

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT AND
SUPPLEMENTAL INFORMATION

MERCY HOUSING, INC.

DECEMBER 31, 2009 AND 2008

Mercy Housing, Inc.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mercy Housing, Inc.

We have audited the accompanying consolidated statements of financial position of Mercy Housing, Inc. (a non-profit organization) and Subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years ended December 31, 2009 and 2008. These consolidated financial statements are the responsibility of Mercy Housing, Inc. and Subsidiaries' management. 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 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mercy Housing, Inc. and Subsidiaries as of December 31, 2009 and 2008, and the changes in their net assets and their cash flows for the years ended December 31, 2009 and 2008 in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 27, 2010, on our consideration of Mercy Housing, Inc. and Subsidiaries' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements of Mercy Housing, Inc. and Subsidiaries taken as a whole. The accompanying supplemental information on pages 43 through 197, including the schedule of

expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Charlotte, North Carolina
April 27, 2010

Reznick Group, P.C.

Mercy Housing, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

	2009	2008
Assets		
Current assets		
Cash and cash equivalents	\$ 22,060,365	\$ 24,040,360
Cash, tenant security deposits	5,491,032	5,511,856
Cash, restricted	27,210,005	30,142,394
Investments	95,000	95,000
Investments, restricted	2,129,461	2,626,605
Accounts receivable, net	5,088,614	4,386,320
Pledges receivable, net	1,544,054	2,047,723
Grants receivable	12,863,463	25,925,230
Current portion of notes and interest receivable	15,415,471	10,105,613
Prepaid expenses and other assets	6,324,890	5,847,886
	<u>98,222,355</u>	<u>110,728,987</u>
Total current assets		
	<u>98,222,355</u>	<u>110,728,987</u>
Property and equipment, net	<u>1,289,379,295</u>	<u>1,271,935,665</u>
Other long-term assets		
Restricted property reserves	83,813,973	74,282,988
Long-term investments	1,307,174	280,000
Long-term investments, restricted	7,595,000	4,715,124
Pledges receivable, net	1,807,002	1,805,334
Investments in limited partnerships, net	562,408	190,792
Notes and interest receivable, net	11,207,312	17,667,566
Other assets, net	19,805,946	17,244,192
	<u>126,098,815</u>	<u>116,185,996</u>
Total other long-term assets		
	<u>126,098,815</u>	<u>116,185,996</u>
Total assets	<u><u>\$ 1,513,700,465</u></u>	<u><u>\$ 1,498,850,648</u></u>

(continued)

Mercy Housing, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - CONTINUED

December 31, 2009 and 2008

	2009	2008
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 40,816,593	\$ 46,353,574
Accrued interest	2,641,179	3,474,995
Current portion of notes payable	68,636,719	43,850,870
Deferred revenue	2,277,216	3,217,817
Tenant security deposits	4,981,305	4,693,413
	<u>119,353,012</u>	<u>101,590,669</u>
Total current liabilities		
Long-term liabilities		
Accrued interest	52,810,786	46,646,323
Notes payable, less current portion, net	753,908,053	763,975,093
Notes payable, less current portion, affiliates	415,801	415,802
Deferred revenue and other liabilities	13,643,013	14,551,271
	<u>820,777,653</u>	<u>825,588,489</u>
Total long-term liabilities		
Total liabilities	<u>940,130,665</u>	<u>927,179,158</u>
Non-controlling interest	<u>354,284,639</u>	<u>330,038,962</u>
Net assets		
Unrestricted net assets	25,760,213	48,201,914
Temporarily restricted net assets	189,559,242	190,139,908
Permanently restricted net assets	3,965,706	3,290,706
	<u>219,285,161</u>	<u>241,632,528</u>
Total net assets		
Total liabilities and net assets	<u>\$ 1,513,700,465</u>	<u>\$ 1,498,850,648</u>

