<u>\$ 55,571,046</u>	<u>\$ 6,055,363</u>	<u>\$ 2,026,335</u>	<u>\$ 76,060,576</u>	<u>\$ 765,536,079</u>	<u>\$ 15,593,327</u>

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II, LLC (Cobble Knoll II)	Padre Apartments Community
Assets							
Current assets							
Cash and cash equivalents	\$ 4,307,461	\$ 1,170,946	\$ 3,896,177	\$ -	\$ 323,760	\$ 183,401	\$ 91,035
Cash, tenant security deposits	541,185	597,701	503,299	-	232,661	119,167	16,056
Cash, restricted	7,058,338	3,880,790	850,528	20,000	-	320,975	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	250,000	-	-	-	-	-
Accounts receivable, net	595,000	417,171	291,625	-	50,226	23,796	-
Due from affiliate, net	7,421	4,152	29,109	-	48,859	1,857	-
Pledges receivable, net	181,778	48,876	203,190	-	-	-	-
Grants receivable	926,853	2,993,904	82,778	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	236,133	94,117	2,000	-	-	-
Prepaid expenses and other assets	857,323	468,741	433,392	-	71,521	86,170	22,810
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>14,475,359</u>	<u>10,068,414</u>	<u>6,384,215</u>	<u>22,000</u>	<u>727,027</u>	<u>735,366</u>	<u>129,901</u>
Property and equipment							
Land and land improvements	27,533,682	28,742,483	21,950,848	-	4,444,045	1,746,006	118,488
Buildings	246,408,661	199,252,867	149,629,880	-	17,428,748	13,290,527	4,367,000
Furniture and equipment	7,577,776	8,366,284	4,763,858	-	273,844	180,603	121,217
Predevelopment project costs	3,130,040	167,654	856,781	-	-	-	-
Construction in progress	17,409,292	5,150,432	2,571,641	-	-	-	-
Accumulated depreciation	<u>(73,836,313)</u>	<u>(55,376,420)</u>	<u>(34,312,178)</u>	<u>-</u>	<u>(7,163,750)</u>	<u>(4,889,664)</u>	<u>(2,158,380)</u>
Net property and equipment	<u>228,223,138</u>	<u>186,303,300</u>	<u>145,460,830</u>	<u>-</u>	<u>14,982,887</u>	<u>10,327,472</u>	<u>2,448,325</u>
Other long-term assets							
Restricted property reserves	25,400,518	10,731,527	7,675,550	-	1,876,594	1,869,000	445,131
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	1,150,000	-	-	-	-	-
Due from affiliates	-	300,668	-	-	-	-	-
Pledges receivable, net	93,750	-	97,328	-	-	-	-
Investments in limited partnerships, net	(2,070,443)	-	888,030	-	-	-	-
Notes and interest receivable, net	75,000	-	-	-	-	-	-
Notes and interest receivable, affiliates	55	88,096	65,606	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>6,654,717</u>	<u>4,512,672</u>	<u>2,560,116</u>	<u>-</u>	<u>187,796</u>	<u>198,807</u>	<u>22,352</u>
Total other long-term assets	<u>30,153,597</u>	<u>16,782,963</u>	<u>11,286,630</u>	<u>-</u>	<u>2,064,390</u>	<u>2,067,807</u>	<u>467,483</u>
Total assets	<u>\$ 272,852,094</u>	<u>\$ 213,154,677</u>	<u>\$ 163,131,675</u>	<u>\$ 22,000</u>	<u>\$ 17,774,304</u>	<u>\$ 13,130,645</u>	<u>\$ 3,045,709</u>

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II, LLC (Cobble Knoll II)	Padre Apartments Community
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 10,913,917	\$ 5,774,043	\$ 3,310,226	\$ 5,000	\$ 635,935	\$ 513,727	\$ 56,848
Due to affiliates	1,156,018	14,842,835	321,219	2,568,286	105,768	20,045	-
Accrued interest	616,336	156,326	156,501	-	41,946	17,092	9,247
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	4,257,360	9,226,656	687,205	-	592,613	299,844	200,632
Current portion of notes payable, affiliates	4,925,281	929,533	760,930	166,082	-	-	-
Deferred revenue and other liabilities	213,860	131,788	75,443	-	15,439	28,234	3,041
Tenant security deposits	<u>544,190</u>	<u>583,843</u>	<u>480,956</u>	<u>-</u>	<u>210,988</u>	<u>112,139</u>	<u>15,357</u>
Total current liabilities	<u>22,626,962</u>	<u>31,645,024</u>	<u>5,792,480</u>	<u>2,739,368</u>	<u>1,602,689</u>	<u>991,081</u>	<u>285,125</u>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	3,450,569	365,556	609,513	-	-	-	156,624
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	132,405,659	68,463,650	75,769,876	-	15,134,263	11,377,773	1,805,233
Notes payable, less current portion, affiliates	-	-	411,469	-	-	-	-
Deferred revenue and other liabilities	<u>2,155,457</u>	<u>714,500</u>	<u>194,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>138,011,685</u>	<u>69,543,706</u>	<u>76,985,404</u>	<u>-</u>	<u>15,134,263</u>	<u>11,377,773</u>	<u>1,961,857</u>
Total liabilities	<u>160,638,647</u>	<u>101,188,730</u>	<u>82,777,884</u>	<u>2,739,368</u>	<u>16,736,952</u>	<u>12,368,854</u>	<u>2,246,982</u>
Net assets							
Unrestricted net assets, controlling	93,943,387	71,043,408	69,836,139	(2,737,368)	(574,502)	(1,390,337)	798,727
Unrestricted net assets, noncontrolling	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total unrestricted net assets	93,943,387	71,043,408	69,836,139	(2,737,368)	(574,502)	(1,390,337)	798,727
Temporarily restricted net assets	17,893,060	40,922,539	10,517,652	20,000	1,611,854	2,152,128	-
Permanently restricted net assets	<u>377,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>112,213,447</u>	<u>111,965,947</u>	<u>80,353,791</u>	<u>(2,717,368)</u>	<u>1,037,352</u>	<u>761,791</u>	<u>798,727</u>
Total liabilities and net assets	<u>\$ 272,852,094</u>	<u>\$ 213,154,677</u>	<u>\$ 163,131,675</u>	<u>\$ 22,000</u>	<u>\$ 17,774,304</u>	<u>\$ 13,130,645</u>	<u>\$ 3,045,709</u>

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Assets			
Current assets			
Cash and cash equivalents	\$ 11,143,421	\$ (43,073,571)	\$ 37,771,876
Cash, tenant security deposits	2,689,953	-	7,175,045
Cash, restricted	755,694	(2,300)	33,433,290
Investments	-	-	550,000
Investments, restricted	-	(2,563,483)	255,804
Accounts receivable, net	1,654,126	(4,089,899)	7,660,904
Due from affiliate, net	91,357	(11,345,635)	-
Pledges receivable, net	-	-	847,812
Grants receivable	-	-	6,416,878
Current portion of notes and interest receivable	-	(391,915)	13,973,595
Current portion of notes and interest receivable, affiliates	-	(9,695,452)	-
Prepaid expenses and other assets	1,815,662	(5,185,648)	2,939,678
Inventory	-	-	70,385
Assets held for sale	99,100	-	539,593
Total current assets	<u>18,249,313</u>	<u>(76,347,903)</u>	<u>111,634,860</u>
Property and equipment			
Land and land improvements	93,364,977	(1,296,208)	264,149,337
Buildings	810,075,275	(23,124,779)	2,149,943,916
Furniture and equipment	21,277,587	-	72,503,189
Predevelopment project costs	-	(378,621)	14,972,756
Construction in progress	529,943	(839,219)	83,034,098
Accumulated depreciation	<u>(334,813,633)</u>	<u>4,764,123</u>	<u>(692,880,947)</u>
Net property and equipment	<u>590,434,149</u>	<u>(20,874,704)</u>	<u>1,891,722,349</u>
Other long-term assets			
Restricted property reserves	33,705,247	-	125,441,566
Long-term investments	-	-	6,300,000
Long-term investments, restricted	-	-	1,150,000
Due from affiliates	-	(1,357,534)	-
Pledges receivable, net	-	-	1,091,098
Investments in limited partnerships, net	(4,692,808)	10,605,984	1,127,092
Notes and interest receivable, net	285,520	(9,503,033)	31,033,859
Notes and interest receivable, affiliates	1,197,412	(15,647,153)	-
Allowance for impaired assets	-	545,883	-
Other assets, net	<u>8,121,181</u>	<u>(186,214)</u>	<u>41,236,344</u>
Total other long-term assets	<u>38,616,552</u>	<u>(15,542,067)</u>	<u>207,379,959</u>
Total assets	<u>\$ 647,300,014</u>	<u>\$ (112,764,674)</u>	<u>\$ 2,210,737,168</u>

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 5,724,270	\$ (6,516,866)	\$ 56,883,996
Due to affiliates	8,498,420	(48,154,602)	-
Accrued interest	1,430,034	-	3,937,400
Accrued interest, affiliates	16,962	(74,927)	-
Current portion of notes payable	5,786,962	(40,858)	84,455,616
Current portion of notes payable, affiliates	325,625	(13,367,208)	-
Deferred revenue and other liabilities	910,156	(5,202,494)	5,488,949
Tenant security deposits	<u>2,640,900</u>	<u>-</u>	<u>7,155,933</u>
Total current liabilities	<u>25,333,329</u>	<u>(73,356,955)</u>	<u>157,921,894</u>
Long-term liabilities			
Due to affiliates	1,376,566	(1,376,566)	-
Accrued interest	61,167,170	-	93,068,604
Accrued interest, affiliates	5,199,882	(5,414,592)	-
Notes payable, less current portion, net	376,422,505	-	1,149,848,921
Notes payable, less current portion, affiliates	27,106,169	(44,802,398)	-
Deferred revenue and other liabilities	<u>9,480,860</u>	<u>(3,120,306)</u>	<u>37,453,055</u>
Total long-term liabilities	<u>480,753,152</u>	<u>(54,713,862)</u>	<u>1,280,370,580</u>
Total liabilities	<u>506,086,481</u>	<u>(128,070,817)</u>	<u>1,438,292,474</u>
Net assets			
Unrestricted net assets, controlling	103,815,376	(504,375,176)	32,320,306
Unrestricted net assets, noncontrolling	<u>-</u>	<u>520,367,923</u>	<u>520,367,923</u>
Total unrestricted net assets	103,815,376	15,992,747	552,688,229
Temporarily restricted net assets	37,398,157	(686,604)	216,354,465
Permanently restricted net assets	<u>-</u>	<u>-</u>	<u>3,402,000</u>
Total net assets	<u>141,213,533</u>	<u>15,306,143</u>	<u>772,444,694</u>
Total liabilities and net assets	<u>\$ 647,300,014</u>	<u>\$ (112,764,674)</u>	<u>\$ 2,210,737,168</u>

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Mercy Housing, Inc.	Mercy Loan Fund (MLF)	Mercy Housing Management Group (MHM)	Consolidated Mercy Portfolio Services, Inc.	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California	Consolidated Mercy Housing Northwest - Idaho, Inc.
Revenues							
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ 11,171,865	\$ 38,074,156	\$ 1,252,652
Developer fees	-	-	-	-	-	6,190,820	69,340
Services fees	3,658,932	-	12,947,010	-	113,830	1,604,064	-
Philanthropy	4,116,371	721,720	-	27,500	929,163	3,015,462	66,707
Capital grants	-	-	-	-	87	2,133,521	1,500
Consulting	-	-	89,220	2,359,873	-	475,204	-
Interest	1,592,358	2,527,303	-	18,772	285,319	516,335	58,497
Other	10,412,635	747,283	1,791,220	15,167	346,580	7,181,579	1,486,076
Total revenues	19,780,296	3,996,306	14,827,450	2,421,312	12,846,844	59,191,141	2,934,772
Expenses and losses							
Compensation	11,974,009	920,351	8,279,530	1,431,500	4,146,396	19,083,073	450,307
Administrative	3,409,695	81,237	897,729	201,454	2,130,528	8,937,170	382,544
Professional services	416,467	61,852	655,897	278,639	351,811	3,536,128	127,373
Depreciation and amortization	16,839	-	-	4,434	3,969,767	24,238,817	713,563
Grants	2,055,864	250,000	1,500	19,160	17,208	2,876,358	-
Facility	2,404,868	310	52,255	137,282	3,979,487	13,403,216	477,603
Interest and fees	1,659,424	866,758	122,228	77,252	1,208,379	8,805,702	222,619
Bad debts	8,904	-	128,826	15,450	572,070	2,084,723	215,762
Provision for impaired assets	651,918	140,940	-	-	273,668	47,669	4,143
Project expenses	-	-	-	-	-	482,136	8,000
Allocation	(11,183,837)	303,479	3,916,444	648,004	526,652	2,739,786	59,190
(Gain) loss on sale of assets	-	-	-	8,158	(502,918)	(9,443,041)	(953,921)
(Gain) loss on investment in limited partnership	203,247	-	-	153,250	-	921,889	-
Total expenses and losses	11,617,398	2,624,927	14,054,409	2,974,583	16,673,048	77,713,626	1,707,183
Excess (deficiency) of revenues over expenses	8,162,898	1,371,379	773,041	(553,271)	(3,826,204)	(18,522,485)	1,227,589
Net assets at beginning of year	16,143,062	12,334,781	(9,800,894)	(441,578)	46,795,044	204,247,244	10,120,220
Other transfers to (from) net assets	-	-	-	-	(841,804)	44,329,556	(7,247)
Net assets at end of year	\$ 24,305,960	\$ 13,706,160	\$ (9,027,853)	\$ (994,849)	\$ 42,127,036	\$ 230,054,315	\$ 11,340,562

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II, LLC (Cobble Knoll II)	Padre Apartments Community
Revenues							
Rent - net of vacancies	\$ 22,637,629	\$ 18,401,101	\$ 9,787,294	\$ -	\$ 3,611,165	\$ 2,597,335	\$ 722,107
Developer fees	1,449,102	1,526,167	941,057	-	-	-	-
Services fees	115,026	-	19,270	-	-	-	-
Philanthropy	5,991,396	225,949	1,802,948	-	-	-	-
Capital grants	1,086,647	5,449,100	-	-	-	-	-
Consulting	50	-	-	-	-	-	-
Interest	95,429	45,112	35,051	56,009	529	652	4,521
Other	677,117	521,654	332,360	-	68,475	44,291	2,991
Total revenues	32,052,396	26,169,083	12,917,980	56,009	3,680,169	2,642,278	729,619
Expenses and losses							
Compensation	10,083,220	5,261,060	4,282,485	-	747,591	685,110	110,598
Administrative	3,682,634	3,149,071	1,796,478	-	416,158	321,826	80,101
Professional services	1,434,767	587,145	586,723	2,556	93,708	66,375	10,952
Depreciation and amortization	9,195,215	8,855,663	6,453,851	-	690,909	538,726	181,922
Grants	129,544	182,769	44,400	-	4,044	-	-
Facility	11,063,123	7,954,837	3,271,739	-	1,409,979	950,497	182,032
Interest and fees	2,868,024	3,067,081	1,669,202	62,302	362,725	371,357	168,365
Bad debts	135,759	282,399	193,007	404,117	15,672	9,456	-
Provision for impaired assets	439,214	15,960	386	-	-	-	-
Project expenses	-	180,660	-	-	-	-	-
Allocation	1,783,026	431,841	771,443	3,972	-	-	-
(Gain) loss on sale of assets	-	(8,045)	(19,179)	-	-	-	-
(Gain) loss on investment in limited partnership	116,633	-	181,361	-	-	-	-
Total expenses and losses	40,931,159	29,960,441	19,231,896	472,947	3,740,786	2,943,347	733,970
Excess (deficiency) of revenues over expenses	(8,878,763)	(3,791,358)	(6,313,916)	(416,938)	(60,617)	(301,069)	(4,351)
Net assets at beginning of year	119,515,444	108,638,093	69,790,456	(2,300,430)	1,097,969	1,062,860	803,078
Other transfers to (from) net assets	1,576,766	7,119,212	16,877,251	-	-	-	-
Net assets at end of year	\$ 112,213,447	\$ 111,965,947	\$ 80,353,791	\$ (2,717,368)	\$ 1,037,352	\$ 761,791	\$ 798,727

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Revenues			
Rent - net of vacancies	\$ 53,968,835	\$ (163,641)	\$ 162,060,498
Developer fees	-	-	10,176,486
Services fees	8,343	(17,372,335)	1,094,140
Philanthropy	95,592	(1,406,862)	15,585,946
Capital grants	1,001,124	-	9,671,979
Consulting	-	(64,580)	2,859,767
Interest	455,820	(3,013,058)	2,678,649
Other	5,874,203	(18,623,274)	10,878,357
Total revenues	<u>61,403,917</u>	<u>(40,643,750)</u>	<u>215,005,822</u>
Expenses and losses			
Compensation	12,850,392	(1,543,719)	78,761,903
Administrative	8,324,385	(16,675,291)	17,135,719
Professional services	2,911,744	(1,423,530)	9,698,607
Depreciation and amortization	35,078,105	(839,784)	89,098,027
Grants	3,280,515	(8,600,543)	260,819
Facility	19,783,181	(4,167,940)	60,902,469
Interest and fees	12,162,117	(2,793,842)	30,899,693
Bad debts	192,444	(3,116,129)	1,142,460
Provision for impaired assets	244,631	(1,415,821)	402,708
Project expenses	-	(5,298)	665,498
Allocation	-	-	-
(Gain) loss on sale of assets	(60,397)	19,411	(10,959,932)
(Gain) loss on investment in limited partnership	(657,104)	(744,190)	175,086
Total expenses and losses	<u>94,110,013</u>	<u>(41,306,676)</u>	<u>278,183,057</u>
Excess (deficiency) of revenues over expenses	<u>(32,706,096)</u>	<u>662,926</u>	<u>(63,177,235)</u>
Net assets at beginning of year	152,851,906	13,581,471	744,438,726
Other transfers to (from) net assets	21,067,723	1,061,746	91,183,203
Net assets at end of year	<u>\$ 141,213,533</u>	<u>\$ 15,306,143</u>	<u>\$ 772,444,694</u>

Mercy Portfolio Services, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	Mercy Portfolio Services, Inc.	MPS Community I, LLC	MPS Stabilization, LLC	Eliminations	Consolidated Mercy Portfolio Services, Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 401,444	\$ 308,373	\$ -	\$ 709,817
Cash, tenant security deposits	-	-	-	-	-
Cash, restricted	23,951	-	-	-	23,951
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	534,650	200,210	355,322	(113,827)	976,355
Due from affiliate, net	1,107,418	-	-	(1,107,418)	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	206,544	-	-	(206,544)	-
Prepaid expenses and other assets	28,149	-	-	-	28,149
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>1,900,712</u>	<u>601,654</u>	<u>663,695</u>	<u>(1,427,789)</u>	<u>1,738,272</u>
Property and equipment					
Land and land improvements	-	-	-	-	-
Buildings	-	-	-	-	-
Furniture and equipment	-	-	-	-	-
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net property and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other long-term assets					
Restricted property reserves	-	-	288,063	-	288,063
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	<u>-</u>	<u>-</u>	<u>288,063</u>	<u>-</u>	<u>288,063</u>
Total assets	<u>\$ 1,900,712</u>	<u>\$ 601,654</u>	<u>\$ 951,758</u>	<u>\$ (1,427,789)</u>	<u>\$ 2,026,335</u>

Mercy Portfolio Services, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 26,789	\$ 114,627	\$ -	\$ (113,827)	\$ 27,589
Due to affiliates	2,063,870	422,204	15,000	(437,204)	2,063,870
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	876,758	-	-	-	876,758
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	4,734	-	-	-	4,734
Tenant security deposits	-	-	-	-	-
Total current liabilities	<u>2,972,151</u>	<u>536,831</u>	<u>15,000</u>	<u>(551,031)</u>	<u>2,972,951</u>
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-
Notes payable, less current portion, affiliates	-	-	876,758	(876,758)	-
Deferred revenue and other liabilities	-	48,233	-	-	48,233
Total long-term liabilities	<u>-</u>	<u>48,233</u>	<u>876,758</u>	<u>(876,758)</u>	<u>48,233</u>
Total liabilities	<u>2,972,151</u>	<u>585,064</u>	<u>891,758</u>	<u>(1,427,789)</u>	<u>3,021,184</u>
Net assets					
Unrestricted net assets, controlling	(1,071,439)	16,590	60,000	-	(994,849)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	<u>(1,071,439)</u>	<u>16,590</u>	<u>60,000</u>	<u>-</u>	<u>(994,849)</u>
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	<u>(1,071,439)</u>	<u>16,590</u>	<u>60,000</u>	<u>-</u>	<u>(994,849)</u>
Total liabilities and net assets	<u>\$ 1,900,712</u>	<u>\$ 601,654</u>	<u>\$ 951,758</u>	<u>\$ (1,427,789)</u>	<u>\$ 2,026,335</u>

Mercy Portfolio Services, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	27,500	-	-	-	27,500
Capital grants	-	-	-	-	-
Consulting	2,359,873	-	-	-	2,359,873
Interest	18,772	-	-	-	18,772
Other	5,167	-	10,000	-	15,167
Total revenues	<u>2,411,312</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>2,421,312</u>
Expenses and losses					
Compensation	1,431,500	-	-	-	1,431,500
Administrative	201,454	-	-	-	201,454
Professional services	278,639	-	-	-	278,639
Depreciation and amortization	4,434	-	-	-	4,434
Grants	19,160	-	-	-	19,160
Facility	137,282	-	-	-	137,282
Interest and fees	77,252	-	-	-	77,252
Bad debts	15,450	-	-	-	15,450
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	648,004	-	-	-	648,004
(Gain) loss on sale of assets	8,158	-	-	-	8,158
(Gain) loss on investment in limited partnership	153,250	-	-	-	153,250
Total expenses and losses	<u>2,974,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,974,583</u>
Excess (deficiency) of revenues over expenses	(563,271)	-	10,000	-	(553,271)
Net assets at beginning of year	(508,168)	16,590	50,000	-	(441,578)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (1,071,439)</u>	<u>\$ 16,590</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ (994,849)</u>

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2015

	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)	Mercy Housing Colorado IV, LTD (Wapiti Meadows)	MHMP GP, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 280,202	\$ -	\$ 32,192	\$ -	\$ 46,960
Cash, tenant security deposits	-	-	-	13,702	-	20,286	-	-
Cash, restricted	199,078	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	40,032	-	-	45,203	-	41,673	-	-
Due from affiliate, net	-	-	54,636	-	13,572	2,846	-	24,071
Pledges receivable, net	2,428	-	-	-	-	-	-	-
Grants receivable	176,932	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	44,300	-	-	-	-	-	-	-
Prepaid expenses and other assets	22,481	-	-	17,551	-	14,282	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	485,251	-	54,636	356,658	13,572	111,279	-	71,031
Property and equipment								
Land and land improvements	-	226,320	-	2,148,342	-	840,282	-	-
Buildings	-	378,604	-	12,099,326	-	4,385,073	-	-
Furniture and equipment	15,000	60,479	-	463,958	-	199,596	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(15,000)	(236,875)	-	(1,959,496)	-	(3,661,414)	-	-
Net property and equipment	-	428,528	-	12,752,130	-	1,763,537	-	-
Other long-term assets								
Restricted property reserves	-	-	-	805,366	-	154,459	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	85,290	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	100	-	1,379,990	-	(1,678)	-	-	(5,953)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	5,580,427	-	-	-	-	-	-	-
Allowance for impaired assets	(545,883)	-	-	-	-	-	-	-
Other assets, net	-	-	-	279,530	-	161,304	-	-
Total other long-term assets	5,119,934	-	1,379,990	1,084,896	(1,678)	315,763	-	(5,953)
Total assets	\$ 5,605,185	\$ 428,528	\$ 1,434,626	\$ 14,193,684	\$ 11,894	\$ 2,190,579	\$ -	\$ 65,078

**Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2015**

	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)	Mercy Housing Colorado IV, LTD (Wapiti Meadows)	MHMP GP, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 100,079	\$ -	\$ 2,834	\$ 43,111	\$ 934	\$ 12,030	\$ -	\$ 934
Due to affiliates	1,934,031	-	65,208	54,636	17,288	53,572	-	48,671
Accrued interest	-	-	-	11,654	-	9,771	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	38,181	-	37,352	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	21,393	-	3,694	-	-
Tenant security deposits	-	-	-	13,202	-	19,565	-	-
Total current liabilities	2,034,110	-	68,042	182,177	18,222	135,984	-	49,605
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	345,306	-	565,539	-	-
Notes payable, less current portion, net	56,616	-	-	1,873,750	-	2,060,052	-	-
Notes payable, less current portion, affiliates	-	70,000	-	2,249,000	-	795,653	-	-
Deferred revenue and other liabilities	-	-	-	-	-	4,148	-	-
Total long-term liabilities	56,616	70,000	-	4,468,056	-	3,425,392	-	-
Total liabilities	2,090,726	70,000	68,042	4,650,233	18,222	3,561,376	-	49,605
Net assets								
Unrestricted net assets, controlling	(2,052,728)	358,528	1,366,584	9,543,451	(6,328)	(1,370,797)	-	15,473
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(2,052,728)	358,528	1,366,584	9,543,451	(6,328)	(1,370,797)	-	15,473
Temporarily restricted net assets	5,067,187	-	-	-	-	-	-	-
Permanently restricted net assets	500,000	-	-	-	-	-	-	-
Total net assets	3,514,459	358,528	1,366,584	9,543,451	(6,328)	(1,370,797)	-	15,473
Total liabilities and net assets	\$ 5,605,185	\$ 428,528	\$ 1,434,626	\$ 14,193,684	\$ 11,894	\$ 2,190,579	\$ -	\$ 65,078

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2015

	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)	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
Assets								
Current assets								
Cash and cash equivalents	\$ 104,019	\$ 60,578	\$ -	\$ 251,417	\$ 673,891	\$ 547,883	\$ -	\$ 1,997,142
Cash, tenant security deposits	25,325	15,175	-	11,345	140,884	116,272	-	342,989
Cash, restricted	-	-	-	-	104,078	164,671	-	467,827
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	2,458	11,893	-	1,934	251,273	46,844	-	441,310
Due from affiliate, net	-	43	-	-	-	5,451	(92,436)	8,183
Pledges receivable, net	-	-	-	-	175	11,200	-	13,803
Grants receivable	-	-	-	-	15,000	6,476	-	198,408
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	7,797	-	(40,000)	12,097
Prepaid expenses and other assets	10,260	21,264	-	10,653	114,153	139,335	-	349,979
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>142,062</u>	<u>108,953</u>	<u>-</u>	<u>275,349</u>	<u>1,307,251</u>	<u>1,038,132</u>	<u>(132,436)</u>	<u>3,831,738</u>
Property and equipment								
Land and land improvements	1,251,231	261,532	-	622,232	2,197,256	2,051,546	-	9,598,741
Buildings	5,217,214	3,651,732	-	2,418,610	32,540,390	29,034,351	(256,019)	89,469,281
Furniture and equipment	221,709	127,912	-	109,582	504,936	1,746,882	-	3,450,054
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(3,881,992)</u>	<u>(1,900,672)</u>	<u>-</u>	<u>(637,072)</u>	<u>(9,673,526)</u>	<u>(18,868,239)</u>	<u>35,366</u>	<u>(40,798,920)</u>
Net property and equipment	<u>2,808,162</u>	<u>2,140,504</u>	<u>-</u>	<u>2,513,352</u>	<u>25,569,056</u>	<u>13,964,540</u>	<u>(220,653)</u>	<u>61,719,156</u>
Other long-term assets								
Restricted property reserves	191,534	165,559	-	203,363	2,391,949	1,993,813	-	5,906,043
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	(25,399)	59,891
Pledges receivable, net	-	-	-	-	-	20	-	20
Investments in limited partnerships, net.	-	-	-	-	-	-	(1,372,459)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	(1,618,282)	3,962,145
Allowance for impaired assets	-	-	-	-	-	-	-	(545,883)
Other assets, net	<u>34,843</u>	<u>27,998</u>	<u>-</u>	<u>33,805</u>	<u>565,173</u>	<u>24,813</u>	<u>-</u>	<u>1,127,466</u>
Total other long-term assets	<u>226,377</u>	<u>193,557</u>	<u>-</u>	<u>237,168</u>	<u>2,957,122</u>	<u>2,018,646</u>	<u>(3,016,140)</u>	<u>10,509,682</u>
Total assets	<u>\$ 3,176,601</u>	<u>\$ 2,443,014</u>	<u>\$ -</u>	<u>\$ 3,025,869</u>	<u>\$ 29,833,429</u>	<u>\$ 17,021,318</u>	<u>\$ (3,369,229)</u>	<u>\$ 76,060,576</u>

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2015

	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)	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 32,328	\$ 69,863	\$ 2,834	\$ 86,427	\$ 666,536	\$ 532,338	\$ -	\$ 1,550,248
Due to affiliates	-	24,228	7,250	-	1,413,567	2,632,880	(132,436)	6,118,895
Accrued interest	-	5,840	-	-	33,818	8,476	-	69,559
Accrued interest, affiliates	10,681	-	-	11,206	-	-	(2,689)	19,198
Current portion of notes payable	-	54,748	-	-	170,911	53,692	-	354,884
Current portion of notes payable, affiliates	41,614	-	-	36,089	-	-	(7,908)	69,795
Deferred revenue and other liabilities	1,031	40,850	-	5,145	22,261	38,162	-	132,536
Tenant security deposits	25,224	14,503	-	10,089	128,566	108,250	-	319,399
Total current liabilities	110,878	210,032	10,084	148,956	2,435,659	3,373,798	(143,033)	8,634,514
Long-term liabilities								
Due to affiliates	-	-	-	-	-	4,959	(4,959)	-
Accrued interest	-	-	-	-	609,730	-	-	609,730
Accrued interest, affiliates	667,605	557,267	-	-	-	-	(2,079,767)	55,950
Notes payable, less current portion, net	-	1,023,328	-	-	12,600,779	1,420,372	-	19,034,897
Notes payable, less current portion, affiliates	2,519,940	603,736	-	2,408,773	285,000	-	(3,881,939)	5,050,163
Deferred revenue and other liabilities	2,844	352,416	-	2,903	71,079	184,569	(69,673)	548,286
Total long-term liabilities	3,190,389	2,536,747	-	2,411,676	13,566,588	1,609,900	(6,036,338)	25,299,026
Total liabilities	3,301,267	2,746,779	10,084	2,560,632	16,002,247	4,983,698	(6,179,371)	33,933,540
Net assets								
Unrestricted net assets, controlling	(124,666)	(303,765)	(10,084)	317,237	10,486,151	372,096	2,810,142	21,401,294
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(124,666)	(303,765)	(10,084)	317,237	10,486,151	372,096	2,810,142	21,401,294
Temporarily restricted net assets	-	-	-	148,000	3,345,031	11,665,524	-	20,225,742
Permanently restricted net assets	-	-	-	-	-	-	-	500,000
Total net assets	(124,666)	(303,765)	(10,084)	465,237	13,831,182	12,037,620	2,810,142	42,127,036
Total liabilities and net assets	\$ 3,176,601	\$ 2,443,014	\$ -	\$ 3,025,869	\$ 29,833,429	\$ 17,021,318	\$ (3,369,229)	\$ 76,060,576

Mercy Housing Mountain Plains
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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)	Mercy Housing Colorado IV, LTD (Wapiti Meadows)	MHMP GP, LLC
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 837,578	\$ -	\$ 528,094	\$ 313,902	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	284,492	-	54,636	-	37,301	-	-	28,182
Philanthropy	667,848	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	497,289	-	-	234	-	51	145	-
Other	132,469	-	-	20,791	123,864	9,985	22,389	15,045
Total revenues	1,582,098	-	54,636	858,603	161,165	538,130	336,436	43,227
Expenses and losses								
Compensation	848,726	-	-	148,286	-	69,897	125,014	-
Administrative	151,383	-	54,646	195,147	39,599	94,867	61,279	28,863
Professional services	90,226	-	5,373	15,608	1,923	7,129	2,093	1,978
Depreciation and amortization	-	37,347	-	575,020	-	182,337	239,312	-
Grants	15,966	-	-	-	1,242	-	-	-
Facility	468	-	-	235,326	-	141,866	155,919	-
Interest and fees	-	-	-	235,769	-	158,401	35,949	-
Bad debts	246,359	-	-	7,365	-	4,148	1,807	-
Provision for impaired assets	429,346	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	307,654	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	(12,112)	-	(502,918)	-
(Gain) loss on investment in limited partnership	-	-	28	-	(97)	-	-	247
Total expenses and losses	2,090,128	37,347	60,047	1,412,521	30,555	658,645	118,455	31,088
Excess (deficiency) of revenues over expenses	(508,030)	(37,347)	(5,411)	(553,918)	130,610	(120,515)	217,981	12,139
Net assets at beginning of year	4,022,489	395,875	1,371,995	10,097,369	(136,938)	(1,250,282)	1,023,716	(26,031)
Other transfers to (from) net assets	-	-	-	-	-	-	(1,241,697)	29,365
Net assets at end of year	\$ 3,514,459	\$ 358,528	\$ 1,366,584	\$ 9,543,451	\$ (6,328)	\$ (1,370,797)	\$ -	\$ 15,473

Mercy Housing Mountain Plains
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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)	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
Revenues								
Rent - net of vacancies	\$ 452,981	\$ 691,288	\$ -	\$ 525,515	\$ 3,686,401	\$ 4,136,106	\$ -	\$ 11,171,865
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	50,004	(340,785)	113,830
Philanthropy	-	-	-	-	39,171	222,144	-	929,163
Capital grants	-	-	-	-	-	87	-	87
Consulting	-	-	-	-	-	-	-	-
Interest	331	52	-	742	3,503	1,801	(218,829)	285,319
Other	4,784	19,313	-	4,794	174,579	56,689	(238,122)	346,580
Total revenues	458,096	710,653	-	531,051	3,903,654	4,466,831	(797,736)	12,846,844
Expenses and losses								
Compensation	97,449	156,609	-	111,683	1,120,052	1,468,680	-	4,146,396
Administrative	67,503	119,134	10	50,982	645,365	741,868	(120,118)	2,130,528
Professional services	5,206	13,246	3,899	10,694	71,429	327,007	(204,000)	351,811
Depreciation and amortization	254,002	125,215	-	109,490	1,347,540	1,108,814	(9,310)	3,969,767
Grants	-	-	-	-	-	-	-	17,208
Facility	114,484	280,824	-	137,894	1,525,984	1,386,722	-	3,979,487
Interest and fees	159,030	88,699	-	135,391	459,698	160,817	(225,375)	1,208,379
Bad debts	283	524	-	31	222,652	120,823	(31,922)	572,070
Provision for impaired assets	-	-	-	-	1,271	1,023	(157,972)	273,668
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	129,045	89,953	-	526,652
(Gain) loss on sale of assets	-	-	-	-	-	-	12,112	(502,918)
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	(178)	-
Total expenses and losses	697,957	784,251	3,909	556,165	5,523,036	5,405,707	(736,763)	16,673,048
Excess (deficiency) of revenues over expenses	(239,861)	(73,598)	(3,909)	(25,114)	(1,619,382)	(938,876)	(60,973)	(3,826,204)
Net assets at beginning of year	115,195	-	(6,175)	530,351	15,450,564	12,976,496	2,230,420	46,795,044
Other transfers to (from) net assets	-	(230,167)	-	(40,000)	-	-	640,695	(841,804)
Net assets at end of year	\$ (124,666)	\$ (303,765)	\$ (10,084)	\$ 465,237	\$ 13,831,182	\$ 12,037,620	\$ 2,810,142	\$ 42,127,036

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2015

	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
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 304	\$ 10,416	\$ 2,650	\$ -	\$ 77,797	\$ 395,172
Cash, tenant security deposits	-	805	35,943	21,890	-	20,284	45,512
Cash, restricted	103,828	-	-	250	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	4,543	2,103	53,634	184	-	123,754	64,328
Due from affiliate, net	4,390	-	-	-	-	-	-
Pledges receivable, net	175	-	-	-	-	-	-
Grants receivable	15,000	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	7,797	-	-	-	-	-	-
Prepaid expenses and other assets	8,667	3,303	32,469	11,956	-	9,590	30,854
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>144,400</u>	<u>6,515</u>	<u>132,462</u>	<u>36,930</u>	<u>-</u>	<u>231,425</u>	<u>535,866</u>
Property and equipment							
Land and land improvements	-	30,770	1,281,713	-	-	540,239	1,983,974
Buildings	-	471,180	7,390,862	4,718,907	-	4,168,568	11,080,384
Furniture and equipment	18,169	42,168	295,785	33,133	-	28,232	48,299
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(18,169)</u>	<u>(478,709)</u>	<u>(3,993,179)</u>	<u>(1,420,716)</u>	<u>-</u>	<u>(768,511)</u>	<u>(2,142,148)</u>
Net property and equipment	<u>-</u>	<u>65,409</u>	<u>4,975,181</u>	<u>3,331,324</u>	<u>-</u>	<u>3,968,528</u>	<u>10,970,509</u>
Other long-term assets							
Restricted property reserves	-	29,316	329,612	187,007	-	422,532	989,837
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	772,619	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>-</u>	<u>-</u>	<u>238,994</u>	<u>-</u>	<u>-</u>	<u>71,714</u>	<u>155,377</u>
Total other long-term assets	<u>-</u>	<u>29,316</u>	<u>568,606</u>	<u>187,007</u>	<u>772,619</u>	<u>494,246</u>	<u>1,145,214</u>
Total assets	<u>\$ 144,400</u>	<u>\$ 101,240</u>	<u>\$ 5,676,249</u>	<u>\$ 3,555,261</u>	<u>\$ 772,619</u>	<u>\$ 4,694,199</u>	<u>\$ 12,651,589</u>

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2015

	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
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 34,631	\$ 9,233	\$ 246,005	\$ 55,451	\$ 934	\$ 106,671	\$ 115,001
Due to affiliates	183,499	223,922	880,384	-	5,142	144,493	-
Accrued interest	-	1,816	20,046	-	-	-	8,847
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	10,289	111,720	-	-	-	36,210
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	4,985	1,665	-	2,333	11,021
Tenant security deposits	-	-	30,442	21,218	-	20,102	41,474
Total current liabilities	218,130	245,260	1,293,582	78,334	6,076	273,599	212,553
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	23,545	-	586,185	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	218,188	1,073,362
Notes payable, less current portion, net	147,500	231,873	8,092,488	-	-	926,956	2,006,648
Notes payable, less current portion, affiliates	-	-	-	-	-	1,465,000	4,910,051
Deferred revenue and other liabilities	-	-	985	-	-	70,094	-
Total long-term liabilities	171,045	231,873	8,679,658	-	-	2,680,238	7,990,061
Total liabilities	389,175	477,133	9,973,240	78,334	6,076	2,953,837	8,202,614
Net assets							
Unrestricted net assets, controlling	(348,751)	(375,893)	(4,296,991)	235,872	766,543	1,740,362	4,448,975
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(348,751)	(375,893)	(4,296,991)	235,872	766,543	1,740,362	4,448,975
Temporarily restricted net assets	103,976	-	-	3,241,055	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(244,775)	(375,893)	(4,296,991)	3,476,927	766,543	1,740,362	4,448,975
Total liabilities and net assets	\$ 144,400	\$ 101,240	\$ 5,676,249	\$ 3,555,261	\$ 772,619	\$ 4,694,199	\$ 12,651,589

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2015

	Western Manor, LP	Eliminations	Consolidated Mercy Housing Midwest
Assets			
Current assets			
Cash and cash equivalents	\$ 187,552	\$ -	\$ 673,891
Cash, tenant security deposits	16,450	-	140,884
Cash, restricted	-	-	104,078
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	2,727	-	251,273
Due from affiliate, net	-	(4,390)	-
Pledges receivable, net	-	-	175
Grants receivable	-	-	15,000
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	7,797
Prepaid expenses and other assets	17,314	-	114,153
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	<u>224,043</u>	<u>(4,390)</u>	<u>1,307,251</u>
Property and equipment			
Land and land improvements	437,363	(2,076,803)	2,197,256
Buildings	5,915,757	(1,205,268)	32,540,390
Furniture and equipment	39,150	-	504,936
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	<u>(1,032,884)</u>	<u>180,790</u>	<u>(9,673,526)</u>
Net property and equipment	<u>5,359,386</u>	<u>(3,101,281)</u>	<u>25,569,056</u>
Other long-term assets			
Restricted property reserves	433,645	-	2,391,949
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net.	-	(772,619)	-
Notes and interest receivable, net	-	-	-
Notes and interest receivable, affiliates	-	-	-
Allowance for impaired assets	-	-	-
Other assets, net	<u>99,088</u>	<u>-</u>	<u>565,173</u>
Total other long-term assets	<u>532,733</u>	<u>(772,619)</u>	<u>2,957,122</u>
Total assets	<u>\$ 6,116,162</u>	<u>\$ (3,878,290)</u>	<u>\$ 29,833,429</u>

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2015

	Western Manor, LP	Eliminations	Consolidated Mercy Housing Midwest
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 98,610	\$ -	\$ 666,536
Due to affiliates	-	(23,873)	1,413,567
Accrued interest	3,109	-	33,818
Accrued interest, affiliates	-	-	-
Current portion of notes payable	12,692	-	170,911
Current portion of notes payable, affiliates	-	-	-
Deferred revenue and other liabilities	2,257	-	22,261
Tenant security deposits	15,330	-	128,566
Total current liabilities	131,998	(23,873)	2,435,659
Long-term liabilities			
Due to affiliates	-	-	-
Accrued interest	-	-	609,730
Accrued interest, affiliates	255,040	(1,546,590)	-
Notes payable, less current portion, net	1,195,314	-	12,600,779
Notes payable, less current portion, affiliates	1,890,000	(7,980,051)	285,000
Deferred revenue and other liabilities	-	-	71,079
Total long-term liabilities	3,340,354	(9,526,641)	13,566,588
Total liabilities	3,472,352	(9,550,514)	16,002,247
Net assets			
Unrestricted net assets, controlling	2,643,810	5,672,224	10,486,151
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	2,643,810	5,672,224	10,486,151
Temporarily restricted net assets	-	-	3,345,031
Permanently restricted net assets	-	-	-
Total net assets	2,643,810	5,672,224	13,831,182
Total liabilities and net assets	\$ 6,116,162	\$ (3,878,290)	\$ 29,833,429

Mercy Housing Midwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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
Revenues							
Rent - net of vacancies	\$ -	\$ 304	\$ 1,241,944	\$ 298,016	\$ -	\$ 371,461	\$ 1,201,815
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	39,171	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	336,628	15	762	52	-	182	1,022
Other	89,963	3,587	37,050	7,509	-	7,964	17,366
Total revenues	<u>465,762</u>	<u>3,906</u>	<u>1,279,756</u>	<u>305,577</u>	<u>-</u>	<u>379,607</u>	<u>1,220,203</u>
Expenses and losses							
Compensation	394,819	3,713	209,488	111,741	-	82,901	186,264
Administrative	60,316	6,921	177,448	60,727	13	85,110	174,032
Professional services	6,580	6,922	16,014	9,602	1,923	8,453	13,498
Depreciation and amortization	-	17,378	297,784	190,948	-	175,387	473,174
Grants	-	-	-	-	-	-	-
Facility	184	31,202	609,159	133,332	-	173,702	387,707
Interest and fees	5,683	22,339	287,745	55	-	42,481	317,403
Bad debts	207,484	-	20,423	-	-	5,194	9,035
Provision for impaired assets	246,965	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	129,045	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	72	-	-
Total expenses and losses	<u>1,051,076</u>	<u>88,475</u>	<u>1,618,061</u>	<u>506,405</u>	<u>2,008</u>	<u>573,228</u>	<u>1,561,113</u>
Excess (deficiency) of revenues over expenses	(585,314)	(84,569)	(338,305)	(200,828)	(2,008)	(193,621)	(340,910)
Net assets at beginning of year	340,539	(291,324)	(3,958,686)	3,677,755	768,551	1,933,983	4,789,885
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ (244,775)</u>	<u>\$ (375,893)</u>	<u>\$ (4,296,991)</u>	<u>\$ 3,476,927</u>	<u>\$ 766,543</u>	<u>\$ 1,740,362</u>	<u>\$ 4,448,975</u>

Mercy Housing Midwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Western Manor, LP	Eliminations	Consolidated Mercy Housing Midwest
Revenues			
Rent - net of vacancies	\$ 572,861	\$ -	\$ 3,686,401
Developer fees	-	-	-
Services fees	-	-	-
Philanthropy	-	-	39,171
Capital grants	-	-	-
Consulting	-	-	-
Interest	199	(335,357)	3,503
Other	11,140	-	174,579
	<u>584,200</u>	<u>(335,357)</u>	<u>3,903,654</u>
Total revenues	<u>584,200</u>	<u>(335,357)</u>	<u>3,903,654</u>
Expenses and losses			
Compensation	131,126	-	1,120,052
Administrative	80,798	-	645,365
Professional services	8,437	-	71,429
Depreciation and amortization	236,697	(43,828)	1,347,540
Grants	-	-	-
Facility	190,698	-	1,525,984
Interest and fees	118,157	(334,165)	459,698
Bad debts	-	(19,484)	222,652
Provision for impaired assets	-	(245,694)	1,271
Project expenses	-	-	-
Allocation	-	-	129,045
(Gain) loss on sale of assets	-	-	-
(Gain) loss on investment in limited partnership	-	(72)	-
	<u>765,913</u>	<u>(643,243)</u>	<u>5,523,036</u>
Total expenses and losses	<u>765,913</u>	<u>(643,243)</u>	<u>5,523,036</u>
Excess (deficiency) of revenues over expenses	(181,713)	307,886	(1,619,382)
Net assets at beginning of year	2,825,523	5,364,338	15,450,564
Other transfers to (from) net assets	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 2,643,810</u>	<u>\$ 5,672,224</u>	<u>\$ 13,831,182</u>

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 7,689	\$ 4,602	\$ 12,106	\$ 9,289	\$ 471,545	\$ 5,064	\$ 727
Cash, tenant security deposits	-	9,577	1,601	9,099	5,697	23,143	12,358	10,611
Cash, restricted	164,671	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	14,800	10	-	583	569	19,595	334	7,991
Due from affiliate, net	-	-	271	-	-	-	-	662
Pledges receivable, net	11,200	-	-	-	-	-	-	-
Grants receivable	6,476	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	145,936	-	-	-	-	-	-	-
Prepaid expenses and other assets	7,992	10,150	1,935	8,976	5,545	42,564	9,133	15,393
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>351,375</u>	<u>27,426</u>	<u>8,409</u>	<u>30,764</u>	<u>21,100</u>	<u>556,847</u>	<u>26,889</u>	<u>35,384</u>
Property and equipment								
Land and land improvements	-	139,772	68,890	119,815	92,256	387,107	77,415	526,647
Buildings	-	2,417,665	460,058	2,115,349	1,281,187	7,524,660	2,066,181	2,912,761
Furniture and equipment	-	110,170	5,570	101,822	65,924	630,200	143,376	264,486
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>-</u>	<u>(1,285,353)</u>	<u>(246,079)</u>	<u>(1,451,410)</u>	<u>(985,759)</u>	<u>(5,605,071)</u>	<u>(1,407,550)</u>	<u>(1,718,704)</u>
Net property and equipment	<u>-</u>	<u>1,382,254</u>	<u>288,439</u>	<u>885,576</u>	<u>453,608</u>	<u>2,936,896</u>	<u>879,422</u>	<u>1,985,190</u>
Other long-term assets								
Restricted property reserves	-	84,245	21,286	75,366	88,463	1,073,285	68,487	185,033
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	20	-	-	-	-	-	-	-
Investments in limited partnerships, net	11,785	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,813</u>	<u>-</u>	<u>-</u>
Total other long-term assets	<u>11,805</u>	<u>84,245</u>	<u>21,286</u>	<u>75,366</u>	<u>88,463</u>	<u>1,098,098</u>	<u>68,487</u>	<u>185,033</u>
Total assets	<u>\$ 363,180</u>	<u>\$ 1,493,925</u>	<u>\$ 318,134</u>	<u>\$ 991,706</u>	<u>\$ 563,171</u>	<u>\$ 4,591,841</u>	<u>\$ 974,798</u>	<u>\$ 2,205,607</u>

**Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2015**

	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	\$ 34,807	\$ 39,883	\$ 12,205	\$ 46,691	\$ 24,462	\$ 50,243	\$ 28,431	\$ 78,913
Due to affiliates	2,632,879	19,604	13,025	27,964	69,119	-	-	-
Accrued interest	-	-	-	-	-	8,476	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	53,692	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	38	387	(1)	420	7,422	954	18,201
Tenant security deposits	-	9,076	1,311	8,820	5,349	21,555	11,838	9,405
Total current liabilities	2,667,686	68,601	26,928	83,474	99,350	141,388	41,223	106,519
Long-term liabilities								
Due to affiliates	-	-	-	-	-	4,959	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	1,420,372	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	6,978	-	177,591
Total long-term liabilities	-	-	-	-	-	1,432,309	-	177,591
Total liabilities	2,667,686	68,601	26,928	83,474	99,350	1,573,697	41,223	284,110
Net assets								
Unrestricted net assets, controlling	(2,496,146)	(146,009)	13,194	(235,505)	(224,011)	2,725,579	(283,975)	1,921,497
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(2,496,146)	(146,009)	13,194	(235,505)	(224,011)	2,725,579	(283,975)	1,921,497
Temporarily restricted net assets	191,640	1,571,333	278,012	1,143,737	687,832	292,565	1,217,550	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(2,304,506)	1,425,324	291,206	908,232	463,821	3,018,144	933,575	1,921,497
Total liabilities and net assets	\$ 363,180	\$ 1,493,925	\$ 318,134	\$ 991,706	\$ 563,171	\$ 4,591,841	\$ 974,798	\$ 2,205,607

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 4,060	\$ 13,734	\$ 4,977	\$ 4,886	\$ 5,311	\$ 3,593	\$ -	\$ 547,883
Cash, tenant security deposits	11,556	5,336	3,077	4,902	16,845	2,470	-	116,272
Cash, restricted	-	-	-	-	-	-	-	164,671
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	125	1,385	1,399	-	53	-	46,844
Due from affiliate, net	-	-	209	-	-	4,789	(480)	5,451
Pledges receivable, net	-	-	-	-	-	-	-	11,200
Grants receivable	-	-	-	-	-	-	-	6,476
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	(145,936)	-
Prepaid expenses and other assets	9,529	4,526	3,058	5,758	11,961	2,815	-	139,335
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>25,145</u>	<u>23,721</u>	<u>12,706</u>	<u>16,945</u>	<u>34,117</u>	<u>13,720</u>	<u>(146,416)</u>	<u>1,038,132</u>
Property and equipment								
Land and land improvements	192,606	45,000	72,820	55,045	223,340	50,833	-	2,051,546
Buildings	2,170,698	1,159,094	1,008,813	1,585,490	3,535,471	1,280,311	(483,387)	29,034,351
Furniture and equipment	100,560	49,045	34,583	70,057	145,677	25,412	-	1,746,882
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(1,313,251)</u>	<u>(738,459)</u>	<u>(515,471)</u>	<u>(1,198,200)</u>	<u>(1,889,951)</u>	<u>(780,250)</u>	<u>267,269</u>	<u>(18,868,239)</u>
Net property and equipment	<u>1,150,613</u>	<u>514,680</u>	<u>600,745</u>	<u>512,392</u>	<u>2,014,537</u>	<u>576,306</u>	<u>(216,118)</u>	<u>13,964,540</u>
Other long-term assets								
Restricted property reserves	114,138	45,793	22,657	66,621	85,864	62,575	-	1,993,813
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	20
Investments in limited partnerships, net.	-	-	-	-	-	-	(11,785)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
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>24,813</u>
Total other long-term assets	<u>114,138</u>	<u>45,793</u>	<u>22,657</u>	<u>66,621</u>	<u>85,864</u>	<u>62,575</u>	<u>(11,785)</u>	<u>2,018,646</u>
Total assets	<u>\$ 1,289,896</u>	<u>\$ 584,194</u>	<u>\$ 636,108</u>	<u>\$ 595,958</u>	<u>\$ 2,134,518</u>	<u>\$ 652,601</u>	<u>\$ (374,319)</u>	<u>\$ 17,021,318</u>

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 47,519	\$ 24,690	\$ 31,787	\$ 37,142	\$ 34,972	\$ 41,713	\$ (1,120)	\$ 532,338
Due to affiliates	17,672	-	35,402	66,514	-	-	(249,299)	2,632,880
Accrued interest	-	-	-	-	-	-	-	8,476
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-	53,692
Current portion of notes payable, affiliates	-	-	-	20,000	-	-	(20,000)	-
Deferred revenue and other liabilities	3,486	29	485	1,090	4,540	1,111	-	38,162
Tenant security deposits	10,926	4,695	2,296	4,654	16,355	1,970	-	108,250
Total current liabilities	79,603	29,414	69,970	129,400	55,867	44,794	(270,419)	3,373,798
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	4,959
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	-	-	1,420,372
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	184,569
Total long-term liabilities	-	-	-	-	-	-	-	1,609,900
Total liabilities	79,603	29,414	69,970	129,400	55,867	44,794	(270,419)	4,983,698
Net assets								
Unrestricted net assets, controlling	(91,662)	(130,150)	(81,238)	(297,619)	(209,928)	11,969	(103,900)	372,096
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(91,662)	(130,150)	(81,238)	(297,619)	(209,928)	11,969	(103,900)	372,096
Temporarily restricted net assets	1,301,955	684,930	647,376	764,177	2,288,579	595,838	-	11,665,524
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,210,293	554,780	566,138	466,558	2,078,651	607,807	(103,900)	12,037,620
Total liabilities and net assets	\$ 1,289,896	\$ 584,194	\$ 636,108	\$ 595,958	\$ 2,134,518	\$ 652,601	\$ (374,319)	\$ 17,021,318

Mercy Housing Southwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ -	\$ 257,604	\$ 62,043	\$ 242,993	\$ 184,132	\$ 1,541,997	\$ 218,135	\$ 613,816
Developer fees	-	-	-	-	-	-	-	-
Services fees	50,004	-	-	-	-	-	-	-
Philanthropy	222,144	-	-	-	-	-	-	-
Capital grants	87	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	1,023	36	23	32	40	373	38	67
Other	29,415	647	445	1,128	1,352	26,368	1,288	13,078
Total revenues	302,673	258,287	62,511	244,153	185,524	1,568,738	219,461	626,961
Expenses and losses								
Compensation	205,480	133,298	15,757	101,344	63,123	363,930	97,742	125,160
Administrative	80,633	43,501	13,458	35,641	28,290	177,360	40,553	89,431
Professional services	7,492	7,437	6,199	7,437	9,832	192,361	7,437	36,611
Depreciation and amortization	-	90,160	17,837	82,474	47,376	274,562	79,635	128,891
Grants	-	-	-	-	-	-	-	-
Facility	163	54,718	16,178	76,458	63,666	401,282	72,594	286,592
Interest and fees	56,117	-	25	535	50	103,389	35	19
Bad debts	96,000	9	-	-	518	4,955	-	1,545
Provision for impaired assets	1,023	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	89,953	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	536,861	329,123	69,454	303,889	212,855	1,517,839	297,996	668,249
Excess (deficiency) of revenues over expenses	(234,188)	(70,836)	(6,943)	(59,736)	(27,331)	50,899	(78,535)	(41,288)
Net assets at beginning of year	(2,070,318)	1,496,160	298,149	967,968	491,152	2,967,245	1,012,110	1,962,785
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ (2,304,506)	\$ 1,425,324	\$ 291,206	\$ 908,232	\$ 463,821	\$ 3,018,144	\$ 933,575	\$ 1,921,497

Mercy Housing Southwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ 213,592	\$ 115,787	\$ 94,078	\$ 189,307	\$ 302,590	\$ 100,032	\$ -	\$ 4,136,106
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	50,004
Philanthropy	-	-	-	-	-	-	-	222,144
Capital grants	-	-	-	-	-	-	-	87
Consulting	-	-	-	-	-	-	-	-
Interest	63	21	5	29	30	21	-	1,801
Other	961	2,394	1,142	1,151	3,508	125	(26,313)	56,689
Total revenues	<u>214,616</u>	<u>118,202</u>	<u>95,225</u>	<u>190,487</u>	<u>306,128</u>	<u>100,178</u>	<u>(26,313)</u>	<u>4,466,831</u>
Expenses and losses								
Compensation	107,564	38,017	25,611	59,624	100,471	31,559	-	1,468,680
Administrative	37,229	22,011	25,862	32,266	76,572	39,061	-	741,868
Professional services	7,437	8,287	8,607	9,946	9,637	8,287	-	327,007
Depreciation and amortization	81,958	42,374	36,669	60,253	138,006	46,196	(17,577)	1,108,814
Grants	-	-	-	-	-	-	-	-
Facility	84,214	40,301	54,777	65,754	134,879	35,146	-	1,386,722
Interest and fees	193	-	269	85	100	-	-	160,817
Bad debts	-	105	-	17,426	259	6	-	120,823
Provision for impaired assets	-	-	-	-	-	-	-	1,023
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	89,953
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>318,595</u>	<u>151,095</u>	<u>151,795</u>	<u>245,354</u>	<u>459,924</u>	<u>160,255</u>	<u>(17,577)</u>	<u>5,405,707</u>
Excess (deficiency) of revenues over expenses	(103,979)	(32,893)	(56,570)	(54,867)	(153,796)	(60,077)	(8,736)	(938,876)
Net assets at beginning of year	1,314,272	587,673	622,708	521,425	2,232,447	667,884	(95,164)	12,976,496
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 1,210,293</u>	<u>\$ 554,780</u>	<u>\$ 566,138</u>	<u>\$ 466,558</u>	<u>\$ 2,078,651</u>	<u>\$ 607,807</u>	<u>\$ (103,900)</u>	<u>\$ 12,037,620</u>

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 12,917,697	\$ -	\$ 128,056	\$ 48,911	\$ 54,041	\$ 34,308	\$ 787,751	\$ 9,028
Cash, tenant security deposits	-	-	12,706	7,491	13,729	12,754	33,440	13,153
Cash, restricted	6,153,323	-	-	-	150	-	29,326	10,488
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	653,077	-	1,412	1,878	-	995	225	12,374
Due from affiliate, net	10,078,566	-	-	-	2	722	-	740
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	954,935	-	-	-	-	-	-	-
Current portion of notes and interest receivable	38,678	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	2,533,124	-	-	-	-	-	-	-
Prepaid expenses and other assets	155,108	-	15,725	10,787	8,921	7,119	45,347	10,456
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	33,484,508	-	157,899	69,067	76,843	55,898	896,089	56,239
Property and equipment								
Land and land improvements	1,044,500	-	164,430	389,000	20,827	323,400	522,432	-
Buildings	386,523	-	3,135,149	2,204,929	5,201,533	4,167,725	5,261,902	4,632,810
Furniture and equipment	131,757	-	536,515	141,228	19,879	92,485	764,112	66,363
Predevelopment project costs	3,889,687	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(373,404)	-	(2,091,341)	(1,759,588)	(2,024,453)	(2,618,894)	(5,635,214)	(1,975,965)
Net property and equipment	5,079,063	-	1,744,753	975,569	3,217,786	1,964,716	913,232	2,723,208
Other long-term assets								
Restricted property reserves	551,735	-	1,203,882	648,238	99,237	181,997	562,270	155,324
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	2,907,376	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(1,626,556)	330,630	-	-	-	-	-	-
Notes and interest receivable, net	3,368,901	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	6,175,101	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	47,892	-	113,758	121,917	-	-	-	-
Total other long-term assets	11,424,449	330,630	1,317,640	770,155	99,237	181,997	562,270	155,324
Total assets	\$ 49,988,020	\$ 330,630	\$ 3,220,292	\$ 1,814,791	\$ 3,393,866	\$ 2,202,611	\$ 2,371,591	\$ 2,934,771

Mercy Housing California
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	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	\$ 1,767,230	\$ 2,117	\$ 259,111	\$ 145,678	\$ 86,505	\$ 32,720	\$ 1,004,407	\$ 22,609
Due to affiliates	49	79,234	-	-	6,916	32,000	-	-
Accrued interest	37,373	-	15,514	8,625	-	-	7,056	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	405,993	-	55,294	26,896	-	-	270,542	-
Current portion of notes payable, affiliates	2,935,354	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,077,827	-	83	687	4,268	1,184	575	2,442
Tenant security deposits	-	-	12,528	7,062	13,495	12,242	32,940	12,812
Total current liabilities	6,223,826	81,351	342,530	188,948	111,184	78,146	1,315,520	37,863
Long-term liabilities								
Due to affiliates	60,000	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	2,024,000	-	3,519,262	1,863,041	-	-	961,084	-
Notes payable, less current portion, affiliates	464,136	-	-	-	-	-	-	-
Deferred revenue and other liabilities	2,607,316	-	-	-	765	697	-	-
Total long-term liabilities	5,155,452	-	3,519,262	1,863,041	765	697	961,084	-
Total liabilities	11,379,278	81,351	3,861,792	2,051,989	111,949	78,843	2,276,604	37,863
Net assets								
Unrestricted net assets, controlling	30,676,682	249,279	(641,500)	(237,198)	300,245	(500,038)	94,987	(582,002)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	30,676,682	249,279	(641,500)	(237,198)	300,245	(500,038)	94,987	(582,002)
Temporarily restricted net assets	6,162,060	-	-	-	2,981,672	2,623,806	-	3,478,910
Permanently restricted net assets	1,770,000	-	-	-	-	-	-	-
Total net assets	38,608,742	249,279	(641,500)	(237,198)	3,281,917	2,123,768	94,987	2,896,908
Total liabilities and net assets	\$ 49,988,020	\$ 330,630	\$ 3,220,292	\$ 1,814,791	\$ 3,393,866	\$ 2,202,611	\$ 2,371,591	\$ 2,934,771

Mercy Housing California
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	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	\$ 76,805	\$ 67,638	\$ 3	\$ 205,774	\$ 39,789	\$ 46,237	\$ 12,108	\$ 75,465
Cash, tenant security deposits	25,122	21,988	-	35,294	6,555	26,497	14,454	37,962
Cash, restricted	11,723	300	-	-	150	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	652	724
Due from affiliate, net	-	-	-	-	881	-	-	-
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	36,031	21,099	-	9,889	5,543	21,837	10,759	39,434
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	149,681	111,025	3	250,957	52,918	94,571	37,973	153,585
Property and equipment								
Land and land improvements	1,042,148	785,749	-	1,037,824	82,531	2,000,000	400,000	1,797,674
Buildings	13,581,567	5,902,910	-	1,336,481	3,782,881	8,502,709	3,623,977	13,964,262
Furniture and equipment	254,154	204,698	-	9,635	68,535	259,893	175,767	314,238
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(7,044,536)	(4,178,124)	-	(1,616,429)	(1,926,674)	(5,860,436)	(2,783,562)	(7,971,918)
Net property and equipment	7,833,333	2,715,233	-	767,511	2,007,273	4,902,166	1,416,182	8,104,256
Other long-term assets								
Restricted property reserves	373,790	388,649	-	88,114	270,425	233,855	189,592	1,194,983
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	-	-	4,640,030	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	13,084	-	-	2,352	-
Total other long-term assets	373,790	388,649	4,640,030	101,198	270,425	233,855	191,944	1,194,983
Total assets	\$ 8,356,804	\$ 3,214,907	\$ 4,640,033	\$ 1,119,666	\$ 2,330,616	\$ 5,230,592	\$ 1,646,099	\$ 9,452,824

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	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	\$ 91,322	\$ 106,629	\$ -	\$ 16,694	\$ 164,840	\$ 51,131	\$ 160,093	\$ 83,412
Due to affiliates	10,000	-	-	15,027	8,519	1,084	-	-
Accrued interest	-	-	-	4,315	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	1,312,997	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	672	-	-	21	925	1,780	855	614
Tenant security deposits	24,730	20,806	-	34,794	6,055	25,996	14,181	37,188
Total current liabilities	126,724	127,435	-	1,383,848	180,339	79,991	175,129	121,214
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	474,493	-	786,614	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	(128,529)	1,060,319	-	620,000	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	-	-	-	(128,529)	1,534,812	-	1,406,614	-
Total liabilities	126,724	127,435	-	1,255,319	1,715,151	79,991	1,581,743	121,214
Net assets								
Unrestricted net assets, controlling	(1,174,702)	(275,059)	4,640,033	(135,653)	(1,182,413)	(605,501)	(1,637,656)	(498,901)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,174,702)	(275,059)	4,640,033	(135,653)	(1,182,413)	(605,501)	(1,637,656)	(498,901)
Temporarily restricted net assets	9,404,782	3,362,531	-	-	1,797,878	5,756,102	1,702,012	9,830,511
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	8,230,080	3,087,472	4,640,033	(135,653)	615,465	5,150,601	64,356	9,331,610
Total liabilities and net assets	\$ 8,356,804	\$ 3,214,907	\$ 4,640,033	\$ 1,119,666	\$ 2,330,616	\$ 5,230,592	\$ 1,646,099	\$ 9,452,824

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	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	\$ 5,642	\$ 45,731	\$ 38,722	\$ 32,794	\$ 588,509	\$ 74,845	\$ 2,557,482	\$ 98,240
Cash, tenant security deposits	19,619	23,626	5,504	21,372	-	-	-	4,898
Cash, restricted	-	10,283	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	2,090	28,614	441	46,610	-	-	1,036
Due from affiliate, net	-	282	-	-	54,167	445,616	2,739,409	11,489
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	14,215	20,031	16,855	12,951	10,400	-	-	3,269
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	39,476	102,043	89,695	67,558	699,686	520,461	5,296,891	118,932
Property and equipment								
Land and land improvements	242,906	1,180,289	561,834	-	-	5,845	-	211,256
Buildings	5,614,756	11,678,964	5,211,363	7,784,016	222,519	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	(4,041,377)	(3,578,289)	(1,580,245)	(2,704,412)	(126,489)	-	-	(331,188)
Net property and equipment	2,198,212	9,312,379	4,239,642	5,156,499	96,030	2,228,505	-	543,266
Other long-term assets								
Restricted property reserves	306,756	580,546	966,019	183,778	-	-	-	78,026
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	4,930
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	125,530
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	1,185	28,211	9,903	24,503	-	-	-	-
Total other long-term assets	307,941	608,757	975,922	208,281	-	-	-	208,486
Total assets	\$ 2,545,629	\$ 10,023,179	\$ 5,305,259	\$ 5,432,338	\$ 795,716	\$ 2,748,966	\$ 5,296,891	\$ 870,684

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	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	\$ 45,498	\$ 28,345	\$ 89,504	\$ 34,205	\$ 19,968	\$ 5,985	\$ 2,072,087	\$ 9,808
Due to affiliates	11,778	1,475,877	163,244	10,000	2,873,647	29,941	54,166	-
Accrued interest	-	-	-	-	-	-	-	115
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-	1,154
Current portion of notes payable, affiliates	-	96,934	-	-	-	-	-	-
Deferred revenue and other liabilities	1,142	3,329	8,381	32	28,174	9,157	-	951
Tenant security deposits	19,119	23,126	4,794	20,743	68,580	15,000	-	4,398
Total current liabilities	77,537	1,627,611	265,923	64,980	2,990,369	60,083	2,126,253	16,426
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	191,572	-	903,188	54,751	-	-	-	125,641
Accrued interest, affiliates	-	-	-	-	-	-	-	158,760
Notes payable, less current portion, net	357,229	-	3,228,602	500,000	-	2,778,432	-	225,100
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	180,000
Deferred revenue and other liabilities	3,632	-	-	-	365,157	-	-	-
Total long-term liabilities	552,433	-	4,131,790	554,751	365,157	2,778,432	-	689,501
Total liabilities	629,970	1,627,611	4,397,713	619,731	3,355,526	2,838,515	2,126,253	705,927
Net assets								
Unrestricted net assets, controlling	(1,290,932)	(1,003,777)	(567,001)	(744,349)	(2,559,810)	(89,549)	3,170,638	63,642
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,290,932)	(1,003,777)	(567,001)	(744,349)	(2,559,810)	(89,549)	3,170,638	63,642
Temporarily restricted net assets	3,206,591	9,399,345	1,474,547	5,556,956	-	-	-	101,115
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,915,659	8,395,568	907,546	4,812,607	(2,559,810)	(89,549)	3,170,638	164,757
Total liabilities and net assets	\$ 2,545,629	\$ 10,023,179	\$ 5,305,259	\$ 5,432,338	\$ 795,716	\$ 2,748,966	\$ 5,296,891	\$ 870,684

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	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Sycamore Street Consolidated	Mercy Housing California Family Properties	Mercy Housing California 51, LP (200 6th Street)	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	\$ 63,521	\$ 56,847	\$ -	\$ -	\$ -	\$ -	\$ 20,643	\$ 735,361
Cash, tenant security deposits	54,942	46,996	-	-	-	-	91,761	120,174
Cash, restricted	231,354	-	-	983	-	76,735	-	10,083
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	1,961	3,581	-	-	-	-	108,021	4,802
Due from affiliate, net	-	-	-	-	-	-	-	5,152
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	39,165	4,838	-	-	-	-	58,352	127,669
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>390,943</u>	<u>112,262</u>	<u>-</u>	<u>983</u>	<u>-</u>	<u>76,735</u>	<u>278,777</u>	<u>1,003,241</u>
Property and equipment								
Land and land improvements	438,540	1,560,000	-	-	-	20,375	-	2,105,399
Buildings	18,754,435	3,776,013	-	-	-	-	-	22,444,416
Furniture and equipment	384,663	-	-	-	-	-	-	869,551
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	13,143,038	-	2,909,121	-	-
Accumulated depreciation	<u>(2,070,034)</u>	<u>(40,571)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,915,973)</u>
Net property and equipment	<u>17,507,604</u>	<u>5,295,442</u>	<u>-</u>	<u>13,143,038</u>	<u>-</u>	<u>2,929,496</u>	<u>-</u>	<u>18,503,393</u>
Other long-term assets								
Restricted property reserves	650,897	-	-	-	-	-	145,989	3,747,804
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	(26,168)	-	(13,758)	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>118,622</u>	<u>48,094</u>	<u>-</u>	<u>571,323</u>	<u>-</u>	<u>99,219</u>	<u>-</u>	<u>567,284</u>
Total other long-term assets	<u>769,519</u>	<u>48,094</u>	<u>(26,168)</u>	<u>571,323</u>	<u>(13,758)</u>	<u>99,219</u>	<u>145,989</u>	<u>4,315,088</u>
Total assets	<u>\$ 18,668,066</u>	<u>\$ 5,455,798</u>	<u>\$ (26,168)</u>	<u>\$ 13,715,344</u>	<u>\$ (13,758)</u>	<u>\$ 3,105,450</u>	<u>\$ 424,766</u>	<u>\$ 23,821,722</u>

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	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Sycamore Street Consolidated	Mercy Housing California Family Properties	Mercy Housing California 51, LP (200 6th Street)	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	\$ 55,743	\$ 65,808	\$ 2,183	\$ 1,446,353	\$ 2,834	\$ 408,193	\$ 304,353	\$ 887,263
Due to affiliates	307,816	31,189	4,496	471,139	934	116,424	11,867	8,769
Accrued interest	-	-	-	-	-	430	-	338,838
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	58,102	-	-	-	-	-	516,339
Current portion of notes payable, affiliates	-	-	-	11,668	-	2,028	-	-
Deferred revenue and other liabilities	3,437	2,206	-	-	-	-	1,730	10,293
Tenant security deposits	54,697	46,996	-	-	-	-	91,753	117,995
Total current liabilities	421,693	204,301	6,679	1,929,160	3,768	527,075	409,703	1,879,497
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	2,833,670	1,008,198	-	-	-	22,626	-	629,075
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	7,298,754	4,162,278	-	11,340,736	-	2,253,042	-	20,942,832
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	99,019	-	-	47,892	-	-	-	88,507
Total long-term liabilities	10,231,443	5,170,476	-	11,388,628	-	2,275,668	-	21,660,414
Total liabilities	10,653,136	5,374,777	6,679	13,317,788	3,768	2,802,743	409,703	23,539,911
Net assets								
Unrestricted net assets, controlling	8,014,930	81,021	(32,847)	397,556	(17,526)	302,707	15,063	281,811
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	8,014,930	81,021	(32,847)	397,556	(17,526)	302,707	15,063	281,811
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	8,014,930	81,021	(32,847)	397,556	(17,526)	302,707	15,063	281,811
Total liabilities and net assets	\$ 18,668,066	\$ 5,455,798	\$ (26,168)	\$ 13,715,344	\$ (13,758)	\$ 3,105,450	\$ 424,766	\$ 23,821,722

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 7,354,546	\$ 533,103	\$ 364,419	\$ -	\$ 27,074,016
Cash, tenant security deposits	1,255,259	44,628	127,373	-	2,077,297
Cash, restricted	4,580,022	1,009	201	-	11,116,130
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	1,499,726	8,757	16,678	(42,088)	2,351,566
Due from affiliate, net	151,882	974,248	-	(13,394,816)	1,068,340
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	954,935
Current portion of notes and interest receivable	-	-	-	-	38,678
Current portion of notes and interest receivable, affiliates	-	83,380	-	(2,394,068)	222,436
Prepaid expenses and other assets	2,149,076	23,664	48,952	(1,032,827)	1,894,665
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	16,990,511	1,668,789	557,623	(16,863,799)	46,798,063
Property and equipment					
Land and land improvements	52,101,598	5,524,234	1,643,175	-	75,205,966
Buildings	465,800,733	13,686,221	7,910,440	(12,442,503)	629,010,648
Furniture and equipment	13,503,060	165,798	3,781,859	-	22,283,058
Predevelopment project costs	7,314,184	-	-	(6,969)	11,196,902
Construction in progress	40,988,034	1,453,029	-	(281,213)	58,212,009
Accumulated depreciation	(54,139,091)	(8,476,404)	(7,935,700)	3,109,237	(136,691,074)
Net property and equipment	525,568,518	12,352,878	5,399,774	(9,621,448)	659,217,509
Other long-term assets					
Restricted property reserves	22,451,599	592,178	587,026	-	36,432,709
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	60,000	-	(2,751,303)	221,003
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(8,601,823)	-	-	4,912,882	(4,899,263)
Notes and interest receivable, net	-	22,000	-	-	3,390,901
Notes and interest receivable, affiliates	-	-	-	(4,415,598)	6,399,533
Allowance for impaired assets	-	-	-	-	-
Other assets, net	16,117,764	-	138,405	(47,892)	17,975,624
Total other long-term assets	29,967,540	674,178	725,431	(2,301,911)	59,520,507
Total assets	\$ 572,526,569	\$ 14,695,845	\$ 6,682,828	\$ (28,787,158)	\$ 765,536,079

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 13,884,204	\$ 135,550	\$ 248,974	\$ (30,527)	\$ 23,710,829
Due to affiliates	7,931,443	2,572,226	96,879	(15,189,636)	1,135,028
Accrued interest	297,813	457,890	16,502	-	1,184,471
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	44,604,955	64,762	105,285	-	47,422,319
Current portion of notes payable, affiliates	1,228,902	982,245	-	(2,238,328)	3,018,803
Deferred revenue and other liabilities	2,166,338	1,277	4,348	(1,036,527)	2,296,201
Tenant security deposits	1,299,074	48,760	125,792	-	2,195,656
Total current liabilities	71,412,729	4,262,710	597,780	(18,495,018)	80,963,307
Long-term liabilities					
Due to affiliates	-	-	-	(60,000)	-
Accrued interest	17,076,879	582,020	1,907,512	-	26,596,239
Accrued interest, affiliates	429,023	-	-	(429,023)	158,760
Notes payable, less current portion, net	328,324,718	4,337,388	7,348,080	-	403,016,368
Notes payable, less current portion, affiliates	8,009,295	-	-	(6,935,119)	1,718,312
Deferred revenue and other liabilities	21,275,718	-	9,535	(1,469,460)	23,028,778
Total long-term liabilities	375,115,633	4,919,408	9,265,127	(8,893,602)	454,518,457
Total liabilities	446,528,362	9,182,118	9,862,907	(27,388,620)	535,481,764
Net assets					
Unrestricted net assets, controlling	122,442,684	562,482	(3,180,079)	(1,398,538)	152,938,729
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	122,442,684	562,482	(3,180,079)	(1,398,538)	152,938,729
Temporarily restricted net assets	3,555,523	4,951,245	-	-	75,345,586
Permanently restricted net assets	-	-	-	-	1,770,000
Total net assets	125,998,207	5,513,727	(3,180,079)	(1,398,538)	230,054,315
Total liabilities and net assets	\$ 572,526,569	\$ 14,695,845	\$ 6,682,828	\$ (28,787,158)	\$ 765,536,079

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ -	\$ -	\$ 913,672	\$ 361,502	\$ 328,078	\$ 300,080	\$ 2,404,535	\$ 239,817
Developer fees	6,162,536	-	-	-	-	-	-	-
Services fees	3,265,031	-	-	-	-	-	-	-
Philanthropy	2,961,848	-	-	-	-	-	-	-
Capital grants	1,316,569	-	-	-	-	-	-	-
Consulting	954,419	-	-	-	-	-	-	-
Interest	421,536	-	96	318	25	46	260	46
Other	1,818,182	-	20,461	1,732	3,025	5,878	8,716	2,999
Total revenues	16,900,121	-	934,229	363,552	331,128	306,004	2,413,511	242,862
Expenses and losses								
Compensation	8,320,315	-	241,364	58,475	133,585	93,721	622,538	84,115
Administrative	1,074,901	1,182	151,056	68,725	97,707	39,350	851,737	42,286
Professional services	295,013	2,445	8,355	10,115	7,437	45,687	11,027	7,437
Depreciation and amortization	31,207	-	127,781	30,806	191,148	152,782	129,395	173,600
Grants	2,952,366	-	-	-	-	-	-	-
Facility	342,350	-	127,707	80,207	95,126	103,732	442,120	72,745
Interest and fees	97,054	-	183,902	102,196	2	-	92,733	-
Bad debts	2,988,272	-	-	51	-	1,549	-	4
Provision for impaired assets	275,732	-	-	-	-	-	-	-
Project expenses	482,136	-	-	-	-	-	-	-
Allocation	2,739,786	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(2,936,899)	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	934	(10)	-	-	-	-	-	-
Total expenses and losses	16,663,167	3,617	840,165	350,575	525,005	436,821	2,149,550	380,187
Excess (deficiency) of revenues over expenses	236,954	(3,617)	94,064	12,977	(193,877)	(130,817)	263,961	(137,325)
Net assets at beginning of year	38,371,788	252,896	(735,564)	(250,175)	3,475,794	2,254,585	(168,974)	3,034,233
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 38,608,742	\$ 249,279	\$ (641,500)	\$ (237,198)	\$ 3,281,917	\$ 2,123,768	\$ 94,987	\$ 2,896,908

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ 921,453	\$ 500,667	\$ -	\$ 553,291	\$ 231,011	\$ 564,158	\$ 348,563	\$ 1,088,160
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	171	59	176,826	30	84	114	98	578
Other	13,794	8,121	-	9,336	2,171	8,425	5,146	9,161
Total revenues	<u>935,418</u>	<u>508,847</u>	<u>176,826</u>	<u>562,657</u>	<u>233,266</u>	<u>572,697</u>	<u>353,807</u>	<u>1,097,899</u>
Expenses and losses								
Compensation	461,185	240,598	-	37,750	99,051	240,297	123,333	486,431
Administrative	128,161	106,500	30,000	65,186	180,650	111,845	166,877	182,746
Professional services	12,502	12,784	-	28,627	8,512	9,637	9,371	12,288
Depreciation and amortization	521,501	215,049	-	152,056	140,312	320,344	140,437	525,958
Grants	-	-	167,855	-	-	-	-	-
Facility	249,806	160,558	-	141,125	63,503	170,833	138,785	277,782
Interest and fees	-	21	-	38,277	31,812	2,491	36,814	15
Bad debts	-	6	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>1,373,155</u>	<u>735,516</u>	<u>197,855</u>	<u>463,021</u>	<u>523,840</u>	<u>855,447</u>	<u>615,617</u>	<u>1,485,220</u>
Excess (deficiency) of revenues over expenses	<u>(437,737)</u>	<u>(226,669)</u>	<u>(21,029)</u>	<u>99,636</u>	<u>(290,574)</u>	<u>(282,750)</u>	<u>(261,810)</u>	<u>(387,321)</u>
Net assets at beginning of year	8,667,817	3,314,141	4,661,062	(197,265)	906,039	5,433,351	326,166	9,718,931
Other transfers to (from) net assets	-	-	-	(38,024)	-	-	-	-
Net assets at end of year	<u>\$ 8,230,080</u>	<u>\$ 3,087,472</u>	<u>\$ 4,640,033</u>	<u>\$ (135,653)</u>	<u>\$ 615,465</u>	<u>\$ 5,150,601</u>	<u>\$ 64,356</u>	<u>\$ 9,331,610</u>

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ 537,276	\$ 577,357	\$ 327,783	\$ 372,109	\$ 1,173,887	\$ 5,742	\$ 335,764	\$ 52,813
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	95	4,054	12,888	55	-	-	-	66
Other	3,184	9,583	13,267	6,820	142,156	62,446	922,304	310
Total revenues	540,555	590,994	353,938	378,984	1,316,043	68,188	1,258,068	53,189
Expenses and losses								
Compensation	142,548	181,794	201,379	116,148	130,795	-	-	38,065
Administrative	73,987	112,089	65,102	64,708	78,836	5,801	-	5,897
Professional services	9,637	9,637	35,685	34,477	324,638	11,763	2,072,313	7,036
Depreciation and amortization	287,398	462,040	193,627	285,135	13,362	-	-	16,113
Grants	-	-	-	-	922,304	-	-	-
Facility	142,274	192,195	174,911	132,593	1,210,015	35,777	-	15,491
Interest and fees	10,717	53	92,658	5,000	75,984	84	246,749	24,720
Bad debts	-	-	673	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	(2,196,571)	-	(6,428,203)	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	44
Total expenses and losses	666,561	957,808	764,035	638,061	559,363	53,425	(4,109,141)	107,366
Excess (deficiency) of revenues over expenses	(126,006)	(366,814)	(410,097)	(259,077)	756,680	14,763	5,367,209	(54,177)
Net assets at beginning of year	2,041,665	8,762,382	1,317,643	5,071,684	(1,119,919)			93,293
Other transfers to (from) net assets	-	-	-	-	(2,196,571)	(104,312)	(2,196,571)	125,641
Net assets at end of year	\$ 1,915,659	\$ 8,395,568	\$ 907,546	\$ 4,812,607	\$ (2,559,810)	\$ (89,549)	\$ 3,170,638	\$ 164,757

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Sycamore Street Consolidated	Mercy Housing California Family Properties	Mercy Housing California 51, LP (200 6th Street)	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	\$ 825,910	\$ 112,401	\$ -	\$ -	\$ -	\$ -	\$ 1,207,443	\$ 5,590,901
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	190	-	-	-	-	-	27	14,473
Other	4,863	3,659	-	143,202	-	-	498,687	532,283
Total revenues	830,963	116,060	-	143,202	-	-	1,706,157	6,137,657
Expenses and losses								
Compensation	187,960	30,150	-	-	-	-	272,169	1,412,400
Administrative	133,302	12,257	-	43	-	6,321	209,914	717,052
Professional services	81,343	14,408	3,173	6,032	2,834	4,433	210,787	79,873
Depreciation and amortization	801,340	41,057	-	-	-	-	-	1,003,091
Grants	-	-	-	-	-	-	-	-
Facility	312,786	40,046	-	-	-	-	998,223	1,031,345
Interest and fees	197,201	22,762	-	-	-	-	1	1,236,994
Bad debts	-	-	-	-	-	-	-	1,176
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	(14)	-	9,124	-	-	-
Total expenses and losses	1,713,932	160,680	3,159	6,075	11,958	10,754	1,691,094	5,481,931
Excess (deficiency) of revenues over expenses	(882,969)	(44,620)	(3,159)	137,127	(11,958)	(10,754)	15,063	655,726
Net assets at beginning of year	8,671,802		(29,688)	328,179	(5,567)	(4,634)	-	(373,915)
Other transfers to (from) net assets	226,097	125,641	-	(67,750)	(1)	318,095	-	-
Net assets at end of year	\$ 8,014,930	\$ 81,021	\$ (32,847)	\$ 397,556	\$ (17,526)	\$ 302,707	\$ 15,063	\$ 281,811

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Revenues					
Rent - net of vacancies	\$ 16,775,675	\$ 710,317	\$ 1,318,313	\$ (604,522)	\$ 38,074,156
Developer fees	-	-	-	28,284	6,190,820
Services fees	26,523	-	-	(1,687,490)	1,604,064
Philanthropy	-	53,614	-	-	3,015,462
Capital grants	816,952	-	-	-	2,133,521
Consulting	-	-	-	(479,215)	475,204
Interest	97,571	668	632	(214,671)	516,335
Other	4,330,374	1,112,596	254,023	(2,775,325)	7,181,579
Total revenues	<u>22,047,095</u>	<u>1,877,195</u>	<u>1,572,968</u>	<u>(5,732,939)</u>	<u>59,191,141</u>
Expenses and losses					
Compensation	4,601,271	169,714	355,922	-	19,083,073
Administrative	4,050,970	74,916	204,266	(177,200)	8,937,170
Professional services	1,957,381	64,195	26,734	(1,901,488)	3,536,128
Depreciation and amortization	17,557,986	724,616	443,617	(442,941)	24,238,817
Grants	-	233,305	-	(1,399,472)	2,876,358
Facility	6,468,126	293,004	454,535	(564,484)	13,403,216
Interest and fees	5,929,981	278,092	312,607	(213,218)	8,805,702
Bad debts	63,082	-	5,768	(975,858)	2,084,723
Provision for impaired assets	-	-	-	(228,063)	47,669
Project expenses	-	-	-	-	482,136
Allocation	-	-	-	-	2,739,786
(Gain) loss on sale of assets	-	176,936	-	1,941,696	(9,443,041)
(Gain) loss on investment in limited partnership	1,369,056	-	-	(457,245)	921,889
Total expenses and losses	<u>41,997,853</u>	<u>2,014,778</u>	<u>1,803,449</u>	<u>(4,418,273)</u>	<u>77,713,626</u>
Excess (deficiency) of revenues over expenses	<u>(19,950,758)</u>	<u>(137,583)</u>	<u>(230,481)</u>	<u>(1,314,666)</u>	<u>(18,522,485)</u>
Net assets at beginning of year	102,078,440	5,651,310	(2,949,598)	(4,350,658)	204,247,244
Other transfers to (from) net assets	43,870,525	-	-	4,266,786	44,329,556
Net assets at end of year	<u>\$ 125,998,207</u>	<u>\$ 5,513,727</u>	<u>\$ (3,180,079)</u>	<u>\$ (1,398,538)</u>	<u>230,054,315</u>

Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ -	\$ 53,668	\$ 44,708	\$ 167,427	\$ 115,115	\$ 49,935	\$ 304,508	\$ -	\$ 735,361
Cash, tenant security deposits	-	26,981	35,486	8,676	7,201	15,751	26,079	-	120,174
Cash, restricted	-	-	9,983	100	-	-	-	-	10,083
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	1,328	-	1,682	34	1,125	633	-	4,802
Due from affiliate, net	-	-	4,732	54	-	366	6,243	(6,243)	5,152
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	-	22,326	44,435	8,968	8,279	17,372	26,289	-	127,669
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	-	104,303	139,344	186,907	130,629	84,549	363,752	(6,243)	1,003,241
Property and equipment									
Land and land improvements	-	370,690	605,180	19,791	193,376	575,836	340,526	-	2,105,399
Buildings	-	4,293,492	6,972,598	1,774,155	1,865,002	3,406,084	4,133,085	-	22,444,416
Furniture and equipment	-	236,593	271,475	27,991	135,813	12,064	185,615	-	869,551
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,460,868)	(2,087,970)	(446,523)	(584,030)	(1,035,174)	(1,301,408)	-	(6,915,973)
Net property and equipment	-	3,439,907	5,761,283	1,375,414	1,610,161	2,958,810	3,357,818	-	18,503,393
Other long-term assets									
Restricted property reserves	-	951,574	1,156,326	304,154	213,171	262,348	860,231	-	3,747,804
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	290,484	-	-	-	-	-	-	(290,484)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	112,240	108,992	102,078	40,487	10,777	192,710	-	567,284
Total other long-term assets	290,484	1,063,814	1,265,318	406,232	253,658	273,125	1,052,941	(290,484)	4,315,088
Total assets	\$ 290,484	\$ 4,608,024	\$ 7,165,945	\$ 1,968,553	\$ 1,994,448	\$ 3,316,484	\$ 4,774,511	\$ (296,727)	\$ 23,821,722

Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 2,834	\$ 224,005	\$ 115,539	\$ 281,966	\$ 117,128	\$ 51,251	\$ 94,540	\$ -	\$ 887,263
Due to affiliates	8,769	-	-	-	-	-	6,243	(6,243)	8,769
Accrued interest	-	81,373	114,467	28,678	21,247	38,915	54,158	-	338,838
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	-	114,235	113,416	65,016	53,672	85,000	85,000	-	516,339
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	207	2,056	4,242	22	574	3,192	-	10,293
Tenant security deposits	-	26,481	35,836	8,235	6,731	15,498	25,214	-	117,995
Total current liabilities	11,603	446,301	381,314	388,137	198,800	191,238	268,347	(6,243)	1,879,497
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	629,075	-	-	629,075
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,363,333	6,970,000	1,995,134	1,583,918	2,870,447	3,160,000	-	20,942,832
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	84,727	-	-	3,780	-	88,507
Total long-term liabilities	-	4,363,333	6,970,000	2,079,861	1,583,918	3,499,522	3,163,780	-	21,660,414
Total liabilities	11,603	4,809,634	7,351,314	2,467,998	1,782,718	3,690,760	3,432,127	(6,243)	23,539,911
Net assets									
Unrestricted net assets, controlling	278,881	(201,610)	(185,369)	(499,445)	211,730	(374,276)	1,342,384	(290,484)	281,811
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	278,881	(201,610)	(185,369)	(499,445)	211,730	(374,276)	1,342,384	(290,484)	281,811
Temporarily restricted net assets	-	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	278,881	(201,610)	(185,369)	(499,445)	211,730	(374,276)	1,342,384	(290,484)	281,811
Total liabilities and net assets	\$ 290,484	\$ 4,608,024	\$ 7,165,945	\$ 1,968,553	\$ 1,994,448	\$ 3,316,484	\$ 4,774,511	\$ (296,727)	\$ 23,821,722

Mercy Housing California Senior Properties
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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
Revenues									
Rent - net of vacancies	\$ -	\$ 1,034,604	\$ 1,791,445	\$ 652,395	\$ 647,642	\$ 592,383	\$ 872,432	\$ -	\$ 5,590,901
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	-	288	9,868	54	25	22	4,216	-	14,473
Other	462,397	3,068	5,320	25,649	19,853	5,580	10,416	-	532,283
Total revenues	<u>462,397</u>	<u>1,037,960</u>	<u>1,806,633</u>	<u>678,098</u>	<u>667,520</u>	<u>597,985</u>	<u>887,064</u>	<u>-</u>	<u>6,137,657</u>
Expenses and losses									
Compensation	-	240,195	600,204	94,576	89,146	149,397	238,882	-	1,412,400
Administrative	20	112,688	152,099	157,600	98,897	74,005	121,743	-	717,052
Professional services	3,823	25,448	9,771	6,418	10,054	6,704	17,655	-	79,873
Depreciation and amortization	-	212,087	323,053	69,392	80,607	130,253	187,699	-	1,003,091
Grants	-	-	-	-	-	-	-	-	-
Facility	-	157,933	322,875	96,781	135,643	132,500	185,613	-	1,031,345
Interest and fees	-	264,781	422,539	108,660	80,861	160,445	199,708	-	1,236,994
Bad debts	-	2	-	-	-	-	1,174	-	1,176
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(195,201)	-	-	-	-	-	-	195,201	-
Total expenses and losses	<u>(191,358)</u>	<u>1,013,134</u>	<u>1,830,541</u>	<u>533,427</u>	<u>495,208</u>	<u>653,304</u>	<u>952,474</u>	<u>195,201</u>	<u>5,481,931</u>
Excess (deficiency) of revenues over expenses	653,755	24,826	(23,908)	144,671	172,312	(55,319)	(65,410)	(195,201)	655,726
Net assets at beginning of year	(374,874)	(226,436)	(161,461)	(644,116)	39,418	(318,957)	1,407,794	(95,283)	(373,915)
Other transfers to (from) net assets	-	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 278,881</u>	<u>\$ (201,610)</u>	<u>\$ (185,369)</u>	<u>\$ (499,445)</u>	<u>\$ 211,730</u>	<u>\$ (374,276)</u>	<u>\$ 1,342,384</u>	<u>\$ (290,484)</u>	<u>\$ 281,811</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2015

	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
Assets								
Current assets								
Cash and cash equivalents	\$ 9,921	\$ 57,090	\$ 327,716	\$ 233,400	\$ 175,060	\$ 3,430,202	\$ 277,380	\$ -
Cash, tenant security deposits	-	57,653	43,496	60,310	15,226	130,840	17,833	-
Cash, restricted	555,523	-	12,699	-	177,410	59,494	28,746	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	4,570	151,104	5,398	8,606	438,276	17,440	-
Due from affiliate, net	575,740	-	-	-	293	29,941	-	17,864
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	-	24,235	32,121	25,376	21,848	70,262	81,810	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	1,141,184	143,548	567,136	324,484	398,443	4,159,015	423,209	17,864
Property and equipment								
Land and land improvements	-	1,065,441	3,965,490	2,746,456	3,090,021	1,797,403	2,416,056	-
Buildings	-	19,949,426	35,671,125	19,453,560	13,825,757	63,582,747	28,605,123	-
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	-	(3,798,387)	(6,061,420)	(6,257,836)	(3,389,901)	(2,847,857)	(2,991,980)	-
Net property and equipment	-	17,396,512	35,596,097	16,270,654	14,352,358	65,205,867	29,004,744	-
Other long-term assets								
Restricted property reserves	-	1,363,055	2,733,842	428,776	4,316,247	1,049,618	700,634	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(15,766,451)	-	-	-	-	-	-	(5,795)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	1,133,530	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	163,649	331,187	228,545	206,331	280,159	141,070	-
Total other long-term assets	(14,632,921)	1,526,704	3,065,029	657,321	4,522,578	1,329,777	841,704	(5,795)
Total assets	\$ (13,491,737)	\$ 19,066,764	\$ 39,228,262	\$ 17,252,459	\$ 19,273,379	\$ 70,694,659	\$ 30,269,657	\$ 12,069

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2015

	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
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 2,984	\$ 49,219	\$ 88,139	\$ 64,410	\$ 66,928	\$ 303,894	\$ 85,986	\$ 1,884
Due to affiliates	422,835	20,600	16,620	44,301	47,595	1,316,763	38,463	25,210
Accrued interest	-	-	-	3,676	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	36,033	-	58,129	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	6,154	680,990	1,246	628,646	303,269	246,388	-
Tenant security deposits	-	55,124	41,696	59,810	14,375	130,860	15,785	-
Total current liabilities	425,819	131,097	827,445	209,476	757,544	2,112,915	386,622	27,094
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	2,116,891	1,279,501	407,846	304,696	150,000	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	1,187,838	21,358,944	33,712,519	11,831,379	10,875,825	39,927,957	18,152,340	-
Notes payable, less current portion, affiliates	1,139,500	1,201,238	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	9,589,038	95,494	8,622,843	-	-	-
Total long-term liabilities	2,327,338	22,560,182	45,418,448	13,206,374	19,906,514	40,232,653	18,302,340	-
Total liabilities	2,753,157	22,691,279	46,245,893	13,415,850	20,664,058	42,345,568	18,688,962	27,094
Net assets								
Unrestricted net assets, controlling	(16,800,417)	(3,624,515)	(7,017,631)	3,836,609	(1,390,679)	28,349,091	11,580,695	(15,025)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(16,800,417)	(3,624,515)	(7,017,631)	3,836,609	(1,390,679)	28,349,091	11,580,695	(15,025)
Temporarily restricted net assets	555,523	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(16,244,894)	(3,624,515)	(7,017,631)	3,836,609	(1,390,679)	28,349,091	11,580,695	(15,025)
Total liabilities and net assets	\$ (13,491,737)	\$ 19,066,764	\$ 39,228,262	\$ 17,252,459	\$ 19,273,379	\$ 70,694,659	\$ 30,269,657	\$ 12,069

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2015

	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 (55 Laguna Senior Housing)
Assets								
Current assets								
Cash and cash equivalents	\$ 421,676	\$ -	\$ 71,521	\$ -	\$ 48,443	\$ 201,540	\$ 403,620	\$ 2,007
Cash, tenant security deposits	85,543	-	64,847	-	50,425	77,154	55,672	-
Cash, restricted	64,219	-	909,033	-	-	-	129,429	121,320
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	64,972	-	119,504	-	33,236	2,928	49,361	-
Due from affiliate, net	-	46,364	-	60,000	-	9,015	49	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	30,393	-	38,024	-	30,160	24,813	29,301	24,031
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>666,803</u>	<u>46,364</u>	<u>1,202,929</u>	<u>60,000</u>	<u>162,264</u>	<u>315,450</u>	<u>667,432</u>	<u>148,348</u>
Property and equipment								
Land and land improvements	3,897,034	-	4,434,686	-	5,722	12,714	1,278,420	-
Buildings	27,180,695	-	35,919,189	-	11,285,289	20,488,783	29,644,920	-
Furniture and equipment	458,143	-	896,879	-	288,734	161,770	934,429	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	12,590,197
Accumulated depreciation	<u>(2,203,649)</u>	<u>-</u>	<u>(4,714,751)</u>	<u>-</u>	<u>(1,624,534)</u>	<u>(1,794,442)</u>	<u>(779,682)</u>	<u>-</u>
Net property and equipment	<u>29,332,223</u>	<u>-</u>	<u>36,536,003</u>	<u>-</u>	<u>9,955,211</u>	<u>18,868,825</u>	<u>31,078,087</u>	<u>12,590,197</u>
Other long-term assets								
Restricted property reserves	466,999	-	3,853,097	-	1,544,611	512,171	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	14,206,616	-	29,302	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>342,091</u>	<u>-</u>	<u>176,997</u>	<u>-</u>	<u>1,126,668</u>	<u>217,374</u>	<u>235,927</u>	<u>2,447,844</u>
Total other long-term assets	<u>809,090</u>	<u>14,206,616</u>	<u>4,030,094</u>	<u>29,302</u>	<u>2,671,279</u>	<u>729,545</u>	<u>235,927</u>	<u>2,447,844</u>
Total assets	<u>\$ 30,808,116</u>	<u>\$ 14,252,980</u>	<u>\$ 41,769,026</u>	<u>\$ 89,302</u>	<u>\$ 12,788,754</u>	<u>\$ 19,913,820</u>	<u>\$ 31,981,446</u>	<u>\$ 15,186,389</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2015

	Mercy Housing California XLIII, LP (Caroline Severance Manor)		Mercy Housing California 47, LP (7th & H Street)		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 (55 Laguna Senior Housing)
	7th & H GP, LLC			Madonna Senior Housing LLC					
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ 52,537	\$ 1,884	\$ 179,309	\$ 1,884	\$ 333,394	\$ 61,454	\$ 709,675	\$ 2,047,598	
Due to affiliates	78,865	72,121	-	70,924	-	106,197	1,132,544	162,574	
Accrued interest	18,196	-	-	-	-	27,575	32,177	6,496	
Accrued interest, affiliates	-	-	-	-	-	-	-	-	
Current portion of notes payable	145,099	-	-	-	-	100,410	17,466,144	-	
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	117,362	
Deferred revenue and other liabilities	6,918	-	11,295	-	7,708	1,092	190,473	2,156	
Tenant security deposits	99,557	-	64,100	-	50,924	77,010	55,249	-	
Total current liabilities	401,172	74,005	254,704	72,808	392,026	373,738	19,586,262	2,336,186	
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	
Accrued interest	1,329,895	-	321,539	-	534,802	491,618	217,245	256,332	
Accrued interest, affiliates	-	-	-	-	-	429,023	-	-	
Notes payable, less current portion, net	17,534,088	-	11,000,000	-	9,134,371	8,208,780	11,390,000	12,311,192	
Notes payable, less current portion, affiliates	-	-	-	-	-	4,452,969	-	-	
Deferred revenue and other liabilities	288,933	-	-	-	2,698	499,523	13,644	154,184	
Total long-term liabilities	19,152,916	-	11,321,539	-	9,671,871	14,081,913	11,620,889	12,721,708	
Total liabilities	19,554,088	74,005	11,576,243	72,808	10,063,897	14,455,651	31,207,151	15,057,894	
Net assets									
Unrestricted net assets, controlling	11,254,028	11,178,975	30,192,783	16,494	2,724,857	5,458,169	774,295	128,495	
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	
Total unrestricted net assets	11,254,028	11,178,975	30,192,783	16,494	2,724,857	5,458,169	774,295	128,495	
Temporarily restricted net assets	-	3,000,000	-	-	-	-	-	-	
Permanently restricted net assets	-	-	-	-	-	-	-	-	
Total net assets	11,254,028	14,178,975	30,192,783	16,494	2,724,857	5,458,169	774,295	128,495	
Total liabilities and net assets	\$ 30,808,116	\$ 14,252,980	\$ 41,769,026	\$ 89,302	\$ 12,788,754	\$ 19,913,820	\$ 31,981,446	\$ 15,186,389	

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ -	\$ 24,203	\$ -	\$ 10,782	\$ 52,507	\$ 250,528	\$ 198,025	\$ -
Cash, tenant security deposits	-	30,170	-	26,606	47,505	57,278	11,850	-
Cash, restricted	-	21,081	-	54,575	20,588	-	249,992	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	4,922	-	1,465	23,087	7,158	3,792	-
Due from affiliate, net	21,958	-	12,042	2,567	-	-	-	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	-	8,873	-	11,616	20,459	28,010	10,126	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	21,958	89,249	12,042	107,611	164,146	342,974	473,785	9,543
Property and equipment								
Land and land improvements	-	2,946,584	-	1,277,173	1,880,926	1,472,392	675,178	-
Buildings	-	8,432,461	-	10,290,394	14,933,570	8,554,855	13,044,401	-
Furniture and equipment	-	181,490	-	193,052	207,933	297,375	403,093	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,014,114)	-	(806,036)	(1,352,755)	(6,660,689)	(1,203,979)	-
Net property and equipment	-	10,546,421	-	10,954,583	15,669,674	3,663,933	12,918,693	-
Other long-term assets								
Restricted property reserves	-	196,492	-	407,844	187,737	683,734	396,782	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(136)	-	(171)	-	-	-	-	82,498
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	188,396	-	200,698	367,269	19,339	246,000	-
Total other long-term assets	(136)	384,888	(171)	608,542	555,006	703,073	642,782	82,498
Total assets	\$ 21,822	\$ 11,020,558	\$ 11,871	\$ 11,670,736	\$ 16,388,826	\$ 4,709,980	\$ 14,035,260	\$ 92,041

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	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	\$ 1,884	\$ 55,818	\$ 1,884	\$ 27,216	\$ 126,867	\$ 42,865	\$ 37,978	\$ 1,884
Due to affiliates	32,646	5,748	19,104	12,042	21,800	31,602	20,600	(9,060)
Accrued interest	-	3,747	-	1,478	9,228	5,854	3,867	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	73,606	-	16,748	26,745	66,230	41,210	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	777	-	1,988	4,836	-	2,957	-
Tenant security deposits	-	30,055	-	26,346	47,297	55,458	10,372	-
Total current liabilities	34,530	169,751	20,988	85,818	236,773	202,009	116,984	(7,176)
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	285,777	-	317,384	369,236	2,193,587	97,615	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,554,949	-	4,718,016	6,090,818	3,766,033	4,354,398	-
Notes payable, less current portion, affiliates	-	-	-	-	1,074,176	-	587,838	-
Deferred revenue and other liabilities	-	-	-	-	305,175	-	1,316,865	-
Total long-term liabilities	-	4,840,726	-	5,035,400	7,839,405	5,959,620	6,356,716	-
Total liabilities	34,530	5,010,477	20,988	5,121,218	8,076,178	6,161,629	6,473,700	(7,176)
Net assets								
Unrestricted net assets, controlling	(12,708)	6,010,081	(9,117)	6,549,518	8,312,648	(1,451,649)	7,561,560	99,217
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(12,708)	6,010,081	(9,117)	6,549,518	8,312,648	(1,451,649)	7,561,560	99,217
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(12,708)	6,010,081	(9,117)	6,549,518	8,312,648	(1,451,649)	7,561,560	99,217
Total liabilities and net assets	\$ 21,822	\$ 11,020,558	\$ 11,871	\$ 11,670,736	\$ 16,388,826	\$ 4,709,980	\$ 14,035,260	\$ 92,041

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	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	\$ 51,739	\$ 82,793	\$ 114,728	\$ 22,966	\$ 247,078	\$ 73,442	\$ 96,171	\$ -
Cash, tenant security deposits	32,557	27,319	7,910	30,548	-	70,397	48,598	-
Cash, restricted	172,971	-	-	-	-	165,715	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	10,715	509	8,132	4,228	-	158,382	595	-
Due from affiliate, net	30,728	-	-	-	-	2,310	-	19,080
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	13,059	10,350	31,682	12,011	-	34,484	13,960	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>311,769</u>	<u>120,971</u>	<u>162,452</u>	<u>69,753</u>	<u>247,078</u>	<u>504,730</u>	<u>159,324</u>	<u>19,080</u>
Property and equipment								
Land and land improvements	1,293,775	-	1,103,953	324,803	-	1,036,535	714,933	-
Buildings	10,017,360	3,467,815	4,331,155	4,085,777	-	11,251,428	3,622,859	-
Furniture and equipment	596,258	73,991	253,139	154,890	-	545,379	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(653,455)</u>	<u>(479,770)</u>	<u>(534,193)</u>	<u>(3,077,433)</u>	<u>-</u>	<u>(605,196)</u>	<u>(248,040)</u>	<u>-</u>
Net property and equipment	<u>11,253,938</u>	<u>3,062,036</u>	<u>5,154,054</u>	<u>1,488,037</u>	<u>-</u>	<u>12,228,146</u>	<u>4,089,752</u>	<u>-</u>
Other long-term assets								
Restricted property reserves	594,448	208,314	351,483	82,786	-	1,242,492	235,284	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	1,794,175	-	-	796
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	690,000
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>85,640</u>	<u>12,393</u>	<u>41,341</u>	<u>17,855</u>	<u>-</u>	<u>313,910</u>	<u>9,736</u>	<u>-</u>
Total other long-term assets	<u>680,088</u>	<u>220,707</u>	<u>392,824</u>	<u>100,641</u>	<u>1,794,175</u>	<u>1,556,402</u>	<u>245,020</u>	<u>690,796</u>
Total assets	<u>\$ 12,245,795</u>	<u>\$ 3,403,714</u>	<u>\$ 5,709,330</u>	<u>\$ 1,658,431</u>	<u>\$ 2,041,253</u>	<u>\$ 14,289,278</u>	<u>\$ 4,494,096</u>	<u>\$ 709,876</u>

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	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	\$ 38,783	\$ 24,248	\$ 32,717	\$ 29,976	\$ 1,884	\$ 143,535	\$ 56,834	\$ 1,884
Due to affiliates	9,543	3,141	5,356	150,000	-	324,640	260,055	22,109
Accrued interest	-	637	-	1,877	-	15,798	6,333	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	29,092	-	25,254	-	101,003	56,974	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	10,159	868	8,667	6,548	-	15,163	781	-
Tenant security deposits	32,278	26,818	7,360	29,610	-	68,923	48,134	-
Total current liabilities	90,763	84,804	54,100	243,265	1,884	669,062	429,111	23,993
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	208,193	1,323,251	118,229	989,031	-	9,988	1,308,642	-
Accrued interest, affiliates	-	-	-	-	-	211,872	-	-
Notes payable, less current portion, net	4,100,000	2,231,980	4,914,000	1,025,921	-	3,565,375	2,991,242	690,000
Notes payable, less current portion, affiliates	-	-	-	-	-	3,100,000	-	-
Deferred revenue and other liabilities	-	-	-	8,095	-	-	3,852	-
Total long-term liabilities	4,308,193	3,555,231	5,032,229	2,023,047	-	6,887,235	4,303,736	690,000
Total liabilities	4,398,956	3,640,035	5,086,329	2,266,312	1,884	7,556,297	4,732,847	713,993
Net assets								
Unrestricted net assets, controlling	7,846,839	(236,321)	623,001	(607,881)	2,039,369	6,732,981	(238,751)	(4,117)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	7,846,839	(236,321)	623,001	(607,881)	2,039,369	6,732,981	(238,751)	(4,117)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	7,846,839	(236,321)	623,001	(607,881)	2,039,369	6,732,981	(238,751)	(4,117)
Total liabilities and net assets	\$ 12,245,795	\$ 3,403,714	\$ 5,709,330	\$ 1,658,431	\$ 2,041,253	\$ 14,289,278	\$ 4,494,096	\$ 709,876

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	Mercy Housing California 62, LP (Transbay Block 6)	Sunset Valley Duplexes, LLC	Mercy Housing California63, LP (Sunset Valley Duplexes)	345 Arguello, LP	Land Park Woods	Land Park Woods LLC/ GP	1800 Pine, LP	Mercy Housing California 64, LP (Transbay Block 7)
Assets								
Current assets								
Cash and cash equivalents	\$ 151,839	\$ -	\$ 85,695	\$ 46,348	\$ -	\$ -	\$ 61,178	\$ -
Cash, tenant security deposits	68,057	-	33,979	14,971	-	-	25,537	-
Cash, restricted	110,507	-	96,417	159,735	51,535	-	126,954	8,600
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	86,849	7,885	53,426	9,795	88,389	-	10,393	-
Due from affiliate, net	3,985	6,826	-	-	-	-	-	-
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	97,092	-	16,072	72,370	144,147	-	109,129	350,000
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>518,329</u>	<u>14,711</u>	<u>285,589</u>	<u>303,219</u>	<u>284,071</u>	<u>-</u>	<u>333,191</u>	<u>358,600</u>
Property and equipment								
Land and land improvements	926,444	-	10,189,678	7,988	141,718	-	14,710	-
Buildings	23,881,821	-	13,089,094	10,946,570	2,085,736	-	15,879,488	-
Furniture and equipment	612,382	-	197,826	13,566	-	-	20,615	-
Predevelopment project costs	-	-	-	-	-	-	-	1,915,146
Construction in progress	-	-	-	2,162,033	619,642	-	2,294,085	-
Accumulated depreciation	(371,105)	-	(337,901)	(34,271)	(6,190)	-	(49,910)	-
Net property and equipment	<u>25,049,542</u>	<u>-</u>	<u>23,138,697</u>	<u>13,095,886</u>	<u>2,840,906</u>	<u>-</u>	<u>18,158,988</u>	<u>1,915,146</u>
Other long-term assets								
Restricted property reserves	-	-	128,323	107,918	-	-	123,462	469,926
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	143,485	-	-	-	117,023	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	1,922	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	409,816	-	86,191	1,245,654	124,911	-	2,008,083	750
Total other long-term assets	<u>409,816</u>	<u>145,407</u>	<u>214,514</u>	<u>1,353,572</u>	<u>124,911</u>	<u>117,023</u>	<u>2,131,545</u>	<u>470,676</u>
Total assets	<u>\$ 25,977,687</u>	<u>\$ 160,118</u>	<u>\$ 23,638,800</u>	<u>\$ 14,752,677</u>	<u>\$ 3,249,888</u>	<u>\$ 117,023</u>	<u>\$ 20,623,724</u>	<u>\$ 2,744,422</u>

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	Mercy Housing California 62, LP (Transbay Block 6)	Sunset Valley Duplexes, LLC	Mercy Housing California63, LP (Sunset Valley Duplexes)	345 Arguello, LP	Land Park Woods	Land Park Woods LLC/ GP	1800 Pine, LP	Mercy Housing California 64, LP (Transbay Block 7)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 169,779	\$ 9,769	\$ 1,838,333	\$ 606,494	\$ 14,754	\$ -	\$ 566,251	\$ 105,957
Due to affiliates	1,722,870	7,870	952,160	535,920	394	-	532,897	7,353
Accrued interest	19,758	-	15,448	47,325	-	-	66,219	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	13,120,195	-	9,761,453	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	25,380	53,978	-	-	4,062	502,266
Deferred revenue and other liabilities	1,504	-	18,544	-	275	-	-	-
Tenant security deposits	68,057	-	31,460	14,575	50,182	-	25,287	-
Total current liabilities	15,102,163	17,639	12,642,778	1,258,292	65,605	-	1,194,716	615,576
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	436,801	-	581,120	-	579,037	-	-	21,959
Accrued interest, affiliates	-	-	1,922	-	-	-	-	-
Notes payable, less current portion, net	10,000,000	-	8,861,961	12,427,582	1,386,906	-	18,192,139	2,114,730
Notes payable, less current portion, affiliates	690,000	-	57,211	-	-	-	-	-
Deferred revenue and other liabilities	7,890	-	-	-	45,000	-	1	-
Total long-term liabilities	11,134,691	-	9,502,214	12,427,582	2,010,943	-	18,192,140	2,136,689
Total liabilities	26,236,854	17,639	22,144,992	13,685,874	2,076,548	-	19,386,856	2,752,265
Net assets								
Unrestricted net assets, controlling	(259,167)	142,479	1,493,808	1,066,803	1,173,340	117,023	1,236,868	(7,843)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(259,167)	142,479	1,493,808	1,066,803	1,173,340	117,023	1,236,868	(7,843)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(259,167)	142,479	1,493,808	1,066,803	1,173,340	117,023	1,236,868	(7,843)
Total liabilities and net assets	\$ 25,977,687	\$ 160,118	\$ 23,638,800	\$ 14,752,677	\$ 3,249,888	\$ 117,023	\$ 20,623,724	\$ 2,744,422

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	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
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 124,948	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	-	-	-	62,978	-	-	-
Cash, restricted	-	320,693	-	881,614	-	79,963	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	48,196	-	33,162	34,070	9,181	-	-
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	-	-	-	-	12,933	470,329	50,000	50,000
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	368,889	-	914,776	234,929	559,473	50,000	50,000
Property and equipment								
Land and land improvements	-	-	-	1,934,541	750,000	-	-	-
Buildings	-	-	-	-	2,279,335	-	-	-
Furniture and equipment	-	-	-	-	7,108	-	-	-
Predevelopment project costs	-	-	-	-	-	3,546,743	669,748	441,664
Construction in progress	-	10,332,829	-	12,989,248	-	-	-	-
Accumulated depreciation	-	-	-	-	(239,615)	-	-	-
Net property and equipment	-	10,332,829	-	14,923,789	2,796,828	3,546,743	669,748	441,664
Other long-term assets								
Restricted property reserves	-	-	-	-	20,524	-	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(2)	-	1,205	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	156,119	-	218,117	31,734	4,429,592	249	249
Total other long-term assets	(2)	156,119	1,205	218,117	52,258	4,429,592	249	249
Total assets	\$ (2)	\$ 10,857,837	\$ 1,205	\$ 16,056,682	\$ 3,084,015	\$ 8,535,808	\$ 719,997	\$ 491,913

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	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
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 2,661,282	\$ -	\$ 2,304,338	\$ 71,379	\$ 349,936	\$ 141,190	\$ 393,697
Due to affiliates	2,604	210,205	1,260	325,999	-	3,140	15,974	24,530
Accrued interest	-	5,582	-	-	6,542	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	3,412,016	-	-	68,614	-	-	-
Current portion of notes payable, affiliates	-	1,053	-	38,611	472,986	-	1,856	1,795
Deferred revenue and other liabilities	-	-	-	-	2,428	4,508	-	-
Tenant security deposits	-	-	-	-	62,372	-	-	-
Total current liabilities	2,604	6,290,138	1,260	2,668,948	684,321	357,584	159,020	420,022
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	241,530	245,937	334,064	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	1,912,871	-	12,662,754	2,361,100	7,255,866	591,990	100,820
Notes payable, less current portion, affiliates	-	578,914	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	322,483	-	-
Total long-term liabilities	-	2,491,785	-	12,904,284	2,607,037	7,912,413	591,990	100,820
Total liabilities	2,604	8,781,923	1,260	15,573,232	3,291,358	8,269,997	751,010	520,842
Net assets								
Unrestricted net assets, controlling	(2,606)	2,075,914	(55)	483,450	(207,343)	265,811	(31,013)	(28,929)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(2,606)	2,075,914	(55)	483,450	(207,343)	265,811	(31,013)	(28,929)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(2,606)	2,075,914	(55)	483,450	(207,343)	265,811	(31,013)	(28,929)
Total liabilities and net assets	\$ (2)	\$ 10,857,837	\$ 1,205	\$ 16,056,682	\$ 3,084,015	\$ 8,535,808	\$ 719,997	\$ 491,913

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2015

	Mercy Housing California 66, LP (Colma Veterans Village)	455 Fell, LP (Parcel O)	Eliminations	Consolidated Mercy Housing Calwest
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 7,354,546
Cash, tenant security deposits	-	-	-	1,255,259
Cash, restricted	831	378	-	4,580,022
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	-	-	1,499,726
Due from affiliate, net	-	-	(697,413)	151,882
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	-	150,000	-	2,149,076
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>831</u>	<u>150,378</u>	<u>(697,413)</u>	<u>16,990,511</u>
Property and equipment				
Land and land improvements	-	-	700,824	52,101,598
Buildings	-	-	-	465,800,733
Furniture and equipment	-	-	-	13,503,060
Predevelopment project costs	196,758	544,125	-	7,314,184
Construction in progress	-	-	-	40,988,034
Accumulated depreciation	-	-	-	(54,139,091)
Net property and equipment	<u>196,758</u>	<u>544,125</u>	<u>700,824</u>	<u>525,568,518</u>
Other long-term assets				
Restricted property reserves	45,000	-	-	22,451,599
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	-	-	(9,204,368)	(8,601,823)
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	(1,825,452)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	<u>5,630</u>	<u>250</u>	<u>-</u>	<u>16,117,764</u>
Total other long-term assets	<u>50,630</u>	<u>250</u>	<u>(11,029,820)</u>	<u>29,967,540</u>
Total assets	<u>\$ 248,219</u>	<u>\$ 694,753</u>	<u>\$ (11,026,409)</u>	<u>\$ 572,526,569</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2015

	Mercy Housing California 66, LP (Colma Veterans Village)	455 Fell, LP (Parcel O)	Eliminations	Consolidated Mercy Housing Calwest
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 35,526	\$ 73,524	\$ (135,441)	\$ 13,884,204
Due to affiliates	14	-	(876,685)	7,931,443
Accrued interest	-	-	-	297,813
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	-	-	44,604,955
Current portion of notes payable, affiliates	837	8,716	-	1,228,902
Deferred revenue and other liabilities	-	-	-	2,166,338
Tenant security deposits	-	-	-	1,299,074
Total current liabilities	<u>36,377</u>	<u>82,240</u>	<u>(1,012,126)</u>	<u>71,412,729</u>
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	5,133	-	17,076,879
Accrued interest, affiliates	-	-	(213,794)	429,023
Notes payable, less current portion, net	216,255	611,779	-	328,324,718
Notes payable, less current portion, affiliates	-	-	(4,872,551)	8,009,295
Deferred revenue and other liabilities	-	-	-	21,275,718
Total long-term liabilities	<u>216,255</u>	<u>616,912</u>	<u>(5,086,345)</u>	<u>375,115,633</u>
Total liabilities	<u>252,632</u>	<u>699,152</u>	<u>(6,098,471)</u>	<u>446,528,362</u>
Net assets				
Unrestricted net assets, controlling	(4,413)	(4,399)	(4,927,938)	122,442,684
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	<u>(4,413)</u>	<u>(4,399)</u>	<u>(4,927,938)</u>	<u>122,442,684</u>
Temporarily restricted net assets	-	-	-	3,555,523
Permanently restricted net assets	-	-	-	-
Total net assets	<u>(4,413)</u>	<u>(4,399)</u>	<u>(4,927,938)</u>	<u>125,998,207</u>
Total liabilities and net assets	<u>\$ 248,219</u>	<u>\$ 694,753</u>	<u>\$ (11,026,409)</u>	<u>\$ 572,526,569</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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
Revenues								
Rent - net of vacancies	\$ -	\$ 669,674	\$ 936,810	\$ 664,703	\$ 330,742	\$ 1,796,369	\$ 313,421	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	304,662	-	-	-	-	-	-	9,064
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	422,013	-	394,939	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	108,190	9,296	8,759	109	42,733	1	2,284	-
Other	270,649	34,954	557,498	24,673	376,856	733,104	512,432	-
Total revenues	683,501	713,924	1,925,080	689,485	1,145,270	2,529,474	828,137	9,064
Expenses and losses								
Compensation	-	231,066	383,547	93,549	257,058	498,186	226,096	-
Administrative	311,928	125,701	252,145	116,115	99,522	527,476	187,524	9,864
Professional services	3,878	92,908	277,503	21,057	101,490	91,805	94,027	3,573
Depreciation and amortization	-	842,082	1,681,333	903,464	731,101	2,311,412	1,362,972	-
Grants	-	-	-	-	-	-	-	-
Facility	-	211,076	461,293	250,768	213,305	735,758	454,660	-
Interest and fees	51,697	46	833,373	284,773	93,286	588,258	150,050	-
Bad debts	-	5,221	605	1,473	501	-	4,702	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	2,664,557	-	-	-	-	-	-	120
Total expenses and losses	3,032,060	1,508,100	3,889,799	1,671,199	1,496,263	4,752,895	2,480,031	13,557
Excess (deficiency) of revenues over expenses	(2,348,559)	(794,176)	(1,964,719)	(981,714)	(350,993)	(2,223,421)	(1,651,894)	(4,493)
Net assets at beginning of year	(13,291,020)	(3,055,339)	(5,243,912)	4,818,323	(1,171,686)	1,425,516	12,889,963	(10,532)
Other transfers to (from) net assets	(605,315)	225,000	191,000	-	132,000	29,146,996	342,626	-
Net assets at end 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)

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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 (55 Laguna Senior Housing)
Revenues								
Rent - net of vacancies	\$ 1,213,404	\$ -	\$ 1,099,941	\$ -	\$ 678,683	\$ 1,246,877	\$ 497,496	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	15,914	-	15,000	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	19,331	-	9,363	3	-	-
Other	118,542	-	85,286	-	31,095	32,103	370,995	96,993
Total revenues	<u>1,331,946</u>	<u>15,914</u>	<u>1,204,558</u>	<u>15,000</u>	<u>719,141</u>	<u>1,278,983</u>	<u>868,491</u>	<u>96,993</u>
Expenses and losses								
Compensation	182,307	-	360,133	-	306,258	165,571	121,589	-
Administrative	154,999	17,489	164,335	15,800	127,422	173,604	378,500	(3,361)
Professional services	79,982	3,573	179,435	2,838	91,658	74,301	72,047	2,111
Depreciation and amortization	1,150,995	-	1,603,514	-	459,877	560,369	911,521	-
Grants	-	-	-	-	-	-	-	280,000
Facility	241,595	-	373,155	-	317,092	333,961	318,204	-
Interest and fees	723,445	-	97,220	-	147,216	476,581	308,052	45
Bad debts	2,920	-	5,309	-	2,683	1,317	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	158	-	73	-	-	-	-
Total expenses and losses	<u>2,536,243</u>	<u>21,220</u>	<u>2,783,101</u>	<u>18,711</u>	<u>1,452,206</u>	<u>1,785,704</u>	<u>2,109,913</u>	<u>278,795</u>
Excess (deficiency) of revenues over expenses	(1,204,297)	(5,306)	(1,578,543)	(3,711)	(733,065)	(506,721)	(1,241,422)	(181,802)
Net assets at beginning of year	11,468,325	14,184,281	31,771,326	20,205	3,213,888	5,964,890	1,029,788	181,495
Other transfers to (from) net assets	990,000	-	-	-	244,034	-	985,929	128,802
Net assets at end of year	<u>\$ 11,254,028</u>	<u>\$ 14,178,975</u>	<u>\$ 30,192,783</u>	<u>\$ 16,494</u>	<u>\$ 2,724,857</u>	<u>\$ 5,458,169</u>	<u>\$ 774,295</u>	<u>\$ 128,495</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ -	\$ 378,770	\$ -	\$ 276,048	\$ 554,387	\$ 839,145	\$ 506,228	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	8,500	-	8,500	-	-	-	-	22,260
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	41	-	92	200	2,911	573	-
Other	-	6,324	-	37,306	53,210	21,911	40,956	-
Total revenues	<u>8,500</u>	<u>385,135</u>	<u>8,500</u>	<u>313,446</u>	<u>607,797</u>	<u>863,967</u>	<u>547,757</u>	<u>22,260</u>
Expenses and losses								
Compensation	-	68,634	-	58,638	140,806	189,246	113,415	-
Administrative	9,301	63,505	5,759	59,163	98,180	123,080	105,155	4,853
Professional services	3,573	26,669	3,573	29,821	21,122	107,356	10,782	3,810
Depreciation and amortization	-	413,426	-	350,802	664,676	393,784	615,757	-
Grants	-	-	-	-	-	-	-	-
Facility	-	93,886	-	116,330	266,439	195,157	112,381	-
Interest and fees	-	158,929	-	138,875	229,410	230,882	166,836	-
Bad debts	-	340	-	4,552	24,751	766	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	44	-	44	-	-	-	-	27
Total expenses and losses	<u>12,918</u>	<u>825,389</u>	<u>9,376</u>	<u>758,181</u>	<u>1,445,384</u>	<u>1,240,271</u>	<u>1,124,326</u>	<u>8,690</u>
Excess (deficiency) of revenues over expenses	(4,418)	(440,254)	(876)	(444,735)	(837,587)	(376,304)	(576,569)	13,570
Net assets at beginning of year	(8,290)	6,450,335	(8,241)	6,929,283	9,150,235	(1,075,345)	8,133,129	85,647
Other transfers to (from) net assets	-	-	-	64,970	-	-	5,000	-
Net assets at end of year	<u>\$ (12,708)</u>	<u>\$ 6,010,081</u>	<u>\$ (9,117)</u>	<u>\$ 6,549,518</u>	<u>\$ 8,312,648</u>	<u>\$ (1,451,649)</u>	<u>\$ 7,561,560</u>	<u>\$ 99,217</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ 370,718	\$ 450,196	\$ 207,295	\$ 355,571	\$ -	\$ 1,255,399	\$ 629,170	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	19,080
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	530	42	307	74	-	681	128	-
Other	11,277	6,744	3,470	26,731	-	37,173	39,614	-
Total revenues	<u>382,525</u>	<u>456,982</u>	<u>211,072</u>	<u>382,376</u>	<u>-</u>	<u>1,293,253</u>	<u>668,912</u>	<u>19,080</u>
Expenses and losses								
Compensation	84,035	63,222	172,416	92,948	-	320,874	129,499	-
Administrative	85,241	108,169	75,251	54,760	-	285,034	65,492	19,881
Professional services	50,529	29,840	13,712	5,956	2,873	88,244	38,499	3,573
Depreciation and amortization	479,826	164,444	215,576	147,366	-	331,171	139,578	-
Grants	-	-	-	-	-	-	-	-
Facility	131,841	136,621	150,194	205,621	-	394,263	225,221	-
Interest and fees	73,523	67,414	106,131	114,739	-	200,595	141,760	-
Bad debts	1,094	-	287	-	-	4,761	1,135	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	33	-	-	73
Total expenses and losses	<u>906,089</u>	<u>569,710</u>	<u>733,567</u>	<u>621,390</u>	<u>2,906</u>	<u>1,624,942</u>	<u>741,184</u>	<u>23,527</u>
Excess (deficiency) of revenues over expenses	(523,564)	(112,728)	(522,495)	(239,014)	(2,906)	(331,689)	(72,272)	(4,447)
Net assets at beginning of year	7,961,302	(123,593)	785,545	(368,867)	2,042,275	1,446,760	(166,479)	330
Other transfers to (from) net assets	409,101	-	359,951	-	-	5,617,910	-	-
Net assets at end of year	<u>\$ 7,846,839</u>	<u>\$ (236,321)</u>	<u>\$ 623,001</u>	<u>\$ (607,881)</u>	<u>\$ 2,039,369</u>	<u>\$ 6,732,981</u>	<u>\$ (238,751)</u>	<u>\$ (4,117)</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Mercy Housing California 62, LP (Tansbay Block 6)	Sunset Valley Duplexes, LLC	Mercy Housing California 63, LP (Sunset Valley Duplexes)	345 Arguello, LP	Land Park Woods	Land Park Woods LLC/ GP	1800 Pine, LP	Mercy Housing California 64, LP (Transbay Block 7)
Revenues								
Rent - net of vacancies	\$ 316,433	\$ -	\$ 337,765	\$ 48,398	\$ -	\$ -	\$ 66,906	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	59	1,922	52	-	-	-	-	-
Other	44,251	-	30,895	1,527	-	117,026	3,388	-
Total revenues	<u>360,743</u>	<u>1,922</u>	<u>368,712</u>	<u>49,925</u>	<u>-</u>	<u>117,026</u>	<u>70,294</u>	<u>-</u>
Expenses and losses								
Compensation	84,211	-	115,745	8,208	598	-	9,040	-
Administrative	314,653	-	131,681	45,323	7,817	-	46,904	69
Professional services	16,888	2,853	11,237	62,023	4,399	-	69,115	7,698
Depreciation and amortization	384,486	-	361,817	55,628	6,190	-	74,047	-
Grants	-	-	-	-	-	-	-	-
Facility	38,952	-	242,720	24,355	7,743	-	29,270	-
Interest and fees	253,367	-	192,177	49,131	2,401	-	59,257	-
Bad debts	-	-	665	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	69	-	-	-	3	-	-
Total expenses and losses	<u>1,092,557</u>	<u>2,922</u>	<u>1,056,042</u>	<u>244,668</u>	<u>29,148</u>	<u>3</u>	<u>287,633</u>	<u>7,767</u>
Excess (deficiency) of revenues over expenses	(731,814)	(1,000)	(687,330)	(194,743)	(29,148)	117,023	(217,339)	(7,767)
Net assets at beginning of year	555,147	143,479	2,181,138	(14,491)	-	-	(14,491)	(76)
Other transfers to (from) net assets	(82,500)	-	-	1,276,037	1,202,488	-	1,468,698	-
Net assets at end of year	<u>\$ (259,167)</u>	<u>\$ 142,479</u>	<u>\$ 1,493,808</u>	<u>\$ 1,066,803</u>	<u>\$ 1,173,340</u>	<u>\$ 117,023</u>	<u>\$ 1,236,868</u>	<u>\$ (7,843)</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ 735,126	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	-	-	2	-	-	-
Other	-	-	-	-	600,384	283,007	-	-
Total revenues	-	-	-	-	1,335,512	283,007	-	-
Expenses and losses								
Compensation	-	-	-	-	124,376	-	-	-
Administrative	1,670	1,625	-	50	70,675	3,512	14	-
Professional services	934	4,433	55	4,399	58,819	13,684	30,999	28,929
Depreciation and amortization	-	-	-	-	240,772	-	-	-
Grants	-	-	-	-	-	-	-	-
Facility	-	-	-	-	186,265	-	-	-
Interest and fees	-	-	-	-	100,624	-	-	-
Bad debts	-	-	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	1	-	-	-	-	-	-	-
Total expenses and losses	2,605	6,058	55	4,449	781,531	17,196	31,013	28,929
Excess (deficiency) of revenues over expenses	(2,605)	(6,058)	(55)	(4,449)	553,981	265,811	(31,013)	(28,929)
Net assets at beginning of year	(1)	827,501	-	-	-	-	-	-
Other transfers to (from) net assets	-	1,254,471	-	487,899	(761,324)	-	-	-
Net assets at end of year	<u>\$ (2,606)</u>	<u>\$ 2,075,914</u>	<u>\$ (55)</u>	<u>\$ 483,450</u>	<u>\$ (207,343)</u>	<u>\$ 265,811</u>	<u>\$ (31,013)</u>	<u>\$ (28,929)</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Mercy Housing California 66, LP (Colma Veterans Village)	455 Fell, LP (Parcel O)	Sycamore Street Consolidated	Eliminations	Consolidated Mercy Housing Calwest
Revenues					
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ 16,775,675
Developer fees	-	-	-	-	-
Services fees	-	-	-	(376,457)	26,523
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	816,952
Consulting	-	-	-	-	-
Interest	-	-	-	(110,112)	97,571
Other	-	-	-	(280,000)	4,330,374
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>(766,569)</u>	<u>22,047,095</u>
Expenses and losses					
Compensation	-	-	-	-	4,601,271
Administrative	14	-	-	(394,924)	4,050,970
Professional services	4,399	4,399	-	-	1,957,381
Depreciation and amortization	-	-	-	-	17,557,986
Grants	-	-	-	(280,000)	-
Facility	-	-	-	-	6,468,126
Interest and fees	-	-	-	(110,112)	5,929,981
Bad debts	-	-	-	-	63,082
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	(1,296,146)	1,369,056
Total expenses and losses	<u>4,413</u>	<u>4,399</u>	<u>-</u>	<u>(2,081,182)</u>	<u>41,997,853</u>
Excess (deficiency) of revenues over expenses	(4,413)	(4,399)	-	1,314,613	(19,950,758)
Net assets at beginning of year	-	-	-	(7,029,303)	102,078,440
Other transfers to (from) net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>786,752</u>	<u>43,870,525</u>
Net assets at end of year	<u>\$ (4,413)</u>	<u>\$ (4,399)</u>	<u>\$ -</u>	<u>\$ (4,927,938)</u>	<u>\$ 125,998,207</u>

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ -	\$ 12,846	\$ 77,267	\$ 344,791	\$ 44,084	\$ 18,427	\$ 35,688	\$ -
Cash, tenant security deposits	-	-	12,883	-	28,461	-	3,284	-
Cash, restricted	71	-	-	-	-	-	-	498
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	2,600	208	-	357	-	5,592	-
Due from affiliate, net	972,845	-	-	-	-	-	1,403	-
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	-	-	7,495	2,275	8,115	-	5,779	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	1,056,296	15,446	97,853	347,066	81,017	18,427	51,746	498
Property and equipment								
Land and land improvements	3,700,000	40,000	96,144	658,571	602,623	368,530	58,366	-
Buildings	-	245,865	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	-	-	-	-	-	-	-	1,453,029
Accumulated depreciation	-	(120,619)	(352,007)	(2,981,066)	(2,150,435)	(1,570,765)	(1,301,512)	-
Net property and equipment	3,700,000	165,246	393,839	2,177,723	2,105,996	1,024,916	1,332,129	1,453,029
Other long-term assets								
Restricted property reserves	-	-	43,928	156,866	150,756	50,282	190,346	-
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	82,000	-	43,928	156,866	150,756	50,282	190,346	-
Total assets	\$ 4,838,296	\$ 180,692	\$ 535,620	\$ 2,681,655	\$ 2,337,769	\$ 1,093,625	\$ 1,574,221	\$ 1,453,527

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 2,499	\$ -	\$ 17,845	\$ 61,363	\$ 21,242	\$ 8,526	\$ 10,476	\$ 13,599
Due to affiliates	870,112	-	-	-	-	-	-	1,702,114
Accrued interest	-	-	-	447,051	8,876	-	1,963	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	44,114	-	20,648	-
Current portion of notes payable, affiliates	807,849	-	-	-	-	103,652	-	70,304
Deferred revenue and other liabilities	-	-	212	-	844	(2)	223	-
Tenant security deposits	-	-	12,515	-	27,961	5,000	3,284	-
Total current liabilities	1,680,460	-	30,572	508,414	103,037	117,176	36,594	1,786,017
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	85,782	-	-	-	496,238	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	60,000	262,025	-	1,260,000	2,289,383	-	465,980	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	145,782	262,025	-	1,260,000	2,785,621	-	465,980	-
Total liabilities	1,826,242	262,025	30,572	1,768,414	2,888,658	117,176	502,574	1,786,017
Net assets								
Unrestricted net assets, controlling	3,012,054	(81,333)	304,153	(1,280,583)	(1,728,620)	(402,346)	1,071,647	(332,490)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	3,012,054	(81,333)	304,153	(1,280,583)	(1,728,620)	(402,346)	1,071,647	(332,490)
Temporarily restricted net assets	-	-	200,895	2,193,824	1,177,731	1,378,795	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	3,012,054	(81,333)	505,048	913,241	(550,889)	976,449	1,071,647	(332,490)
Total liabilities and net assets	\$ 4,838,296	\$ 180,692	\$ 535,620	\$ 2,681,655	\$ 2,337,769	\$ 1,093,625	\$ 1,574,221	\$ 1,453,527

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2015

	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ 533,103
Cash, tenant security deposits	-	-	44,628
Cash, restricted	440	-	1,009
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	-	-	8,757
Due from affiliate, net	-	-	974,248
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	-	-	23,664
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	<u>440</u>	<u>-</u>	<u>1,668,789</u>
Property and equipment			
Land and land improvements	-	-	5,524,234
Buildings	-	-	13,686,221
Furniture and equipment	-	-	165,798
Predevelopment project costs	-	-	-
Construction in progress	-	-	1,453,029
Accumulated depreciation	-	-	(8,476,404)
Net property and equipment	<u>-</u>	<u>-</u>	<u>12,352,878</u>
Other long-term assets			
Restricted property reserves	-	-	592,178
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	<u>-</u>	<u>-</u>	<u>674,178</u>
Total assets	<u>\$ 440</u>	<u>\$ -</u>	<u>\$ 14,695,845</u>

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2015

	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ -	\$ -	\$ 135,550
Due to affiliates	-	-	2,572,226
Accrued interest	-	-	457,890
Accrued interest, affiliates	-	-	-
Current portion of notes payable	-	-	64,762
Current portion of notes payable, affiliates	440	-	982,245
Deferred revenue and other liabilities	-	-	1,277
Tenant security deposits	-	-	48,760
Total current liabilities	<u>440</u>	<u>-</u>	<u>4,262,710</u>
Long-term liabilities			
Due to affiliates	-	-	-
Accrued interest	-	-	582,020
Accrued interest, affiliates	-	-	-
Notes payable, less current portion, net	-	-	4,337,388
Notes payable, less current portion, affiliates	-	-	-
Deferred revenue and other liabilities	-	-	-
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>4,919,408</u>
Total liabilities	<u>440</u>	<u>-</u>	<u>9,182,118</u>
Net assets			
Unrestricted net assets, controlling	-	-	562,482
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	-	-	562,482
Temporarily restricted net assets	-	-	4,951,245
Permanently restricted net assets	-	-	-
Total net assets	<u>-</u>	<u>-</u>	<u>5,513,727</u>
Total liabilities and net assets	<u>\$ 440</u>	<u>\$ -</u>	<u>\$ 14,695,845</u>

Mercy Properties California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales (McIntosh Mobile Homes)	Richmond Hills	Sycamore Center (Red Bluff)
Revenues							
Rent - net of vacancies	\$ -	\$ 15,600	\$ 167,507	\$ 20,577	\$ 372,908	\$ 34,191	\$ 99,534
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	53,614	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	6	42	436	66	23	96
Other	1,013,028	6,924	1,546	69	3,916	-	28,507
Total revenues	<u>1,013,028</u>	<u>22,530</u>	<u>169,095</u>	<u>74,696</u>	<u>376,890</u>	<u>34,214</u>	<u>128,137</u>
Expenses and losses							
Compensation	-	-	74,544	-	74,282	-	20,888
Administrative	-	14,461	20,633	457	31,692	-	7,688
Professional services	3,804	-	2,375	3,924	12,018	6,899	2,499
Depreciation and amortization	-	8,965	23,910	177,026	142,334	81,071	94,387
Grants	1,826,490	-	-	-	-	-	-
Facility	-	4,539	58,953	25,428	72,718	7,698	76,017
Interest and fees	40,196	330	-	37,800	123,534	5,281	23,546
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	<u>1,870,490</u>	<u>28,295</u>	<u>180,415</u>	<u>244,635</u>	<u>456,578</u>	<u>100,949</u>	<u>225,025</u>
Excess (deficiency) of revenues over expenses	(857,462)	(5,765)	(11,320)	(169,939)	(79,688)	(66,735)	(96,888)
Net assets at beginning of year	3,869,516	(75,568)	516,368	1,083,180	(471,201)	1,043,184	1,168,535
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 3,012,054</u>	<u>\$ (81,333)</u>	<u>\$ 505,048</u>	<u>\$ 913,241</u>	<u>\$ (550,889)</u>	<u>\$ 976,449</u>	<u>\$ 1,071,647</u>

Mercy Properties California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Sierra Vista	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Revenues				
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 710,317
Developer fees	-	-	-	-
Services fees	-	-	-	-
Philanthropy	-	-	-	53,614
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	(1)	-	-	668
Other	236,845	1,600,607	(1,778,846)	1,112,596
Total revenues	<u>236,844</u>	<u>1,600,607</u>	<u>(1,778,846)</u>	<u>1,877,195</u>
Expenses and losses				
Compensation	-	-	-	169,714
Administrative	-	(15)	-	74,916
Professional services	6,898	25,778	-	64,195
Depreciation and amortization	130,152	66,771	-	724,616
Grants	-	185,661	(1,778,846)	233,305
Facility	35,259	12,392	-	293,004
Interest and fees	38,927	8,478	-	278,092
Bad debts	-	-	-	-
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	100,780	76,156	-	176,936
(Gain) loss on investment in limited partnership	-	-	-	-
Total expenses and losses	<u>312,016</u>	<u>375,221</u>	<u>(1,778,846)</u>	<u>2,014,778</u>
Excess (deficiency) of revenues over expenses	(75,172)	1,225,386	-	(137,583)
Net assets at beginning of year	(257,318)	(1,225,386)	-	5,651,310
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ (332,490)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,513,727</u>

San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ -	\$ 361,400	\$ 3,019	\$ -	\$ 364,419
Cash, tenant security deposits	-	64,959	62,414	-	127,373
Cash, restricted	-	201	-	-	201
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	11,784	4,894	-	16,678
Due from affiliate, net	437,047	-	-	(437,047)	-
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	-	22,489	26,463	-	48,952
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>437,047</u>	<u>460,833</u>	<u>96,790</u>	<u>(437,047)</u>	<u>557,623</u>
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	-	150,376	3,631,483	-	3,781,859
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(3,949,255)	(3,986,445)	-	(7,935,700)
Net property and equipment	<u>-</u>	<u>2,794,485</u>	<u>2,605,289</u>	<u>-</u>	<u>5,399,774</u>
Other long-term assets					
Restricted property reserves	-	388,361	198,665	-	587,026
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(36,032)	-	-	36,032	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	86,784	51,621	-	138,405
Total other long-term assets	<u>(36,032)</u>	<u>475,145</u>	<u>250,286</u>	<u>36,032</u>	<u>725,431</u>
Total assets	<u>\$ 401,015</u>	<u>\$ 3,730,463</u>	<u>\$ 2,952,365</u>	<u>\$ (401,015)</u>	<u>\$ 6,682,828</u>

San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 118,218	\$ 83,157	\$ 47,599	\$ -	\$ 248,974
Due to affiliates	96,879	351,926	296,791	(648,717)	96,879
Accrued interest	-	7,208	9,294	-	16,502
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	22,672	82,613	-	105,285
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	3,551	797	-	4,348
Tenant security deposits	-	64,862	60,930	-	125,792
Total current liabilities	<u>215,097</u>	<u>533,376</u>	<u>498,024</u>	<u>(648,717)</u>	<u>597,780</u>
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	489,514	1,417,998	-	1,907,512
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	-	2,641,442	4,706,638	-	7,348,080
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	5,503	4,032	-	9,535
Total long-term liabilities	<u>-</u>	<u>3,136,459</u>	<u>6,128,668</u>	<u>-</u>	<u>9,265,127</u>
Total liabilities	<u>215,097</u>	<u>3,669,835</u>	<u>6,626,692</u>	<u>(648,717)</u>	<u>9,862,907</u>
Net assets					
Unrestricted net assets, controlling	185,918	60,628	(3,674,327)	247,702	(3,180,079)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	<u>185,918</u>	<u>60,628</u>	<u>(3,674,327)</u>	<u>247,702</u>	<u>(3,180,079)</u>
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	<u>185,918</u>	<u>60,628</u>	<u>(3,674,327)</u>	<u>247,702</u>	<u>(3,180,079)</u>
Total liabilities and net assets	<u>\$ 401,015</u>	<u>\$ 3,730,463</u>	<u>\$ 2,952,365</u>	<u>\$ (401,015)</u>	<u>\$ 6,682,828</u>