See notes to financial statements

Mercy Housing, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS

Year ended December 31, 2009

	Programs									
	Property Operations & Management	Resident Services	Housing Development	MLF	Neighborhood Stabilization	Corporate Operations	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues										
Rent - net of vacancies	\$ 109,210,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,210,354	\$ 109,210,354	\$ -	\$ -
Developer fees	-	-	7,437,888	-	-	-	7,437,888	7,437,888	-	-
Services fees	1,893,290	124,061	63,226	-	-	33,925	2,114,502	2,114,502	-	-
Philanthropy	713,977	5,343,791	9,097,788	53,310	49,500	1,354,023	16,612,389	7,899,040	8,338,349	375,000
Capital grants	-	-	9,767,677	-	-	-	9,767,677	1,551,277	8,216,400	-
Consulting	14,738	330,060	1,828,869	-	1,540,547	146,055	3,860,269	3,860,269	-	-
Interest	3,249,524	2,464	203,931	1,622,191	341	106,897	5,185,348	5,185,348	-	-
Other	6,731,089	41,317	1,709,355	228,673	15,000	12,477	8,737,911	8,737,911	-	-
Release of restricted assets	-	-	-	-	-	-	-	13,444,100	(13,444,100)	-
Total revenues	<u>121,812,972</u>	<u>5,841,693</u>	<u>30,108,734</u>	<u>1,904,174</u>	<u>1,605,388</u>	<u>1,653,377</u>	<u>162,926,338</u>	<u>159,440,689</u>	<u>3,110,649</u>	<u>375,000</u>
Expenses and losses										
Compensation	33,775,816	8,315,637	9,013,958	622,670	963,571	6,481,690	59,173,342	59,173,342	-	-
Administrative	8,852,454	1,261,278	1,564,888	113,735	157,370	1,824,846	13,774,571	13,774,571	-	-
Professional services	4,051,019	454,680	952,367	54,645	583,587	884,262	6,980,560	6,980,560	-	-
Depreciation and amortization	54,346,852	9,884	118,086	466	42,231	433,011	54,950,530	54,950,530	-	-
Grants	487,395	118,400	204,448	121,128	-	4,126	935,497	935,497	-	-
Facility	41,266,941	73,342	728,754	18,458	60,687	653,119	42,801,301	42,801,301	-	-
Interest and fees	24,217,817	262	260,876	711,554	15,262	168,447	25,374,218	25,374,218	-	-
Bad debts	1,335,979	-	97,174	-	-	-	1,433,153	1,433,153	-	-
Provision for impaired assets	8,338,436	-	72,275	231,000	-	261,791	8,903,502	8,903,502	-	-
Project expenses	2	-	668,444	-	-	-	668,446	668,446	-	-
Allocation	3,268,877	867,179	3,740,540	162,792	240,608	(8,279,996)	-	-	-	-
(Gain)/loss on sale of assets	(1,393,706)	-	54,011	(390,212)	-	(13,303)	(1,743,210)	(1,743,210)	-	-
(Gain)/loss on investment in limited partnership	-	-	603,819	-	-	-	603,819	603,819	-	-
Non controlling interest	(32,159,689)	-	-	-	-	-	(32,159,689)	(32,159,689)	-	-
Total expenses and losses	<u>146,388,193</u>	<u>11,100,662</u>	<u>18,079,640</u>	<u>1,646,236</u>	<u>2,063,316</u>	<u>2,417,993</u>	<u>181,696,040</u>	<u>181,696,040</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses	<u>(24,575,221)</u>	<u>(5,258,969)</u>	<u>12,029,094</u>	<u>257,938</u>	<u>(457,928)</u>	<u>(764,616)</u>	<u>(18,769,702)</u>	<u>(22,255,351)</u>	<u>3,110,649</u>	<u>375,000</u>
Net assets, at beginning of year	129,255,018	(19,146,618)	98,712,068	2,047,767	-	30,764,293	241,632,528	48,201,914	190,139,908	3,290,706
Other transfers to (from) net assets	(3,573,665)	-	(4,000)	-	-	-	(3,577,665)	(186,350)	(3,691,315)	300,000
Net assets at end of year	<u>\$ 101,106,132</u>	<u>\$ (24,405,587)</u>	<u>\$ 110,737,162</u>	<u>\$ 2,305,705</u>	<u>\$ (457,928)</u>	<u>\$ 29,999,677</u>	<u>\$ 219,285,161</u>	<u>\$ 25,760,213</u>	<u>\$ 189,559,242</u>	<u>\$ 3,965,706</u>