San Juan Housing Corporation
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ -	\$ 698,353	\$ 619,960	\$ -	\$ 1,318,313
Developer fees	-	-	-	-	-
Services fees	51,159	-	-	(51,159)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	96	536	-	632
Other	206,764	23,107	24,152	-	254,023
Total revenues	<u>257,923</u>	<u>721,556</u>	<u>644,648</u>	<u>(51,159)</u>	<u>1,572,968</u>
Expenses and losses					
Compensation	-	191,487	164,435	-	355,922
Administrative	37,823	131,955	85,647	(51,159)	204,266
Professional services	2,390	12,368	11,976	-	26,734
Depreciation and amortization	-	236,801	206,816	-	443,617
Grants	-	-	-	-	-
Facility	-	278,616	175,919	-	454,535
Interest and fees	-	114,210	198,397	-	312,607
Bad debts	-	4,040	1,728	-	5,768
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	45	-	-	(45)	-
Total expenses and losses	<u>40,258</u>	<u>969,477</u>	<u>844,918</u>	<u>(51,204)</u>	<u>1,803,449</u>
Excess (deficiency) of revenues over expenses	217,665	(247,921)	(200,270)	45	(230,481)
Net assets at beginning of year	(31,747)	308,549	(3,474,057)	247,657	(2,949,598)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 185,918</u>	<u>\$ 60,628</u>	<u>\$ (3,674,327)</u>	<u>\$ 247,702</u>	<u>\$ (3,180,079)</u>

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ -	\$ 2,194	\$ 40,342	\$ 17,320	\$ 903	\$ 41,194	\$ 28,731	\$ -
Cash, tenant security deposits	-	6,171	10,289	19,873	3,220	-	15,184	-
Cash, restricted	99,902	-	-	-	-	-	10,000	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	100,250	2	849	4,089	2,089	66,300	235	-
Due from affiliate, net	837,905	-	-	25	-	-	-	5,264
Pledges receivable, net	30	-	-	-	-	-	-	-
Grants receivable	10,000	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	42,204	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	3,514	1,981	10,875	2,998	-	10,515	-
Inventory	-	-	-	-	-	70,385	-	-
Assets held for sale	-	-	440,493	-	-	-	-	-
Total current assets	1,090,291	11,881	493,954	52,182	9,210	177,879	64,665	5,264
Property and equipment								
Land and land improvements	306,157	122,374	-	241,100	570	-	1,215,108	-
Buildings	-	1,343,135	-	1,770,773	1,443,238	-	9,644,176	-
Furniture and equipment	5,493	12,033	-	87,751	7,609	-	310,316	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(5,493)	(596,182)	-	(1,268,504)	(527,150)	-	(1,490,046)	-
Net property and equipment	306,157	881,360	-	831,120	924,267	-	9,679,554	-
Other long-term assets								
Restricted property reserves	-	112,360	233,971	97,384	46,829	-	620,640	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	543
Notes and interest receivable, net	88,533	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	70,901	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	11,330	-	-	50,497	-
Total other long-term assets	159,434	112,360	233,971	108,714	46,829	-	671,137	543
Total assets	\$ 1,555,882	\$ 1,005,601	\$ 727,925	\$ 992,016	\$ 980,306	\$ 177,879	\$ 10,415,356	\$ 5,807

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 9,377	\$ 17,660	\$ 14,802	\$ 23,418	\$ 11,880	\$ -	\$ 57,200	\$ 3,476
Due to affiliates	2,074,492	4,000	-	-	1,000	113,890	10,013	7,381
Accrued interest	-	-	1,886	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	2,657	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	64,150	-	-
Deferred revenue and other liabilities	-	870	29	2,564	3,219	-	2,210	-
Tenant security deposits	-	5,395	9,900	19,285	3,480	-	14,445	-
Total current liabilities	2,083,869	27,925	29,274	45,267	19,579	178,040	83,868	10,857
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	16,379	-	-	-	26,862	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	260,000	773,339	-	290,000	-	590,000	-
Notes payable, less current portion, affiliates	-	-	-	11,425	-	-	4,297,700	-
Deferred revenue and other liabilities	-	-	571	-	-	-	-	-
Total long-term liabilities	-	260,000	790,289	11,425	290,000	-	4,914,562	-
Total liabilities	2,083,869	287,925	819,563	56,692	309,579	178,040	4,998,430	10,857
Net assets								
Unrestricted net assets, controlling	(630,664)	(202,102)	(91,638)	935,324	(221,777)	(161)	5,416,926	(3,935,655)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(630,664)	(202,102)	(91,638)	935,324	(221,777)	(161)	5,416,926	(3,935,655)
Temporarily restricted net assets	102,677	919,778	-	-	892,504	-	-	3,930,605
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(527,987)	717,676	(91,638)	935,324	670,727	(161)	5,416,926	(5,050)
Total liabilities and net assets	\$ 1,555,882	\$ 1,005,601	\$ 727,925	\$ 992,016	\$ 980,306	\$ 177,879	\$ 10,415,356	\$ 5,807

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	MHNW-ID GP, LLC	Mercy Housing Idaho-II, L.P. (Comstock Apartments)	Mercy Housing Idaho-I, L.P. (Northside Nampa)	Mercy Housing Idaho III, LP (New Hope Apartments)	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,684
Cash, tenant security deposits	-	-	-	-	-	54,737
Cash, restricted	-	-	-	-	-	109,902
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	(100,148)	73,666
Due from affiliate, net	-	-	-	-	(93,169)	750,025
Pledges receivable, net	-	-	-	-	-	30
Grants receivable	-	-	-	-	-	10,000
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	(5,000)	37,204
Prepaid expenses and other assets	-	-	-	-	-	29,883
Inventory	-	-	-	-	-	70,385
Assets held for sale	-	-	-	-	-	440,493
Total current assets	-	-	-	-	(198,317)	1,707,009
Property and equipment						
Land and land improvements	-	-	-	-	-	1,885,309
Buildings	-	-	-	-	(137,262)	14,064,060
Furniture and equipment	-	-	-	-	-	423,202
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	68,677	(3,818,698)
Net property and equipment	-	-	-	-	(68,585)	12,553,873
Other long-term assets						
Restricted property reserves	-	-	-	-	-	1,111,184
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	(543)	-
Notes and interest receivable, net	-	-	-	-	-	88,533
Notes and interest receivable, affiliates	-	-	-	-	-	70,901
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	61,827
Total other long-term assets	-	-	-	-	(543)	1,332,445
Total assets	\$ -	\$ -	\$ -	\$ -	\$ (267,445)	\$ 15,593,327

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	MHNW-ID GP, LLC	Mercy Housing Idaho-II, L.P. (Comstock Apartments)	Mercy Housing Idaho-I, L.P. (Northside Nampa)	Mercy Housing Idaho III, LP (New Hope Apartments)	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 934	\$ -	\$ -	\$ -	\$ (5,264)	\$ 133,483
Due to affiliates	2,893	-	-	-	(128,903)	2,084,766
Accrued interest	-	-	-	-	-	1,886
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	2,657
Current portion of notes payable, affiliates	-	-	-	-	(64,150)	-
Deferred revenue and other liabilities	-	-	-	-	-	8,892
Tenant security deposits	-	-	-	-	-	52,505
Total current liabilities	3,827	-	-	-	(198,317)	2,284,189
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	43,241
Accrued interest, affiliates	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	1,913,339
Notes payable, less current portion, affiliates	-	-	-	-	(4,297,700)	11,425
Deferred revenue and other liabilities	-	-	-	-	-	571
Total long-term liabilities	-	-	-	-	(4,297,700)	1,968,576
Total liabilities	3,827	-	-	-	(4,496,017)	4,252,765
Net assets						
Unrestricted net assets, controlling	(3,827)	-	-	-	4,228,572	5,494,998
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	(3,827)	-	-	-	4,228,572	5,494,998
Temporarily restricted net assets	-	-	-	-	-	5,845,564
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	(3,827)	-	-	-	4,228,572	11,340,562
Total liabilities and net assets	\$ -	\$ -	\$ -	\$ -	\$ (267,445)	\$ 15,593,327

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ -	\$ 101,529	\$ 229,443	\$ 274,138	\$ 98,019	\$ -	\$ 312,867	\$ -
Developer fees	69,340	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	66,707	-	-	-	-	-	-	-
Capital grants	1,500	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	41,643	33	16,672	18	9	-	4	-
Other	183,285	841	3,066	5,757	191	-	8,211	-
Total revenues	<u>362,475</u>	<u>102,403</u>	<u>249,181</u>	<u>279,913</u>	<u>98,219</u>	<u>-</u>	<u>321,082</u>	<u>-</u>
Expenses and losses								
Compensation	92,321	27,147	50,082	81,329	21,194	-	97,316	-
Administrative	22,744	19,776	28,781	52,995	19,793	-	55,810	-
Professional services	42,572	8,287	18,154	32,749	8,287	-	11,609	1,923
Depreciation and amortization	-	48,534	-	67,996	52,408	-	436,614	-
Grants	-	-	-	-	-	-	-	-
Facility	6,596	37,350	44,116	90,245	37,560	-	142,682	650
Interest and fees	51,826	-	27,380	-	50	-	6,220	-
Bad debts	209,605	-	-	3,514	-	-	-	-
Provision for impaired assets	4,143	-	-	-	-	-	-	-
Project expenses	8,000	-	-	-	-	-	-	-
Allocation	59,190	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	43
Total expenses and losses	<u>496,997</u>	<u>141,094</u>	<u>168,513</u>	<u>328,828</u>	<u>139,292</u>	<u>-</u>	<u>750,251</u>	<u>2,616</u>
Excess (deficiency) of revenues over expenses	(134,522)	(38,691)	80,668	(48,915)	(41,073)	-	(429,169)	(2,616)
Net assets at beginning of year	(393,465)	756,367	(172,306)	984,239	711,800	(161)	5,846,095	(2,434)
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ (527,987)</u>	<u>\$ 717,676</u>	<u>\$ (91,638)</u>	<u>\$ 935,324</u>	<u>\$ 670,727</u>	<u>\$ (161)</u>	<u>\$ 5,416,926</u>	<u>\$ (5,050)</u>

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	MHNW-ID GP, LLC	Mercy Housing Idaho-II, L.P. (Comstock Apartments)	Mercy Housing Idaho-I, L.P. (Northside Nampa)	Mercy Housing Idaho III, LP (New Hope Apartments)	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Revenues						
Rent - net of vacancies	\$ -	\$ 88,402	\$ 107,493	\$ 40,761	\$ -	\$ 1,252,652
Developer fees	-	-	-	-	-	69,340
Services fees	15,014	-	-	-	(15,014)	-
Philanthropy	-	-	-	-	-	66,707
Capital grants	-	-	-	-	-	1,500
Consulting	-	-	-	-	-	-
Interest	-	97	7	14	-	58,497
Other	29,000	58,017	1,458,063	2,544	(262,899)	1,486,076
Total revenues	<u>44,014</u>	<u>146,516</u>	<u>1,565,563</u>	<u>43,319</u>	<u>(277,913)</u>	<u>2,934,772</u>
Expenses and losses						
Compensation	-	28,587	44,590	7,741	-	450,307
Administrative	117,185	27,670	46,688	6,117	(15,015)	382,544
Professional services	1,923	637	1,232	-	-	127,373
Depreciation and amortization	-	23,530	71,487	16,773	(3,779)	713,563
Grants	-	-	-	-	-	-
Facility	-	41,368	65,665	11,371	-	477,603
Interest and fees	-	15,157	55,857	66,129	-	222,619
Bad debts	54,189	4,097	6,131	-	(61,774)	215,762
Provision for impaired assets	-	-	-	-	-	4,143
Project expenses	-	-	-	-	-	8,000
Allocation	-	-	-	-	-	59,190
(Gain) loss on sale of assets	72,509	(321,637)	(324,885)	(307,399)	(72,509)	(953,921)
(Gain) loss on investment in limited partnership	(7,296)	-	-	-	7,253	-
Total expenses and losses	<u>238,510</u>	<u>(180,591)</u>	<u>(33,235)</u>	<u>(199,268)</u>	<u>(145,824)</u>	<u>1,707,183</u>
Excess (deficiency) of revenues over expenses	(194,496)	327,107	1,598,798	242,587	(132,089)	1,227,589
Net assets at beginning of year	190,669	(327,107)	(1,598,798)	(235,267)	4,360,588	10,120,220
Other transfers to (from) net assets	-	-	-	(7,320)	73	(7,247)
Net assets at end of year	<u>\$ (3,827)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,228,572</u>	<u>\$ 11,340,562</u>

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 1,266,712	\$ 453,602	\$ 48,536	\$ 148,329	\$ -	\$ 39,132	\$ -	\$ 298,350
Cash, tenant security deposits	-	30,611	17,929	9,366	-	14,254	-	12,042
Cash, restricted	1,408,683	250	250	-	-	-	-	320,383
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	24,444	9,971	11,613	24,929	-	28,860	-	818
Due from affiliate, net	2,791,261	60	-	385	-	-	9,354	-
Pledges receivable, net	181,778	-	-	-	-	-	-	-
Grants receivable	926,853	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	3,648,672	-	-	-	-	-	-	-
Prepaid expenses and other assets	118,761	45,251	34,633	15,688	-	21,395	-	22,630
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>10,367,164</u>	<u>539,745</u>	<u>112,961</u>	<u>198,697</u>	<u>-</u>	<u>103,641</u>	<u>9,354</u>	<u>654,223</u>
Property and equipment								
Land and land improvements	174,915	179,452	93,624	54,100	-	823,255	-	182,045
Buildings	516,847	7,607,909	5,065,228	2,143,298	-	8,315,018	-	3,397,427
Furniture and equipment	64,092	167,405	87,709	10,565	-	511,830	-	115,235
Predevelopment project costs	1,247,241	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(309,191)</u>	<u>(2,672,439)</u>	<u>(1,707,453)</u>	<u>(746,624)</u>	<u>-</u>	<u>(4,278,639)</u>	<u>-</u>	<u>(2,566,506)</u>
Net property and equipment	<u>1,693,904</u>	<u>5,282,327</u>	<u>3,539,108</u>	<u>1,461,339</u>	<u>-</u>	<u>5,371,464</u>	<u>-</u>	<u>1,128,201</u>
Other long-term assets								
Restricted property reserves	-	842,130	1,936,682	232,806	-	249,162	-	460,929
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	4,842,100	-	-	-	-	-	-	-
Pledges receivable, net	93,750	-	-	-	-	-	-	-
Investments in limited partnerships, net	1,070,569	-	-	-	981,801	-	238,414	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	10,065,154	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>400,000</u>	<u>131,275</u>	<u>141,190</u>	<u>97,685</u>	<u>-</u>	<u>32,070</u>	<u>-</u>	<u>178</u>
Total other long-term assets	<u>16,471,573</u>	<u>973,405</u>	<u>2,077,872</u>	<u>330,491</u>	<u>981,801</u>	<u>281,232</u>	<u>238,414</u>	<u>461,107</u>
Total assets	<u>\$ 28,532,641</u>	<u>\$ 6,795,477</u>	<u>\$ 5,729,941</u>	<u>\$ 1,990,527</u>	<u>\$ 981,801</u>	<u>\$ 5,756,337</u>	<u>\$ 247,768</u>	<u>\$ 2,243,531</u>

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 605,274	\$ 190,673	\$ 184,343	\$ 61,414	\$ -	\$ 81,517	\$ 35	\$ 35,550
Due to affiliates	205,064	41,814	23,432	14,594	63,062	-	74,860	7,725
Accrued interest	-	10,389	9,680	4,544	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	520,914	67,495	69,626	29,655	-	-	-	6,000
Current portion of notes payable, affiliates	4,925,283	-	-	46,872	-	-	-	-
Deferred revenue and other liabilities	38,515	3,540	7,254	2,799	-	1,359	-	9,968
Tenant security deposits	-	29,439	17,240	8,866	-	13,432	-	11,557
Total current liabilities	6,295,050	343,350	311,575	168,744	63,062	96,308	74,895	70,800
Long-term liabilities								
Due to affiliates	-	-	-	-	982,369	-	300,250	-
Accrued interest	-	25,113	15,753	-	-	-	-	-
Accrued interest, affiliates	-	347,184	172,396	18,784	-	-	-	-
Notes payable, less current portion, net	7,723,396	5,381,888	4,560,444	1,293,817	-	-	-	3,246,947
Notes payable, less current portion, affiliates	-	600,739	473,012	394,601	-	6,473,396	-	-
Deferred revenue and other liabilities	511,042	8,382	5,408	2,835	-	-	-	-
Total long-term liabilities	8,234,438	6,363,306	5,227,013	1,710,037	982,369	6,473,396	300,250	3,246,947
Total liabilities	14,529,488	6,706,656	5,538,588	1,878,781	1,045,431	6,569,704	375,145	3,317,747
Net assets								
Unrestricted net assets, controlling	7,037,294	88,821	191,353	111,746	(63,630)	(813,367)	(127,377)	(1,074,216)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	7,037,294	88,821	191,353	111,746	(63,630)	(813,367)	(127,377)	(1,074,216)
Temporarily restricted net assets	6,590,859	-	-	-	-	-	-	-
Permanently restricted net assets	375,000	-	-	-	-	-	-	-
Total net assets	14,003,153	88,821	191,353	111,746	(63,630)	(813,367)	(127,377)	(1,074,216)
Total liabilities and net assets	\$ 28,532,641	\$ 6,795,477	\$ 5,729,941	\$ 1,990,527	\$ 981,801	\$ 5,756,337	\$ 247,768	\$ 2,243,531

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	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)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 3,113	\$ 154,947	\$ 3,443	\$ -	\$ 5,881	\$ -	\$ 507,010
Cash, tenant security deposits	-	7,776	21,994	6,525	-	9,840	-	26
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	8,132	3,232	14,819	-	2,807	-	78,226
Due from affiliate, net	10,534	-	-	-	-	-	101,989	14,605
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	-	18,806	38,023	19,548	-	20,810	-	44,061
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	10,534	37,827	218,196	44,335	-	39,338	101,989	643,928
Property and equipment								
Land and land improvements	-	65,063	103,750	65,000	-	295,356	-	881,175
Buildings	-	2,552,606	6,098,346	2,392,942	-	8,380,450	-	14,852,052
Furniture and equipment	-	137,546	255,442	62,448	-	419,586	-	454,870
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,155,651)	(4,814,651)	(1,741,109)	-	(4,889,523)	-	(8,731,069)
Net property and equipment	-	599,564	1,642,887	779,281	-	4,205,869	-	7,457,028
Other long-term assets								
Restricted property reserves	-	244,594	1,175,277	24,944	-	826,770	-	3,884,494
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	410,929	-	-	-	354,894	-	262,936	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	2,727	7,427	204	-	13,192	-	19,866
Total other long-term assets	410,929	247,321	1,182,704	25,148	354,894	839,962	262,936	3,904,360
Total assets	\$ 421,463	\$ 884,712	\$ 3,043,787	\$ 848,764	\$ 354,894	\$ 5,085,169	\$ 364,925	\$ 12,005,316

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	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	\$ -	\$ 76,281	\$ 81,679	\$ 80,498	\$ -	\$ 64,018	\$ -	\$ 98,890
Due to affiliates	347,525	65,468	50,534	91,809	93,312	65,535	178,897	101,989
Accrued interest	-	-	-	284	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	55,152	98,772	24,527	-	2,400	-	1,200
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	7,444	9,342	881	-	5,027	-	34,468
Tenant security deposits	-	7,234	20,609	6,103	-	9,309	-	-
Total current liabilities	347,525	211,579	260,936	204,102	93,312	146,289	178,897	236,547
Long-term liabilities								
Due to affiliates	504,204	-	-	-	354,265	-	263,620	461,302
Accrued interest	-	-	-	-	-	-	-	2,817,550
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	569,709	2,041,512	256,038	-	4,342,842	-	8,378,098
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	1,080,500
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	504,204	569,709	2,041,512	256,038	354,265	4,342,842	263,620	12,737,450
Total liabilities	851,729	781,288	2,302,448	460,140	447,577	4,489,131	442,517	12,973,997
Net assets								
Unrestricted net assets, controlling	(430,266)	103,424	741,339	388,624	(92,683)	596,038	(77,592)	(968,681)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(430,266)	103,424	741,339	388,624	(92,683)	596,038	(77,592)	(968,681)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(430,266)	103,424	741,339	388,624	(92,683)	596,038	(77,592)	(968,681)
Total liabilities and net assets	\$ 421,463	\$ 884,712	\$ 3,043,787	\$ 848,764	\$ 354,894	\$ 5,085,169	\$ 364,925	\$ 12,005,316

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	Winthrop Apartments Corporation	5042 Winthrop Apartments Limited Partnership (Delmar Apartments)	Near North Apartments Corp., NFP	Near North LP (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	\$ -	\$ 14,736	\$ -	\$ 231,472	\$ -	\$ 41,930	\$ -	\$ 41,705
Cash, tenant security deposits	-	30,472	-	12,866	-	18,788	-	12,914
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	105,630	-	98,576	17,000	15,942	-	54,593
Due from affiliate, net	19,111	28,299	13,364	-	116,501	-	-	-
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	-	34,480	-	27,019	-	22,997	-	19,105
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	19,111	213,617	13,364	369,933	133,501	99,657	-	128,317
Property and equipment								
Land and land improvements	-	125,000	-	4,283,412	-	670,314	-	1,432,081
Buildings	-	5,897,718	-	12,601,553	-	4,402,856	-	15,697,619
Furniture and equipment	-	355,975	-	488,818	-	229,662	-	368,721
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(4,920,840)	-	(4,702,003)	-	(1,294,381)	-	(3,423,455)
Net property and equipment	-	1,457,853	-	12,671,780	-	4,008,451	-	14,074,966
Other long-term assets								
Restricted property reserves	-	199,695	-	952,762	-	2,194,380	-	1,106,854
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(87,513)	-	5,379,083	-	512,838	-	2,599,644	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	2,570	-	40,273	-	30,148	-	51,450
Total other long-term assets	(87,513)	202,265	5,379,083	993,035	512,838	2,224,528	2,599,644	1,158,304
Total assets	\$ (68,402)	\$ 1,873,735	\$ 5,392,447	\$ 14,034,748	\$ 646,339	\$ 6,332,636	\$ 2,599,644	\$ 15,361,587

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	Winthrop Apartments Corporation	5042 Winthrop Apartments Limited Partnership (Delmar Apartments)	Near North Apartments Corp., NFP	Near North LP (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	\$ -	\$ 109,296	\$ 94	\$ 52,546	\$ -	\$ 83,102	\$ -	\$ 767,669
Due to affiliates	153,654	267,198	41,799	28,989	122,724	116,500	18,934	318,044
Accrued interest	-	-	-	-	-	-	-	1,511
Accrued interest, affiliates	-	-	-	-	-	-	-	43,119
Current portion of notes payable	-	-	-	1,200	-	1,200	-	42,753
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	4,216	-	8,272	-	3,472	-	3,736
Tenant security deposits	-	28,650	-	12,098	-	18,571	-	12,527
Total current liabilities	153,654	409,360	41,893	103,105	122,724	222,845	18,934	1,189,359
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	257,226	-	-
Accrued interest, affiliates	-	-	-	575,220	13,986	106,283	-	-
Notes payable, less current portion, net	-	4,712,865	-	3,238,600	-	2,427,213	-	1,770,060
Notes payable, less current portion, affiliates	-	-	-	2,922,000	3,525	576,000	2,000,000	1,162,391
Deferred revenue and other liabilities	-	-	-	-	-	962,942	-	260,980
Total long-term liabilities	-	4,712,865	-	6,735,820	17,511	4,329,664	2,000,000	3,193,431
Total liabilities	153,654	5,122,225	41,893	6,838,925	140,235	4,552,509	2,018,934	4,382,790
Net assets								
Unrestricted net assets, controlling	(222,056)	(3,248,490)	5,350,554	7,195,823	506,104	1,780,127	580,710	10,978,797
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(222,056)	(3,248,490)	5,350,554	7,195,823	506,104	1,780,127	580,710	10,978,797
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(222,056)	(3,248,490)	5,350,554	7,195,823	506,104	1,780,127	580,710	10,978,797
Total liabilities and net assets	\$ (68,402)	\$ 1,873,735	\$ 5,392,447	\$ 14,034,748	\$ 646,339	\$ 6,332,636	\$ 2,599,644	\$ 15,361,587

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	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
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 677	\$ -	\$ 113,334	\$ -	\$ 367,064	\$ -	\$ 50,255
Cash, tenant security deposits	-	48,464	-	25,861	-	101,270	-	34,700
Cash, restricted	-	-	-	30,581	-	850	-	2,703
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	9,891	-	951	-	66,541	-	3,082
Due from affiliate, net	20,000	-	-	-	41,541	1,760,982	70,285	-
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	-	19,747	-	18,052	-	60,690	-	18,102
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	20,000	78,779	-	188,779	41,541	2,357,397	70,285	108,842
Property and equipment								
Land and land improvements	-	2,599,688	-	492,159	-	4,575,852	-	2,113,338
Buildings	-	11,928,568	-	11,699,159	-	54,564,645	-	17,206,860
Furniture and equipment	-	234,156	-	332,472	-	209,029	-	332,223
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,805,590)	-	(2,556,530)	-	(9,626,302)	-	(1,785,274)
Net property and equipment	-	11,956,822	-	9,967,260	-	49,723,224	-	17,867,147
Other long-term assets								
Restricted property reserves	-	288,740	-	991,344	-	3,400,825	-	467,637
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	2,515,789	-	(213)	-	7,380,129	-	(188)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	512,058	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	76,044	-	116,751	-	1,329,838	-	450,668
Total other long-term assets	3,027,847	364,784	(213)	1,108,095	7,380,129	4,730,663	(188)	918,305
Total assets	\$ 3,047,847	\$ 12,400,385	\$ (213)	\$ 11,264,134	\$ 7,421,670	\$ 56,811,284	\$ 70,097	\$ 18,894,294

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	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
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 141,472	\$ -	\$ 115,418	\$ -	\$ 332,904	\$ -	\$ 277,834
Due to affiliates	55,686	95,303	10,703	-	57,768	1,845,382	79,006	16,293
Accrued interest	-	7,385	-	-	-	555,895	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	17,026	-	-	-	500,000	-	9,857
Current portion of notes payable, affiliates	-	10,760	-	-	-	-	-	35,965
Deferred revenue and other liabilities	-	-	-	782	-	20,707	-	955
Tenant security deposits	-	48,427	-	25,348	-	99,676	-	33,464
Total current liabilities	55,686	320,373	10,703	141,548	57,768	3,354,564	79,006	374,368
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	167,243	-	-	-	-	-	-
Accrued interest, affiliates	-	42,903	-	516,179	-	947,580	-	143,222
Notes payable, less current portion, net	-	4,519,629	-	1,825,586	-	31,775,320	-	856,306
Notes payable, less current portion, affiliates	-	611,978	-	2,403,500	4,381,647	4,263,520	-	250,926
Deferred revenue and other liabilities	-	-	-	37,329	-	4,298,740	-	914,407
Total long-term liabilities	-	5,341,753	-	4,782,594	4,381,647	41,285,160	-	2,164,861
Total liabilities	55,686	5,662,126	10,703	4,924,142	4,439,415	44,639,724	79,006	2,539,229
Net assets								
Unrestricted net assets, controlling	2,992,161	6,738,259	(10,916)	6,339,992	765,588	12,171,560	(8,909)	16,355,065
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,992,161	6,738,259	(10,916)	6,339,992	765,588	12,171,560	(8,909)	16,355,065
Temporarily restricted net assets	-	-	-	-	2,216,667	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,992,161	6,738,259	(10,916)	6,339,992	2,982,255	12,171,560	(8,909)	16,355,065
Total liabilities and net assets	\$ 3,047,847	\$ 12,400,385	\$ (213)	\$ 11,264,134	\$ 7,421,670	\$ 56,811,284	\$ 70,097	\$ 18,894,294

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	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	\$ -	\$ 147,285	\$ 13,621	\$ -	\$ -	\$ 17,597	\$ 175,834	\$ 45,738
Cash, tenant security deposits	-	49,218	-	-	-	1	45,253	-
Cash, restricted	-	-	-	-	4,777	-	14,520	80,117
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	97,285	-	-	-	-	18,595	56,863
Due from affiliate, net	2,141,446	-	40,500	-	-	28,870	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	-	85,751	-	-	-	-	14,539	22,334
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>2,141,446</u>	<u>379,539</u>	<u>54,121</u>	<u>-</u>	<u>4,777</u>	<u>46,468</u>	<u>290,753</u>	<u>205,052</u>
Property and equipment								
Land and land improvements	-	1,821,876	-	-	2,500,000	-	733,638	174,944
Buildings	-	25,664,699	-	-	-	-	5,783,748	4,051,996
Furniture and equipment	-	938,732	-	-	-	-	136,405	825,129
Predevelopment project costs	-	-	-	-	2,126,256	-	-	-
Construction in progress	-	-	-	-	-	-	86,862	-
Accumulated depreciation	-	(2,253,679)	-	-	-	-	(386,359)	(3,301,949)
Net property and equipment	<u>-</u>	<u>26,171,628</u>	<u>-</u>	<u>-</u>	<u>4,626,256</u>	<u>-</u>	<u>6,354,294</u>	<u>1,750,120</u>
Other long-term assets								
Restricted property reserves	-	3,093,803	-	-	107,268	-	1,278,762	5,078
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	128,363	-	(7,636,152)	(1)	-	345,421	-	600,537
Notes and interest receivable, net	-	-	-	-	-	-	-	75,000
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	592,337
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	1,009,789	-	-	25,171	-	137,669	-
Total other long-term assets	<u>128,363</u>	<u>4,103,592</u>	<u>(7,636,152)</u>	<u>(1)</u>	<u>132,439</u>	<u>345,421</u>	<u>1,416,431</u>	<u>1,272,952</u>
Total assets	<u>\$ 2,269,809</u>	<u>\$ 30,654,759</u>	<u>\$ (7,582,031)</u>	<u>\$ (1)</u>	<u>\$ 4,763,472</u>	<u>\$ 391,889</u>	<u>\$ 8,061,478</u>	<u>\$ 3,228,124</u>

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 706,710	\$ 1,092,692	\$ -	\$ -	\$ 4,399	\$ -	\$ 443,139	\$ 375,841
Due to affiliates	1,449,835	2,687,869	-	5,629	7,235	30,259	46,787	86,573
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	137,047	-	-	2,575,000	-	72,629	-
Current portion of notes payable, affiliates	-	820,826	-	-	2,185,539	-	-	-
Deferred revenue and other liabilities	-	6,661	-	-	-	-	13,501	6,448
Tenant security deposits	-	47,074	-	-	-	-	37,205	27,000
Total current liabilities	2,156,545	4,792,169	-	5,629	4,772,173	30,259	613,261	495,862
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	24,200	-	-	-	-	-	-
Accrued interest, affiliates	-	156,721	-	-	-	-	-	-
Notes payable, less current portion, net	-	12,463,121	-	-	-	-	4,927,371	-
Notes payable, less current portion, affiliates	-	2,594,728	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1,876,286	-	-	-	-	-	-
Total long-term liabilities	-	17,115,056	-	-	-	-	4,927,371	-
Total liabilities	2,156,545	21,907,225	-	5,629	4,772,173	30,259	5,540,632	495,862
Net assets								
Unrestricted net assets, controlling	113,264	8,747,534	(7,582,031)	(5,630)	(8,701)	361,630	2,520,846	2,624,141
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	113,264	8,747,534	(7,582,031)	(5,630)	(8,701)	361,630	2,520,846	2,624,141
Temporarily restricted net assets	-	-	-	-	-	-	-	106,121
Permanently restricted net assets	-	-	-	-	-	-	-	2,000
Total net assets	113,264	8,747,534	(7,582,031)	(5,630)	(8,701)	361,630	2,520,846	2,732,262
Total liabilities and net assets	\$ 2,269,809	\$ 30,654,759	\$ (7,582,031)	\$ (1)	\$ 4,763,472	\$ 391,889	\$ 8,061,478	\$ 3,228,124

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2015

	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 GP	Danville Veterans Housing, LLC	Greenwich Park Apartments MM, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 1,383	\$ 50,262	\$ -	\$ 60,829	\$ 4,684	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	14,430	-	16,585	-	-	-	-
Cash, restricted	-	-	-	-	191,662	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	8,940	-	3,953	20,340	-	-	-
Due from affiliate, net	-	-	-	1,529	-	-	-	-
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	-	7,071	-	92,748	15,082	-	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>1,383</u>	<u>80,703</u>	<u>-</u>	<u>175,644</u>	<u>231,768</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property and equipment								
Land and land improvements	-	400,000	-	1,550,234	1,284,952	-	-	-
Buildings	-	4,220,669	-	14,514,178	6,729,970	-	-	-
Furniture and equipment	-	257,148	-	478,774	103,804	-	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	34,343	-	4,055,713	-
Accumulated depreciation	-	(1,409,987)	-	(2,491,872)	(310,244)	-	-	-
Net property and equipment	<u>-</u>	<u>3,467,830</u>	<u>-</u>	<u>14,051,314</u>	<u>7,842,825</u>	<u>-</u>	<u>4,055,713</u>	<u>-</u>
Other long-term assets								
Restricted property reserves	-	274,104	-	796,355	40,659	-	287,000	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(131)	-	9,243,582	-	-	(1)	-	(1)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	660,979	-	1,079,506	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	16,905	-	547,896	65,254	-	724,571	-
Total other long-term assets	<u>660,848</u>	<u>291,009</u>	<u>10,323,088</u>	<u>1,344,251</u>	<u>105,913</u>	<u>(1)</u>	<u>1,011,571</u>	<u>(1)</u>
Total assets	<u>\$ 662,231</u>	<u>\$ 3,839,542</u>	<u>\$ 10,323,088</u>	<u>\$ 15,571,209</u>	<u>\$ 8,180,506</u>	<u>\$ (1)</u>	<u>\$ 5,067,284</u>	<u>\$ (1)</u>

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2015

	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 GP	Danville Veterans Housing, LLC	Greenwich Park Apartments MM, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 65,353	\$ -	\$ 186,693	\$ 285,429	\$ -	\$ 456,339	\$ -
Due to affiliates	568	-	1,273	-	25,525	55	222,931	-
Accrued interest	-	3,319	-	-	23,329	-	-	-
Accrued interest, affiliates	-	44,900	-	-	-	-	-	-
Current portion of notes payable	-	24,907	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	485,744	-
Deferred revenue and other liabilities	-	5,080	-	13,680	5,753	-	-	-
Tenant security deposits	-	14,276	-	16,085	-	-	-	-
Total current liabilities	568	157,835	1,273	216,458	340,036	55	1,165,014	-
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	806,037	-	-	14,965	-
Notes payable, less current portion, net	-	746,852	-	-	8,500,000	-	513,054	-
Notes payable, less current portion, affiliates	-	1,266,659	-	1,758,440	-	-	911,000	-
Deferred revenue and other liabilities	-	-	-	-	8,345	-	297,568	-
Total long-term liabilities	-	2,013,511	-	2,564,477	8,508,345	-	1,736,587	-
Total liabilities	568	2,171,346	1,273	2,780,935	8,848,381	55	2,901,601	-
Net assets								
Unrestricted net assets, controlling	661,663	1,668,196	1,342,402	12,790,274	(667,875)	(56)	2,165,683	(1)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	661,663	1,668,196	1,342,402	12,790,274	(667,875)	(56)	2,165,683	(1)
Temporarily restricted net assets	-	-	8,979,413	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	661,663	1,668,196	10,321,815	12,790,274	(667,875)	(56)	2,165,683	(1)
Total liabilities and net assets	\$ 662,231	\$ 3,839,542	\$ 10,323,088	\$ 15,571,209	\$ 8,180,506	\$ (1)	\$ 5,067,284	\$ (1)

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2015

	Greenwich Park Apartments, LLC	Mercy Sterling NFP	New Sterling Park MM LLC	New Sterling Park, LLC	Eliminations	Consolidated Mercy Housing Lakefront
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,307,461
Cash, tenant security deposits	-	-	-	-	-	541,185
Cash, restricted	4,996,702	-	-	6,860	-	7,058,338
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	10,309	-	-	-	(201,342)	595,000
Due from affiliate, net	-	-	-	1,699	(7,226,906)	7,421
Pledges receivable, net	-	-	-	-	-	181,778
Grants receivable	-	-	-	-	-	926,853
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	(3,648,672)	-
Prepaid expenses and other assets	-	-	-	-	-	857,323
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	5,007,011	-	-	8,559	(11,076,920)	14,475,359
Property and equipment						
Land and land improvements	151,250	-	-	910,000	(1,202,791)	27,533,682
Buildings	-	-	-	4,890,000	(14,767,700)	246,408,661
Furniture and equipment	-	-	-	-	-	7,577,776
Predevelopment project costs	-	-	-	-	(243,457)	3,130,040
Construction in progress	2,793,807	-	-	11,776,728	(1,388,161)	17,359,292
Accumulated depreciation	-	-	-	-	2,045,007	(73,836,313)
Net property and equipment	2,945,057	-	-	17,576,728	(15,557,102)	228,173,138
Other long-term assets						
Restricted property reserves	37,064	-	-	400	-	25,400,518
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	(4,842,100)	-
Pledges receivable, net	-	-	-	-	-	93,750
Investments in limited partnerships, net	-	22	-	-	(26,371,194)	(2,070,443)
Notes and interest receivable, net	-	-	-	-	-	75,000
Notes and interest receivable, affiliates	-	-	-	-	(12,909,979)	55
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	188,450	-	-	995,456	-	6,654,717
Total other long-term assets	225,514	22	-	995,856	(44,123,273)	30,153,597
Total assets	\$ 8,177,582	\$ 22	\$ -	\$ 18,581,143	\$ (70,757,295)	\$ 272,802,094

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2015

	Greenwich Park Apartments, LLC	Mercy Sterling NFP	New Sterling Park MM LLC	New Sterling Park, LLC	Eliminations	Consolidated Mercy Housing Lakefront
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 1,093,667	\$ -	\$ -	\$ 2,833,431	\$ (70,283)	\$ 10,913,917
Due to affiliates	128,381	1,550	5	342,787	(8,534,847)	1,156,018
Accrued interest	-	-	-	-	-	616,336
Accrued interest, affiliates	-	-	-	-	(88,019)	-
Current portion of notes payable	-	-	-	-	-	4,257,360
Current portion of notes payable, affiliates	36,728	-	-	60,696	(3,683,132)	4,925,281
Deferred revenue and other liabilities	-	-	-	-	-	213,860
Tenant security deposits	-	-	-	-	-	544,190
Total current liabilities	<u>1,258,776</u>	<u>1,550</u>	<u>5</u>	<u>3,236,914</u>	<u>(12,376,281)</u>	<u>22,626,962</u>
Long-term liabilities						
Due to affiliates	-	-	-	-	(2,866,010)	-
Accrued interest	-	-	-	143,484	-	3,450,569
Accrued interest, affiliates	-	-	-	4,246	(3,865,706)	-
Notes payable, less current portion, net	6,500,000	-	-	9,834,991	-	132,405,659
Notes payable, less current portion, affiliates	-	-	-	336,883	(34,465,445)	-
Deferred revenue and other liabilities	217,143	-	-	1,026,625	(8,272,575)	2,155,457
Total long-term liabilities	<u>6,717,143</u>	<u>-</u>	<u>-</u>	<u>11,346,229</u>	<u>(49,469,736)</u>	<u>138,011,685</u>
Total liabilities	<u>7,975,919</u>	<u>1,550</u>	<u>5</u>	<u>14,583,143</u>	<u>(61,846,017)</u>	<u>160,638,647</u>
Net assets						
Unrestricted net assets, controlling	201,663	(1,528)	(5)	3,998,000	(8,861,278)	93,943,387
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	201,663	(1,528)	(5)	3,998,000	(8,861,278)	93,943,387
Temporarily restricted net assets	-	-	-	-	-	17,893,060
Permanently restricted net assets	-	-	-	-	-	377,000
Total net assets	<u>201,663</u>	<u>(1,528)</u>	<u>(5)</u>	<u>3,998,000</u>	<u>(8,861,278)</u>	<u>112,213,447</u>
Total liabilities and net assets	<u>\$ 8,177,582</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 18,581,143</u>	<u>\$ (70,707,295)</u>	<u>\$ 272,852,094</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year ended December 31, 2015

	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	\$ -	\$ 1,985,978	\$ 1,257,636	\$ 787,906	\$ -	\$ 467,741	\$ -	\$ 519,599
Developer fees	2,990,438	-	-	-	-	-	-	-
Services fees	794,056	-	-	-	-	-	3,896	-
Philanthropy	5,958,199	-	-	-	-	-	-	-
Capital grants	1,085,000	-	-	-	-	-	-	-
Consulting	50	-	-	-	-	-	-	-
Interest	689,759	1,053	2,542	442	-	-	-	31
Other	313,854	4,267	4,732	806	51,000	64,975	49,790	24,281
Total revenues	11,831,356	1,991,298	1,264,910	789,154	51,000	532,716	53,686	543,911
Expenses and losses								
Compensation	4,429,075	444,051	293,655	98,423	-	152,221	-	180,611
Administrative	568,471	214,781	125,738	92,371	51,000	65,301	53,841	71,802
Professional services	827,604	118,427	131,184	41,933	872	19,575	577	18,686
Depreciation and amortization	21,037	377,591	213,465	138,739	-	325,226	-	110,513
Grants	1,514,059	-	-	-	-	-	-	-
Facility	184,433	746,969	426,124	352,304	-	306,491	-	256,805
Interest and fees	96,009	204,178	169,645	74,102	-	61	-	25
Bad debts	798,359	14,782	8,711	301	-	4,966	-	-
Provision for impaired assets	1,055,711	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	1,783,026	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	242,112	-	-	-	34	-	945	-
Total expenses and losses	11,519,896	2,120,779	1,368,522	798,173	51,906	873,841	55,363	638,442
Excess (deficiency) of revenues over expenses	311,460	(129,481)	(103,612)	(9,019)	(906)	(341,125)	(1,677)	(94,531)
Net assets at beginning of year	13,691,693	277,421	339,757	155,982	(62,724)	(472,242)	(125,700)	(979,685)
Other transfers to (from) net assets	-	(59,119)	(44,792)	(35,217)	-	-	-	-
Net assets at end of year	\$ 14,003,153	\$ 88,821	\$ 191,353	\$ 111,746	\$ (63,630)	\$ (813,367)	\$ (127,377)	\$ (1,074,216)

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year ended December 31, 2015

	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	\$ -	\$ 534,015	\$ 1,216,345	\$ 478,848	\$ -	\$ 454,915	\$ -	\$ 842,734
Developer fees	-	-	-	-	-	-	-	-
Services fees	10,534	-	-	-	-	-	34,634	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	4,784	6,460	26	-	11	-	356
Other	-	2,664	10,816	12,020	81,000	20,960	66,483	116,755
Total revenues	10,534	541,463	1,233,621	490,894	81,000	475,886	101,117	959,845
Expenses and losses								
Compensation	-	192,762	260,637	157,578	-	151,258	-	293,561
Administrative	10,689	84,924	200,471	69,858	81,154	86,852	101,272	173,305
Professional services	677	24,046	161,285	11,085	522	42,041	522	100,573
Depreciation and amortization	-	93,048	228,366	85,210	-	323,130	-	554,022
Grants	-	-	-	-	-	-	-	-
Facility	-	239,970	417,157	211,323	-	257,638	-	487,845
Interest and fees	-	280	76	3,634	-	61	-	176,320
Bad debts	-	3,052	7,770	4,654	-	4,438	-	24,985
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	1,912	-	-	-	390	-	85	-
Total expenses and losses	13,278	638,082	1,275,762	543,342	82,066	865,418	101,879	1,810,611
Excess (deficiency) of revenues over expenses	(2,744)	(96,619)	(42,141)	(52,448)	(1,066)	(389,532)	(762)	(850,766)
Net assets at beginning of year	(427,522)	200,043	883,371	441,072	(91,617)	985,570	(76,830)	(117,915)
Other transfers to (from) net assets	-	-	(99,891)	-	-	-	-	-
Net assets at end of year	\$ (430,266)	\$ 103,424	\$ 741,339	\$ 388,624	\$ (92,683)	\$ 596,038	\$ (77,592)	\$ (968,681)

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year ended December 31, 2015

	Winthrop Apartments Corporation	5042 Winthrop Apartments Limited Partnership (Delmar Apartments)	Near North Apartments Corp., NFP	Near North LP (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	\$ -	\$ 700,078	\$ -	\$ 849,970	\$ -	\$ 495,556	\$ -	\$ 859,848
Developer fees	-	-	-	-	-	-	-	-
Services fees	6,145	-	23,752	-	20,000	-	5,000	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	931	-	22	-	19,704	-	11
Other	110,228	106,921	-	8,984	55,815	4,470	-	47,158
Total revenues	116,373	807,930	23,752	858,976	75,815	519,730	5,000	907,017
Expenses and losses								
Compensation	-	253,217	-	203,095	-	182,867	-	246,061
Administrative	120,762	164,201	23,788	132,510	75,815	89,679	5,001	121,528
Professional services	467	31,846	522	52,251	522	28,379	2,575	54,883
Depreciation and amortization	-	213,824	-	480,205	-	167,083	-	648,786
Grants	-	-	-	-	-	-	-	-
Facility	-	403,129	1,381	301,298	-	246,955	-	481,601
Interest and fees	-	46	-	60,291	819	60,320	-	77,964
Bad debts	-	31,258	-	2,848	-	10,704	-	8,242
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	2,896	-	37	-	27	-	73	-
Total expenses and losses	124,125	1,097,521	25,728	1,232,498	77,183	785,987	7,649	1,639,065
Excess (deficiency) of revenues over expenses	(7,752)	(289,591)	(1,976)	(373,522)	(1,368)	(266,257)	(2,649)	(732,048)
Net assets at beginning of year	(214,304)	(2,958,899)	5,352,530	7,569,345	507,472	2,046,384	583,359	11,710,845
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ (222,056)	\$ (3,248,490)	\$ 5,350,554	\$ 7,195,823	\$ 506,104	\$ 1,780,127	\$ 580,710	\$ 10,978,797

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year ended December 31, 2015

	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
	Countryside Seniors, LLC						
Revenues							
Rent - net of vacancies	\$ -	\$ 525,816	\$ -	\$ 700,083	\$ -	\$ 4,307,553	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	5,000	-	2,039	-	15,187	-	23,509
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	1,647	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	376	-	375	-	1,866	-
Other	-	5,910	-	69,450	-	35,834	-
Total revenues	<u>5,000</u>	<u>532,102</u>	<u>2,039</u>	<u>771,555</u>	<u>15,187</u>	<u>4,345,253</u>	<u>23,509</u>
Expenses and losses							
Compensation	-	122,532	-	181,947	-	756,141	-
Administrative	4,999	73,948	2,039	96,322	15,187	282,178	23,509
Professional services	2,848	8,232	1,069	47,944	2,575	57,424	1,025
Depreciation and amortization	-	538,269	-	493,583	-	2,110,356	-
Grants	-	-	-	-	-	-	-
Facility	-	228,945	-	351,702	-	1,341,158	-
Interest and fees	-	135,446	-	100,272	-	1,423,121	-
Bad debts	-	345	-	1,185	-	6,521	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	58	-	50	-	164	-	79
Total expenses and losses	<u>7,905</u>	<u>1,107,717</u>	<u>3,158</u>	<u>1,272,955</u>	<u>17,926</u>	<u>5,976,899</u>	<u>24,613</u>
Excess (deficiency) of revenues over expenses	<u>(2,905)</u>	<u>(575,615)</u>	<u>(1,119)</u>	<u>(501,400)</u>	<u>(2,739)</u>	<u>(1,631,646)</u>	<u>(1,104)</u>
Net assets at beginning of year	2,995,066	7,313,874	(9,797)	6,843,081	2,984,994	13,803,206	(7,805)
Other transfers to (from) net assets	-	-	-	(1,689)	-	-	-
Net assets at end of year	<u>\$ 2,992,161</u>	<u>\$ 6,738,259</u>	<u>\$ (10,916)</u>	<u>\$ 6,339,992</u>	<u>\$ 2,982,255</u>	<u>\$ 12,171,560</u>	<u>\$ (8,909)</u>
							<u>\$ 16,355,065</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year ended December 31, 2015

	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	\$ -	\$ 2,387,489	\$ -	\$ -	\$ -	\$ -	\$ 1,129,562	\$ 578,805
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	40,500	-	-	11,523	-	-
Philanthropy	-	-	-	-	-	-	-	126,697
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	6,110	-	-	-	1	-	27,561
Other	-	18,741	-	-	-	-	25,943	153,184
Total revenues	<u>-</u>	<u>2,412,340</u>	<u>40,500</u>	<u>-</u>	<u>-</u>	<u>11,524</u>	<u>1,155,505</u>	<u>886,247</u>
Expenses and losses								
Compensation	-	552,611	-	-	-	-	138,484	265,359
Administrative	308	196,645	309	-	51	-	118,352	119,325
Professional services	2,539	74,993	989	2,539	6,065	989	11,513	71,162
Depreciation and amortization	-	785,038	-	-	-	-	154,173	128,835
Grants	-	-	-	-	-	-	-	93,500
Facility	-	1,149,733	-	-	-	1,884	461,419	540,004
Interest and fees	-	449,371	-	-	-	-	13,432	1,587
Bad debts	-	-	-	-	-	-	17,509	12,986
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	80	-	791,177	1	-	(12,031)	-	-
Total expenses and losses	<u>2,927</u>	<u>3,208,391</u>	<u>792,475</u>	<u>2,540</u>	<u>6,116</u>	<u>(9,158)</u>	<u>914,882</u>	<u>1,232,758</u>
Excess (deficiency) of revenues over expenses	(2,927)	(796,051)	(751,975)	(2,540)	(6,116)	20,682	240,623	(346,511)
Net assets at beginning of year	116,191	9,543,585	(6,032,219)	(3,090)	(2,585)	354,992	7,004,360	3,078,773
Other transfers to (from) net assets	-	-	(797,837)	-	-	(14,044)	(4,724,137)	-
Net assets at end of year	<u>\$ 113,264</u>	<u>\$ 8,747,534</u>	<u>\$ (7,582,031)</u>	<u>\$ (5,630)</u>	<u>\$ (8,701)</u>	<u>\$ 361,630</u>	<u>\$ 2,520,846</u>	<u>\$ 2,732,262</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year ended December 31, 2015

	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 GP	Danville Veterans Housing, LLC	Greenwich Park Apartments MM, LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 353,911	\$ -	\$ 686,072	\$ 1,005,543	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	39,886	62	61,985	89	7	-	-	-
Other	-	6,821	-	25,091	48,493	-	-	-
Total revenues	39,886	360,794	61,985	711,252	1,054,043	-	-	-
Expenses and losses								
Compensation	-	76,501	-	221,819	111,148	-	-	-
Administrative	-	37,113	114	104,267	91,422	-	3,807	-
Professional services	1,014	9,939	989	41,212	11,926	55	4,399	-
Depreciation and amortization	-	155,990	-	547,965	176,058	-	-	-
Grants	-	-	-	-	-	-	-	-
Facility	-	133,552	-	373,515	722,146	-	-	-
Interest and fees	-	101,525	-	132,633	307,810	-	-	-
Bad debts	-	5,656	-	-	18,927	-	-	-
Provision for impaired assets	39,886	-	61,985	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	16	-	71	-	-	1	-	1
Total expenses and losses	40,916	520,276	63,159	1,421,411	1,439,437	56	8,206	1
Excess (deficiency) of revenues over expenses	(1,030)	(159,482)	(1,174)	(710,159)	(385,394)	(56)	(8,206)	(1)
Net assets at beginning of year	662,693	1,827,678	10,322,989	13,500,433	(282,481)	-	-	-
Other transfers to (from) net assets	-	-	-	-	-	-	2,173,889	-
Net assets at end of year	\$ 661,663	\$ 1,668,196	\$ 10,321,815	\$ 12,790,274	\$ (667,875)	\$ (56)	\$ 2,165,683	\$ (1)

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year ended December 31, 2015

	Greenwich Park Apartments, LLC	Mercy Sterling NFP	New Sterling Park MM LLC	New Sterling Park, LLC	Eliminations	Consolidated Mercy Housing Lakefront
Revenues						
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ (1,100,642)	\$ 22,637,629
Developer fees	-	-	-	-	(1,541,336)	1,449,102
Services fees	-	-	-	-	(880,749)	115,026
Philanthropy	-	-	-	-	(93,500)	5,991,396
Capital grants	-	-	-	-	-	1,086,647
Consulting	-	-	-	-	-	50
Interest	851	-	-	-	(769,997)	95,429
Other	(3,872)	-	-	-	(872,891)	677,117
Total revenues	<u>(3,021)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,259,115)</u>	<u>32,052,396</u>
Expenses and losses						
Compensation	-	-	-	-	-	10,083,220
Administrative	245	-	-	-	(376,261)	3,682,634
Professional services	4,399	1,550	55	-	(612,983)	1,434,767
Depreciation and amortization	-	-	-	-	(482,809)	9,195,215
Grants	-	-	-	-	(1,478,015)	129,544
Facility	-	-	-	-	(16,140)	11,063,123
Interest and fees	-	-	-	-	(833,303)	2,868,024
Bad debts	-	-	-	-	(852,701)	135,759
Provision for impaired assets	-	-	-	-	(718,368)	439,214
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	1,783,026
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	28	-	-	(911,573)	116,633
Total expenses and losses	<u>4,644</u>	<u>1,578</u>	<u>55</u>	<u>-</u>	<u>(6,282,153)</u>	<u>40,931,159</u>
Excess (deficiency) of revenues over expenses	<u>(7,665)</u>	<u>(1,578)</u>	<u>(55)</u>	<u>-</u>	<u>1,023,038</u>	<u>(8,878,763)</u>
Net assets at beginning of year	-	-	-	-	(10,856,491)	119,515,444
Other transfers to (from) net assets	209,328	50	50	3,998,000	972,175	1,576,766
Net assets at end of year	<u>\$ 201,663</u>	<u>\$ (1,528)</u>	<u>\$ (5)</u>	<u>\$ 3,998,000</u>	<u>\$ (8,861,278)</u>	<u>\$ 112,213,447</u>

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2015

	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
Assets								
Current assets								
Cash and cash equivalents	\$ 12,481	\$ 3,089	\$ 7,224	\$ 5	\$ 2,258	\$ 71,083	\$ 10,470	\$ 73,722
Cash, tenant security deposits	-	13,527	9,648	-	11,637	18,135	-	9,399
Cash, restricted	427,449	-	2,570	-	-	37,944	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	250,000	-	-	-	-	-	-	-
Accounts receivable, net	13,812	3,329	1,736	-	-	24,393	-	8,897
Due from affiliate, net	1,855,758	-	-	-	-	743	85,738	-
Pledges receivable, net	48,876	-	-	-	-	-	-	-
Grants receivable	2,993,904	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	4,601,469	-	-	-	-	-	-	-
Prepaid expenses and other assets	38,216	6,365	5,032	380	5,193	12,876	-	15,892
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	10,241,965	26,310	26,210	385	19,088	165,174	96,208	107,910
Property and equipment								
Land and land improvements	-	-	49,640	15,789	241,500	317,000	-	2,076,465
Buildings	-	3,290,176	1,786,257	297,827	3,539,038	5,919,280	-	7,593,034
Furniture and equipment	58,966	60,348	14,714	4,596	108,319	112,202	-	1,095,585
Predevelopment project costs	167,654	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(27,378)	(1,340,384)	(740,366)	(112,241)	(1,189,742)	(1,655,146)	-	(2,341,092)
Net property and equipment	199,242	2,010,140	1,110,245	205,971	2,699,115	4,693,336	-	8,423,992
Other long-term assets								
Restricted property reserves	-	119,283	67,867	-	155,313	86,202	-	824,731
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	1,150,000	-	-	-	-	-	-	-
Due from affiliates	1,684,309	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	(54,515)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	2,876,210	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	1,776	-	34,902	-	159,282
Total other long-term assets	5,710,519	119,283	67,867	1,776	155,313	121,104	(54,515)	984,013
Total assets	\$ 16,151,726	\$ 2,155,733	\$ 1,204,322	\$ 208,132	\$ 2,873,516	\$ 4,979,614	\$ 41,693	\$ 9,515,915

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2015

	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
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 214,567	\$ 41,965	\$ 47,210	\$ 5,854	\$ 59,790	\$ 49,271	\$ -	\$ 82,595
Due to affiliates	13,734,318	54,562	70,347	-	-	-	8,296	85,738
Accrued interest	-	-	-	387	-	-	-	661
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	6,408	-	-	-	42,307
Current portion of notes payable, affiliates	929,534	-	-	88,720	-	-	-	-
Deferred revenue and other liabilities	-	8	23	-	-	1,085	-	849
Tenant security deposits	-	13,027	9,115	-	11,624	17,272	-	8,915
Total current liabilities	14,878,419	109,562	126,695	101,369	71,414	67,628	8,296	221,065
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	22,049
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	122,034	-	-	-	3,350,235
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	50,315	-	-	-	-	-	-	-
Total long-term liabilities	50,315	-	-	122,034	-	-	-	3,372,284
Total liabilities	14,928,734	109,562	126,695	223,403	71,414	67,628	8,296	3,593,349
Net assets								
Unrestricted net assets, controlling	(6,150,860)	(371,650)	(269,995)	(15,271)	(382,443)	(214,668)	33,397	5,922,566
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(6,150,860)	(371,650)	(269,995)	(15,271)	(382,443)	(214,668)	33,397	5,922,566
Temporarily restricted net assets	7,373,852	2,417,821	1,347,622	-	3,184,545	5,126,654	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,222,992	2,046,171	1,077,627	(15,271)	2,802,102	4,911,986	33,397	5,922,566
Total liabilities and net assets	\$ 16,151,726	\$ 2,155,733	\$ 1,204,322	\$ 208,132	\$ 2,873,516	\$ 4,979,614	\$ 41,693	\$ 9,515,915

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 3,658	\$ 3,850	\$ 6,136	\$ 2,264	\$ 4,177	\$ 2,324	\$ 2,406	\$ 2,574
Cash, tenant security deposits	8,951	8,246	8,014	12,809	11,500	16,122	17,677	19,282
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	510	3,767	698	10,500	10,566	8,689	2,911	1,953
Due from affiliate, net	3,535	41	-	1,533	1,872	3,970	-	-
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	4,631	5,749	5,370	6,468	5,094	6,512	6,688	7,900
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	21,285	21,653	20,218	33,574	33,209	37,617	29,682	31,709
Property and equipment								
Land and land improvements	80,000	108,170	55,000	75,000	84,000	109,340	130,000	298,801
Buildings	2,195,984	1,682,259	1,724,242	2,394,849	2,494,449	2,568,578	2,792,144	3,166,834
Furniture and equipment	26,135	38,215	43,901	29,392	25,000	48,957	59,232	86,983
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(636,825)	(680,473)	(676,620)	(866,318)	(832,589)	(1,052,127)	(1,318,673)	(1,215,577)
Net property and equipment	1,665,294	1,148,171	1,146,523	1,632,923	1,770,860	1,674,748	1,662,703	2,337,041
Other long-term assets								
Restricted property reserves	82,071	54,069	60,977	166,113	150,469	139,264	86,704	54,661
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	82,071	54,069	60,977	166,113	150,469	139,264	86,704	54,661
Total assets	\$ 1,768,650	\$ 1,223,893	\$ 1,227,718	\$ 1,832,610	\$ 1,954,538	\$ 1,851,629	\$ 1,779,089	\$ 2,423,411

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 22,625	\$ 30,654	\$ 19,400	\$ 41,012	\$ 30,574	\$ 36,989	\$ 32,556	\$ 36,161
Due to affiliates	21	2,017	1,538	3,970	930	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,662	1,206	1,235	548	437	1,118	1,227	-
Tenant security deposits	7,732	9,518	8,005	12,661	11,249	15,777	17,156	18,422
Total current liabilities	32,040	43,395	30,178	58,191	43,190	53,884	50,939	54,583
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	-	-	-	1,406	1,687	2,044	-	-
Total long-term liabilities	-	-	-	1,406	1,687	2,044	-	-
Total liabilities	32,040	43,395	30,178	59,597	44,877	55,928	50,939	54,583
Net assets								
Unrestricted net assets, controlling	226,931	150,699	186,621	414,917	409,805	326,864	360,469	473,816
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	226,931	150,699	186,621	414,917	409,805	326,864	360,469	473,816
Temporarily restricted net assets	1,509,679	1,029,799	1,010,919	1,358,096	1,499,856	1,468,837	1,367,681	1,895,012
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,736,610	1,180,498	1,197,540	1,773,013	1,909,661	1,795,701	1,728,150	2,368,828
Total liabilities and net assets	\$ 1,768,650	\$ 1,223,893	\$ 1,227,718	\$ 1,832,610	\$ 1,954,538	\$ 1,851,629	\$ 1,779,089	\$ 2,423,411

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 2,397	\$ 21,408	\$ 11,168	\$ 5,969	\$ 6,988	\$ 4,793	\$ 5,812	\$ 39,312
Cash, tenant security deposits	13,589	15,819	12,540	10,155	9,471	16,503	17,821	10,622
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	1,376	5,147	14,517	5,057	1,528	4,121	1,295	102,723
Due from affiliate, net	-	-	-	-	-	99	-	1,428
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	6,992	5,534	7,737	4,693	5,024	7,058	6,472	5,975
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>24,354</u>	<u>47,908</u>	<u>45,962</u>	<u>25,874</u>	<u>23,011</u>	<u>32,574</u>	<u>31,400</u>	<u>160,060</u>
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	2,149,273	2,250,741	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	26,774	314,277
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(1,096,786)</u>	<u>(1,299,788)</u>	<u>(1,745,009)</u>	<u>(724,798)</u>	<u>(742,619)</u>	<u>(1,602,887)</u>	<u>(1,539,154)</u>	<u>(563,819)</u>
Net property and equipment	<u>2,266,191</u>	<u>1,803,707</u>	<u>573,150</u>	<u>1,668,939</u>	<u>575,151</u>	<u>431,960</u>	<u>1,467,078</u>	<u>3,469,717</u>
Other long-term assets								
Restricted property reserves	68,165	64,026	193,418	244,021	30,706	40,865	127,183	249,516
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	-	-	72,653	-	-	-	-	6,883
Total other long-term assets	<u>68,165</u>	<u>64,026</u>	<u>266,071</u>	<u>244,021</u>	<u>30,706</u>	<u>40,865</u>	<u>127,183</u>	<u>256,399</u>
Total assets	<u>\$ 2,358,710</u>	<u>\$ 1,915,641</u>	<u>\$ 885,183</u>	<u>\$ 1,938,834</u>	<u>\$ 628,868</u>	<u>\$ 505,399</u>	<u>\$ 1,625,661</u>	<u>\$ 3,886,176</u>

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 35,975	\$ 143,974	\$ 84,898	\$ 90,544	\$ 34,360	\$ 76,033	\$ 91,840	\$ 151,783
Due to affiliates	-	-	-	-	-	2,000	99	38,189
Accrued interest	-	-	7,967	-	-	10,473	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	20,637	-	-	49,062	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,447	59	2,000	709	544	933	607	639
Tenant security deposits	12,973	16,167	11,622	8,887	9,646	16,181	16,045	9,807
Total current liabilities	50,395	160,200	127,124	100,140	44,550	154,682	108,591	200,418
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	1,461,526	18,000	-	1,347,285	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	640	-	-	922	960	-
Total long-term liabilities	-	-	1,462,166	18,000	-	1,348,207	960	-
Total liabilities	50,395	160,200	1,589,290	118,140	44,550	1,502,889	109,551	200,418
Net assets								
Unrestricted net assets, controlling	289,738	347,145	(704,107)	584,329	55,315	(997,490)	241,360	(132,745)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	289,738	347,145	(704,107)	584,329	55,315	(997,490)	241,360	(132,745)
Temporarily restricted net assets	2,018,577	1,408,296	-	1,236,365	529,003	-	1,274,750	3,818,503
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,308,315	1,755,441	(704,107)	1,820,694	584,318	(997,490)	1,516,110	3,685,758
Total liabilities and net assets	\$ 2,358,710	\$ 1,915,641	\$ 885,183	\$ 1,938,834	\$ 628,868	\$ 505,399	\$ 1,625,661	\$ 3,886,176

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2015

	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
Assets			
Current assets			
Cash and cash equivalents	\$ 865,378	\$ -	\$ 1,170,946
Cash, tenant security deposits	326,234	-	597,701
Cash, restricted	3,412,827	-	3,880,790
Investments	-	-	-
Investments, restricted	-	-	250,000
Accounts receivable, net	188,343	1,303	417,171
Due from affiliate, net	3,671	(1,954,236)	4,152
Pledges receivable, net	-	-	48,876
Grants receivable	-	-	2,993,904
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	(4,365,336)	236,133
Prepaid expenses and other assets	286,890	-	468,741
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	<u>5,083,343</u>	<u>(6,318,269)</u>	<u>10,068,414</u>
Property and equipment			
Land and land improvements	23,617,173	-	28,742,483
Buildings	146,874,219	(7,886,010)	199,252,867
Furniture and equipment	5,287,298	-	8,366,284
Predevelopment project costs	-	-	167,654
Construction in progress	5,192,581	(42,149)	5,150,432
Accumulated depreciation	<u>(32,839,301)</u>	<u>1,463,292</u>	<u>(55,376,420)</u>
Net property and equipment	<u>148,131,970</u>	<u>(6,464,867)</u>	<u>186,303,300</u>
Other long-term assets			
Restricted property reserves	7,665,903	-	10,731,527
Long-term investments	-	-	-
Long-term investments, restricted	-	-	1,150,000
Due from affiliates	-	(1,383,641)	300,668
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	54,515	-
Notes and interest receivable, net	-	-	-
Notes and interest receivable, affiliates	-	(2,788,114)	88,096
Allowance for impaired assets	-	-	-
Other assets, net	<u>4,237,176</u>	<u>-</u>	<u>4,512,672</u>
Total other long-term assets	<u>11,903,079</u>	<u>(4,117,240)</u>	<u>16,782,963</u>
Total assets	<u>\$ 165,118,392</u>	<u>\$ (16,900,376)</u>	<u>\$ 213,154,677</u>

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2015

	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 4,380,577	\$ (67,164)	\$ 5,774,043
Due to affiliates	6,619,895	(5,779,085)	14,842,835
Accrued interest	136,838	-	156,326
Accrued interest, affiliates	-	-	-
Current portion of notes payable	9,108,242	-	9,226,656
Current portion of notes payable, affiliates	3,810,031	(3,898,752)	929,533
Deferred revenue and other liabilities	115,452	-	131,788
Tenant security deposits	322,042	-	583,843
Total current liabilities	24,493,077	(9,745,001)	31,645,024
Long-term liabilities			
Due to affiliates	-	-	-
Accrued interest	343,507	-	365,556
Accrued interest, affiliates	14,154	(14,154)	-
Notes payable, less current portion, net	62,164,570	-	68,463,650
Notes payable, less current portion, affiliates	2,773,960	(2,773,960)	-
Deferred revenue and other liabilities	7,914,924	(7,258,398)	714,500
Total long-term liabilities	73,211,115	(10,046,512)	69,543,706
Total liabilities	97,704,192	(19,791,513)	101,188,730
Net assets			
Unrestricted net assets, controlling	67,367,528	2,891,137	71,043,408
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	67,367,528	2,891,137	71,043,408
Temporarily restricted net assets	46,672	-	40,922,539
Permanently restricted net assets	-	-	-
Total net assets	67,414,200	2,891,137	111,965,947
Total liabilities and net assets	\$ 165,118,392	\$ (16,900,376)	\$ 213,154,677

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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
Revenues								
Rent - net of vacancies	\$ -	\$ 248,353	\$ 175,825	\$ -	\$ 297,155	\$ 325,814	\$ -	\$ 857,899
Developer fees	1,645,620	-	-	-	-	-	-	-
Services fees	316,536	-	-	-	-	-	151,690	-
Philanthropy	225,949	-	-	-	-	-	-	-
Capital grants	5,449,100	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	49,099	-	37	-	46	1,208	-	198
Other	181,401	4,263	7,947	-	2,839	5,984	-	16,137
Total revenues	7,867,705	252,616	183,809	-	300,040	333,006	151,690	874,234
Expenses and losses								
Compensation	1,081,348	115,341	82,549	-	133,868	148,182	-	151,273
Administrative	222,378	48,094	37,755	50	56,637	69,047	9,466	263,226
Professional services	100,759	7,557	7,981	2,553	8,348	10,487	2,539	71,008
Depreciation and amortization	8,424	120,720	63,659	11,814	130,123	229,128	-	472,772
Grants	965,140	-	-	-	-	-	65,949	-
Facility	86,949	71,299	75,495	791	105,066	123,083	-	229,921
Interest and fees	242,581	272	-	8,689	12	5	-	65,979
Bad debts	606,695	(50)	-	-	-	-	-	17
Provision for impaired assets	15,960	-	-	-	-	-	-	-
Project expenses	180,660	-	-	-	-	-	-	-
Allocation	431,841	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	34	-
Total expenses and losses	3,942,735	363,233	267,439	23,897	434,054	579,932	77,988	1,254,196
Excess (deficiency) of revenues over expenses	3,924,970	(110,617)	(83,630)	(23,897)	(134,014)	(246,926)	73,702	(379,962)
Net assets at beginning of year	(1,921,591)	2,156,788	1,161,257	8,626	2,936,116	5,158,912	(40,305)	6,319,015
Other transfers to (from) net assets	(780,387)	-	-	-	-	-	-	(16,487)
Net assets at end of year	\$ 1,222,992	\$ 2,046,171	\$ 1,077,627	\$ (15,271)	\$ 2,802,102	\$ 4,911,986	\$ 33,397	\$ 5,922,566

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ 200,300	\$ 196,740	\$ 172,640	\$ 224,809	\$ 225,145	\$ 277,373	\$ 256,963	\$ 269,424
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	18	12	27	247	221	208	19	13
Other	35,951	57,846	32,833	106,783	105,708	103,941	22,170	17,735
Total revenues	<u>236,269</u>	<u>254,598</u>	<u>205,500</u>	<u>331,839</u>	<u>331,074</u>	<u>381,522</u>	<u>279,152</u>	<u>287,172</u>
Expenses and losses								
Compensation	39,484	51,319	36,808	79,786	79,422	68,385	76,967	80,016
Administrative	43,076	43,489	46,154	46,980	34,606	54,541	51,755	51,940
Professional services	9,372	10,746	9,372	11,156	7,603	7,437	8,404	7,437
Depreciation and amortization	67,114	52,935	52,998	72,745	73,612	76,691	88,803	83,188
Grants	-	-	-	-	-	-	-	-
Facility	85,649	116,871	77,078	54,403	56,253	120,298	135,735	136,362
Interest and fees	-	-	-	63	63	1,574	-	87
Bad debts	-	-	-	1,037	78	-	27	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>244,695</u>	<u>275,360</u>	<u>222,410</u>	<u>266,170</u>	<u>251,637</u>	<u>328,926</u>	<u>361,691</u>	<u>359,030</u>
Excess (deficiency) of revenues over expenses	(8,426)	(20,762)	(16,910)	65,669	79,437	52,596	(82,539)	(71,858)
Net assets at beginning of year	1,745,036	1,201,260	1,214,450	1,707,344	1,830,224	1,743,105	1,810,689	2,440,686
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 1,736,610</u>	<u>\$ 1,180,498</u>	<u>\$ 1,197,540</u>	<u>\$ 1,773,013</u>	<u>\$ 1,909,661</u>	<u>\$ 1,795,701</u>	<u>\$ 1,728,150</u>	<u>\$ 2,368,828</u>

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ 277,100	\$ 388,078	\$ 435,745	\$ 256,889	\$ 199,283	\$ 447,681	\$ 300,763	\$ 184,902
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	17	13	59	76	7	81	343	88
Other	125,846	55,295	37,844	6,524	74,061	36,685	40,003	2,507
Total revenues	402,963	443,386	473,648	263,489	273,351	484,447	341,109	187,497
Expenses and losses								
Compensation	80,759	128,651	69,819	54,528	58,803	88,485	90,425	71,802
Administrative	51,709	52,624	38,826	45,649	29,766	42,079	57,261	59,078
Professional services	8,404	10,087	8,552	7,437	9,984	13,832	9,861	7,349
Depreciation and amortization	84,564	84,235	62,781	65,764	38,862	40,107	103,444	166,030
Grants	-	-	-	-	-	-	-	-
Facility	152,421	188,182	178,118	160,849	104,722	182,223	175,922	88,280
Interest and fees	11	-	96,316	50	73	127,605	126	-
Bad debts	(5)	3,351	-	2,304	234	-	148	2,658
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	(8,045)
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	377,863	467,130	454,412	336,581	242,444	494,331	437,187	387,152
Excess (deficiency) of revenues over expenses	25,100	(23,744)	19,236	(73,092)	30,907	(9,884)	(96,078)	(199,655)
Net assets at beginning of year	2,283,215	1,779,185	(723,343)	1,893,786	553,411	(987,606)	1,612,188	3,885,413
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 2,308,315	\$ 1,755,441	\$ (704,107)	\$ 1,820,694	\$ 584,318	\$ (997,490)	\$ 1,516,110	\$ 3,685,758

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
Revenues			
Rent - net of vacancies	\$ 12,182,220	\$ -	\$ 18,401,101
Developer fees	-	(119,453)	1,526,167
Services fees	-	(468,226)	-
Philanthropy	-	-	225,949
Capital grants	-	-	5,449,100
Consulting	-	-	-
Interest	11,264	(18,189)	45,112
Other	638,343	(1,196,992)	521,654
Total revenues	<u>12,831,827</u>	<u>(1,802,860)</u>	<u>26,169,083</u>
Expenses and losses			
Compensation	2,393,040	-	5,261,060
Administrative	1,947,192	(254,307)	3,149,071
Professional services	545,416	(316,536)	587,145
Depreciation and amortization	6,879,542	(274,392)	8,855,663
Grants	-	(848,320)	182,769
Facility	5,248,867	-	7,954,837
Interest and fees	2,623,213	(99,638)	3,067,081
Bad debts	120,839	(454,934)	282,399
Provision for impaired assets	-	-	15,960
Project expenses	-	-	180,660
Allocation	-	-	431,841
(Gain) loss on sale of assets	-	-	(8,045)
(Gain) loss on investment in limited partnership	-	(34)	-
Total expenses and losses	<u>19,758,109</u>	<u>(2,248,161)</u>	<u>29,960,441</u>
Excess (deficiency) of revenues over expenses	<u>(6,926,282)</u>	<u>445,301</u>	<u>(3,791,358)</u>
Net assets at beginning of year	67,212,861	1,657,371	108,638,093
Other transfers to (from) net assets	7,127,621	788,465	7,119,212
Net assets at end of year	<u>\$ 67,414,200</u>	<u>\$ 2,891,137</u>	<u>\$ 111,965,947</u>

Mercy Community Housing Georgia, Inc.
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	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 I)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 29,116	\$ 17,759	\$ 53,139	\$ 346,094	\$ -	\$ 15,604	\$ 93,365
Cash, tenant security deposits	-	23,783	19,763	7,701	637	-	17,658	33,300
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	3,412	1,067	3,962	13,330	-	595	8,527
Due from affiliate, net	176,190	-	-	-	-	203,182	14	5,743
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	-	18,918	13,837	13,565	43,628	-	15,872	17,881
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>176,190</u>	<u>75,229</u>	<u>52,426</u>	<u>78,367</u>	<u>403,689</u>	<u>203,182</u>	<u>49,743</u>	<u>158,816</u>
Property and equipment								
Land and land improvements	-	535,412	979,190	743,196	140,506	-	667,047	2,777,550
Buildings	-	1,207,510	7,993,781	5,425,251	16,121,590	-	6,610,246	10,036,962
Furniture and equipment	-	10,527	98,271	204,852	449,671	-	405,415	855,093
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(690,617)	(3,303,706)	(2,203,507)	(4,615,453)	-	(1,935,393)	(2,385,139)
Net property and equipment	<u>-</u>	<u>1,062,832</u>	<u>5,767,536</u>	<u>4,169,792</u>	<u>12,096,314</u>	<u>-</u>	<u>5,747,315</u>	<u>11,284,466</u>
Other long-term assets								
Restricted property reserves	-	209,602	80,914	152,428	264,412	-	583,996	368,758
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(14,639)	-	-	-	-	(16,950)	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	2,916	59,577	101,546	307,861	-	64,600	370,422
Total other long-term assets	<u>(14,639)</u>	<u>212,518</u>	<u>140,491</u>	<u>253,974</u>	<u>572,273</u>	<u>(16,950)</u>	<u>648,596</u>	<u>739,180</u>
Total assets	<u>\$ 161,551</u>	<u>\$ 1,350,579</u>	<u>\$ 5,960,453</u>	<u>\$ 4,502,133</u>	<u>\$ 13,072,276</u>	<u>\$ 186,232</u>	<u>\$ 6,445,654</u>	<u>\$ 12,182,462</u>

Mercy Community Housing Georgia, Inc.
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	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 I)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 50	\$ 164,656	\$ 121,732	\$ 36,026	\$ 206,026	\$ -	\$ 142,828	\$ 40,599
Due to affiliates	90,287	785,365	280,130	76,190	-	184,560	203,182	75,812
Accrued interest	-	604	4,364	5,639	13,478	-	1,804	5,924
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	14,603	37,423	15,268	34,736	-	66,073	12,234
Current portion of notes payable, affiliates	-	-	87,646	-	-	-	-	-
Deferred revenue and other liabilities	-	2,739	4,619	2,021	6,195	-	4,158	22,464
Tenant security deposits	-	23,282	18,915	7,200	600	-	18,397	32,900
Total current liabilities	90,337	991,249	554,829	142,344	261,035	184,560	436,442	189,933
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	264,590	-	-	8,098
Accrued interest, affiliates	-	-	-	2,598	-	-	-	-
Notes payable, less current portion, net	-	382,670	947,514	870,065	7,835,513	-	431,603	5,216,864
Notes payable, less current portion, affiliates	-	-	-	56,107	-	-	-	-
Deferred revenue and other liabilities	-	-	761,816	-	-	-	131,403	234,404
Total long-term liabilities	-	382,670	1,709,330	928,770	8,100,103	-	563,006	5,459,366
Total liabilities	90,337	1,373,919	2,264,159	1,071,114	8,361,138	184,560	999,448	5,649,299
Net assets								
Unrestricted net assets, controlling	24,542	(23,340)	3,696,294	3,431,019	4,711,138	1,672	5,446,206	6,533,163
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	24,542	(23,340)	3,696,294	3,431,019	4,711,138	1,672	5,446,206	6,533,163
Temporarily restricted net assets	46,672	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	71,214	(23,340)	3,696,294	3,431,019	4,711,138	1,672	5,446,206	6,533,163
Total liabilities and net assets	\$ 161,551	\$ 1,350,579	\$ 5,960,453	\$ 4,502,133	\$ 13,072,276	\$ 186,232	\$ 6,445,654	\$ 12,182,462

Mercy Community Housing Georgia, Inc.
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	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	\$ -	\$ 29,333	\$ -	\$ 8,256	\$ -	\$ 112,990	\$ -	\$ 5,043
Cash, tenant security deposits	-	18,306	-	56,718	-	20,359	-	16,228
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	7,313	-	42,522	-	7,359	-	13,374
Due from affiliate, net	-	-	-	-	87,500	-	-	-
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	-	17,082	-	66,607	-	16,148	-	12,039
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	72,034	-	174,103	87,500	156,856	-	46,684
Property and equipment								
Land and land improvements	-	2,630,109	-	2,156,146	-	2,689,193	-	1,096,699
Buildings	-	7,514,011	-	37,785,435	-	9,604,449	-	7,965,927
Furniture and equipment	-	186,212	-	820,269	-	609,293	-	132,528
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,451,748)	-	(9,453,001)	-	(1,622,106)	-	(1,269,098)
Net property and equipment	-	7,878,584	-	31,308,849	-	11,280,829	-	7,926,056
Other long-term assets								
Restricted property reserves	-	257,684	-	2,293,717	-	589,711	-	162,022
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(37)	-	(1,578)	-	(48)	-	867	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	161,350	-	1,137,175	-	429,823	-	109,317
Total other long-term assets	(37)	419,034	(1,578)	3,430,892	(48)	1,019,534	867	271,339
Total assets	\$ (37)	\$ 8,369,652	\$ (1,578)	\$ 34,913,844	\$ 87,452	\$ 12,457,219	\$ 867	\$ 8,244,079

Mercy Community Housing Georgia, Inc.
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	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	\$ -	\$ 57,726	\$ -	\$ 671,067	\$ -	\$ 41,363	\$ -	\$ 39,447
Due to affiliates	18,032	-	17,534	2,680,556	102,969	87,500	10,843	46,342
Accrued interest	-	7,025	-	-	-	21,325	-	1,236
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	108,027	-	-	-	44,574	-	44,075
Current portion of notes payable, affiliates	-	-	-	2,899,304	-	24,053	-	-
Deferred revenue and other liabilities	-	4,546	-	39,801	-	3,933	-	4,059
Tenant security deposits	-	18,000	-	56,605	-	19,822	-	15,511
Total current liabilities	18,032	195,324	17,534	6,347,333	102,969	242,570	10,843	150,670
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	27,309	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	2,581,946	-	17,795,322	-	5,352,606	-	1,410,856
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	83,012	-	5,146,338	-	528,972	-	108,456
Total long-term liabilities	-	2,664,958	-	22,941,660	-	5,908,887	-	1,519,312
Total liabilities	18,032	2,860,282	17,534	29,288,993	102,969	6,151,457	10,843	1,669,982
Net assets								
Unrestricted net assets, controlling	(18,069)	5,509,370	(19,112)	5,624,851	(15,517)	6,305,762	(9,976)	6,574,097
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(18,069)	5,509,370	(19,112)	5,624,851	(15,517)	6,305,762	(9,976)	6,574,097
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(18,069)	5,509,370	(19,112)	5,624,851	(15,517)	6,305,762	(9,976)	6,574,097
Total liabilities and net assets	\$ (37)	\$ 8,369,652	\$ (1,578)	\$ 34,913,844	\$ 87,452	\$ 12,457,219	\$ 867	\$ 8,244,079

Mercy Community Housing Georgia, Inc.
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	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	\$ -	\$ 1,472	\$ -	\$ 104,569	\$ -	\$ -	\$ -	\$ 20,250
Cash, tenant security deposits	-	9,928	-	27,500	-	-	-	-
Cash, restricted	-	-	-	-	-	455,394	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	19,104	-	-	-	-
Due from affiliate, net	-	3,561	18,176	1,332	-	-	6,000	-
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	-	5,682	-	13,120	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	20,643	18,176	165,625	-	455,394	6,000	20,250
Property and equipment								
Land and land improvements	-	1,538,810	-	1,952,981	-	794,013	-	-
Buildings	-	3,537,855	-	8,980,849	-	-	-	-
Furniture and equipment	-	307,389	-	185,308	-	-	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	5,192,581	-	-
Accumulated depreciation	-	(903,413)	-	(1,332,024)	-	-	-	-
Net property and equipment	-	4,480,641	-	9,787,114	-	5,986,594	-	-
Other long-term assets								
Restricted property reserves	-	164,791	-	400,604	-	1,453,219	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	487,059	-	(58,194)	-	1,257,424	-	23,250	77
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	145,366	-	314,414	-	372,574	-	-
Total other long-term assets	487,059	310,157	(58,194)	715,018	1,257,424	1,825,793	23,250	77
Total assets	\$ 487,059	\$ 4,811,441	\$ (40,018)	\$ 10,667,757	\$ 1,257,424	\$ 8,267,781	\$ 29,250	\$ 20,327

Mercy Community Housing Georgia, Inc.
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	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	\$ -	\$ 47,409	\$ -	\$ 35,105	\$ -	\$ 1,167,726	\$ -	\$ -
Due to affiliates	10,507	20,915	28,857	19,009	471,133	304,817	11,744	-
Accrued interest	-	2,151	-	13,559	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	14,122	-	34,152	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	940	-	284,356	-	-
Deferred revenue and other liabilities	-	10	-	12,265	-	-	-	-
Tenant security deposits	-	9,928	-	26,700	-	-	-	-
Total current liabilities	10,507	94,535	28,857	141,730	471,133	1,756,899	11,744	-
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	25,788	-	17,048	-	674	-	-
Accrued interest, affiliates	-	-	-	-	-	14,154	-	-
Notes payable, less current portion, net	-	2,573,846	-	3,032,130	-	1,629,130	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	2,773,960	-	-
Deferred revenue and other liabilities	-	6,355	-	-	-	27,995	-	-
Total long-term liabilities	-	2,605,989	-	3,049,178	-	4,445,913	-	-
Total liabilities	10,507	2,700,524	28,857	3,190,908	471,133	6,202,812	11,744	-
Net assets								
Unrestricted net assets, controlling	476,552	2,110,917	(68,875)	7,476,849	786,291	2,064,969	17,506	20,327
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	476,552	2,110,917	(68,875)	7,476,849	786,291	2,064,969	17,506	20,327
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	476,552	2,110,917	(68,875)	7,476,849	786,291	2,064,969	17,506	20,327
Total liabilities and net assets	\$ 487,059	\$ 4,811,441	\$ (40,018)	\$ 10,667,757	\$ 1,257,424	\$ 8,267,781	\$ 29,250	\$ 20,327

Mercy Community Housing Georgia, Inc.
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	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments, LLC	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ 19,334	\$ 2,099	\$ 6,955	\$ -	\$ 865,378
Cash, tenant security deposits	32,251	14,150	27,952	-	326,234
Cash, restricted	620,563	2,090,658	246,212	-	3,412,827
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	39,307	16,544	11,927	-	188,343
Due from affiliate, net	23,262	-	-	(521,289)	3,671
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	20,951	-	11,560	-	286,890
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>755,668</u>	<u>2,123,451</u>	<u>304,606</u>	<u>(521,289)</u>	<u>5,083,343</u>
Property and equipment					
Land and land improvements	2,552,166	1,692,672	671,483	-	23,617,173
Buildings	11,833,285	8,689,092	3,567,976	-	146,874,219
Furniture and equipment	680,351	342,119	-	-	5,287,298
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	5,192,581
Accumulated depreciation	<u>(444,047)</u>	<u>(89,167)</u>	<u>(140,882)</u>	<u>-</u>	<u>(32,839,301)</u>
Net property and equipment	<u>14,621,755</u>	<u>10,634,716</u>	<u>4,098,577</u>	<u>-</u>	<u>148,131,970</u>
Other long-term assets					
Restricted property reserves	477,777	-	206,268	-	7,665,903
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	(1,677,231)	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	<u>412,739</u>	<u>247,496</u>	<u>-</u>	<u>-</u>	<u>4,237,176</u>
Total other long-term assets	<u>890,516</u>	<u>247,496</u>	<u>206,268</u>	<u>(1,677,231)</u>	<u>11,903,079</u>
Total assets	<u>\$ 16,267,939</u>	<u>\$ 13,005,663</u>	<u>\$ 4,609,451</u>	<u>\$ (2,198,520)</u>	<u>\$ 165,118,392</u>

Mercy Community Housing Georgia, Inc.
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	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments, LLC	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 679,174	\$ 870,637	\$ 59,007	\$ -	\$ 4,380,578
Due to affiliates	590,171	1,108,612	51,400	(656,572)	6,619,895
Accrued interest	29,418	17,560	12,751	-	136,838
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	3,456,443	5,127,591	98,921	-	9,108,242
Current portion of notes payable, affiliates	504,696	9,036	-	-	3,810,031
Deferred revenue and other liabilities	6,150	818	1,673	-	115,451
Tenant security deposits	31,655	15,350	27,177	-	322,042
Total current liabilities	5,297,707	7,149,604	250,929	(656,572)	24,493,077
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	343,507
Accrued interest, affiliates	-	-	-	(2,598)	14,154
Notes payable, less current portion, net	5,311,334	2,184,000	4,609,171	-	62,164,570
Notes payable, less current portion, affiliates	-	-	-	(56,107)	2,773,960
Deferred revenue and other liabilities	886,173	-	-	-	7,914,924
Total long-term liabilities	6,197,507	2,184,000	4,609,171	(58,705)	73,211,115
Total liabilities	11,495,214	9,333,604	4,860,100	(715,277)	97,704,192
Net assets					
Unrestricted net assets, controlling	4,772,725	3,672,059	(250,649)	(1,483,243)	67,367,528
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	4,772,725	3,672,059	(250,649)	(1,483,243)	67,367,528
Temporarily restricted net assets	-	-	-	-	46,672
Permanently restricted net assets	-	-	-	-	-
Total net assets	4,772,725	3,672,059	(250,649)	(1,483,243)	67,414,200
Total liabilities and net assets	\$ 16,267,939	\$ 13,005,663	\$ 4,609,451	\$ (2,198,520)	\$ 165,118,392

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
For the Year ended December 31, 2015

	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)
Revenues								
Rent - net of vacancies	\$ -	\$ 517,610	\$ 382,462	\$ 422,713	\$ 2,025,151	\$ -	\$ 562,515	\$ 811,231
Developer fees	-	-	-	-	-	-	-	-
Services fees	24,500	-	-	-	-	42,949	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	281	175	2	59	116	-	2,607	52
Other	42,190	23,815	18,003	129	24,120	127,382	6,999	92,481
Total revenues	66,971	541,600	400,467	422,901	2,049,387	170,331	572,121	903,764
Expenses and losses								
Compensation	-	169,131	109,563	110,327	329,522	-	106,718	146,220
Administrative	24,630	90,075	78,790	77,985	271,974	152,777	136,916	208,889
Professional services	577	18,306	12,713	27,986	181,752	989	10,112	56,011
Depreciation and amortization	-	345,929	334,892	256,205	693,846	-	248,868	605,258
Grants	-	-	-	-	-	-	-	-
Facility	-	287,206	169,830	140,167	838,150	-	303,032	264,534
Interest and fees	-	7,836	50,175	69,132	217,103	-	22,920	87,583
Bad debts	-	22,757	18,970	-	1,670	-	234	4,809
Provision for impaired assets	281	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	511	-	-	-	-	85	-	-
Total expenses and losses	25,999	941,240	774,933	681,802	2,534,017	153,851	828,800	1,373,304
Excess (deficiency) of revenues over expenses	40,972	(399,640)	(374,466)	(258,901)	(484,630)	16,480	(256,679)	(469,540)
Net assets at beginning of year	30,242	376,300	4,070,760	3,689,920	5,195,768	(14,808)	5,702,885	7,024,231
Other transfers to (from) net assets	-	-	-	-	-	-	-	(21,528)
Net assets at end of year	\$ 71,214	\$ (23,340)	\$ 3,696,294	\$ 3,431,019	\$ 4,711,138	\$ 1,672	\$ 5,446,206	\$ 6,533,163

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
For the Year ended December 31, 2015

	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	\$ -	\$ 719,089	\$ -	\$ 3,011,521	\$ -	\$ 1,027,915	\$ -	\$ 485,540
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	30,000	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	62	-	6,663	-	52	-	52
Other	-	5,964	-	89,070	-	73,316	-	4,908
Total revenues	<u>-</u>	<u>725,115</u>	<u>-</u>	<u>3,107,254</u>	<u>30,000</u>	<u>1,101,283</u>	<u>-</u>	<u>490,500</u>
Expenses and losses								
Compensation	-	113,251	-	567,384	-	144,890	-	115,528
Administrative	59	81,380	10	223,019	30,010	127,778	10	64,379
Professional services	2,539	11,277	989	50,460	2,539	50,022	2,539	14,428
Depreciation and amortization	-	412,701	-	1,592,658	-	475,822	-	360,124
Grants	-	-	-	-	-	-	-	-
Facility	-	286,954	-	1,612,319	-	313,675	-	189,968
Interest and fees	-	84,559	-	1,025,560	-	266,199	-	16,348
Bad debts	-	4,688	-	52,327	-	1,289	-	1,017
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	12	-	202	-	25	-	27	-
Total expenses and losses	<u>2,610</u>	<u>994,810</u>	<u>1,201</u>	<u>5,123,727</u>	<u>32,574</u>	<u>1,379,675</u>	<u>2,576</u>	<u>761,792</u>
Excess (deficiency) of revenues over expenses	(2,610)	(269,695)	(1,201)	(2,016,473)	(2,574)	(278,392)	(2,576)	(271,292)
Net assets at beginning of year	(15,459)	5,779,065	(17,911)	7,641,324	(12,943)	6,584,154	(7,400)	6,845,389
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ (18,069)</u>	<u>\$ 5,509,370</u>	<u>\$ (19,112)</u>	<u>\$ 5,624,851</u>	<u>\$ (15,517)</u>	<u>\$ 6,305,762</u>	<u>\$ (9,976)</u>	<u>\$ 6,574,097</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
For the Year ended December 31, 2015

	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	\$ -	\$ 211,614	\$ -	\$ 713,751	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	9,167	-	-	-	6,000	25,000
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	41	-	169	-	5	-	-
Other	-	10,884	-	17,740	-	-	23,250	-
Total revenues	<u>-</u>	<u>222,539</u>	<u>9,167</u>	<u>731,660</u>	<u>-</u>	<u>5</u>	<u>29,250</u>	<u>25,000</u>
Expenses and losses								
Compensation	-	25,126	-	109,505	-	-	-	-
Administrative	157	39,396	9,177	110,982	-	54	6,060	10
Professional services	2,594	8,515	989	36,380	990	2,549	2,539	2,539
Depreciation and amortization	-	264,937	-	441,573	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Facility	-	106,047	-	239,418	-	-	-	-
Interest and fees	-	41,248	-	179,397	-	-	-	-
Bad debts	-	-	-	5,794	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	13	-	39	-	-	-	89	23
Total expenses and losses	<u>2,764</u>	<u>485,269</u>	<u>10,205</u>	<u>1,123,049</u>	<u>990</u>	<u>2,603</u>	<u>8,688</u>	<u>2,572</u>
Excess (deficiency) of revenues over expenses	(2,764)	(262,730)	(1,038)	(391,389)	(990)	(2,598)	20,562	22,428
Net assets at beginning of year	479,316	2,373,647	(67,837)	7,868,238	6,894	788,269	(3,056)	(2,101)
Other transfers to (from) net assets	-	-	-	-	780,387	1,279,298	-	-
Net assets at end of year	<u>\$ 476,552</u>	<u>\$ 2,110,917</u>	<u>\$ (68,875)</u>	<u>\$ 7,476,849</u>	<u>\$ 786,291</u>	<u>\$ 2,064,969</u>	<u>\$ 17,506</u>	<u>\$ 20,327</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
For the Year ended December 31, 2015

	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments, LLC	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Revenues					
Rent - net of vacancies	\$ 466,149	\$ 19,597	\$ 805,362	\$ -	\$ 12,182,220
Developer fees	-	-	-	-	-
Services fees	-	-	-	(137,616)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	163	-	1,046	(281)	11,264
Other	15,025	4,760	58,307	-	638,343
Total revenues	<u>481,337</u>	<u>24,357</u>	<u>864,715</u>	<u>(137,897)</u>	<u>12,831,827</u>
Expenses and losses					
Compensation	132,610	10,314	202,951	-	2,393,040
Administrative	184,413	86,270	154,920	(212,928)	1,947,192
Professional services	18,433	9,214	17,435	-	545,416
Depreciation and amortization	625,986	90,525	130,218	-	6,879,542
Grants	-	-	-	-	-
Facility	153,404	12,178	331,985	-	5,248,867
Interest and fees	250,365	43,093	261,975	(280)	2,623,213
Bad debts	2,922	-	4,362	-	120,839
Provision for impaired assets	-	-	-	(281)	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	(1,026)	-
Total expenses and losses	<u>1,368,133</u>	<u>251,594</u>	<u>1,103,846</u>	<u>(214,515)</u>	<u>19,758,109</u>
Excess (deficiency) of revenues over expenses	(886,796)	(227,237)	(239,131)	76,618	(6,926,282)
Net assets at beginning of year	1,776,255	1,437,528	(11,518)	(304,291)	67,212,861
Other transfers to (from) net assets	3,883,266	2,461,768	-	(1,255,570)	7,127,621
Net assets at end of year	<u>\$ 4,772,725</u>	<u>\$ 3,672,059</u>	<u>\$ (250,649)</u>	<u>\$ (1,483,243)</u>	<u>\$ 67,414,200</u>