See notes to financial statements

Mercy Housing, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS

Year ended December 31, 2008

	Programs									
	Property Operations & Management	Resident Services	Housing Development	MLF	Corporate Operations	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues										
Rent - net of vacancies	\$ 100,517,082	\$ -	\$ -	\$ -	\$ -	\$ 100,517,082	\$ 100,517,082	\$ -	\$ -	
Developer fees	-	-	11,658,564	-	-	11,658,564	11,658,564	-	-	
Services fees	1,354,900	97,523	46,338	-	13,563	1,512,324	1,512,324	-	-	
Philanthropy	1,926,581	4,479,387	3,894,660	151,435	12,020,918	22,472,981	7,456,465	15,016,516	-	
Capital grants	-	1,095,375	16,780,654	-	-	17,876,029	1,693,975	16,182,054	-	
Consulting	83,972	11,225	2,058,914	-	226,896	2,381,007	2,381,007	-	-	
Interest	2,578,777	10,744	173,645	1,348,039	88,161	4,199,366	4,199,366	-	-	
Other	3,547,407	16,136	826,300	246,778	777,439	5,414,060	5,414,060	-	-	
Release of restricted assets	-	-	-	-	-	-	17,929,506	(17,594,506)	(335,000)	
Total revenues	<u>110,008,719</u>	<u>5,710,390</u>	<u>35,439,075</u>	<u>1,746,252</u>	<u>13,126,977</u>	<u>166,031,413</u>	<u>152,762,349</u>	<u>13,604,064</u>	<u>(335,000)</u>	
Expenses and losses										
Compensation	31,288,594	8,447,396	9,790,501	556,964	5,860,916	55,944,371	55,944,371	-	-	
Administrative	8,585,015	1,575,207	1,617,441	61,773	2,565,361	14,404,797	14,404,797	-	-	
Professional services	3,689,419	548,002	1,209,638	42,003	1,204,268	6,693,330	6,693,330	-	-	
Depreciation and amortization	48,093,483	22,629	163,233	649	336,128	48,616,122	48,616,122	-	-	
Grants	74,307	24,963	55,871	-	29,200	184,341	184,341	-	-	
Facility	35,626,122	100,743	635,736	19,364	656,608	37,038,573	37,038,573	-	-	
Interest and fees	25,964,806	223	33,141	640,719	545,239	27,184,128	27,184,128	-	-	
Bad debts	545,301	3,083	-	-	-	548,384	548,384	-	-	
Provision for impaired assets	5,928,828	-	-	45,000	254,033	6,227,861	6,227,861	-	-	
Project costs	180,850	-	450,897	-	-	631,747	631,747	-	-	
Allocation	2,799,416	927,688	2,900,333	151,392	(6,778,829)	-	-	-	-	
(Gain) loss on sale of assets	4,846,734	-	(307,656)	-	-	4,539,078	4,539,078	-	-	
(Gain) loss on investment in limited partnership	-	-	162,007	-	-	162,007	162,007	-	-	
Non controlling interest	(34,615,667)	-	-	-	-	(34,615,667)	(34,615,667)	-	-	
Total expenses and losses	<u>133,007,208</u>	<u>11,649,934</u>	<u>16,711,142</u>	<u>1,517,864</u>	<u>4,672,924</u>	<u>167,559,072</u>	<u>167,559,072</u>	<u>-</u>	<u>-</u>	
Excess (deficiency) of revenues over expenses	<u>(22,998,489)</u>	<u>(5,939,544)</u>	<u>18,727,933</u>	<u>228,388</u>	<u>8,454,053</u>	<u>(1,527,659)</u>	<u>(14,796,723)</u>	<u>13,604,064</u>	<u>(335,000)</u>	
Net assets at beginning of year	153,563,086	(13,207,074)	74,675,174	1,819,379	24,183,535	241,034,100	60,872,550	176,535,844	3,625,706	
Other transfers to (from) net assets	(1,309,579)	-	5,308,961	-	(1,873,295)	2,126,087	2,126,087	-	-	
Net assets at end of year	<u>\$ 129,255,018</u>	<u>\$ (19,146,618)</u>	<u>\$ 98,712,068</u>	<u>\$ 2,047,767</u>	<u>\$ 30,764,293</u>	<u>\$ 241,632,528</u>	<u>\$ 48,201,914</u>	<u>\$ 190,139,908</u>	<u>\$ 3,290,706</u>	