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 2,591,285	\$ 30,344	\$ 2,098	\$ -	\$ 143,330	\$ 119,238	\$ 4,122	\$ 7,526
Cash, tenant security deposits	-	8,529	6,035	-	64,142	-	19,160	6,600
Cash, restricted	754,234	-	-	-	-	-	-	3,207
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	2,713	4,687	10,383	-	6,557	73	11,186	2,237
Due from affiliate, net	983,047	-	2,382	-	912	11,346	764	-
Pledges receivable, net	203,190	-	-	-	-	-	-	-
Grants receivable	82,778	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	101,275	-	-	-	-	-	-	-
Prepaid expenses and other assets	16,368	5,111	3,558	-	36,847	-	11,391	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	4,734,890	48,671	24,456	-	251,788	130,657	46,623	19,570
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	2,215,085	-	21,316,746	-	16,064,570	9,135,337
Furniture and equipment	11,952	67,811	7,629	-	918,890	-	413,401	207,066
Predevelopment project costs	856,781	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(44,500)	(1,059,535)	(771,721)	-	(6,047,750)	-	(3,529,260)	(46,119)
Net property and equipment	861,306	1,656,972	1,754,971	-	18,162,966	-	15,982,370	10,362,919
Other long-term assets								
Restricted property reserves	1,438,011	353,616	38,215	-	504,659	-	628,286	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	2,020,895	-	-	-	-	-	-	-
Pledges receivable, net	97,328	-	-	-	-	-	-	-
Investments in limited partnerships, net	890,232	-	-	294,429	-	1,633,852	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	4,940,888	-	-	-	-	8,216,406	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	1,791	-	-	550,464	-	223,751	185,141
Total other long-term assets	9,387,354	355,407	38,215	294,429	1,055,123	9,850,258	852,037	185,141
Total assets	\$ 14,983,550	\$ 2,061,050	\$ 1,817,642	\$ 294,429	\$ 19,469,877	\$ 9,980,915	\$ 16,881,030	\$ 10,567,630

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 407,267	\$ 21,980	\$ 19,984	\$ 934	\$ 110,674	\$ 1,435	\$ 142,207	\$ 1,026,226
Due to affiliates	83,068	-	-	6,419	-	10,909	11,476	593,446
Accrued interest	-	1,859	-	-	27,448	-	2,223	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	10,032	20,116	-	-	123,820	-	6,766	-
Current portion of notes payable, affiliates	760,931	-	-	-	-	-	-	-
Deferred revenue and other liabilities	49,275	758	-	-	20,011	-	3,122	912
Tenant security deposits	-	8,029	5,357	-	63,148	-	18,360	5,108
Total current liabilities	1,310,573	52,742	25,341	7,353	345,101	12,344	184,154	1,625,692
Long-term liabilities								
Due to affiliates	-	-	-	-	26,198	-	-	-
Accrued interest	-	-	-	-	-	-	-	38,707
Accrued interest, affiliates	-	-	-	-	1,367,725	-	-	-
Notes payable, less current portion, net	22,031	843,894	-	-	9,988,442	-	5,285,017	8,047,963
Notes payable, less current portion, affiliates	-	-	79,106	-	4,385,089	-	8,216,406	-
Deferred revenue and other liabilities	79,333	-	-	-	2,091	-	-	103,853
Total long-term liabilities	101,364	843,894	79,106	-	15,769,545	-	13,501,423	8,190,523
Total liabilities	1,411,937	896,636	104,447	7,353	16,114,646	12,344	13,685,577	9,816,215
Net assets								
Unrestricted net assets, controlling	12,516,210	608,643	(117,829)	287,076	3,355,231	3,171,367	3,195,453	751,415
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	12,516,210	608,643	(117,829)	287,076	3,355,231	3,171,367	3,195,453	751,415
Temporarily restricted net assets	1,055,403	555,771	1,831,024	-	-	6,797,204	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	13,571,613	1,164,414	1,713,195	287,076	3,355,231	9,968,571	3,195,453	751,415
Total liabilities and net assets	\$ 14,983,550	\$ 2,061,050	\$ 1,817,642	\$ 294,429	\$ 19,469,877	\$ 9,980,915	\$ 16,881,030	\$ 10,567,630

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2015

	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	Impact Family Village GP LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 42,881	\$ -	\$ 157,794	\$ -	\$ 65,593	\$ 146,448	\$ 980
Cash, tenant security deposits	-	37,019	-	18,650	-	44,757	48,808	-
Cash, restricted	-	-	-	-	-	-	19	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	15,415	-	65	-	204,013	11,805	-
Due from affiliate, net	-	-	27,237	-	67,675	83	19,705	17,672
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	-	13,231	-	8,022	-	10,288	10,294	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	108,546	27,237	184,531	67,675	324,734	237,079	18,652
Property and equipment								
Land and land improvements	-	1,068,023	-	2,144,069	-	710,670	1,271,763	-
Buildings	-	11,525,966	-	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	-	(2,159,754)	-	(1,431,673)	-	(906,929)	(468,047)	-
Net property and equipment	-	10,840,238	-	10,547,203	-	10,522,940	10,188,483	-
Other long-term assets								
Restricted property reserves	-	469,620	-	189,039	-	781,155	641,942	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	97	-	(40)	-	221,357	-	-	913,794
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	103,630	-	163,894	-	105,951	190,510	-
Total other long-term assets	97	573,250	(40)	352,933	221,357	887,106	832,452	913,794
Total assets	\$ 97	\$ 11,522,034	\$ 27,197	\$ 11,084,667	\$ 289,032	\$ 11,734,780	\$ 11,258,014	\$ 932,446

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2015

	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
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 934	\$ 290,106	\$ 934	\$ 39,936	\$ 934	\$ 49,334	\$ 45,013	\$ 2,834
Due to affiliates	4,735	5,962	28,595	27,237	69,549	49,501	20,253	9,910
Accrued interest	-	21,825	-	10,762	-	31,175	4,918	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	77,651	-	38,965	-	36,749	24,577	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	7,098	-	595	-	2,071	4,968	-
Tenant security deposits	-	37,818	-	18,150	-	42,482	46,653	-
Total current liabilities	5,669	440,460	29,529	135,645	70,483	211,312	146,382	12,744
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	13,902	-
Accrued interest, affiliates	-	723,087	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,556,097	-	8,993,882	-	2,472,785	3,391,162	-
Notes payable, less current portion, affiliates	-	4,110,219	-	-	-	-	-	-
Deferred revenue and other liabilities	-	782,506	-	464,492	-	-	-	-
Total long-term liabilities	-	10,171,909	-	9,458,374	-	2,472,785	3,405,064	-
Total liabilities	5,669	10,612,369	29,529	9,594,019	70,483	2,684,097	3,551,446	12,744
Net assets								
Unrestricted net assets, controlling	(5,572)	909,665	(2,332)	1,490,648	218,549	9,050,683	7,706,568	919,702
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(5,572)	909,665	(2,332)	1,490,648	218,549	9,050,683	7,706,568	919,702
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(5,572)	909,665	(2,332)	1,490,648	218,549	9,050,683	7,706,568	919,702
Total liabilities and net assets	\$ 97	\$ 11,522,034	\$ 27,197	\$ 11,084,667	\$ 289,032	\$ 11,734,780	\$ 11,258,014	\$ 932,446

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2015

	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	Consolidated Mercy Properties Washington
Assets								
Current assets								
Cash and cash equivalents	\$ 27,936	\$ -	\$ 247,284	\$ -	\$ -	\$ -	\$ -	\$ 309,318
Cash, tenant security deposits	21,014	-	94,250	-	-	-	-	134,335
Cash, restricted	69,023	-	-	-	8,396	-	15,649	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	2,263	-	4,154	-	-	-	-	16,074
Due from affiliate, net	-	-	15,510	-	61,889	-	-	9,139
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	237,713	-	31,189	-	-	-	49,274	49,380
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>357,949</u>	<u>-</u>	<u>392,387</u>	<u>-</u>	<u>70,285</u>	<u>-</u>	<u>64,923</u>	<u>518,246</u>
Property and equipment								
Land and land improvements	2,649,051	-	212,706	-	1,162,600	-	780,366	5,925,035
Buildings	12,839,383	-	30,836,709	-	-	-	-	32,161,022
Furniture and equipment	359,545	-	273,572	-	-	-	-	852,665
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	1,920,957	-	1,094,241	-
Accumulated depreciation	<u>(1,368,801)</u>	<u>-</u>	<u>(2,185,442)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,422,076)</u>
Net property and equipment	<u>14,479,178</u>	<u>-</u>	<u>29,137,545</u>	<u>-</u>	<u>3,083,557</u>	<u>-</u>	<u>1,874,607</u>	<u>22,516,646</u>
Other long-term assets								
Restricted property reserves	234,155	-	1,160,737	-	-	-	-	1,236,115
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	461,778	-	(59,668)	-	(1)	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>272,789</u>	<u>-</u>	<u>159,294</u>	<u>-</u>	<u>291,405</u>	<u>-</u>	<u>125,456</u>	<u>186,040</u>
Total other long-term assets	<u>506,944</u>	<u>461,778</u>	<u>1,320,031</u>	<u>(59,668)</u>	<u>291,405</u>	<u>(1)</u>	<u>125,456</u>	<u>1,422,155</u>
Total assets	<u>\$ 15,344,071</u>	<u>\$ 461,778</u>	<u>\$ 30,849,963</u>	<u>\$ (59,668)</u>	<u>\$ 3,445,247</u>	<u>\$ (1)</u>	<u>\$ 2,064,986</u>	<u>\$ 24,457,047</u>

Mercy Housing Northwest
Consolidating Statement of Financial Position
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	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	Consolidated Mercy Properties Washington
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 77,497	\$ 934	\$ 121,961	\$ 934	\$ 469,160	\$ -	\$ 242,500	\$ 261,222
Due to affiliates	-	2,182	263,996	989	115,219	55	-	192,506
Accrued interest	-	-	35,734	-	-	-	-	20,557
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	195,475	-	-	-	-	153,054
Current portion of notes payable, affiliates	-	-	-	-	2,399	-	7,758	-
Deferred revenue and other liabilities	2,526	-	5,456	-	-	-	-	27,926
Tenant security deposits	18,259	-	93,970	-	-	-	-	123,622
Total current liabilities	98,282	3,116	716,592	1,923	586,778	55	250,258	778,887
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	180,000
Accrued interest	175,903	-	76,282	-	-	-	15,630	289,089
Accrued interest, affiliates	-	-	1,228,158	-	-	-	-	71,175
Notes payable, less current portion, net	7,725,599	-	12,048,424	-	1,710,142	-	699,935	9,984,503
Notes payable, less current portion, affiliates	-	-	10,068,092	-	-	-	-	499,950
Deferred revenue and other liabilities	301,189	-	14,313	-	296,180	-	147,377	-
Total long-term liabilities	8,202,691	-	23,435,269	-	2,006,322	-	862,942	11,024,717
Total liabilities	8,300,973	3,116	24,151,861	1,923	2,593,100	55	1,113,200	11,803,604
Net assets								
Unrestricted net assets, controlling	7,043,098	458,662	6,698,102	(61,591)	852,147	(56)	951,786	12,375,193
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	7,043,098	458,662	6,698,102	(61,591)	852,147	(56)	951,786	12,375,193
Temporarily restricted net assets	-	-	-	-	-	-	-	278,250
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	7,043,098	458,662	6,698,102	(61,591)	852,147	(56)	951,786	12,653,443
Total liabilities and net assets	\$ 15,344,071	\$ 461,778	\$ 30,849,963	\$ (59,668)	\$ 3,445,247	\$ (1)	\$ 2,064,986	\$ 24,457,047

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2015

	Eliminations	Consolidated Mercy Housing Northwest
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 3,896,177
Cash, tenant security deposits	-	503,299
Cash, restricted	-	850,528
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	-	291,625
Due from affiliate, net	(1,188,252)	29,109
Pledges receivable, net	-	203,190
Grants receivable	-	82,778
Current portion of notes and interest receivable	-	-
Current portion of notes and interest receivable, affiliates	(7,158)	94,117
Prepaid expenses and other assets	(49,274)	433,392
Inventory	-	-
Assets held for sale	-	-
Total current assets	<u>(1,244,684)</u>	<u>6,384,215</u>
Property and equipment		
Land and land improvements	(526,075)	21,950,848
Buildings	(18,020,684)	149,629,880
Furniture and equipment	349,816	4,763,858
Predevelopment project costs	-	856,781
Construction in progress	(443,557)	2,571,641
Accumulated depreciation	<u>2,129,429</u>	<u>(34,312,178)</u>
Net property and equipment	<u>(16,511,071)</u>	<u>145,460,830</u>
Other long-term assets		
Restricted property reserves	-	7,675,550
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	(2,020,895)	-
Pledges receivable, net	-	97,328
Investments in limited partnerships, net	(3,467,800)	888,030
Notes and interest receivable, net	-	-
Notes and interest receivable, affiliates	(13,091,688)	65,606
Allowance for impaired assets	-	-
Other assets, net	<u>-</u>	<u>2,560,116</u>
Total other long-term assets	<u>(18,580,383)</u>	<u>11,286,630</u>
Total assets	<u>\$ (36,336,138)</u>	<u>\$ 163,131,675</u>

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2015

	Eliminations	Consolidated Mercy Housing Northwest
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ (24,714)	\$ 3,310,226
Due to affiliates	(1,174,788)	321,219
Accrued interest	-	156,501
Accrued interest, affiliates	-	-
Current portion of notes payable	-	687,205
Current portion of notes payable, affiliates	(10,158)	760,930
Deferred revenue and other liabilities	(49,275)	75,443
Tenant security deposits	-	480,956
Total current liabilities	<u>(1,258,935)</u>	<u>5,792,480</u>
Long-term liabilities		
Due to affiliates	(206,198)	-
Accrued interest	-	609,513
Accrued interest, affiliates	(3,390,145)	-
Notes payable, less current portion, net	-	75,769,876
Notes payable, less current portion, affiliates	(26,947,393)	411,469
Deferred revenue and other liabilities	<u>(1,996,788)</u>	<u>194,546</u>
Total long-term liabilities	<u>(32,540,524)</u>	<u>76,985,404</u>
Total liabilities	<u>(33,799,459)</u>	<u>82,777,884</u>
Net assets		
Unrestricted net assets, controlling	(2,536,679)	69,836,139
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	<u>(2,536,679)</u>	<u>69,836,139</u>
Temporarily restricted net assets	-	10,517,652
Permanently restricted net assets	-	-
Total net assets	<u>(2,536,679)</u>	<u>80,353,791</u>
Total liabilities and net assets	<u>\$ (36,336,138)</u>	<u>\$ 163,131,675</u>

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ -	\$ 300,473	\$ 148,528	\$ -	\$ 1,406,864	\$ -	\$ 469,584	\$ 9,141
Developer fees	1,457,311	-	-	-	-	-	-	-
Services fees	254,284	-	-	-	-	11,346	-	-
Philanthropy	1,802,948	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	1,005,678	306	18	-	166	-	310	-
Other	231,572	3,691	1,535	-	71,716	-	7,521	1,200
Total revenues	<u>4,751,793</u>	<u>304,470</u>	<u>150,081</u>	<u>-</u>	<u>1,478,746</u>	<u>11,346</u>	<u>477,415</u>	<u>10,341</u>
Expenses and losses								
Compensation	2,045,085	71,265	51,802	-	255,260	-	159,913	1,459
Administrative	374,590	31,369	22,399	71	144,724	11,347	122,015	13,105
Professional services	289,484	7,740	13,818	1,923	37,295	4,024	59,863	3,009
Depreciation and amortization	3,330	95,551	80,107	-	932,824	-	751,930	62,352
Grants	44,400	-	-	-	-	-	-	-
Facility	96,127	105,480	54,852	-	384,245	501	154,713	1,315
Interest and fees	-	44,320	185	-	534,187	-	26,858	-
Bad debts	173,606	2,118	4	-	5,274	-	813	-
Provision for impaired assets	976,446	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	771,443	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	181,367	-	-	82	-	80	-	-
Total expenses and losses	<u>4,955,878</u>	<u>357,843</u>	<u>223,167</u>	<u>2,076</u>	<u>2,293,809</u>	<u>15,952</u>	<u>1,276,105</u>	<u>81,240</u>
Excess (deficiency) of revenues over expenses	(204,085)	(53,373)	(73,086)	(2,076)	(815,063)	(4,606)	(798,690)	(70,899)
Net assets at beginning of year	13,773,622	1,217,787	1,786,281	289,152	4,170,294	9,973,177	4,012,960	837,314
Other transfers to (from) net assets	2,076	-	-	-	-	-	(18,817)	(15,000)
Net assets at end of year	<u>\$ 13,571,613</u>	<u>\$ 1,164,414</u>	<u>\$ 1,713,195</u>	<u>\$ 287,076</u>	<u>\$ 3,355,231</u>	<u>\$ 9,968,571</u>	<u>\$ 3,195,453</u>	<u>\$ 751,415</u>

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	Impact Family Village GP LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 908,856	\$ -	\$ 520,171	\$ -	\$ 616,692	\$ 652,657	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	8,315	-	36,311	-	-	8,034
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	174	-	44	-	294	178	-
Other	-	38,732	-	3,494	-	29,006	4,222	-
Total revenues	<u>-</u>	<u>947,762</u>	<u>8,315</u>	<u>523,709</u>	<u>36,311</u>	<u>645,992</u>	<u>657,057</u>	<u>8,034</u>
Expenses and losses								
Compensation	-	196,740	-	83,820	-	147,611	157,244	-
Administrative	74	129,430	8,375	69,717	36,151	94,096	104,668	8,268
Professional services	1,923	23,951	1,996	8,980	1,923	19,829	14,769	5,448
Depreciation and amortization	-	490,011	-	424,817	-	357,024	377,356	-
Grants	-	-	-	-	6,942	-	-	-
Facility	-	331,856	-	160,418	-	270,923	216,401	-
Interest and fees	-	422,742	-	132,704	-	38,482	111,906	-
Bad debts	-	7,150	-	1,335	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	65	-	36	-	61	-	-	68
Total expenses and losses	<u>2,062</u>	<u>1,601,880</u>	<u>10,407</u>	<u>881,791</u>	<u>45,077</u>	<u>927,965</u>	<u>982,344</u>	<u>13,784</u>
Excess (deficiency) of revenues over expenses	(2,062)	(654,118)	(2,092)	(358,082)	(8,766)	(281,973)	(325,287)	(5,750)
Net assets at beginning of year	(3,510)	1,563,783	(240)	1,848,730	227,315	9,332,656	246,512	925,452
Other transfers to (from) net assets	-	-	-	-	-	-	7,785,343	-
Net assets at end of year	<u>\$ (5,572)</u>	<u>\$ 909,665</u>	<u>\$ (2,332)</u>	<u>\$ 1,490,648</u>	<u>\$ 218,549</u>	<u>\$ 9,050,683</u>	<u>\$ 7,706,568</u>	<u>\$ 919,702</u>

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	Consolidated Mercy Properties Washington
Revenues								
Rent - net of vacancies	\$ 590,034	\$ -	\$ 1,981,362	\$ -	\$ -	\$ -	\$ -	\$ 2,217,476
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	116	-	300	-	-	-	-	3,527
Other	14,033	-	49,430	-	-	-	-	62,474
Total revenues	604,183	-	2,031,092	-	-	-	-	2,283,477
Expenses and losses								
Compensation	131,688	-	402,029	-	-	-	-	578,569
Administrative	79,679	73	221,323	-	6,760	-	5,036	377,422
Professional services	103,141	1,923	19,264	1,922	2,499	55	-	196,958
Depreciation and amortization	632,786	-	1,418,486	-	-	-	-	1,426,770
Grants	-	-	-	-	-	-	-	-
Facility	260,426	-	494,007	-	-	-	-	775,019
Interest and fees	72,670	-	998,684	-	-	-	-	195,442
Bad debts	4,525	-	5,640	-	-	-	-	7,279
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	(19,179)
(Gain) loss on investment in limited partnership	-	153	-	57,572	-	1	-	-
Total expenses and losses	1,284,915	2,149	3,559,433	59,494	9,259	56	5,036	3,538,280
Excess (deficiency) of revenues over expenses	(680,732)	(2,149)	(1,528,341)	(59,494)	(9,259)	(56)	(5,036)	(1,254,803)
Net assets at beginning of year	7,723,830	460,811	941,157	(21)	(2,097)	-	-	13,908,246
Other transfers to (from) net assets	-	-	7,285,286	(2,076)	863,503	-	956,822	-
Net assets at end of year	\$ 7,043,098	\$ 458,662	\$ 6,698,102	\$ (61,591)	\$ 852,147	\$ (56)	\$ 951,786	\$ 12,653,443

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Eliminations	Consolidated Mercy Housing Northwest
Revenues		
Rent - net of vacancies	\$ (34,544)	\$ 9,787,294
Developer fees	(516,254)	941,057
Services fees	(299,020)	19,270
Philanthropy	-	1,802,948
Capital grants	-	-
Consulting	-	-
Interest	(976,060)	35,051
Other	(186,266)	332,360
Total revenues	<u>(2,012,144)</u>	<u>12,917,980</u>
Expenses and losses		
Compensation	-	4,282,485
Administrative	(64,214)	1,796,478
Professional services	(235,014)	586,723
Depreciation and amortization	(599,493)	6,453,851
Grants	(6,942)	44,400
Facility	(34,544)	3,271,739
Interest and fees	(908,978)	1,669,202
Bad debts	(14,737)	193,007
Provision for impaired assets	(976,060)	386
Project expenses	-	-
Allocation	-	771,443
(Gain) loss on sale of assets	-	(19,179)
(Gain) loss on investment in limited partnership	(58,124)	181,361
Total expenses and losses	<u>(2,898,106)</u>	<u>19,231,896</u>
Excess (deficiency) of revenues over expenses	885,962	(6,313,916)
Net assets at beginning of year	(3,442,755)	69,790,456
Other transfers to (from) net assets	20,114	16,877,251
Net assets at end of year	<u>\$ (2,536,679)</u>	<u>\$ 80,353,791</u>

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 22,402	\$ 20,083	\$ 131,341	\$ 73,838	\$ 39,312	\$ 2,586	\$ 19,756	\$ -	\$ 309,318
Cash, tenant security deposits	-	16,347	34,773	28,087	23,904	17,902	13,322	-	134,335
Cash, restricted	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	1,515	2,076	3,200	4,083	5,200	-	-	16,074
Due from affiliate, net	334,172	-	3,174	-	-	5,962	3	(334,172)	9,139
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	-	5,087	10,054	7,924	7,404	10,315	8,596	-	49,380
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	<u>356,574</u>	<u>43,032</u>	<u>181,418</u>	<u>113,049</u>	<u>74,703</u>	<u>41,965</u>	<u>41,677</u>	<u>(334,172)</u>	<u>518,246</u>
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	5,107,004	7,446,553	7,011,320	-	32,161,022
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	-	(1,697,180)	(3,366,206)	(2,962,444)	(2,620,123)	(3,198,984)	(2,577,139)	-	(16,422,076)
Net property and equipment	<u>-</u>	<u>1,866,215</u>	<u>2,969,952</u>	<u>3,023,909</u>	<u>3,287,978</u>	<u>6,223,488</u>	<u>5,307,604</u>	<u>(162,500)</u>	<u>22,516,646</u>
Other long-term assets									
Restricted property reserves	-	61,047	249,745	172,846	161,322	229,390	361,765	-	1,236,115
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	1,975,623	-	-	-	-	-	-	(1,975,623)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	15,159	5,879	7,628	10,475	104,146	42,753	-	186,040
Total other long-term assets	<u>1,975,623</u>	<u>76,206</u>	<u>255,624</u>	<u>180,474</u>	<u>171,797</u>	<u>333,536</u>	<u>404,518</u>	<u>(1,975,623)</u>	<u>1,422,155</u>
Total assets	<u>\$ 2,332,197</u>	<u>\$ 1,985,453</u>	<u>\$ 3,406,994</u>	<u>\$ 3,317,432</u>	<u>\$ 3,534,478</u>	<u>\$ 6,598,989</u>	<u>\$ 5,753,799</u>	<u>\$ (2,472,295)</u>	<u>\$ 24,457,047</u>

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 59	\$ 20,614	\$ 27,384	\$ 81,417	\$ 38,240	\$ 67,639	\$ 25,869	\$ -	\$ 261,222
Due to affiliates	176,115	165,064	213,481	-	125,596	6,390	64,356	(558,497)	192,505
Accrued interest	-	-	5,544	5,893	1,707	4,589	2,824	-	20,557
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	-	6,048	29,146	17,655	15,811	38,652	45,742	-	153,054
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	3,932	107	2,703	8,503	6,986	5,696	-	27,927
Tenant security deposits	-	13,754	31,726	28,085	20,089	17,250	12,718	-	123,622
Total current liabilities	176,174	209,412	307,388	135,753	209,946	141,506	157,205	(558,497)	778,887
Long-term liabilities									
Due to affiliates	180,000	-	-	-	-	-	-	-	180,000
Accrued interest	-	-	289,089	-	-	-	-	-	289,089
Accrued interest, affiliates	-	-	-	-	-	71,175	-	-	71,175
Notes payable, less current portion, net	-	826,888	2,718,504	768,121	1,091,063	3,031,289	1,548,638	-	9,984,503
Notes payable, less current portion, affiliates	-	-	-	-	-	499,950	-	-	499,950
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-	-
Total long-term liabilities	180,000	826,888	3,007,593	768,121	1,091,063	3,602,414	1,548,638	-	11,024,717
Total liabilities	356,174	1,036,300	3,314,981	903,874	1,301,009	3,743,920	1,705,843	(558,497)	11,803,604
Net assets									
Unrestricted net assets, controlling	1,697,773	949,153	92,013	2,413,558	2,233,469	2,855,069	4,047,956	(1,913,798)	12,375,193
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	1,697,773	949,153	92,013	2,413,558	2,233,469	2,855,069	4,047,956	(1,913,798)	12,375,193
Temporarily restricted net assets	278,250	-	-	-	-	-	-	-	278,250
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	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
Total liabilities and net assets	\$ 2,332,197	\$ 1,985,453	\$ 3,406,994	\$ 3,317,432	\$ 3,534,478	\$ 6,598,989	\$ 5,753,799	\$ (2,472,295)	\$ 24,457,047

Mercy Properties Washington
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ -	\$ 189,334	\$ 439,512	\$ 395,006	\$ 311,286	\$ 499,725	\$ 382,613	\$ -	\$ 2,217,476
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	69,833	-	-	-	-	-	-	(69,833)	-
Philanthropy	-	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	-	15	125	65	337	68	2,917	-	3,527
Other	-	5,806	14,249	8,008	16,537	12,247	5,627	-	62,474
Total revenues	69,833	195,155	453,886	403,079	328,160	512,040	391,157	(69,833)	2,283,477
Expenses and losses									
Compensation	-	47,913	118,890	100,198	81,432	96,037	134,099	-	578,569
Administrative	69,833	46,679	111,095	69,004	76,997	55,483	70,057	(121,726)	377,422
Professional services	522	10,529	8,607	29,628	9,262	114,199	24,211	-	196,958
Depreciation and amortization	-	131,039	225,900	207,565	199,547	376,516	286,203	-	1,426,770
Grants	-	-	-	-	-	-	-	-	-
Facility	-	77,409	127,258	182,438	117,681	168,948	101,285	-	775,019
Interest and fees	-	-	89,457	7,950	20,722	63,080	14,233	-	195,442
Bad debts	-	3,635	1,203	-	-	2,441	-	-	7,279
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	(19,179)	-	-	-	(19,179)
(Gain) loss on investment in limited partnership	305	-	-	-	-	-	-	(305)	-
Total expenses and losses	70,660	317,204	682,410	596,783	486,462	876,704	630,088	(122,031)	3,538,280
Excess (deficiency) of revenues over expenses	(827)	(122,049)	(228,524)	(193,704)	(158,302)	(364,664)	(238,931)	52,198	(1,254,803)
Net assets at beginning of year	1,976,850	1,071,202	320,537	2,607,262	2,391,771	3,219,733	4,286,887	(1,965,996)	13,908,246
Other transfers to (from) net assets	-	-	-	-	-	-	-	-	-
Net assets at end 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

General Partners
Consolidating Statement of Financial Position
December 31, 2015

	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 Visitation Valley Affordable Housing	Consolidated Mercy Housing West	Consolidated Affordable Housing Corp.
Assets								
Current assets								
Cash and cash equivalents	\$ 3,035,755	\$ 400,967	\$ 81,184	\$ 5,888	\$ 876,659	\$ 136,050	\$ 6,603,024	\$ 3,894
Cash, tenant security deposits	719,900	49,607	21,534	8,773	196,629	116,367	1,553,295	23,848
Cash, restricted	1,460	-	-	-	500	-	753,734	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	224,990	2,807	25,256	25,748	88,813	43,447	1,240,008	3,057
Due from affiliate, net	2,580	-	1,608	-	18,723	-	71,761	15
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	500,634	34,122	32,746	7,790	127,419	50,000	1,055,526	7,425
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	99,100	-	-	-	-	-	-	-
Total current assets	4,584,419	487,503	162,328	48,199	1,308,743	345,864	11,277,348	38,239
Property and equipment								
Land and land improvements	15,824,579	2,199,934	561,839	15,440	4,084,594	-	70,399,735	278,856
Buildings	157,797,424	10,633,927	9,410,431	200,597	27,840,256	26,264,984	573,954,138	3,973,518
Furniture and equipment	5,271,455	264,274	311,072	3,391	761,529	610,016	13,989,702	66,148
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	529,943	-
Accumulated depreciation	(82,496,571)	(5,724,336)	(6,576,269)	(170)	(17,622,218)	(15,181,291)	(204,685,936)	(2,526,842)
Net property and equipment	96,396,887	7,373,799	3,707,073	219,258	15,064,161	11,693,709	454,187,582	1,791,680
Other long-term assets								
Restricted property reserves	8,964,256	618,953	852,077	10,272	1,338,121	912,428	20,914,303	94,837
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	547,207	-	-	-	(31,113,440)	-	(6,849,185)	-
Notes and interest receivable, net	-	-	-	-	-	-	285,520	-
Notes and interest receivable, affiliates	-	-	-	-	1,197,412	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	1,420,106	84,439	5,201	15,124	77,657	26,876	6,480,018	11,760
Total other long-term assets	10,931,569	703,392	857,278	25,396	(28,500,250)	939,304	20,830,656	106,597
Total assets	\$ 111,912,875	\$ 8,564,694	\$ 4,726,679	\$ 292,853	\$ (12,127,346)	\$ 12,978,877	\$ 486,295,586	\$ 1,936,516

General Partners
Consolidating Statement of Financial Position
December 31, 2015

	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 Visitation Valley Affordable Housing	Consolidated Mercy Housing West	Consolidated Affordable Housing Corp.
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,964,716	\$ 133,963	\$ 101,620	\$ 65,448	\$ 366,299	\$ 328,332	\$ 2,731,255	\$ 32,637
Due to affiliates	4,200,838	180,723	13,456	457,112	724,837	78,549	2,343,221	503,014
Accrued interest	1,050,469	50,335	-	1,501	14,978	21,512	289,716	1,523
Accrued interest, affiliates	1,361	-	-	-	-	-	-	15,601
Current portion of notes payable	2,126,463	107,438	-	7,047	225,394	65,354	3,243,997	11,269
Current portion of notes payable, affiliates	143,687	-	-	-	52,735	-	54,203	75,000
Deferred revenue and other liabilities	200,883	4,684	18,598	7,315	30,174	69,280	577,740	1,482
Tenant security deposits	700,605	49,153	21,323	8,498	194,693	112,435	1,531,524	22,669
Total current liabilities	10,389,022	526,296	154,997	546,921	1,609,110	675,462	10,771,656	663,195
Long-term liabilities								
Due to affiliates	-	-	-	-	1,376,566	-	-	-
Accrued interest	16,653,996	71,838	3,286,065	266,416	6,901,491	731,366	33,082,693	173,305
Accrued interest, affiliates	3,119,954	47,713	-	-	920,823	-	1,110,712	680
Notes payable, less current portion, net	52,537,900	5,417,558	3,532,176	1,081,868	15,684,414	6,100,359	290,688,934	1,379,296
Notes payable, less current portion, affiliates	16,508,281	414,246	-	-	545,068	-	9,584,113	54,461
Deferred revenue and other liabilities	2,244,607	6,480	-	-	332	-	7,227,687	1,754
Total long-term liabilities	91,064,738	5,957,835	6,818,241	1,348,284	25,428,694	6,831,725	341,694,139	1,609,496
Total liabilities	101,453,760	6,484,131	6,973,238	1,895,205	27,037,804	7,507,187	352,465,795	2,272,691
Net assets								
Unrestricted net assets, controlling	10,314,812	2,080,563	(2,246,559)	(1,602,352)	(39,165,150)	3,989,690	98,057,937	(336,175)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	10,314,812	2,080,563	(2,246,559)	(1,602,352)	(39,165,150)	3,989,690	98,057,937	(336,175)
Temporarily restricted net assets	144,303	-	-	-	-	1,482,000	35,771,854	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	10,459,115	2,080,563	(2,246,559)	(1,602,352)	(39,165,150)	5,471,690	133,829,791	(336,175)
Total liabilities and net assets	\$ 111,912,875	\$ 8,564,694	\$ 4,726,679	\$ 292,853	\$ (12,127,346)	\$ 12,978,877	\$ 486,295,586	\$ 1,936,516

General Partners
Consolidating Statement of Financial Position
December 31, 2015

	Eliminations	Consolidated General Partners
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 11,143,421
Cash, tenant security deposits	-	2,689,953
Cash, restricted	-	755,694
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	-	1,654,126
Due from affiliate, net	(3,330)	91,357
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	-	1,815,662
Inventory	-	-
Assets held for sale	-	99,100
	<u>(3,330)</u>	<u>18,249,313</u>
Total current assets		
Property and equipment		
Land and land improvements	-	93,364,977
Buildings	-	810,075,275
Furniture and equipment	-	21,277,587
Predevelopment project costs	-	-
Construction in progress	-	529,943
Accumulated depreciation	-	(334,813,633)
	<u>-</u>	<u>590,434,149</u>
Net property and equipment		
Other long-term assets		
Restricted property reserves	-	33,705,247
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	-
Pledges receivable, net	-	-
Investments in limited partnerships, net	32,722,610	(4,692,808)
Notes and interest receivable, net	-	285,520
Notes and interest receivable, affiliates	-	1,197,412
Allowance for impaired assets	-	-
Other assets, net	-	8,121,181
	<u>32,722,610</u>	<u>38,616,552</u>
Total other long-term assets		
Total assets	<u>\$ 32,719,280</u>	<u>\$ 647,300,014</u>

General Partners
Consolidating Statement of Financial Position
December 31, 2015

	Eliminations	Consolidated General Partners
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ -	\$ 5,724,270
Due to affiliates	(3,330)	8,498,420
Accrued interest	-	1,430,034
Accrued interest, affiliates	-	16,962
Current portion of notes payable	-	5,786,962
Current portion of notes payable, affiliates	-	325,625
Deferred revenue and other liabilities	-	910,156
Tenant security deposits	-	2,640,900
	<u>-</u>	<u>2,640,900</u>
Total current liabilities	<u>(3,330)</u>	<u>25,333,329</u>
Long-term liabilities		
Due to affiliates	-	1,376,566
Accrued interest	-	61,167,170
Accrued interest, affiliates	-	5,199,882
Notes payable, less current portion, net	-	376,422,505
Notes payable, less current portion, affiliates	-	27,106,169
Deferred revenue and other liabilities	-	9,480,860
	<u>-</u>	<u>9,480,860</u>
Total long-term liabilities	<u>-</u>	<u>480,753,152</u>
Total liabilities	<u>(3,330)</u>	<u>506,086,481</u>
Net assets		
Unrestricted net assets, controlling	32,722,610	103,815,376
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	<u>32,722,610</u>	<u>103,815,376</u>
Temporarily restricted net assets	-	37,398,157
Permanently restricted net assets	-	-
	<u>-</u>	<u>-</u>
Total net assets	<u>32,722,610</u>	<u>141,213,533</u>
Total liabilities and net assets	<u>\$ 32,719,280</u>	<u>\$ 647,300,014</u>

General Partners
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ 16,786,193	\$ 1,190,814	\$ 982,265	\$ 220,389	\$ 3,596,639	\$ 1,731,190	\$ 28,919,473	\$ 541,872
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	5,148	-	6,525	-
Philanthropy	30,994	-	-	-	-	-	64,598	-
Capital grants	32,725	-	-	-	-	-	968,399	-
Consulting	-	-	-	-	-	-	-	-
Interest	116,212	173	563	20	17,829	325	320,593	105
Other	714,348	36,518	56,418	64,913	414,235	108,496	4,344,079	135,196
Total revenues	17,680,472	1,227,505	1,039,246	285,322	4,033,851	1,840,011	34,623,667	677,173
Expenses and losses								
Compensation	3,749,898	210,524	364,666	87,715	730,611	406,738	7,191,905	108,335
Administrative	2,564,035	219,642	140,133	86,439	533,134	255,685	4,335,536	193,112
Professional services	824,019	57,703	87,369	10,182	229,587	64,265	1,623,871	14,748
Depreciation and amortization	6,248,389	469,147	362,384	17,984	1,234,886	942,523	25,619,989	182,803
Grants	727,398	-	-	-	2,553,117	-	-	-
Facility	6,290,968	313,621	447,268	152,290	1,219,730	813,313	10,234,500	311,491
Interest and fees	2,734,963	295,905	175,700	37,615	889,693	330,877	7,621,245	76,119
Bad debts	101,402	705	654	8,984	19,482	24,650	34,968	1,599
Provision for impaired assets	14,430	-	-	213,191	17,010	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	(60,397)	-	-	-
(Gain) loss on investment in limited partnership	(20)	-	-	-	1,442,138	-	503,986	-
Total expenses and losses	23,255,482	1,567,247	1,578,174	614,400	8,808,991	2,838,051	57,166,000	888,207
Excess (deficiency) of revenues over expenses	(5,575,010)	(339,742)	(538,928)	(329,078)	(4,775,140)	(998,040)	(22,542,333)	(211,034)
Net assets at beginning of year	16,807,316	2,420,305	(1,707,631)	(1,273,274)	(28,536,030)	6,469,730	135,326,566	(325,920)
Other transfers to (from) net assets	(773,191)	-	-	-	(5,853,980)	-	21,045,558	200,779
Net assets at end 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)

General Partners
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	<u>Eliminations</u>	<u>Consolidated General Partners</u>
Revenues		
Rent - net of vacancies	\$ -	\$ 53,968,835
Developer fees	-	-
Services fees	(3,330)	8,343
Philanthropy	-	95,592
Capital grants	-	1,001,124
Consulting	-	-
Interest	-	455,820
Other	-	5,874,203
	<u>-</u>	<u>5,874,203</u>
Total revenues	<u>(3,330)</u>	<u>61,403,917</u>
Expenses and losses		
Compensation	-	12,850,392
Administrative	(3,331)	8,324,385
Professional services	-	2,911,744
Depreciation and amortization	-	35,078,105
Grants	-	3,280,515
Facility	-	19,783,181
Interest and fees	-	12,162,117
Bad debts	-	192,444
Provision for impaired assets	-	244,631
Project expenses	-	-
Allocation	-	-
(Gain) loss on sale of assets	-	(60,397)
(Gain) loss on investment in limited partnership	(2,603,208)	(657,104)
	<u>(2,606,539)</u>	<u>94,110,013</u>
Total expenses and losses	<u>(2,606,539)</u>	<u>94,110,013</u>
Excess (deficiency) of revenues over expenses	2,603,209	(32,706,096)
Net assets at beginning of year	23,670,844	152,851,906
Other transfers to (from) net assets	<u>6,448,557</u>	<u>21,067,723</u>
Net assets at end of year	<u>\$ 32,722,610</u>	<u>\$ 141,213,533</u>

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 19,783	\$ 127,326	\$ 181,728	\$ 168,548	\$ 95,655	\$ 1,231,996	\$ 15,244
Cash, tenant security deposits	-	84,888	71,437	58,854	16,535	10,900	41,513	50,492
Cash, restricted	-	-	300	-	-	-	300	200
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	8,408	24,430	5,895	838	-	24,288	4,042
Due from affiliate, net	921,031	-	2,112	-	-	-	-	-
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	-	51,833	38,752	12,856	10,259	13,467	50,400	28,960
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	921,031	164,912	264,357	259,333	196,180	120,022	1,348,497	98,938
Property and equipment								
Land and land improvements	-	5,300	1,737,711	991,080	937,456	168,629	27,431	785,272
Buildings	-	10,020,363	15,671,544	7,852,075	6,416,446	3,283,691	15,447,703	10,477,990
Furniture and equipment	-	379,493	336,379	342,707	151,331	51,764	615,983	424,290
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(9,124,042)	(9,077,107)	(5,532,115)	(3,095,327)	(1,660,460)	(7,799,219)	(5,210,105)
Net property and equipment	-	1,281,114	8,668,527	3,653,747	4,409,906	1,843,624	8,291,898	6,477,447
Other long-term assets								
Restricted property reserves	-	920,761	381,734	721,512	258,923	36,791	1,182,279	435,615
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(414,310)	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	62,743	-	65,939	47,448	22,836	59,396	84,730
Total other long-term assets	(414,310)	983,504	381,734	787,451	306,371	59,627	1,241,675	520,345
Total assets	\$ 506,721	\$ 2,429,530	\$ 9,314,618	\$ 4,700,531	\$ 4,912,457	\$ 2,023,273	\$ 10,882,070	\$ 7,096,730

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 934	\$ 154,958	\$ 175,009	\$ 42,804	\$ 30,396	\$ 91,258	\$ 140,503	\$ 68,325
Due to affiliates	953,953	20,000	250,279	20,258	325,000	-	78,515	147,252
Accrued interest	-	-	-	-	8,430	2,289	8,503	4,102
Accrued interest, affiliates	-	-	-	1,361	-	-	-	-
Current portion of notes payable	-	-	-	-	27,508	4,177	397,526	78,661
Current portion of notes payable, affiliates	-	-	-	40,690	-	-	-	13,580
Deferred revenue and other liabilities	-	1,229	14,331	7,984	1,617	42,493	2,572	1,248
Tenant security deposits	-	84,423	70,937	58,142	16,414	10,400	40,249	49,452
Total current liabilities	954,887	260,610	510,556	171,239	409,365	150,617	667,868	362,620
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	4,777,393	4,714,508	-	209,887	-	-	483,224
Accrued interest, affiliates	45,782	-	-	-	417,356	1,037	-	301,615
Notes payable, less current portion, net	-	6,635,103	8,097,865	-	1,739,292	374,722	1,049,762	4,279,673
Notes payable, less current portion, affiliates	955,833	-	-	3,114,310	774,312	1,330,000	-	1,361,970
Deferred revenue and other liabilities	-	-	5,062	1,088	231,572	140,908	382,623	100,000
Total long-term liabilities	1,001,615	11,412,496	12,817,435	3,115,398	3,372,419	1,846,667	1,432,385	6,526,482
Total liabilities	1,956,502	11,673,106	13,327,991	3,286,637	3,781,784	1,997,284	2,100,253	6,889,102
Net assets								
Unrestricted net assets, controlling	(1,594,084)	(9,243,576)	(4,013,373)	1,413,894	1,130,673	25,989	8,781,817	207,628
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,594,084)	(9,243,576)	(4,013,373)	1,413,894	1,130,673	25,989	8,781,817	207,628
Temporarily restricted net assets	144,303	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(1,449,781)	(9,243,576)	(4,013,373)	1,413,894	1,130,673	25,989	8,781,817	207,628
Total liabilities and net assets	\$ 506,721	\$ 2,429,530	\$ 9,314,618	\$ 4,700,531	\$ 4,912,457	\$ 2,023,273	\$ 10,882,070	\$ 7,096,730

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 35,091	\$ 123,112	\$ 19,689	\$ 66,750	\$ 14,741	\$ 13,594	\$ 6,980	\$ 11,519
Cash, tenant security deposits	33,897	21,040	11,471	24,787	8,857	26,945	9,173	15,950
Cash, restricted	400	-	-	-	100	160	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	7,938	36,919	900	6,482	2,698	6,711	1,420	1,847
Due from affiliate, net	-	-	-	-	55	-	-	-
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	18,592	28,619	4,992	8,475	5,953	13,819	11,071	13,477
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	95,918	209,690	37,052	106,494	32,404	61,229	28,644	42,793
Property and equipment								
Land and land improvements	832,080	-	145,725	-	516,164	891,045	1,064,406	1,800,201
Buildings	5,084,593	6,317,140	1,803,830	3,276,217	2,432,522	4,898,504	3,652,701	7,387,231
Furniture and equipment	138,151	253,376	6,718	45,451	112,257	218,085	173,936	225,296
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(3,065,376)	(2,319,468)	(1,249,144)	(1,889,254)	(1,566,516)	(4,986,684)	(2,125,546)	(3,606,586)
Net property and equipment	2,989,448	4,251,048	707,129	1,432,414	1,494,427	1,020,950	2,765,497	5,806,142
Other long-term assets								
Restricted property reserves	450,191	434,543	215,333	424,972	129,140	132,144	178,324	125,555
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	59,676	6,708	-	3,779	1,871	3,825	22,410	47,281
Total other long-term assets	509,867	441,251	215,333	428,751	131,011	135,969	200,734	172,836
Total assets	\$ 3,595,233	\$ 4,901,989	\$ 959,514	\$ 1,967,659	\$ 1,657,842	\$ 1,218,148	\$ 2,994,875	\$ 6,021,771

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 67,471	\$ 119,542	\$ 24,098	\$ 24,238	\$ 41,104	\$ 35,077	\$ 43,786	\$ 93,755
Due to affiliates	3,963	185,907	7,020	5,000	27,718	73,683	172,714	41,021
Accrued interest	48	-	-	-	2,911	905	-	11,456
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	8,162	-	-	-	13,863	22,075	4,232	48,209
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	18,166	38,226	185	986	886	6,736	511	6,135
Tenant security deposits	31,987	20,565	10,971	24,287	8,607	25,303	8,470	14,949
Total current liabilities	129,797	364,240	42,274	54,511	95,089	163,779	229,713	215,525
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	140,946	635,604	1,236,385	1,586,109	-	1,729,414	-	-
Accrued interest, affiliates	-	-	-	-	14,488	-	-	694,038
Notes payable, less current portion, net	1,000,000	1,120,000	1,900,000	2,670,923	856,300	2,875,051	573,137	1,818,430
Notes payable, less current portion, affiliates	-	-	-	-	126,779	-	386,000	2,283,443
Deferred revenue and other liabilities	4,402	870,743	255	10,000	-	-	337,947	-
Total long-term liabilities	1,145,348	2,626,347	3,136,640	4,267,032	997,567	4,604,465	1,297,084	4,795,911
Total liabilities	1,275,145	2,990,587	3,178,914	4,321,543	1,092,656	4,768,244	1,526,797	5,011,436
Net assets								
Unrestricted net assets, controlling	2,320,088	1,911,402	(2,219,400)	(2,353,884)	565,186	(3,550,096)	1,468,078	1,010,335
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,320,088	1,911,402	(2,219,400)	(2,353,884)	565,186	(3,550,096)	1,468,078	1,010,335
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,320,088	1,911,402	(2,219,400)	(2,353,884)	565,186	(3,550,096)	1,468,078	1,010,335
Total liabilities and net assets	\$ 3,595,233	\$ 4,901,989	\$ 959,514	\$ 1,967,659	\$ 1,657,842	\$ 1,218,148	\$ 2,994,875	\$ 6,021,771

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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)
Assets								
Current assets								
Cash and cash equivalents	\$ 76,392	\$ -	\$ 14,688	\$ -	\$ 3,693	\$ -	\$ 23,177	\$ 273,605
Cash, tenant security deposits	17,125	-	38,677	-	5,421	-	95,708	14,748
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	1,498	-	32,605	-	12,102	-	9,442	725
Due from affiliate, net	-	-	-	-	-	95,320	-	413
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	21,576	-	16,830	-	5,127	-	51,879	8,793
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	116,591	-	102,800	-	26,343	95,320	180,206	298,284
Property and equipment								
Land and land improvements	867,962	-	48,604	-	834,890	-	224,224	614,740
Buildings	7,205,960	-	3,539,547	-	3,908,377	-	10,640,339	4,194,624
Furniture and equipment	388,890	-	63,186	-	36,005	-	118,317	266,701
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(3,726,346)	-	(1,994,868)	-	(1,407,220)	-	(3,487,812)	(1,735,228)
Net property and equipment	4,736,466	-	1,656,469	-	3,372,052	-	7,495,068	3,340,837
Other long-term assets								
Restricted property reserves	419,256	-	264,956	-	59,954	-	486,696	452,877
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	(245)	-	49,799	-	(336)	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	36,470	-	11,508	-	74,860	-	562,523	7,731
Total other long-term assets	455,726	(245)	276,464	49,799	134,814	(336)	1,049,219	460,608
Total assets	\$ 5,308,783	\$ (245)	\$ 2,035,733	\$ 49,799	\$ 3,533,209	\$ 94,984	\$ 8,724,493	\$ 4,099,729

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 67,969	\$ -	\$ 71,718	\$ -	\$ 73,078	\$ -	\$ 123,113	\$ 86,635
Due to affiliates	20,000	21,495	60,385	8,916	329,014	158,184	319,025	120,542
Accrued interest	10,125	-	-	-	2,528	-	20,073	7,175
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	39,157	-	2,800	-	19,035	-	61,862	63,893
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	4,543	-	3,528	-	2,152	-	21,075	3,351
Tenant security deposits	16,750	-	37,527	-	5,421	-	95,982	11,753
Total current liabilities	158,544	21,495	175,958	8,916	431,228	158,184	641,130	293,349
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	917,280	-
Accrued interest, affiliates	2,907	-	8,663	-	223,091	-	-	345,925
Notes payable, less current portion, net	2,666,528	-	3,469,591	-	596,755	-	6,500,224	878,319
Notes payable, less current portion, affiliates	41,800	-	430,606	-	489,778	-	-	1,271,688
Deferred revenue and other liabilities	-	-	2,812	-	-	-	14,760	-
Total long-term liabilities	2,711,235	-	3,911,672	-	1,309,624	-	7,432,264	2,495,932
Total liabilities	2,869,779	21,495	4,087,630	8,916	1,740,852	158,184	8,073,394	2,789,281
Net assets								
Unrestricted net assets, controlling	2,439,004	(21,740)	(2,051,897)	40,883	1,792,357	(63,200)	651,099	1,310,448
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,439,004	(21,740)	(2,051,897)	40,883	1,792,357	(63,200)	651,099	1,310,448
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,439,004	(21,740)	(2,051,897)	40,883	1,792,357	(63,200)	651,099	1,310,448
Total liabilities and net assets	\$ 5,308,783	\$ (245)	\$ 2,035,733	\$ 49,799	\$ 3,533,209	\$ 94,984	\$ 8,724,493	\$ 4,099,729

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 202,879	\$ 118,201	\$ -	\$ 36,293	\$ 131,310	\$ -	\$ 4,495	\$ 13,679
Cash, tenant security deposits	19,720	22,029	-	5,331	6,638	-	-	3,998
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	2,826	5,077	-	6,229	3,952	-	-	3,863
Due from affiliate, net	5,903	-	-	-	-	-	74,417	-
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	13,062	15,833	-	21,218	15,897	-	-	8,666
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>244,390</u>	<u>161,140</u>	<u>-</u>	<u>69,071</u>	<u>157,797</u>	<u>-</u>	<u>78,912</u>	<u>30,206</u>
Property and equipment								
Land and land improvements	804,386	1,645,782	-	76,315	762,319	-	-	42,857
Buildings	4,510,037	10,125,973	-	2,316,333	7,350,687	-	-	-
Furniture and equipment	189,210	170,331	-	26,008	537,590	-	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(1,786,307)</u>	<u>(3,221,687)</u>	<u>-</u>	<u>(546,427)</u>	<u>(2,288,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net property and equipment	<u>3,717,326</u>	<u>8,720,399</u>	<u>-</u>	<u>1,872,229</u>	<u>6,361,846</u>	<u>-</u>	<u>-</u>	<u>42,857</u>
Other long-term assets								
Restricted property reserves	369,600	249,497	-	332,556	298,888	-	-	2,159
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	403,437	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	3,828,655	-	-	504,377	87,040	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>12,349</u>	<u>151,922</u>	<u>-</u>	<u>41,330</u>	<u>32,195</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other long-term assets	<u>381,949</u>	<u>401,419</u>	<u>3,828,655</u>	<u>373,886</u>	<u>331,083</u>	<u>504,377</u>	<u>490,477</u>	<u>2,159</u>
Total assets	<u>\$ 4,343,665</u>	<u>\$ 9,282,958</u>	<u>\$ 3,828,655</u>	<u>\$ 2,315,186</u>	<u>\$ 6,850,726</u>	<u>\$ 504,377</u>	<u>\$ 569,389</u>	<u>\$ 75,222</u>

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 79,066	\$ 50,911	\$ -	\$ 75,775	\$ 35,322	\$ -	\$ -	\$ 64,920
Due to affiliates	171,958	46,122	10,094	593,965	21,321	13,925	26,917	608,221
Accrued interest	4,414	3,733	-	-	-	-	-	8,500
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	13,227	12,357	-	3,308	-	-	-	8,000
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	208,868
Deferred revenue and other liabilities	4,818	3,941	-	1,172	9,099	-	-	1,416
Tenant security deposits	19,431	21,528	-	4,340	6,039	-	-	3,448
Total current liabilities	292,914	138,592	10,094	678,560	71,781	13,925	26,917	903,373
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	22,229	-	41,380	-	-	-	159,637
Accrued interest, affiliates	42,902	384,955	-	-	802,072	-	-	-
Notes payable, less current portion, net	702,656	908,880	-	407,990	-	-	-	1,144,735
Notes payable, less current portion, affiliates	829,132	1,057,500	-	-	2,551,500	-	-	236,027
Deferred revenue and other liabilities	-	3,754	-	138,681	-	-	-	-
Total long-term liabilities	1,574,690	2,377,318	-	588,051	3,353,572	-	-	1,540,399
Total liabilities	1,867,604	2,515,910	10,094	1,266,611	3,425,353	13,925	26,917	2,443,772
Net assets								
Unrestricted net assets, controlling	2,476,061	6,767,048	3,818,561	1,048,575	3,425,373	490,452	542,472	(2,368,550)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,476,061	6,767,048	3,818,561	1,048,575	3,425,373	490,452	542,472	(2,368,550)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,476,061	6,767,048	3,818,561	1,048,575	3,425,373	490,452	542,472	(2,368,550)
Total liabilities and net assets	\$ 4,343,665	\$ 9,282,958	\$ 3,828,655	\$ 2,315,186	\$ 6,850,726	\$ 504,377	\$ 569,389	\$ 75,222

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	Franciscan Homes IV, LTD	Eliminations	Consolidated Mercy Properties, Inc.
Assets			
Current assets			
Cash and cash equivalents	\$ 5,587	\$ -	\$ 3,035,755
Cash, tenant security deposits	3,766	-	719,900
Cash, restricted	-	-	1,460
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	13,855	-	224,990
Due from affiliate, net	-	(1,096,671)	2,580
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	10,228	-	500,634
Inventory	-	-	-
Assets held for sale	99,100	-	99,100
Total current assets	132,536	(1,096,671)	4,584,419
Property and equipment			
Land and land improvements	-	-	15,824,579
Buildings	-	(17,003)	157,797,424
Furniture and equipment	-	-	5,271,455
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	-	5,023	(82,496,571)
Net property and equipment	-	(11,980)	96,396,887
Other long-term assets			
Restricted property reserves	-	-	8,964,256
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	(403,437)	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	(3,507,773)	547,207
Notes and interest receivable, net	-	-	-
Notes and interest receivable, affiliates	-	-	-
Allowance for impaired assets	-	-	-
Other assets, net	576	-	1,420,106
Total other long-term assets	576	(3,911,210)	10,931,569
Total assets	\$ 133,112	\$ (5,019,861)	\$ 111,912,875

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	Franciscan Homes IV, LTD	Eliminations	Consolidated Mercy Properties, Inc.
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 82,951	\$ -	\$ 1,964,716
Due to affiliates	1,120,438	(1,761,967)	4,200,838
Accrued interest	955,277	-	1,050,469
Accrued interest, affiliates	-	-	1,361
Current portion of notes payable	1,298,411	-	2,126,463
Current portion of notes payable, affiliates	-	(119,451)	143,687
Deferred revenue and other liabilities	2,483	-	200,883
Tenant security deposits	3,230	-	700,605
Total current liabilities	3,462,790	(1,881,418)	10,389,022
Long-term liabilities			
Due to affiliates	-	-	-
Accrued interest	-	-	16,653,996
Accrued interest, affiliates	-	(164,877)	3,119,954
Notes payable, less current portion, net	271,964	-	52,537,900
Notes payable, less current portion, affiliates	167,410	(899,807)	16,508,281
Deferred revenue and other liabilities	88,831	(88,831)	2,244,607
Total long-term liabilities	528,205	(1,153,515)	91,064,738
Total liabilities	3,990,995	(3,034,933)	101,453,760
Net assets			
Unrestricted net assets, controlling	(3,857,883)	(1,984,928)	10,314,812
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	(3,857,883)	(1,984,928)	10,314,812
Temporarily restricted net assets	-	-	144,303
Permanently restricted net assets	-	-	-
Total net assets	(3,857,883)	(1,984,928)	10,459,115
Total liabilities and net assets	\$ 133,112	\$ (5,019,861)	\$ 111,912,875

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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)
Revenues								
Rent - net of vacancies	\$ -	\$ 1,251,634	\$ 1,468,579	\$ 818,947	\$ 397,768	\$ 501,566	\$ 2,606,418	\$ 631,684
Developer fees	-	-	-	-	-	-	-	-
Services fees	299,160	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	32,725	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	35,021	3,723	3,584	108	72	13	19,763	1,134
Other	836,989	34,867	26,096	16,779	2,995	15,335	20,121	8,755
Total revenues	<u>1,171,170</u>	<u>1,290,224</u>	<u>1,498,259</u>	<u>835,834</u>	<u>400,835</u>	<u>549,639</u>	<u>2,646,302</u>	<u>641,573</u>
Expenses and losses								
Compensation	-	417,283	334,585	116,286	93,468	121,652	646,978	111,190
Administrative	236,783	166,951	148,471	103,747	68,674	64,161	317,911	80,233
Professional services	2,236	123,250	21,046	166,011	6,837	32,182	23,735	35,233
Depreciation and amortization	-	289,765	584,319	346,774	274,299	165,950	649,542	440,468
Grants	727,398	-	-	-	-	-	-	-
Facility	-	563,072	536,394	247,499	114,401	181,082	659,356	167,562
Interest and fees	7,838	201,866	289,582	85,445	111,002	30,845	114,171	176,956
Bad debts	-	-	21,507	345	289	626	1,477	-
Provision for impaired assets	35,021	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	3,375	-	-	-	-	-	-	-
Total expenses and losses	<u>1,012,651</u>	<u>1,762,187</u>	<u>1,935,904</u>	<u>1,066,107</u>	<u>668,970</u>	<u>596,498</u>	<u>2,413,170</u>	<u>1,011,642</u>
Excess (deficiency) of revenues over expenses	158,519	(471,963)	(437,645)	(230,273)	(268,135)	(46,859)	233,132	(370,069)
Net assets at beginning of year	(1,608,922)	(8,771,613)	(3,575,728)	3,098,964	1,398,808	72,848	8,792,235	577,697
Other transfers to (from) net assets	622	-	-	(1,454,797)	-	-	(243,550)	-
Net assets at end of year	<u>\$ (1,449,781)</u>	<u>\$ (9,243,576)</u>	<u>\$ (4,013,373)</u>	<u>\$ 1,413,894</u>	<u>\$ 1,130,673</u>	<u>\$ 25,989</u>	<u>\$ 8,781,817</u>	<u>\$ 207,628</u>

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ 457,909	\$ 966,725	\$ 193,533	\$ 312,253	\$ 217,212	\$ 353,714	\$ 358,429	\$ 539,814
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	30,994	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	59,250	65	60	6,572	45	179	5	26
Other	12,269	12,940	8,294	4,596	2,574	1,118	9,908	24,660
Total revenues	<u>529,428</u>	<u>1,010,724</u>	<u>201,887</u>	<u>323,421</u>	<u>219,831</u>	<u>355,011</u>	<u>368,342</u>	<u>564,500</u>
Expenses and losses								
Compensation	127,961	311,586	40,134	85,837	31,073	97,847	82,189	54,788
Administrative	74,549	140,626	35,105	48,661	31,821	49,539	58,692	107,809
Professional services	35,303	101,774	12,167	27,704	7,404	7,292	8,570	8,782
Depreciation and amortization	208,504	131,135	32,020	87,429	108,538	179,538	173,563	329,149
Grants	-	-	-	-	-	-	-	-
Facility	175,659	349,636	112,567	119,185	71,799	156,968	177,561	164,128
Interest and fees	13,147	33,600	57,000	80,128	36,566	97,499	707	214,079
Bad debts	5,542	207	-	6,463	1,569	1,861	5,184	2,809
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>640,665</u>	<u>1,068,564</u>	<u>288,993</u>	<u>455,407</u>	<u>288,770</u>	<u>590,544</u>	<u>506,466</u>	<u>881,544</u>
Excess (deficiency) of revenues over expenses	(111,237)	(57,840)	(87,106)	(131,986)	(68,939)	(235,533)	(138,124)	(317,044)
Net assets at beginning of year	2,431,325	1,969,242	(2,132,294)	(2,221,898)	634,125	(3,314,563)	1,606,202	1,327,379
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 2,320,088</u>	<u>\$ 1,911,402</u>	<u>\$ (2,219,400)</u>	<u>\$ (2,353,884)</u>	<u>\$ 565,186</u>	<u>\$ (3,550,096)</u>	<u>\$ 1,468,078</u>	<u>\$ 1,010,335</u>

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ 698,583	\$ -	\$ 500,432	\$ -	\$ 268,684	\$ -	\$ 1,402,991	\$ 611,769
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	15,000	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	120	-	58	-	26	-	3,431	134
Other	11,203	-	4,806	47,700	6,918	102,720	68,744	19,428
Total revenues	<u>709,906</u>	<u>-</u>	<u>505,296</u>	<u>47,700</u>	<u>275,628</u>	<u>117,720</u>	<u>1,475,166</u>	<u>631,331</u>
Expenses and losses								
Compensation	154,848	-	94,337	-	53,197	-	231,997	68,374
Administrative	136,506	308	55,176	10	44,184	117,789	213,097	70,202
Professional services	59,613	989	9,786	1,044	9,016	587	37,759	8,173
Depreciation and amortization	346,347	-	78,150	-	180,457	-	442,589	162,398
Grants	-	-	-	-	-	-	-	-
Facility	160,265	-	356,095	-	127,148	-	616,120	215,382
Interest and fees	128,637	-	15,349	-	70,477	-	344,986	153,631
Bad debts	2,485	-	13,151	-	7,501	-	3,683	2,141
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	117	-	22	-	42	-	-
Total expenses and losses	<u>988,701</u>	<u>1,414</u>	<u>622,044</u>	<u>1,076</u>	<u>491,980</u>	<u>118,418</u>	<u>1,890,231</u>	<u>680,301</u>
Excess (deficiency) of revenues over expenses	<u>(278,795)</u>	<u>(1,414)</u>	<u>(116,748)</u>	<u>46,624</u>	<u>(216,352)</u>	<u>(698)</u>	<u>(415,065)</u>	<u>(48,970)</u>
Net assets at beginning of year	2,720,021	(20,326)	(1,935,149)	(5,741)	2,008,709	(62,502)	1,066,164	1,359,418
Other transfers to (from) net assets	(2,222)	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 2,439,004</u>	<u>\$ (21,740)</u>	<u>\$ (2,051,897)</u>	<u>\$ 40,883</u>	<u>\$ 1,792,357</u>	<u>\$ (63,200)</u>	<u>\$ 651,099</u>	<u>\$ 1,310,448</u>

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ 642,089	\$ 523,333	\$ -	\$ 275,296	\$ 497,920	\$ -	\$ -	\$ 141,850
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	7,917	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	91	98	-	2,357	868	-	-	-
Other	14,312	18,642	67,667	(585,148)	8,478	-	-	6,035
Total revenues	<u>656,492</u>	<u>542,073</u>	<u>67,667</u>	<u>(307,495)</u>	<u>507,266</u>	<u>-</u>	<u>7,917</u>	<u>147,885</u>
Expenses and losses								
Compensation	77,001	114,300	-	75,888	130,723	-	-	38,314
Administrative	104,920	89,923	-	118,268	85,286	-	7,926	64,431
Professional services	14,270	10,552	989	10,948	12,642	2,484	1,044	13,475
Depreciation and amortization	187,511	381,199	-	112,770	356,129	-	-	-
Grants	-	-	-	-	-	-	-	-
Facility	212,449	157,968	51	196,329	246,397	-	-	78,320
Interest and fees	97,820	124,146	-	6,354	112,143	-	-	8,584
Bad debts	6,342	3,840	-	6,431	4,650	-	-	3,299
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	63	-	-	-	791	-
Total expenses and losses	<u>700,313</u>	<u>881,928</u>	<u>1,103</u>	<u>526,988</u>	<u>947,970</u>	<u>2,484</u>	<u>9,761</u>	<u>206,423</u>
Excess (deficiency) of revenues over expenses	(43,821)	(339,855)	66,564	(834,483)	(440,704)	(2,484)	(1,844)	(58,538)
Net assets at beginning of year	2,519,882	7,106,903	3,751,997	1,683,058	3,866,077	492,936	544,316	(2,310,012)
Other transfers to (from) net assets	-	-	-	200,000	-	-	-	-
Net assets at end of year	<u>\$ 2,476,061</u>	<u>\$ 6,767,048</u>	<u>\$ 3,818,561</u>	<u>\$ 1,048,575</u>	<u>\$ 3,425,373</u>	<u>\$ 490,452</u>	<u>\$ 542,472</u>	<u>\$ (2,368,550)</u>

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Franciscan Homes IV, LTD	Eliminations	Consolidated Mercy Properties, Inc.
Revenues			
Rent - net of vacancies	\$ 147,061	\$ -	\$ 16,786,193
Developer fees	-	-	-
Services fees	-	(322,077)	-
Philanthropy	-	-	30,994
Capital grants	-	-	32,725
Consulting	-	-	-
Interest	-	(20,591)	116,212
Other	1,755	(117,208)	714,348
Total revenues	<u>148,816</u>	<u>(459,876)</u>	<u>17,680,472</u>
Expenses and losses			
Compensation	38,062	-	3,749,898
Administrative	34,106	(311,830)	2,564,035
Professional services	11,122	-	824,019
Depreciation and amortization	464	(618)	6,248,389
Grants	-	-	727,398
Facility	127,575	-	6,290,968
Interest and fees	142,996	(20,591)	2,734,963
Bad debts	-	-	101,402
Provision for impaired assets	-	(20,591)	14,430
Project expenses	-	-	-
Allocation	-	-	-
(Gain) loss on sale of assets	-	-	-
(Gain) loss on investment in limited partnership	-	(4,430)	(20)
Total expenses and losses	<u>354,325</u>	<u>(358,060)</u>	<u>23,255,482</u>
Excess (deficiency) of revenues over expenses	(205,509)	(101,816)	(5,575,010)
Net assets at beginning of year	(3,652,374)	(2,609,868)	16,807,316
Other transfers to (from) net assets	-	726,756	(773,191)
Net assets at end of year	<u>\$ (3,857,883)</u>	<u>\$ (1,984,928)</u>	<u>\$ 10,459,115</u>

Mercy Properties II, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ -	\$ 388,479	\$ 12,488	\$ -	\$ 400,967
Cash, tenant security deposits	-	32,905	16,702	-	49,607
Cash, restricted	-	-	-	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	2,746	61	-	2,807
Due from affiliate, net	35,587	-	-	(35,587)	-
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	-	23,399	10,723	-	34,122
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>35,587</u>	<u>447,529</u>	<u>39,974</u>	<u>(35,587)</u>	<u>487,503</u>
Property and equipment					
Land and land improvements	-	1,190,644	1,009,290	-	2,199,934
Buildings	-	6,730,690	3,903,237	-	10,633,927
Furniture and equipment	-	215,630	48,644	-	264,274
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(3,821,800)	(1,902,536)	-	(5,724,336)
Net property and equipment	<u>-</u>	<u>4,315,164</u>	<u>3,058,635</u>	<u>-</u>	<u>7,373,799</u>
Other long-term assets					
Restricted property reserves	-	398,941	220,012	-	618,953
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(186)	-	-	186	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	16,779	67,660	-	84,439
Total other long-term assets	<u>(186)</u>	<u>415,720</u>	<u>287,672</u>	<u>186</u>	<u>703,392</u>
Total assets	<u>\$ 35,401</u>	<u>\$ 5,178,413</u>	<u>\$ 3,386,281</u>	<u>\$ (35,401)</u>	<u>\$ 8,564,694</u>

Mercy Properties II, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ -	\$ 63,214	\$ 70,749	\$ -	\$ 133,963
Due to affiliates	105,237	21,003	108,383	(53,900)	180,723
Accrued interest	-	44,170	6,165	-	50,335
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	85,754	21,684	-	107,438
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	4,426	258	-	4,684
Tenant security deposits	-	32,603	16,550	-	49,153
Total current liabilities	105,237	251,170	223,789	(53,900)	526,296
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	8,000	63,838	-	71,838
Accrued interest, affiliates	-	-	47,713	-	47,713
Notes payable, less current portion, net	-	3,710,173	1,707,385	-	5,417,558
Notes payable, less current portion, affiliates	-	-	414,246	-	414,246
Deferred revenue and other liabilities	-	6,480	-	-	6,480
Total long-term liabilities	-	3,724,653	2,233,182	-	5,957,835
Total liabilities	105,237	3,975,823	2,456,971	(53,900)	6,484,131
Net assets					
Unrestricted net assets, controlling	(69,836)	1,202,590	929,310	18,499	2,080,563
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	(69,836)	1,202,590	929,310	18,499	2,080,563
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(69,836)	1,202,590	929,310	18,499	2,080,563
Total liabilities and net assets	\$ 35,401	\$ 5,178,413	\$ 3,386,281	\$ (35,401)	\$ 8,564,694

Mercy Properties II, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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	\$ -	\$ 857,877	\$ 332,937	\$ -	\$ 1,190,814
Developer fees	-	-	-	-	-
Services fees	17,149	-	-	(17,149)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	121	52	-	173
Other	16,000	17,050	3,468	-	36,518
Total revenues	<u>33,149</u>	<u>875,048</u>	<u>336,457</u>	<u>(17,149)</u>	<u>1,227,505</u>
Expenses and losses					
Compensation	-	140,907	69,617	-	210,524
Administrative	17,159	177,686	50,959	(26,162)	219,642
Professional services	577	52,608	4,518	-	57,703
Depreciation and amortization	-	310,054	159,093	-	469,147
Grants	-	-	-	-	-
Facility	-	198,419	115,202	-	313,621
Interest and fees	-	193,804	102,101	-	295,905
Bad debts	-	705	-	-	705
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	36	-	-	(36)	-
Total expenses and losses	<u>17,772</u>	<u>1,074,183</u>	<u>501,490</u>	<u>(26,198)</u>	<u>1,567,247</u>
Excess (deficiency) of revenues over expenses	15,377	(199,135)	(165,033)	9,049	(339,742)
Net assets at beginning of year	(85,213)	1,401,725	1,094,343	9,450	2,420,305
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (69,836)</u>	<u>\$ 1,202,590</u>	<u>\$ 929,310</u>	<u>\$ 18,499</u>	<u>\$ 2,080,563</u>

2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 2,838	\$ 78,346	\$ -	\$ 81,184
Cash, tenant security deposits	-	21,534	-	21,534
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	25,256	-	25,256
Due from affiliate, net	-	1,608	-	1,608
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	-	32,746	-	32,746
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>2,838</u>	<u>159,490</u>	<u>-</u>	<u>162,328</u>
Property and equipment				
Land and land improvements	-	561,839	-	561,839
Buildings	-	9,410,431	-	9,410,431
Furniture and equipment	-	311,072	-	311,072
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(6,576,269)	-	(6,576,269)
Net property and equipment	<u>-</u>	<u>3,707,073</u>	<u>-</u>	<u>3,707,073</u>
Other long-term assets				
Restricted property reserves	-	852,077	-	852,077
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net.	(100,173)	-	100,173	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	304,891	-	(304,891)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	5,201	-	5,201
Total other long-term assets	<u>204,718</u>	<u>857,278</u>	<u>(204,718)</u>	<u>857,278</u>
Total assets	<u>\$ 207,556</u>	<u>\$ 4,723,841</u>	<u>\$ (204,718)</u>	<u>\$ 4,726,679</u>

2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 934	\$ 100,686	\$ -	\$ 101,620
Due to affiliates	5,000	13,456	(5,000)	13,456
Accrued interest	-	-	-	-
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	1	18,597	-	18,598
Tenant security deposits	-	21,323	-	21,323
Total current liabilities	5,935	154,062	(5,000)	154,997
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	3,286,065	-	3,286,065
Accrued interest, affiliates	-	192,753	(192,753)	-
Notes payable, less current portion, net	-	3,532,176	-	3,532,176
Notes payable, less current portion, affiliates	-	424,120	(424,120)	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	7,435,114	(616,873)	6,818,241
Total liabilities	5,935	7,589,176	(621,873)	6,973,238
Net assets				
Unrestricted net assets, controlling	201,621	(2,865,335)	417,155	(2,246,559)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	201,621	(2,865,335)	417,155	(2,246,559)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	201,621	(2,865,335)	417,155	(2,246,559)
Total liabilities and net assets	\$ 207,556	\$ 4,723,841	\$ (204,718)	\$ 4,726,679

2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP (Hamilton Apts.)	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
Revenues				
Rent - net of vacancies	\$ -	\$ 982,265	\$ -	\$ 982,265
Developer fees	-	-	-	-
Services fees	5,000	-	(5,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	14,527	563	(14,527)	563
Other	50,350	9,818	(3,750)	56,418
Total revenues	<u>69,877</u>	<u>992,646</u>	<u>(23,277)</u>	<u>1,039,246</u>
Expenses and losses				
Compensation	-	364,666	-	364,666
Administrative	5,021	145,112	(10,000)	140,133
Professional services	3,085	84,284	-	87,369
Depreciation and amortization	-	362,384	-	362,384
Grants	-	-	-	-
Facility	-	447,268	-	447,268
Interest and fees	-	190,227	(14,527)	175,700
Bad debts	-	654	-	654
Provision for impaired assets	9,527	-	(9,527)	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	6,019	-	(6,019)	-
Total expenses and losses	<u>23,652</u>	<u>1,594,595</u>	<u>(40,073)</u>	<u>1,578,174</u>
Excess (deficiency) of revenues over expenses	46,225	(601,949)	16,796	(538,928)
Net assets at beginning of year	155,396	(2,263,386)	400,359	(1,707,631)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 201,621</u>	<u>\$ (2,865,335)</u>	<u>\$ 417,155</u>	<u>\$ (2,246,559)</u>

McDermott Place
Consolidating Statement of Financial Position
December 31, 2015

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 5,888	\$ -	\$ 5,888
Cash, tenant security deposits	-	8,773	-	8,773
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	25,748	-	25,748
Due from affiliate, net	42,025	-	(42,025)	-
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	-	7,790	-	7,790
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
	<u>42,025</u>	<u>48,199</u>	<u>(42,025)</u>	<u>48,199</u>
Total current assets				
	<u>42,025</u>	<u>48,199</u>	<u>(42,025)</u>	<u>48,199</u>
Property and equipment				
Land and land improvements	-	15,440	-	15,440
Buildings	-	200,597	-	200,597
Furniture and equipment	-	3,391	-	3,391
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(170)	-	(170)
	<u>-</u>	<u>219,258</u>	<u>-</u>	<u>219,258</u>
Net property and equipment				
	<u>-</u>	<u>219,258</u>	<u>-</u>	<u>219,258</u>
Other long-term assets				
Restricted property reserves	-	10,272	-	10,272
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	(986,892)	-	986,892	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	15,124	-	15,124
	<u>(986,892)</u>	<u>25,396</u>	<u>986,892</u>	<u>25,396</u>
Total other long-term assets				
	<u>(986,892)</u>	<u>25,396</u>	<u>986,892</u>	<u>25,396</u>
Total assets	\$ (944,867)	\$ 292,853	\$ 944,867	\$ 292,853

McDermott Place
Consolidating Statement of Financial Position
December 31, 2015

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 65,448	\$ -	\$ 65,448
Due to affiliates	101,015	443,122	(87,025)	457,112
Accrued interest	-	1,501	-	1,501
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	7,047	-	7,047
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	7,315	-	7,315
Tenant security deposits	-	8,498	-	8,498
Total current liabilities	101,015	532,931	(87,025)	546,921
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	266,416	-	266,416
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	1,081,868	-	1,081,868
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	1,348,284	-	1,348,284
Total liabilities	101,015	1,881,215	(87,025)	1,895,205
Net assets				
Unrestricted net assets, controlling	(1,045,882)	(1,588,362)	1,031,892	(1,602,352)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(1,045,882)	(1,588,362)	1,031,892	(1,602,352)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	(1,045,882)	(1,588,362)	1,031,892	(1,602,352)
Total liabilities and net assets	\$ (944,867)	\$ 292,853	\$ 944,867	\$ 292,853

McDermott Place
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Revenues				
Rent - net of vacancies	\$ -	\$ 220,389	\$ -	\$ 220,389
Developer fees	-	-	-	-
Services fees	6,030	-	(6,030)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	20	-	20
Other	37,334	27,579	-	64,913
Total revenues	<u>43,364</u>	<u>247,988</u>	<u>(6,030)</u>	<u>285,322</u>
Expenses and losses				
Compensation	-	87,715	-	87,715
Administrative	43,363	49,106	(6,030)	86,439
Professional services	577	9,605	-	10,182
Depreciation and amortization	-	17,984	-	17,984
Grants	-	-	-	-
Facility	-	152,290	-	152,290
Interest and fees	-	37,615	-	37,615
Bad debts	-	8,984	-	8,984
Provision for impaired assets	-	213,191	-	213,191
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	33	-	(33)	-
Total expenses and losses	<u>43,973</u>	<u>576,490</u>	<u>(6,063)</u>	<u>614,400</u>
Excess (deficiency) of revenues over expenses	(609)	(328,502)	33	(329,078)
Net assets at beginning of year	(1,045,273)	(1,259,860)	1,031,859	(1,273,274)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ (1,045,882)</u>	<u>\$ (1,588,362)</u>	<u>\$ 1,031,892</u>	<u>\$ (1,602,352)</u>

South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2015

	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)
Assets								
Current assets								
Cash and cash equivalents	\$ 49,860	\$ 66,948	\$ 65,148	\$ 21,019	\$ 45,927	\$ 63,798	\$ 65,498	\$ 63,354
Cash, tenant security deposits	-	29,080	31,585	56,323	38,972	8,388	18,935	13,346
Cash, restricted	-	-	-	500	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	2,470	15,467	59,524	6,291	-	1,319	2,232
Due from affiliate, net	99,122	3,399	-	163	-	-	-	-
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	-	11,235	11,662	33,906	51,496	3,466	8,107	7,547
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	148,982	113,132	123,862	171,435	142,686	75,652	93,859	86,479
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	4,597,115	1,946,483	4,566,057	2,492,791
Furniture and equipment	-	125,921	147,293	77,931	148,369	21,527	138,219	102,269
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,963,351)	(2,726,493)	(3,358,113)	(2,709,922)	(1,090,362)	(2,756,188)	(2,017,789)
Net property and equipment	-	3,309,014	1,399,666	2,708,536	2,949,349	1,446,633	2,668,092	582,871
Other long-term assets								
Restricted property reserves	-	120,324	123,684	232,698	264,239	197,802	207,258	188,199
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(29,786,431)	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	1,197,412	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	14,140	46,755	13,460	144	-	3,158
Total other long-term assets	(28,589,019)	120,324	137,824	279,453	277,699	197,946	207,258	191,357
Total assets	\$ (28,440,037)	\$ 3,542,470	\$ 1,661,352	\$ 3,159,424	\$ 3,369,734	\$ 1,720,231	\$ 2,969,209	\$ 860,707

South of Market Mercy Housing
Consolidating Statement of Financial Position
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	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)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,404	\$ 31,218	\$ 27,384	\$ 47,720	\$ 25,926	\$ 10,158	\$ 21,557	\$ 24,666
Due to affiliates	67,486	15,000	30,000	735,206	-	10,000	34,294	47,156
Accrued interest	-	833	1,544	10,977	690	934	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	34,306	18,469	96,317	65,669	10,633	-	-
Current portion of notes payable, affiliates	-	-	-	52,735	-	-	-	-
Deferred revenue and other liabilities	-	61	12,454	6,206	10,697	205	426	125
Tenant security deposits	-	28,580	31,133	56,675	38,782	7,888	18,789	12,846
Total current liabilities	68,890	109,998	120,984	1,005,836	141,764	39,818	75,066	84,793
Long-term liabilities								
Due to affiliates	775,972	-	-	-	-	-	-	600,594
Accrued interest	-	1,358,671	996,918	909,629	2,261,735	642,460	-	732,078
Accrued interest, affiliates	-	-	-	-	-	-	-	920,823
Notes payable, less current portion, net	-	2,573,392	2,037,785	4,214,978	2,954,682	1,069,630	1,718,947	1,115,000
Notes payable, less current portion, affiliates	-	-	-	-	312,729	232,339	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	332	-
Total long-term liabilities	775,972	3,932,063	3,034,703	5,124,607	5,529,146	1,944,429	1,719,279	3,368,495
Total liabilities	844,862	4,042,061	3,155,687	6,130,443	5,670,910	1,984,247	1,794,345	3,453,288
Net assets								
Unrestricted net assets, controlling	(29,284,899)	(499,591)	(1,494,335)	(2,971,019)	(2,301,176)	(264,016)	1,174,864	(2,592,581)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(29,284,899)	(499,591)	(1,494,335)	(2,971,019)	(2,301,176)	(264,016)	1,174,864	(2,592,581)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(29,284,899)	(499,591)	(1,494,335)	(2,971,019)	(2,301,176)	(264,016)	1,174,864	(2,592,581)
Total liabilities and net assets	\$ (28,440,037)	\$ 3,542,470	\$ 1,661,352	\$ 3,159,424	\$ 3,369,734	\$ 1,720,231	\$ 2,969,209	\$ 860,707

South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2015

	Mercy Housing California III, LP (Plaza Maria Apts.)	Mercy Housing California IX, LP (Sycamore St. Commons)	Eliminations	Consolidated South of Market Mercy Housing
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 435,107	\$ -	\$ 876,659
Cash, tenant security deposits	-	-	-	196,629
Cash, restricted	-	-	-	500
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	1,510	-	88,813
Due from affiliate, net	-	11,831	(95,792)	18,723
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	-	-	-	127,419
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	-	448,448	(95,792)	1,308,743
Property and equipment				
Land and land improvements	-	-	-	4,084,594
Buildings	-	-	-	27,840,256
Furniture and equipment	-	-	-	761,529
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	-	-	(17,622,218)
Net property and equipment	-	-	-	15,064,161
Other long-term assets				
Restricted property reserves	-	3,917	-	1,338,121
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	-	-	(1,327,009)	(31,113,440)
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	1,197,412
Allowance for impaired assets	-	-	-	-
Other assets, net	-	-	-	77,657
Total other long-term assets	-	3,917	(1,327,009)	(28,500,250)
Total assets	\$ -	\$ 452,365	\$ (1,422,801)	\$ (12,127,346)

South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2015

	Mercy Housing California III, LP (Plaza Maria Apts.)	Mercy Housing California IX, LP (Sycamore St. Commons)	Eliminations	Consolidated South of Market Mercy Housing
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 176,266	\$ -	\$ 366,299
Due to affiliates	-	-	(214,305)	724,837
Accrued interest	-	-	-	14,978
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	-	-	225,394
Current portion of notes payable, affiliates	-	-	-	52,735
Deferred revenue and other liabilities	-	-	-	30,174
Tenant security deposits	-	-	-	194,693
Total current liabilities	-	176,266	(214,305)	1,609,110
Long-term liabilities				
Due to affiliates	-	-	-	1,376,566
Accrued interest	-	-	-	6,901,491
Accrued interest, affiliates	-	-	-	920,823
Notes payable, less current portion, net	-	-	-	15,684,414
Notes payable, less current portion, affiliates	-	-	-	545,068
Deferred revenue and other liabilities	-	-	-	332
Total long-term liabilities	-	-	-	25,428,694
Total liabilities	-	176,266	(214,305)	27,037,804
Net assets				
Unrestricted net assets, controlling	-	276,099	(1,208,496)	(39,165,150)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	-	276,099	(1,208,496)	(39,165,150)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	-	276,099	(1,208,496)	(39,165,150)
Total liabilities and net assets	\$ -	\$ 452,365	\$ (1,422,801)	\$ (12,127,346)

**South of Market Mercy Housing
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015**

	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)
Revenues							
Rent - net of vacancies	\$ -	\$ 454,014	\$ 485,505	\$ 863,161	\$ 477,106	\$ 134,980	\$ 287,488
Developer fees	-	-	-	-	-	-	-
Services fees	42,146	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	17,010	83	65	41	73	96	62
Other	507,450	6,795	11,379	26,635	24,798	1,465	8,022
Total revenues	<u>566,606</u>	<u>460,892</u>	<u>496,949</u>	<u>889,837</u>	<u>501,977</u>	<u>136,541</u>	<u>295,572</u>
Expenses and losses							
Compensation	-	63,262	112,306	156,281	122,620	19,346	87,737
Administrative	43,018	72,163	86,677	111,425	68,820	22,444	61,517
Professional services	2,701	38,111	19,949	43,124	26,803	6,937	10,037
Depreciation and amortization	-	176,191	152,839	190,560	127,682	48,229	169,565
Grants	2,553,117	-	-	-	-	-	-
Facility	-	129,631	150,282	264,628	148,697	48,149	127,197
Interest and fees	50	79,694	66,786	215,438	120,493	46,523	105
Bad debts	15,000	-	489	-	3,993	-	-
Provision for impaired assets	17,010	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(60,397)	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	1,441,720	-	-	-	-	-	-
Total expenses and losses	<u>4,012,219</u>	<u>559,052</u>	<u>589,328</u>	<u>981,456</u>	<u>619,108</u>	<u>191,628</u>	<u>456,158</u>
Excess (deficiency) of revenues over expenses	(3,445,613)	(98,160)	(92,379)	(91,619)	(117,131)	(55,087)	(160,586)
Net assets at beginning of year	(19,888,455)	(353,689)	(1,401,956)	(2,879,400)	(2,184,045)	(208,929)	1,356,250
Other transfers to (from) net assets	(5,950,831)	(47,742)	-	-	-	-	(20,800)
Net assets at end of year	<u>\$ (29,284,899)</u>	<u>\$ (499,591)</u>	<u>\$ (1,494,335)</u>	<u>\$ (2,971,019)</u>	<u>\$ (2,301,176)</u>	<u>\$ (264,016)</u>	<u>\$ 1,174,864</u>

**South of Market Mercy Housing
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015**

	16th & Church Street Associates, LP (Padre Palou)	Mercy Housing California III, LP (Plaza Maria Apts.)	Mercy Housing California IX, LP (Sycamore St. Commons)	Eliminations	Consolidated South of Market Mercy Housing
Revenues					
Rent - net of vacancies	\$ 256,470	\$ 65,289	\$ 572,626	\$ -	\$ 3,596,639
Developer fees	-	-	-	-	-
Services fees	-	-	-	(36,998)	5,148
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	111	11	277	-	17,829
Other	11,061	52,003	137,299	(372,672)	414,235
Total revenues	<u>267,642</u>	<u>117,303</u>	<u>710,202</u>	<u>(409,670)</u>	<u>4,033,851</u>
Expenses and losses					
Compensation	52,306	17,693	99,060	-	730,611
Administrative	42,434	36,436	68,200	(80,000)	533,134
Professional services	8,702	5,199	68,024	-	229,587
Depreciation and amortization	73,956	22,105	273,759	-	1,234,886
Grants	-	-	-	-	2,553,117
Facility	137,196	33,129	180,821	-	1,219,730
Interest and fees	237,760	9,062	113,782	-	889,693
Bad debts	-	-	-	-	19,482
Provision for impaired assets	-	-	-	-	17,010
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	(60,397)
(Gain) loss on investment in limited partnership	-	-	-	418	1,442,138
Total expenses and losses	<u>552,354</u>	<u>123,624</u>	<u>803,646</u>	<u>(79,582)</u>	<u>8,808,991</u>
Excess (deficiency) of revenues over expenses	(284,712)	(6,321)	(93,444)	(330,088)	(4,775,140)
Net assets at beginning of year	(2,307,869)	323,663	515,890	(1,507,490)	(28,536,030)
Other transfers to (from) net assets	-	(317,342)	(146,347)	629,082	(5,853,980)
Net assets at end of year	<u>\$ (2,592,581)</u>	<u>\$ -</u>	<u>\$ 276,099</u>	<u>\$ (1,208,496)</u>	<u>\$ (39,165,150)</u>

Visitacion Valley Affordable Housing Corporation
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ -	\$ 136,050	\$ -	\$ 136,050
Cash, tenant security deposits	-	116,367	-	116,367
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	43,447	-	43,447
Due from affiliate, net	18,750	-	(18,750)	-
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	-	50,000	-	50,000
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
	<u>18,750</u>	<u>345,864</u>	<u>(18,750)</u>	<u>345,864</u>
Total current assets				
	<u>18,750</u>	<u>345,864</u>	<u>(18,750)</u>	<u>345,864</u>
Property and equipment				
Land and land improvements	-	-	-	-
Buildings	-	26,264,984	-	26,264,984
Furniture and equipment	-	610,016	-	610,016
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(15,181,291)	-	(15,181,291)
	<u>-</u>	<u>(15,181,291)</u>	<u>-</u>	<u>(15,181,291)</u>
Net property and equipment	<u>-</u>	<u>11,693,709</u>	<u>-</u>	<u>11,693,709</u>
Other long-term assets				
Restricted property reserves	-	912,428	-	912,428
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	3,121,780	-	(3,121,780)	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	26,876	-	26,876
	<u>-</u>	<u>26,876</u>	<u>-</u>	<u>26,876</u>
Total other long-term assets	<u>3,121,780</u>	<u>939,304</u>	<u>(3,121,780)</u>	<u>939,304</u>
Total assets	<u>\$ 3,140,530</u>	<u>\$ 12,978,877</u>	<u>\$ (3,140,530)</u>	<u>\$ 12,978,877</u>

Visitacion Valley Affordable Housing Corporation
Consolidating Statement of Financial Position
December 31, 2015

	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	\$ 1,014	\$ 327,318	\$ -	\$ 328,332
Due to affiliates	78,549	30,000	(30,000)	78,549
Accrued interest	-	21,512	-	21,512
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	65,354	-	65,354
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	69,280	-	69,280
Tenant security deposits	-	112,435	-	112,435
Total current liabilities	<u>79,563</u>	<u>625,899</u>	<u>(30,000)</u>	<u>675,462</u>
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	731,366	-	731,366
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	6,100,359	-	6,100,359
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	<u>-</u>	<u>6,831,725</u>	<u>-</u>	<u>6,831,725</u>
Total liabilities	<u>79,563</u>	<u>7,457,624</u>	<u>(30,000)</u>	<u>7,507,187</u>
Net assets				
Unrestricted net assets, controlling	1,578,967	5,521,253	(3,110,530)	3,989,690
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	<u>1,578,967</u>	<u>5,521,253</u>	<u>(3,110,530)</u>	<u>3,989,690</u>
Temporarily restricted net assets	1,482,000	-	-	1,482,000
Permanently restricted net assets	-	-	-	-
Total net assets	<u>3,060,967</u>	<u>5,521,253</u>	<u>(3,110,530)</u>	<u>5,471,690</u>
Total liabilities and net assets	<u>\$ 3,140,530</u>	<u>\$ 12,978,877</u>	<u>\$ (3,140,530)</u>	<u>\$ 12,978,877</u>

Visitacion Valley Affordable Housing Corporation
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing Corporation
Revenues				
Rent - net of vacancies	\$ -	\$ 1,731,190	\$ -	\$ 1,731,190
Developer fees	-	-	-	-
Services fees	15,000	-	(15,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	325	-	325
Other	87,618	20,878	-	108,496
Total revenues	<u>102,618</u>	<u>1,752,393</u>	<u>(15,000)</u>	<u>1,840,011</u>
Expenses and losses				
Compensation	-	406,738	-	406,738
Administrative	15,020	255,665	(15,000)	255,685
Professional services	1,456	62,809	-	64,265
Depreciation and amortization	-	942,523	-	942,523
Grants	-	-	-	-
Facility	-	813,313	-	813,313
Interest and fees	-	330,877	-	330,877
Bad debts	-	24,650	-	24,650
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	542	-	(542)	-
Total expenses and losses	<u>17,018</u>	<u>2,836,575</u>	<u>(15,542)</u>	<u>2,838,051</u>
Excess (deficiency) of revenues over expenses	85,600	(1,084,182)	542	(998,040)
Net assets at beginning of year	2,975,367	6,605,435	(3,111,072)	6,469,730
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 3,060,967</u>	<u>\$ 5,521,253</u>	<u>\$ (3,110,530)</u>	<u>\$ 5,471,690</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2015

	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)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 599,941	\$ 21,390	\$ 71,193	\$ 430,327	\$ 226,868	\$ 430,348
Cash, tenant security deposits	-	120,880	38,171	19,544	108,600	21,995	33,577
Cash, restricted	4,140	-	300	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	988	902	7,624	11,898	3,139	999
Due from affiliate, net	1,908,699	-	8,228	5,000	-	5,694	-
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	-	102,859	22,427	31,546	35,988	60,733	18,839
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>1,912,839</u>	<u>824,668</u>	<u>91,418</u>	<u>134,907</u>	<u>586,813</u>	<u>318,429</u>	<u>483,763</u>
Property and equipment							
Land and land improvements	-	1,323,633	917,754	135,399	7,088,220	1,028,700	1,804,059
Buildings	-	63,246,213	10,996,836	14,651,758	21,048,883	15,968,407	10,152,697
Furniture and equipment	-	1,488,404	319,134	40,207	1,522,830	95,740	266,801
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(16,182,886)	(5,804,419)	(6,868,592)	(12,608,019)	(6,693,221)	(5,343,931)
Net property and equipment	<u>-</u>	<u>49,875,364</u>	<u>6,429,305</u>	<u>7,958,772</u>	<u>17,051,914</u>	<u>10,399,626</u>	<u>6,879,626</u>
Other long-term assets							
Restricted property reserves	482,601	1,173,376	385,661	652,049	1,121,795	723,908	327,283
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	7,928,798	-	-	-	-	-	-
Notes and interest receivable, net	285,520	-	-	-	-	-	-
Notes and interest receivable, affiliates	23,881,700	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	355,410	52,968	117,997	109,685	57,315	51,282
Total other long-term assets	<u>32,578,619</u>	<u>1,528,786</u>	<u>438,629</u>	<u>770,046</u>	<u>1,231,480</u>	<u>781,223</u>	<u>378,565</u>
Total assets	<u>\$ 34,491,458</u>	<u>\$ 52,228,818</u>	<u>\$ 6,959,352</u>	<u>\$ 8,863,725</u>	<u>\$ 18,870,207</u>	<u>\$ 11,499,278</u>	<u>\$ 7,741,954</u>

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	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)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 1,401	\$ 90,134	\$ 31,977	\$ 72,424	\$ 124,250	\$ 66,801	\$ 45,601
Due to affiliates	957,415	77,864	31,706	89,593	23,519	53,074	40,000
Accrued interest	-	-	3,090	4,853	16,239	7,539	11,021
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	60,191	300,000	100,000	400,000	58,265
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	3,330	2,526	19,468	7,030	24,292	4,689
Tenant security deposits	-	120,230	37,671	18,165	107,750	21,495	33,051
Total current liabilities	<u>958,816</u>	<u>291,558</u>	<u>167,161</u>	<u>504,503</u>	<u>378,788</u>	<u>573,201</u>	<u>192,627</u>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	1,353,089	-	769,236	4,140,853	4,167,388	738,464
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	900,000	37,965,370	3,829,570	7,770,493	16,604,009	9,293,685	4,018,246
Notes payable, less current portion, affiliates	5,516,324	-	-	-	-	-	-
Deferred revenue and other liabilities	-	192,123	10	1,406,839	-	882,623	1,033
Total long-term liabilities	<u>6,416,324</u>	<u>39,510,582</u>	<u>3,829,580</u>	<u>9,946,568</u>	<u>20,744,862</u>	<u>14,343,696</u>	<u>4,757,743</u>
Total liabilities	<u>7,375,140</u>	<u>39,802,140</u>	<u>3,996,741</u>	<u>10,451,071</u>	<u>21,123,650</u>	<u>14,916,897</u>	<u>4,950,370</u>
Net assets							
Unrestricted net assets, controlling	(8,655,536)	12,426,678	2,962,611	(1,587,346)	(2,253,443)	(3,417,619)	2,791,584
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(8,655,536)	12,426,678	2,962,611	(1,587,346)	(2,253,443)	(3,417,619)	2,791,584
Temporarily restricted net assets	35,771,854	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	<u>27,116,318</u>	<u>12,426,678</u>	<u>2,962,611</u>	<u>(1,587,346)</u>	<u>(2,253,443)</u>	<u>(3,417,619)</u>	<u>2,791,584</u>
Total liabilities and net assets	<u>\$ 34,491,458</u>	<u>\$ 52,228,818</u>	<u>\$ 6,959,352</u>	<u>\$ 8,863,725</u>	<u>\$ 18,870,207</u>	<u>\$ 11,499,278</u>	<u>\$ 7,741,954</u>