See notes to financial statements

Mercy Housing, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2009 and 2008

	2009	2008
Operating activities		
Changes in net assets	\$ (18,769,702)	\$ (1,527,659)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Forgiveness of debt	(544,452)	(710,776)
(Gain) loss on sale of assets	(1,743,210)	4,539,078
Depreciation and amortization	54,950,530	48,616,122
Provisions for loan losses and impaired assets	8,903,502	6,227,861
Loss from investments in partnerships	603,819	162,007
Non-controlling interest	(32,159,689)	(34,615,667)
(Gain) loss on interest rate swap contracts	(1,925,534)	1,399,129
Net changes in current assets and liabilities that		
Cash, tenant security deposits	(18,862)	(385,239)
Accounts receivable and due from affiliates	(731,008)	1,104,939
Grants receivable	13,061,767	(927,583)
Pledges receivable	502,001	(784,058)
Prepaid expenses and other assets	(481,752)	900,681
Accounts payable and due to affiliates	(7,934,282)	(14,538,818)
Accrued interest payable	5,928,543	6,398,200
Deferred revenue	(659,617)	2,437,321
Tenant security deposits	327,569	554,732
Net cash provided by operating activities	<u>19,309,623</u>	<u>18,850,270</u>
Investing activities		
Net change in restricted cash and reserves	(6,598,596)	(15,607,394)
Net change in investments	(3,409,906)	(1,995,708)
Purchases of property and equipment	(112,815,287)	(194,014,460)
Net change in investments in partnerships	(239,998)	(652)
Net change in notes receivable	(7,753,106)	(9,456,384)
Proceeds from sale of property and equipment	<u>2,801,400</u>	<u>9,714,454</u>
Net cash used in investing activities	<u>(128,015,493)</u>	<u>(211,360,144)</u>

(continued)

Mercy Housing, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

Years ended December 31, 2009 and 2008

	2009	2008
Financing activities		
Proceeds from notes payable	150,922,356	284,475,171
Principal payments on notes payable	(105,818,216)	(206,994,822)
Financing fees	(3,277,537)	(6,244,445)
Capital contributions from investor partners	66,793,944	125,221,377
Distributions paid to investor limited partners	(485,356)	(123,853)
Syndication costs	(1,409,316)	(920,608)
	<u>106,725,875</u>	<u>195,412,820</u>
Net cash provided by financing activities	<u>106,725,875</u>	<u>195,412,820</u>
Net increase (decrease) in cash and cash equivalents	(1,979,995)	2,902,946
Cash and cash equivalents at beginning of year	<u>24,040,360</u>	<u>21,137,414</u>
Cash and cash equivalents at end of year	<u><u>\$ 22,060,365</u></u>	<u><u>\$ 24,040,360</u></u>
Cash paid for interest, net of amounts capitalized	<u><u>\$ 19,938,887</u></u>	<u><u>\$ 19,709,059</u></u>
Noncash investing and financing activities:		
Net noncash net assets of transferred entities to (from) MHI	\$ (3,577,665)	\$ 2,126,087
Transfers of net assets of non-controlling interests	(8,493,906)	(1,250,327)
Property and equipment and other assets transferred (to) from MHI	12,071,571	(875,760)
Increase in property and equipment in accounts payable	(15,979,843)	(21,074,866)
Increase in accounts payable from property and equipment purchases	15,979,843	21,074,866
Decrease in property and equipment from notes payable	(4,635,229)	-
Decrease in notes payable from property and equipment	4,635,229	-
Increase in property and equipment from capitalized amortization	(482,774)	(1,371,205)
Capitalized amortization in property and equipment	482,774	1,371,205
Increase (decrease) in unrestricted net assets	(94,334)	(13,269,064)
Increase in (release of) temporarily and permanently restricted net assets	<u>94,334</u>	<u>13,269,064</u>
Total noncash investing and financing activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mercy Housing, Inc. (MHI) is a nonprofit Nebraska corporation formed in 1981 and is co-sponsored by nine congregations of women religious. The purpose of MHI is to manage or direct entities which are organized for the purpose of creating stable, vibrant and healthy communities by developing, financing and operating affordable, program-enriched housing for families, seniors and people with special needs who lack the economic resources to access quality, safe housing opportunities. 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 programs and 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.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of MHI and corporations or investments in limited partnerships in which MHI has a controlling interest (the Company). Additionally, the consolidated financial statements for the years ended December 31, 2009 and 2008 include the accounts of 110 limited partnerships in which the Company has a partnership interest. These entities are included in the consolidation according to generally accepted accounting principles which require that partnership accounts be consolidated for all limited partnerships which are deemed to be controlled by the Company. All significant intercompany transactions have been eliminated in consolidation.