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	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)
Assets							
Current assets							
Cash and cash equivalents	\$ 965,474	\$ 38,490	\$ 30,392	\$ 24,802	\$ 458,583	\$ 172,393	\$ 169,123
Cash, tenant security deposits	65,340	58,410	83,328	36,560	143,384	47,070	20,584
Cash, restricted	-	-	2,866	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	18,568	5,263	42,406	11,975	37,897	16,035	4,980
Due from affiliate, net	-	11,786	-	-	-	-	-
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	91,266	12,677	30,550	13,849	50,688	48,639	13,254
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>1,140,648</u>	<u>126,626</u>	<u>189,542</u>	<u>87,186</u>	<u>690,552</u>	<u>284,137</u>	<u>207,941</u>
Property and equipment							
Land and land improvements	28,240	2,223,946	6,280,035	214,579	5,531,488	176,286	873,574
Buildings	39,748,618	12,008,565	26,984,865	4,513,871	24,177,715	19,987,238	3,438,079
Furniture and equipment	1,004,135	186,762	674,962	75,244	369,798	170,359	47,308
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(15,095,602)</u>	<u>(5,739,057)</u>	<u>(10,660,047)</u>	<u>(3,603,396)</u>	<u>(9,190,955)</u>	<u>(7,671,007)</u>	<u>(1,908,481)</u>
Net property and equipment	<u>25,685,391</u>	<u>8,680,216</u>	<u>23,279,815</u>	<u>1,200,298</u>	<u>20,888,046</u>	<u>12,662,876</u>	<u>2,450,480</u>
Other long-term assets							
Restricted property reserves	1,813,448	397,371	559,878	156,219	315,949	293,932	143,638
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	<u>340,524</u>	<u>48,049</u>	<u>323,251</u>	<u>5,200</u>	<u>250,842</u>	<u>1,940,881</u>	<u>4,243</u>
Total other long-term assets	<u>2,153,972</u>	<u>445,420</u>	<u>883,129</u>	<u>161,419</u>	<u>566,791</u>	<u>2,234,813</u>	<u>147,881</u>
Total assets	<u>\$ 28,980,011</u>	<u>\$ 9,252,262</u>	<u>\$ 24,352,486</u>	<u>\$ 1,448,903</u>	<u>\$ 22,145,389</u>	<u>\$ 15,181,826</u>	<u>\$ 2,806,302</u>

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	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)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 121,173	\$ 45,467	\$ 104,087	\$ 38,892	\$ 65,478	\$ 245,477	\$ 38,025
Due to affiliates	44,651	328,550	8,594	167,104	269,772	22,903	99,160
Accrued interest	5,325	28,008	50,742	1,831	65,397	4,868	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	370,000	96,289	47,265	25,656	122,657	17,897	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	279,622	5,849	6,235	361	20,998	1,999	989
Tenant security deposits	64,840	57,910	82,828	36,045	145,086	46,570	20,084
Total current liabilities	885,611	562,073	299,751	269,889	689,388	339,714	158,258
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	1,608,802	820,823	2,672,051	1,367,327	1,457,836	2,014,596	297,616
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	22,081,164	7,936,437	16,678,539	2,299,104	18,441,087	7,008,774	897,000
Notes payable, less current portion, affiliates	-	284,000	-	-	-	-	-
Deferred revenue and other liabilities	40,000	586,059	32,716	-	931,886	1,894,436	-
Total long-term liabilities	23,729,966	9,627,319	19,383,306	3,666,431	20,830,809	10,917,806	1,194,616
Total liabilities	24,615,577	10,189,392	19,683,057	3,936,320	21,520,197	11,257,520	1,352,874
Net assets							
Unrestricted net assets, controlling	4,364,434	(937,130)	4,669,429	(2,487,417)	625,192	3,924,306	1,453,428
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	4,364,434	(937,130)	4,669,429	(2,487,417)	625,192	3,924,306	1,453,428
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	4,364,434	(937,130)	4,669,429	(2,487,417)	625,192	3,924,306	1,453,428
Total liabilities and net assets	\$ 28,980,011	\$ 9,252,262	\$ 24,352,486	\$ 1,448,903	\$ 22,145,389	\$ 15,181,826	\$ 2,806,302

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	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)
Assets							
Current assets							
Cash and cash equivalents	\$ 12,151	\$ 63,876	\$ 79,220	\$ 196,551	\$ 97,929	\$ 240,447	\$ 300,597
Cash, tenant security deposits	43,620	21,529	18,994	59,423	35,778	57,329	66,190
Cash, restricted	-	-	-	-	10,007	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	10,909	32,219	33,231	16,783	6,114	34,923	19,460
Due from affiliate, net	-	1,790	-	-	-	-	30,633
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	14,899	29,347	22,045	30,315	46,920	18,599	19,577
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>81,579</u>	<u>148,761</u>	<u>153,490</u>	<u>303,072</u>	<u>196,748</u>	<u>351,298</u>	<u>436,457</u>
Property and equipment							
Land and land improvements	2,014,938	121,460	2,783,667	693,387	1,781,588	1,779,284	2,275,562
Buildings	7,067,910	7,305,192	10,745,395	24,646,715	41,695,214	14,470,825	14,484,648
Furniture and equipment	96,855	232,879	349,061	257,442	938,544	173,899	192,137
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	6,500	-	-	-	-	-
Accumulated depreciation	<u>(3,916,548)</u>	<u>(3,554,667)</u>	<u>(4,252,294)</u>	<u>(5,070,728)</u>	<u>(9,567,984)</u>	<u>(6,374,668)</u>	<u>(5,602,581)</u>
Net property and equipment	<u>5,263,155</u>	<u>4,111,364</u>	<u>9,625,829</u>	<u>20,526,816</u>	<u>34,847,362</u>	<u>10,049,340</u>	<u>11,349,766</u>
Other long-term assets							
Restricted property reserves	154,099	303,527	942,129	247,521	1,360,796	444,201	264,465
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	<u>84,074</u>	<u>33,332</u>	<u>30,073</u>	<u>197,338</u>	<u>104,584</u>	<u>65,292</u>	<u>137,975</u>
Total other long-term assets	<u>238,173</u>	<u>336,859</u>	<u>972,202</u>	<u>444,859</u>	<u>1,465,380</u>	<u>509,493</u>	<u>402,440</u>
Total assets	<u>\$ 5,582,907</u>	<u>\$ 4,596,984</u>	<u>\$ 10,751,521</u>	<u>\$ 21,274,747</u>	<u>\$ 36,509,490</u>	<u>\$ 10,910,131</u>	<u>\$ 12,188,663</u>

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	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)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 52,417	\$ 135,161	\$ 90,001	\$ 53,197	\$ 105,410	\$ 51,225	\$ 35,933
Due to affiliates	164,886	415,335	36,000	52,900	62,661	75,855	178,960
Accrued interest	9,180	-	24,999	2,605	-	1,561	19,233
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	38,634	-	-	31,712	-	214,682	62,887
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,051	58,914	1,595	5,360	48,462	9,563	6,840
Tenant security deposits	43,089	17,745	17,295	58,923	34,783	57,189	66,739
Total current liabilities	309,257	627,155	169,890	204,697	251,316	410,075	370,592
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	341,880	1,438,473	1,389,544	1,296,523	-	380,531	24,870
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	2,888,454	4,276,660	8,427,210	7,172,484	16,814,804	1,361,025	3,582,474
Notes payable, less current portion, affiliates	538,472	-	394,428	-	12,626,500	-	-
Deferred revenue and other liabilities	2,538	138,738	-	3,205	-	-	277,580
Total long-term liabilities	3,771,344	5,853,871	10,211,182	8,472,212	29,441,304	1,741,556	3,884,924
Total liabilities	4,080,601	6,481,026	10,381,072	8,676,909	29,692,620	2,151,631	4,255,516
Net assets							
Unrestricted net assets, controlling	1,502,306	(1,884,042)	370,449	12,597,838	6,816,870	8,758,500	7,933,147
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	1,502,306	(1,884,042)	370,449	12,597,838	6,816,870	8,758,500	7,933,147
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	1,502,306	(1,884,042)	370,449	12,597,838	6,816,870	8,758,500	7,933,147
Total liabilities and net assets	\$ 5,582,907	\$ 4,596,984	\$ 10,751,521	\$ 21,274,747	\$ 36,509,490	\$ 10,910,131	\$ 12,188,663

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	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)
Assets							
Current assets							
Cash and cash equivalents	\$ 1,118,033	\$ 2,810	\$ 161,499	\$ 81,452	\$ 56,345	\$ 186,241	\$ 9,103
Cash, tenant security deposits	57,545	35,547	72,849	82,802	27,019	37,194	21,718
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	8,894	20,449	103,774	-	5,807	38,887	8,063
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	65,665	14,142	74,935	31,881	25,118	25,588	15,281
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>1,250,137</u>	<u>72,948</u>	<u>413,057</u>	<u>196,135</u>	<u>114,289</u>	<u>287,910</u>	<u>54,165</u>
Property and equipment							
Land and land improvements	101,249	2,930,938	5,022,013	8,329,285	2,954,452	388,345	1,009,826
Buildings	21,365,190	13,138,049	33,388,657	16,587,948	14,753,746	9,639,147	9,642,639
Furniture and equipment	730,926	155,101	1,100,465	629,140	456,450	414,180	223,746
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(8,276,587)</u>	<u>(6,088,930)</u>	<u>(13,429,031)</u>	<u>(8,655,460)</u>	<u>(5,228,435)</u>	<u>(3,302,668)</u>	<u>(2,973,259)</u>
Net property and equipment	<u>13,920,778</u>	<u>10,135,158</u>	<u>26,082,104</u>	<u>16,890,913</u>	<u>12,936,213</u>	<u>7,139,004</u>	<u>7,902,952</u>
Other long-term assets							
Restricted property reserves	1,824,010	131,378	549,739	471,329	1,159,160	539,832	637,733
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	<u>569,890</u>	<u>37,938</u>	<u>700,947</u>	<u>220,112</u>	<u>88,514</u>	<u>56,779</u>	<u>103,428</u>
Total other long-term assets	<u>2,393,900</u>	<u>169,316</u>	<u>1,250,686</u>	<u>691,441</u>	<u>1,247,674</u>	<u>596,611</u>	<u>741,161</u>
Total assets	<u>\$ 17,564,815</u>	<u>\$ 10,377,422</u>	<u>\$ 27,745,847</u>	<u>\$ 17,778,489</u>	<u>\$ 14,298,176</u>	<u>\$ 8,023,525</u>	<u>\$ 8,698,278</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2015

	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)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 157,604	\$ 112,464	\$ 106,327	\$ 70,186	\$ 341,898	\$ 42,178	\$ 38,842
Due to affiliates	1,006,443	68,985	210,318	108,890	17,911	-	-
Accrued interest	119	3,163	7,344	12,035	-	10,564	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	300,000	42,924	53,210	34,158	-	57,352	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	21,901	294	9,625	5,665	231	6,836	8,559
Tenant security deposits	57,687	34,396	72,896	82,296	26,982	35,012	19,701
Total current liabilities	1,543,754	262,226	459,720	313,230	387,022	151,942	67,102
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	1,871,464	1,692,131	495,826	-	-	824,106
Accrued interest, affiliates	-	-	-	-	-	1,110,712	-
Notes payable, less current portion, net	12,500,000	7,702,907	21,054,980	4,775,115	1,479,431	2,599,536	7,009,500
Notes payable, less current portion, affiliates	-	-	-	-	10,355,200	3,529,317	-
Deferred revenue and other liabilities	-	253,411	181,823	-	-	2,666	175,001
Total long-term liabilities	12,500,000	9,827,782	22,928,934	5,270,941	11,834,631	7,242,231	8,008,607
Total liabilities	14,043,754	10,090,008	23,388,654	5,584,171	12,221,653	7,394,173	8,075,709
Net assets							
Unrestricted net assets, controlling	3,521,061	287,414	4,357,193	12,194,318	2,076,523	629,352	622,569
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	3,521,061	287,414	4,357,193	12,194,318	2,076,523	629,352	622,569
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	3,521,061	287,414	4,357,193	12,194,318	2,076,523	629,352	622,569
Total liabilities and net assets	\$ 17,564,815	\$ 10,377,422	\$ 27,745,847	\$ 17,778,489	\$ 14,298,176	\$ 8,023,525	\$ 8,698,278

Mercy Housing West
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	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)	Eliminations	Consolidated Mercy Housing West
Assets							
Current assets							
Cash and cash equivalents	\$ 226,417	\$ -	\$ 89,735	\$ 11,190	\$ 30,104	\$ -	\$ 6,603,024
Cash, tenant security deposits	35,288	-	22,184	33,812	27,031	-	1,553,295
Cash, restricted	-	10,430	-	532,374	193,617	-	753,734
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	18,461	-	11,397	698,497	9,466	-	1,240,008
Due from affiliate, net	-	-	-	-	8,630	(1,908,699)	71,761
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	15,852	-	16,765	39,715	15,567	-	1,055,526
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>296,018</u>	<u>10,430</u>	<u>140,081</u>	<u>1,315,588</u>	<u>284,415</u>	<u>(1,908,699)</u>	<u>11,277,348</u>
Property and equipment							
Land and land improvements	812,667	1,200,000	3,437,212	3,173,363	1,964,586	-	70,399,735
Buildings	10,536,051	-	9,607,884	35,906,350	12,048,833	-	573,954,138
Furniture and equipment	352,433	-	275,770	479,520	669,470	-	13,989,702
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	523,443	-	-	-	-	529,943
Accumulated depreciation	<u>(3,694,657)</u>	<u>-</u>	<u>(4,069,442)</u>	<u>(1,840,764)</u>	<u>(1,417,620)</u>	<u>-</u>	<u>(204,685,936)</u>
Net property and equipment	<u>8,006,494</u>	<u>1,723,443</u>	<u>9,251,424</u>	<u>37,718,469</u>	<u>13,265,269</u>	<u>-</u>	<u>454,187,582</u>
Other long-term assets							
Restricted property reserves	663,379	-	967,663	1,069,281	636,953	-	20,914,303
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	(14,777,983)	(6,849,185)
Notes and interest receivable, net	-	-	-	-	-	-	285,520
Notes and interest receivable, affiliates	-	-	-	-	-	(23,881,700)	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>33,619</u>	<u>1,198</u>	<u>66,931</u>	<u>213,584</u>	<u>76,763</u>	<u>-</u>	<u>6,480,018</u>
Total other long-term assets	<u>696,998</u>	<u>1,198</u>	<u>1,034,594</u>	<u>1,282,865</u>	<u>713,716</u>	<u>(38,659,683)</u>	<u>20,830,656</u>
Total assets	<u>\$ 8,999,510</u>	<u>\$ 1,735,071</u>	<u>\$ 10,426,099</u>	<u>\$ 40,316,922</u>	<u>\$ 14,263,400</u>	<u>\$ (40,568,382)</u>	<u>\$ 486,295,586</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2015

	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)	Eliminations	Consolidated Mercy Housing West
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 58,111	\$ 4,399	\$ 51,690	\$ 110,163	\$ 39,188	\$ (16,326)	\$ 2,731,255
Due to affiliates	15,000	25,038	59,006	50,750	37,301	(2,456,923)	2,343,221
Accrued interest	-	-	-	-	-	-	289,716
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	810,218	-	-	3,243,997
Current portion of notes payable, affiliates	-	54,203	-	-	-	-	54,203
Deferred revenue and other liabilities	1,565	-	2,224	10,285	1,382	-	577,740
Tenant security deposits	34,788	-	21,742	32,480	26,056	-	1,531,524
Total current liabilities	109,464	83,640	134,662	1,013,896	103,927	(2,473,249)	10,771,656
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	386,795	366,428	1,042,298	123,743	-	33,082,693
Accrued interest, affiliates	-	-	-	-	-	-	1,110,712
Notes payable, less current portion, net	-	1,414,722	3,010,844	23,875,031	5,020,279	-	290,688,934
Notes payable, less current portion, affiliates	-	-	-	900,000	6,073,600	(30,633,728)	9,584,113
Deferred revenue and other liabilities	-	-	-	-	225,000	-	7,227,687
Total long-term liabilities	-	1,801,517	3,377,272	25,817,329	11,442,622	(30,633,728)	341,694,139
Total liabilities	109,464	1,885,157	3,511,934	26,831,225	11,546,549	(33,106,977)	352,465,795
Net assets							
Unrestricted net assets, controlling	8,890,046	(150,086)	6,914,165	13,485,697	2,716,851	(7,461,405)	98,057,937
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	8,890,046	(150,086)	6,914,165	13,485,697	2,716,851	(7,461,405)	98,057,937
Temporarily restricted net assets	-	-	-	-	-	-	35,771,854
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	8,890,046	(150,086)	6,914,165	13,485,697	2,716,851	(7,461,405)	133,829,791
Total liabilities and net assets	\$ 8,999,510	\$ 1,735,071	\$ 10,426,099	\$ 40,316,922	\$ 14,263,400	\$ (40,568,382)	\$ 486,295,586

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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)
Revenues							
Rent - net of vacancies	\$ -	\$ 1,467,144	\$ 588,300	\$ 1,127,271	\$ 1,797,132	\$ 1,433,662	\$ 778,588
Developer fees	-	-	-	-	-	-	-
Services fees	677,562	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	922,568	-	-	45,831	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	56	4,955	2	39,939	42,787	55,329	100
Other	1,986,109	541,625	20,964	92,630	23,606	49,074	7,452
Total revenues	3,586,295	2,013,724	609,266	1,305,671	1,863,525	1,538,065	786,140
Expenses and losses							
Compensation	-	505,459	126,644	323,096	263,257	342,179	111,213
Administrative	589,584	288,163	96,906	104,004	171,509	101,587	107,851
Professional services	2,445	103,269	75,381	39,207	93,403	63,221	90,561
Depreciation and amortization	-	2,606,632	463,263	571,772	1,023,124	674,529	410,732
Grants	-	-	-	-	-	-	-
Facility	-	902,954	210,811	512,531	558,752	324,584	151,434
Interest and fees	138	340,051	37,727	175,124	600,626	428,958	212,006
Bad debts	125,987	2,166	-	-	-	3,800	-
Provision for impaired assets	480,994	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	508,518	-	-	-	-	-	-
Total expenses and losses	1,707,666	4,748,694	1,010,732	1,725,734	2,710,671	1,938,858	1,083,797
Excess (deficiency) of revenues over expenses	1,878,629	(2,734,970)	(401,466)	(420,063)	(847,146)	(400,793)	(297,657)
Net assets at beginning of year	25,237,689	15,161,648	3,364,077	(1,167,283)	(5,013,044)	(3,016,826)	3,089,241
Other transfers to (from) net assets	-	-	-	-	3,606,747	-	-
Net assets at end of year	\$ 27,116,318	\$ 12,426,678	\$ 2,962,611	\$ (1,587,346)	\$ (2,253,443)	\$ (3,417,619)	\$ 2,791,584

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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)
Revenues							
Rent - net of vacancies	\$ 1,915,238	\$ 802,710	\$ 1,055,259	\$ 365,415	\$ 1,842,475	\$ 701,796	\$ 254,042
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	98,125	811	1,109	42	49	46	35
Other	699,105	22,185	9,240	994	18,803	189,224	1,078
Total revenues	<u>2,712,468</u>	<u>825,706</u>	<u>1,065,608</u>	<u>366,451</u>	<u>1,861,327</u>	<u>891,066</u>	<u>255,155</u>
Expenses and losses							
Compensation	773,007	108,097	133,971	91,273	283,712	139,420	62,755
Administrative	258,147	145,037	110,993	55,333	215,697	114,944	49,532
Professional services	12,645	16,248	70,837	7,087	12,262	18,660	45,027
Depreciation and amortization	1,500,273	510,522	1,389,424	120,040	1,012,285	746,303	157,049
Grants	-	-	-	-	-	-	-
Facility	564,475	208,059	367,192	152,562	401,108	476,412	61,571
Interest and fees	579,497	275,395	600,912	82,680	678,201	238,282	24,297
Bad debts	-	8,338	-	406	424	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	<u>3,688,044</u>	<u>1,271,696</u>	<u>2,673,329</u>	<u>509,381</u>	<u>2,603,689</u>	<u>1,734,021</u>	<u>400,231</u>
Excess (deficiency) of revenues over expenses	(975,576)	(445,990)	(1,607,721)	(142,930)	(742,362)	(842,955)	(145,076)
Net assets at beginning of year	5,340,010	(491,140)	6,319,350	(2,344,487)	1,241,554	4,767,261	1,598,504
Other transfers to (from) net assets	-	-	(42,200)	-	126,000	-	-
Net assets at end of year	<u>\$ 4,364,434</u>	<u>\$ (937,130)</u>	<u>\$ 4,669,429</u>	<u>\$ (2,487,417)</u>	<u>\$ 625,192</u>	<u>\$ 3,924,306</u>	<u>\$ 1,453,428</u>

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Pinewood Court Apartments, LP (Terrracina 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)
Revenues							
Rent - net of vacancies	\$ 502,255	\$ 695,301	\$ 561,254	\$ 724,330	\$ 1,108,072	\$ 827,499	\$ 781,184
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	20	114	15,615	6,144	456	3,606	43
Other	18,666	44,664	16,041	17,494	95,244	18,874	15,840
Total revenues	520,941	740,079	592,910	747,968	1,203,772	849,979	797,067
Expenses and losses							
Compensation	113,319	334,778	286,499	145,611	421,275	181,266	89,942
Administrative	41,135	130,566	90,485	133,636	174,938	126,810	108,320
Professional services	9,137	33,832	28,439	54,618	81,482	46,544	90,838
Depreciation and amortization	366,960	282,917	583,014	1,000,207	1,772,326	658,430	687,233
Grants	-	-	-	-	-	-	-
Facility	189,286	315,138	169,143	253,975	387,345	219,256	222,662
Interest and fees	161,268	119,463	237,272	232,437	-	60,617	234,935
Bad debts	185	1,873	4,622	-	94	885	5,832
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	881,290	1,218,567	1,399,474	1,820,484	2,837,460	1,293,808	1,439,762
Excess (deficiency) of revenues over expenses	(360,349)	(478,488)	(806,564)	(1,072,516)	(1,633,688)	(443,829)	(642,695)
Net assets at beginning of year	1,862,655	(1,405,554)	1,135,695	13,670,354	8,450,562	9,202,329	8,575,842
Other transfers to (from) net assets	-	-	41,318	-	(4)	-	-
Net assets at end of year	\$ 1,502,306	\$ (1,884,042)	\$ 370,449	\$ 12,597,838	\$ 6,816,870	\$ 8,758,500	\$ 7,933,147

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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)
Revenues							
Rent - net of vacancies	\$ 3,332,403	\$ 449,051	\$ 1,115,558	\$ 869,237	\$ 625,475	\$ 767,030	\$ 322,342
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	64,598	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	3,560	364	1,658	131	18,222	-	12,303
Other	59,577	8,471	27,581	18,402	8,092	13,770	89,369
Total revenues	<u>3,395,540</u>	<u>457,886</u>	<u>1,144,797</u>	<u>887,770</u>	<u>651,789</u>	<u>845,398</u>	<u>424,014</u>
Expenses and losses							
Compensation	783,284	90,873	196,500	216,120	162,291	201,998	90,516
Administrative	277,678	70,223	189,023	142,794	434,541	92,143	65,695
Professional services	15,928	9,137	40,245	72,920	109,621	8,182	55,500
Depreciation and amortization	918,071	655,114	1,599,143	1,008,904	675,067	406,600	387,429
Grants	-	-	-	-	-	-	-
Facility	1,548,758	192,898	223,550	216,825	185,361	230,157	127,086
Interest and fees	172,341	263,011	376,880	208,346	-	305,053	147,185
Bad debts	-	-	(1,667)	56	-	1,310	4,522
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	<u>3,716,060</u>	<u>1,281,256</u>	<u>2,623,674</u>	<u>1,865,965</u>	<u>1,566,881</u>	<u>1,245,443</u>	<u>877,933</u>
Excess (deficiency) of revenues over expenses	(320,520)	(823,370)	(1,478,877)	(978,195)	(915,092)	(400,045)	(453,919)
Net assets at beginning of year	3,841,581	1,110,784	5,836,070	13,172,513	2,991,615	1,029,397	1,076,488
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 3,521,061</u>	<u>\$ 287,414</u>	<u>\$ 4,357,193</u>	<u>\$ 12,194,318</u>	<u>\$ 2,076,523</u>	<u>\$ 629,352</u>	<u>\$ 622,569</u>

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	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)	Eliminations	Consolidated Mercy Housing West
Revenues							
Rent - net of vacancies	\$ 456,795	\$ -	\$ 252,726	\$ 980,198	\$ 419,731	\$ -	\$ 28,919,473
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	(671,037)	6,525
Philanthropy	-	-	-	-	-	-	64,598
Capital grants	-	-	-	-	-	-	968,399
Consulting	-	-	-	-	-	-	-
Interest	171	-	10,700	2,370	1,731	-	320,593
Other	35,556	-	173,515	58,958	4,736	(42,860)	4,344,079
Total revenues	<u>492,522</u>	<u>-</u>	<u>436,941</u>	<u>1,041,526</u>	<u>426,198</u>	<u>(713,897)</u>	<u>34,623,667</u>
Expenses and losses							
Compensation	114,453	-	125,349	276,949	96,799	-	7,191,905
Administrative	115,176	(730)	70,883	316,038	60,739	(713,844)	4,335,536
Professional services	61,137	5,233	41,740	127,834	81,251	-	1,623,871
Depreciation and amortization	441,267	-	541,255	1,639,956	810,148	-	25,619,989
Grants	-	-	-	-	-	-	-
Facility	166,306	2,356	140,094	426,516	125,343	-	10,234,500
Interest and fees	48	48,830	47,444	589,976	142,245	-	7,621,245
Bad debts	1,813	-	-	-	309	(125,987)	34,968
Provision for impaired assets	-	-	-	-	-	(480,994)	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	(4,532)	503,986
Total expenses and losses	<u>900,200</u>	<u>55,689</u>	<u>966,765</u>	<u>3,377,269</u>	<u>1,316,834</u>	<u>(1,325,357)</u>	<u>57,166,000</u>
Excess (deficiency) of revenues over expenses	(407,678)	(55,689)	(529,824)	(2,335,743)	(890,636)	611,460	(22,542,333)
Net assets at beginning of year	9,297,724	(94,397)	7,443,989	2,282,946	(827,334)	(7,413,247)	135,326,566
Other transfers to (from) net assets	-	-	-	13,538,494	4,434,821	(659,618)	21,045,558
Net assets at end of year	<u>\$ 8,890,046</u>	<u>\$ (150,086)</u>	<u>\$ 6,914,165</u>	<u>\$ 13,485,697</u>	<u>\$ 2,716,851</u>	<u>\$ (7,461,405)</u>	<u>\$ 133,829,791</u>

Affordable Housing Corp.
Consolidating Statement of Financial Position
December 31, 2015

	Affordable Housing Corp.	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ 3,894	\$ -	\$ 3,894
Cash, tenant security deposits	-	-	23,848	-	23,848
Cash, restricted	-	-	-	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	-	3,057	-	3,057
Due from affiliate, net	45,277	-	15	(45,277)	15
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	-	-	7,425	-	7,425
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>45,277</u>	<u>-</u>	<u>38,239</u>	<u>(45,277)</u>	<u>38,239</u>
Property and equipment					
Land and land improvements	-	-	278,856	-	278,856
Buildings	-	-	3,973,518	-	3,973,518
Furniture and equipment	-	-	66,148	-	66,148
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	-	(2,526,842)	-	(2,526,842)
Net property and equipment	<u>-</u>	<u>-</u>	<u>1,791,680</u>	<u>-</u>	<u>1,791,680</u>
Other long-term assets					
Restricted property reserves	-	-	94,837	-	94,837
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(494)	-	-	494	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	-	11,760	-	11,760
Total other long-term assets	<u>(494)</u>	<u>-</u>	<u>106,597</u>	<u>494</u>	<u>106,597</u>
Total assets	<u>\$ 44,783</u>	<u>\$ -</u>	<u>\$ 1,936,516</u>	<u>\$ (44,783)</u>	<u>\$ 1,936,516</u>

Affordable Housing Corp.
Consolidating Statement of Financial Position
December 31, 2015

	Affordable Housing Corp.	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ -	\$ 32,637	\$ -	\$ 32,637
Due to affiliates	303,468	-	250,594	(51,048)	503,014
Accrued interest	-	-	1,523	-	1,523
Accrued interest, affiliates	-	-	15,601	-	15,601
Current portion of notes payable	-	-	11,269	-	11,269
Current portion of notes payable, affiliates	-	-	75,000	-	75,000
Deferred revenue and other liabilities	-	-	1,482	-	1,482
Tenant security deposits	-	-	22,669	-	22,669
Total current liabilities	303,468	-	410,775	(51,048)	663,195
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	173,305	-	173,305
Accrued interest, affiliates	-	-	680	-	680
Notes payable, less current portion, net	-	-	1,379,296	-	1,379,296
Notes payable, less current portion, affiliates	-	-	54,461	-	54,461
Deferred revenue and other liabilities	-	-	1,754	-	1,754
Total long-term liabilities	-	-	1,609,496	-	1,609,496
Total liabilities	303,468	-	2,020,271	(51,048)	2,272,691
Net assets					
Unrestricted net assets, controlling	(258,685)	-	(83,755)	6,265	(336,175)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	(258,685)	-	(83,755)	6,265	(336,175)
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(258,685)	-	(83,755)	6,265	(336,175)
Total liabilities and net assets	\$ 44,783	\$ -	\$ 1,936,516	\$ (44,783)	\$ 1,936,516

Affordable Housing Corp.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2015

	Affordable Housing Corp.	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Revenues					
Rent - net of vacancies	\$ -	\$ 232,948	\$ 308,924	\$ -	\$ 541,872
Developer fees	-	-	-	-	-
Services fees	15,381	-	-	(15,381)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	14	91	-	105
Other	93,839	4,317	37,040	-	135,196
Total revenues	<u>109,220</u>	<u>237,279</u>	<u>346,055</u>	<u>(15,381)</u>	<u>677,173</u>
Expenses and losses					
Compensation	-	46,668	61,667	-	108,335
Administrative	118,083	32,617	57,793	(15,381)	193,112
Professional services	220	4,246	10,282	-	14,748
Depreciation and amortization	-	36,087	146,716	-	182,803
Grants	-	-	-	-	-
Facility	-	89,334	222,157	-	311,491
Interest and fees	-	29,667	46,452	-	76,119
Bad debts	-	876	723	-	1,599
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	10	-	-	(10)	-
Total expenses and losses	<u>118,313</u>	<u>239,495</u>	<u>545,790</u>	<u>(15,391)</u>	<u>888,207</u>
Excess (deficiency) of revenues over expenses	(9,093)	(2,216)	(199,735)	10	(211,034)
Net assets at beginning of year	(220,227)	(227,951)	115,980	6,278	(325,920)
Other transfers to (from) net assets	(29,365)	230,167	-	(23)	200,779
Net assets at end of year	<u>\$ (258,685)</u>	<u>\$ -</u>	<u>\$ (83,755)</u>	<u>\$ 6,265</u>	<u>\$ (336,175)</u>

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2015

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		\$ 942,916	
Rural Rental Assistance Payments	10.427		2,531,321	
Rural Rental Housing Loans	10.415		25,537,850	
Pass Through				
Idaho Housing & Finance Association (IHFA) / Rental Assistance Payments (RAP)	10.427			\$ 189,479
United States Department of Agriculture (USDA) / Arizona Department of Health Services (ADHS)/Food Stamp Nutrition Education Program	10.561			5,779
United States Department of Agriculture (USDA) / Arizona Department of Health Services (ADHS)/Food Stamp Nutrition Education Program	10.561	HM661056-1 / E9H28073		127,275
Subtotal USDA			29,012,087	322,533
<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				
Illinois Department of Human Services / Department of Substance Abuse and Mental Health Services	93.959	43CQ0A1402 43CUC00199		48,204
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243			162,692
Subtotal United States Department of Health and Human Services			-	210,896
<u>United States Department of Housing & Urban Development (HUD)</u>				
Direct				
Interest Reduction Payments Section 236	14.103		162,494	
Mortgage Insurance for the Purchase Section 223 (a) (7)	14.155		13,411,747	
Grant Capital Advance Section 202	14.157		186,605,860	
Project Rental Assistance Contract (PRAC) Section 202	14.157		8,086,077	
Supportive Housing for the Elderly Direct Loan Section 202	14.157		1,746,201	
Project Rental Assistance Contract (PRAC) Section 811	14.181		8,862,715	
Multifamily Services Coordinator Grant	14.191		75,915	
Housing Assistance Payments (HAP) Section 8	14.195		24,076,116	
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		4,620,773	
HOME Investment Partnership Program	14.239		453,962	
Pass Through				
Supportive Housing for Persons with Disabilities-Capital Advance Section 811	14.157	127-EE038		404,636
Illinois Housing Development Authority / Section 8 New Construction and Substantial Rehabilitation	14.182			814,589
California Housing Finance Agency (CHFA) / Risk Sharing Loans	14.188	92-012-N 97-033N; 97022-N		4,528,049
Boise Housing Authority / HOME Investment Partnership Program / HAP Section 8	14.195			11,208
Chicago Housing Authority / HAP Section 8	14.195			692,701
City and County of San Francisco / Mayor's Office of Housing / HAP Program Section 8	14.195			551,441
City of Chicago / Department of Housing / CDBG State Program / HAP Section 8	14.195			245,223
City of Chicago / Department of Housing / CDBG State Program Entitlement / HAP Section 8	14.195	8613		374,150
City of Chicago / Department of Housing / HOME Investment Partnership Program / HAP Section 8	14.195			935,896
City of Chicago, Illinois / Department of Housing / CDBG Multi-family Loan State Program / HAP Section 8	14.195			282,711

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015**

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Housing & Urban Development (HUD)</u>				
Passed Through - Continued:				
City of Cincinnati / HOME Investment Partnership / HAP Section 8	14.195			104,436
City of Council Bluffs / HOME Investment Partnership Program / HAP Section 8	14.195			74,842
City of Daly / HOME Investment Partnership Program / HAP Section 8	14.195			103,158
City of Los Angeles / CDBG State Programs and HOME Investment Partnership Program / HAP Section 8	14.195			11,472
City of Yuba City / HOME Investment Partnership Program / HAP Section 8	14.195			114,731
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program / HAP Section 8	14.195			765,381
County of Contra Costa / Housing Opportunities for Persons with AIDS HOPWA Grant / HAP Section 8	14.195			254,660
Davis County Housing Authority / CDBG States Program	14.195			648,122
Housing Authority of the County of Santa Cruz / HAP / Section 8	14.195			151,805
Idaho Housing Agency / HOME Investment Partnership Program / HAP Section 8	14.195			7,924
Illinois Housing Development Authority / Section 8 New Construction and Substantial Rehabilitation	14.195			908,680
Illinois Housing Development Authority / HOME Investment Partnership Program / Multifamily Program / HAP Section 8	14.195			353,100
Omaha Housing Authority of the City of Omaha / Housing Assistance payment (HAP) Section 8	14.195			382,630
Redevelopment Agency of the City and County of San Francisco / Housing Assistance Payment (HAP) Section 8	14.195			1,211,170
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program / HAP Section 8	14.195			64,408
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement / HAP Section 8	14.195			807,915
State of Ohio / Division of Community Development / City of Cincinnati / HOME Ownership Program / HAP Section 8	14.195			55,122
Tacoma Community Development Authority / CDBG State Program	14.195			246,208
Tacoma Community Redevelopment Authority / CDBG State Program / HAP Section 8	14.195			156,713
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program	14.195			146,028
Wisconsin Housing and Economic Development Authority / Tax Credit Assistance Program/ HAP Section 8	14.195			549,683
Omaha Housing Authority of the City of Omaha / Multi-family Assisted Housing Reform and Affordability Act	14.197	103-11014-PUR/CON-EC-FAM		4,423,548
City of Chicago / Chicago Department of Housing / CDBG Entitlement Grant	14.218			138,891
City of Chicago / Chicago Department of Housing / Housing & Economic Recovery Act (HERA)	14.218	26338		948,423
City of Chicago, Department of Family and Support Services	14.218	27150		91,858
City of Chicago, Department of Family and Support Services	14.218	34145		149,871
Snohomish County / HOME Investment Partnership Program	14.218			5,207
Amador-Toulumne Community Action Agency / CDBG Technical Assistance Program	14.227			63,932
City and County of Denver / CDBG State Program	14.228			424,597
City and County of San Francisco / CDBG State Program	14.228			3,991,447
City and County of San Francisco / Mayor's Office of Housing / CDBG State Program	14.228	95-F765446-00		3,578,724
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			3,475,191
City of Daly City / CDBG State Loan Program	14.228			536,202
City of Dubuque, Iowa / CDBG State Program	14.228	258-93		507,701
City of Eagle, Ida County / Idaho Community Development Block Grant	14.228			457,816
City of Encinitas / CDBG State Program	14.228			614,000
City of Folsom / CDBG State Program	14.228			92,940
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			323,987
City of Santa Cruz / CDBG State Program	14.228	CA027HG701		221,100
City of Santa Cruz / CDBG State Program	14.228			147,714
City of Yolo/CDBG	14.228			749,118
Community Development Block Grant / State%27s Program	14.228			182,128
Community Housing Services Agency / CDBG State Program	14.228			1,970,636
County of Alameda / CDBG State Program	14.228			445,141
County of San Mateo / CDBG State Loan Program	14.228			176,797

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015**

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Housing & Urban Development (HUD)</u>				
Passed Through - Continued:				
Davis County Housing Authority / CDBG States Program	14.228			349,359
Pierce County / CDBG State Program	14.228			89,704
Redevelopment Agency / City and County of San Francisco / CDBG State Program	14.228			357,660
Tacoma Community Development Authority / CDBG State Program	14.228			487,500
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		1,222,392
City of Chicago/ AIDS Foundation of Chicago / Substance Abuse and Mental Health Services Projects of Regional and National Significance	14.235			228,779
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		1,273,234
California Housing Finance Agency (CHFA) / County of Alameda Housing and Community Development / HOME Investment Partnership Program	14.239			2,828,230
California State Department of Housing and Community Development / HOME Investment Partnership Program	14.239	02-HOME-0633		1,311,783
California State Department of Housing and Community Development / HOME Investment Partnership Program	14.239			15,000
City and County of San Francisco / HOME Investment Partnership Program	14.239			2,536,241
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			8,481,111
City and County of San Francisco / Mayor's Office of Housing / HOME Investment Partnership Program	14.239			648,258
City and County of San Francisco/HOME Investment Partnership Program	14.239			15,389,630
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			8,458
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			17,721,169
City of Chicago/Dept of Community Development/HOME	14.239			6,211,488
City of Cincinnati / HOME Investment Partnership Program	14.239	65X0131; 65X015		444,921
City of Cincinnati / HOME Investment Partnership Program	14.239			1,228,451
City of Daly / HOME Investment Partnership Program	14.239			491,643
City of Glendale / HOME Investment Partnership Program	14.239			149,240
City of Los Angeles / HOME Investment Partnership Program	14.239	95.1452; C92700		1,128,724
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		2,832,107
City of Stockton / HOME Investment Partnership Program	14.239			5,164,390
City of Yolo/HOME	14.239			3,140,209
City of Yuba City / HOME Investment Partnership Program	14.239	98-HOME-0341		1,081,446
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program	14.239			535,613
Community Housing Services Agency / HOME Investment Partnership Program	14.239			282,422
County of El Dorado/HOME Investment Partnership Program	14.239	11-HOME6952		3,000,000
County of Alameda / HOME Investment Partnership Program	14.239			798,781
County of Contra Costa / HOME Investment Partnership Program	14.239	07-52-HM		1,782,511
County of Contra Costa / HOME Investment Partnership Program	14.239			2,481,772
County of Eldorado / HOME Investment Partnership Program	14.239	090-430-21-1000; 090-430-22-100		
County of Eldorado / 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			911,109
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			2,245,830
Department of Housing and Community Development of the State of California / HOME Grant CHDO	14.239	96-HOME-0223		1,291,079
Georgia Housing and Finance Authority / HOME Investment Partnership Program	14.239			8,190,202
HOME Investment Partnership Program	14.239	00-HM-430 / 00- HM-430-731		3,807,389

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015**

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Housing & Urban Development (HUD)</u>				
Passed Through - Continued:				
HOME Investment Partnership Program	14.239	H6HOM95006 Contract Routing 01184		
HOME Investment Partnership Program	14.239	H7HOM06062 Contract Routing 00455		
HOME Investment Partnership Program	14.239	H9HOM08050		2,333,670
HOME Investment Partnership Program	14.239			
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			888,114
Idaho Housing Agency / HOME Investment Partnership Program	14.239	HOME-93-5		393,093
Idaho Housing Agency / HOME Investment Partnership Program	14.239			508,614
Idaho Housing and Finance Association / HOME Investments Partnership Program	14.239			1,064,004
Illinois Housing Development Authority / HOME Investment Partnership Program	14.239			6,113,679
Iowa Department of Economic Development / HOME Investment Partnership Program	14.239	M-92-SG-19-0100- 400-27-04		322,928
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			9,036,945
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			905,655
State Department of Housing and Community Development / Santa Cruz Community Housing Corporation / HOME Grant CHDO	14.239			1,241,239
State of Arizona / Department of Commerce / HOME Investment Partnership Program	14.239			150,000
State of Colorado / Department of Local Affairs / HOME Investment Partnership Program	14.239	H4HOM03042 Contract Routing 00168		250,000
State of Colorado / Department of Local Affairs / HOME Investment Partnership Program	14.239	H6HOM95006 Contract Routing 01184		340,000
State of Colorado / Department of Local Affairs / HOME Investment Partnership Program	14.239	H7HOM06062 Contract Routing 00455		520,000
State of Colorado / Department of Local Affairs / HOME Investment Partnership Program	14.239	H9HOM08050		139,169
State of Colorado / Department of Local Affairs / HOME Investment Partnership Program	14.239	H1HOM10076		905,000
State of Ohio / Division of Community Development / City of Cincinnati / HOME Ownership Program	14.239	H1HOM10076		252,000
State of Washington / Department of Community, Trade and Economic Development / HOME Investment Partnership Program	14.239			1,298,024
State of Washington/ Department of Commerce/ Housing Division/ HOME Contracts	14.239			901,623
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			777,213
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 Redevelopment Agency of the City and County of San Francisco / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			1,503,002
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement	14.241			4,625,463
State of California / Department of Housing & Community Development / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241	91-HRL-PH-002		618,054
Community Development Commission of the City of Oxnard / CDBG Section 108 Loan Guarantee	14.248	96-164218		837,774
				720,846

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015**

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Housing & Urban Development (HUD)</u>				
Passed Through - Continued:				
County of Alameda / CDBG Section 108 Loan Guarantee	14.248	99346211		153,628
County of Contra Costa / CDBG Section 108 Loan Guarantee	14.248			1,337,092
County of San Mateo / Section 108 Loan Guarantee	14.248			1,369,924
Enterprise Community Partners	14.252	13RG2500, 13SG2917, 13SG2917		483,428
Local Initiatives Support Corporation / Capacity Building For Affordable Housing And Community Development Grants	14.252			9,253
City of Chicago / Chicago Department of Housing / American Recovery & Reinvestment Act (ARRA)	14.256	23040		4,366,523
Housing Authority of the City of Atlanta, Georgia / Hope VI	14.866			5,805,141
Subtotal HUD			<u>258,853,402</u>	<u>224,711,671</u>
Total Expenditures of Direct and Indirect Federal Awards			<u>\$ 287,865,489</u>	<u>\$ 225,995,100</u>
Total Expenditures of Federal Awards				<u>\$ 513,860,589</u>

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015**

		Federal Expenditures
Summary by CFDA Number:		
USDA Rural Rental Housing Loans	10.415	\$ 25,537,850
USDA Rural Rental Assistance Payments	10.427	2,720,800
USDA Food Stamp Nutrition Education	10.561	133,054
USDA Intermediary Relending Program	10.767	942,916
HUD Interest Reduction Payments Section 236	14.103	162,494
HUD Mortgage Insurance for the Purchase Section 223(a)(7)	14.155	13,411,747
HUD Supportive Housing for the Elderly Direct Loan Section/Capital Advance Section 202/HUD Project Rental Assistance contract (PRAC) Section 202	14.157	196,842,774
HUD Supportive Housing for Persons with Disabilities Capital Advance Section 811/HUD Project Rental Assistance Contract (PRAC) Section 811	14.181	8,862,715
HUD Section 8 New Construction and Substantial Rehabilitation	14.182	\$ 814,589
HUD Housing Assistance Payments (HAP) Section 8	14.195	34,287,634
Subtotal Section 8 Project-Based Cluster		35,102,223
HUD Housing Finance Agencies (HFA) Risk Sharing Loans	14.188	4,528,049
HUD Multi-Family Services Coordinator Grant	14.191	75,915
HUD Multi-Family Assisted Housing Reform & Affordability Act	14.197	12,123,548
HUD Community Development Block Grant Entitlement Grant	14.218	1,334,250
HUD Comm. Dev. Block Grant/Technical Assistance Program	14.227	63,932
HUD Community Development Block Grant/State's Program	14.228	21,149,975
HUD Supportive Housing Program - Capital Advance/Office of Community Planning & Development - Supportive Housing Program/Forgivable Loan	14.235	9,385,892
HUD Shelter Plus Care	14.238	1,273,234
HUD HOME Investment Partnership Program/HOME Grant CHDO	14.239	154,873,197
HUD Housing Opportunities for Persons with AIDS HOPWA Grant	14.241	10,129,293
HUD Community Development Block Section 108 Loan Guarantee	14.248	3,581,490
HUD Capacity Building For Affordable Housing And Community Development Grants	14.252	492,681
City of Chicago / Chicago Department of Housing / American Recovery & Reinvestment Act (ARRA)	14.256	4,366,523
Revitalization of Severely Distressed Public Housing (Hope VI)	14.866	5,805,141
Department of Energy Weatherization Assistance Program (WAP)	81.042	750,000
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243	162,692
Department of Health and Human Services Substance Abuse and Mental Health Services Administration	93.959	48,204
		\$ 513,860,589

Note: Pass Through Grants. During 2015, Mercy Housing, Inc. passed one federally sourced grant through to a non-related party. The recipient of that grant was Wicker Park, and during 2015, \$88,940 was passed through.

Mercy Housing, Inc.

**Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015**

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, 2015. 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, 2015 consists of:

CFDA Number	Program Name	Outstanding Balance at December 31, 2015
10.415	Rural Rental Housing Loans	\$ 24,874,845
10.767	Intermediary Relending Program	\$ 866,994
14.103	Interest Reduction Payments	\$ 67,254
14.155	Section 223(a)(7) Mortgage Insurance	\$ 13,157,391
14.157	HUD Supportive Housing for the Elderly	\$ 196,579,234
14.188	Housing Finance Agencies (HFA) Risk Sharing Loans	\$ 3,861,492
14.197	Multifamily Assisted Housing Reform and Affordability Act	\$ 12,167,783
14.239	Home Investment Partnership Program	\$ 150,085,875
14.248	Community Development Block Section 108 Loan Guarantee	\$ 3,285,183

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 statement of financial position as of December 31, 2015, and the related 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, 2016.

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 opinions 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*.

We noted certain matters that we reported to the management of Mercy Housing, Inc. In a separate letter dated April 21, 2016.

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, 2016

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

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, 2015. 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 the requirements of laws, regulations, contracts and grants 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.

Unmodified 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, 2015.

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 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 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 compliance requirement 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 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 cursive script that reads "CohnReznick LLP".

Charlotte, North Carolina
April 21, 2016

Mercy Housing, Inc.

**Schedule of Findings and Questioned Costs
December 31, 2015**

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 Supportive Housing for the Elderly	14.157
HUD Housing Finance Agencies (HFA) Risk Sharing Loans	14.188
HUD Multifamily Assisted Housing Reform and Affordability Act	14.197
HUD Community Development Block Grant/State's Program	14.228
HUD Shelter Plus Care	14.238
HUD Housing Opportunities for Persons with AIDS (HOPWA) Grant	14.241
HUD Neighborhood Stabilization Program (Recovery Act Funded)	14.256
8. The threshold for distinguishing Type A and B programs was \$3,000,000.
9. Mercy Housing, Inc. was not determined to be a low-risk auditee.

Mercy Housing, Inc.

**Schedule of Findings and Questioned Costs
December 31, 2015**

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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