There are an additional ten affiliated entities and limited partnerships in which the Company has an interest which are not controlled by the Company and do not require inclusion in the consolidated statements in the current year:

Villa Caridad
Westbrook Plaza Commercial
Dove Family Housing Association (La Costa Paloma)
New Dana Strand Partners I (Harborview Apartments)
Alston Lake Apartments, LP
Brentwood Green Valley Apartments
Galewood SLF Associates
Sunnydale Development Company LLC
Mercy Housing California XXX (Hotel Essex)
Adamsville Green LP

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

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

Consolidated General Partners

2101 Telegraph Avenue, Inc.

2101 Telegraph Avenue Associates (Hamilton Apartments)

Affordable Housing Corporation

Mercy Housing Colorado II (Homes Again Greeley)

Mercy Housing Colorado III (Springfield Court)

Mercy Housing Colorado IV (Wapiti Meadows)

Mercy Housing Colorado V (Plaza on the Platte)

Mercy Housing Colorado VI (Merced de las Animas)

Mercy Housing Colorado VII (Holly Park West)

Mercy Housing Idaho I (Northside Nampa)

Mercy Housing Idaho II (Comstock Apartments)

Mercy Housing Idaho III (New Hope)

Mercy Housing Iowa I (Lawlor Garvey)

Mercy Housing Missouri I (McAuley Heights)

Mercy Housing Missouri II (Regina Terrace)

Mercy Housing Washington III (Tahoma View)

Mercy Housing Washington IV (Lincoln Way)

Florin Housing Corporation

Florin Wood Association (Crossroads Gardens)

McDermott Place

Bishops Block

Mercy Affordable Housing, Inc. (MAHI)

Mercy Housing West

Mercy Housing California XII (Villa Amador)

Mercy Housing California XIII (Linbrook Court)

Mercy Housing California XXXIV (Edith Witt Senior)

Mercy Housing California XIV (10th & Mission Residential)

Mercy Housing California XV (Nueva Vista)

Mercy Housing California XVI (Villa Madera)

Mercy Housing California XVII (Derek Silva Community)

Mercy Housing California XVIII (Leland Polk Senior Community)

Mercy Housing California XIX (1500 S. Grand)

Mercy Housing California XX (Mission Creek Senior)

Mercy Housing California XXI (White Rock Village)

Mercy Housing California XXII (Dudley Apartments)

Mercy Housing California XXIII (St. Vincent's Garden)

Mercy Housing California XXIV (Carter Terrace)

Mercy Housing California XXV (Casa Alegre)

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Mercy Housing California XXVI (Martin Luther King Village)
Mercy Housing California XXVII (Serna Village)
Mercy Housing California XXVIII (Vineyard Townhomes)
Mercy Housing California XXIX (Grizzly Hollow Phase III)
Mercy Housing California XXXI (Martinelli House)
Mercy Housing California XXXII (Creekview Manor)
Mercy Housing California XXXIII (Casa Verde)
Mercy Housing California XXXV (Arden Aire)
Mercy Housing California XXXVI (Kent Gardens)
Mercy Housing California XXXVII (Ross Ranch)
Mercy Housing California XXXIX (Gleason Park)
Mercy Housing California XLI (Westbrook Plaza)
Colonia San Martin Associates, LP
Mercy Terrace LLC
New Dana Strand Townhomes
Pinewood Court Apartments
Village Park Housing Associates (Village Park Apartments)
Mercy Properties, Inc. (MPI)
111 Jones Street Association
2220 10th Avenue Association (Santana Apartments)
Aromor Mercy LLC (Aromor Apartments)
Britton Street Association (Britton Court)
Commons On Main LLC
Commons on Main
FHD Holdings LLC
Franciscan Homes III
Franciscan Homes IV
Marlton Affordable Housing Association (Marlton Manor)
Mason Apartments (Mason School Apartments)
Mercy Crestview Village Housing
Mercy Galewood SLF, Inc.
Mercy Housing Arizona I (Villas de Merced)
Mercy Housing Arizona II (Page Commons)
Mercy Housing California I (St. Francis Terrace)
Mercy Housing California II (Columbia Park)
Mercy Housing California V (Mercy Village Folsom)
Mercy Housing California VII (Casa San Juan)
Mercy Housing California VIII (School House Station)
Mercy Housing California X (The Rose)
Mercy Housing California XI (Madison Place)
Mercy Housing Colorado I (Grace Apartments)

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Mercy Housing Colorado VIII (Valle de Merced)
Mercy Housing Colorado IX (Parkside Apartments)
Mercy Housing Colorado XI (Pinon Terrace)
Mercy Housing Georgia II (Orchard Grove)
Mercy Housing Iowa II (Sherwood Place Apartments)
Mercy Housing Nebraska I (Capital Corners)
Mercy Housing South Dakota I, LLC (Driftwood Estates)
Mercy Housing South Dakota II, LLC (Northern Heights)
Mulberry Court LLC
 Mercy Housing South Carolina I (Mulberry Court Apartments)
Northglen
Park Terrace Apartments
Parkside Terrace Apartments LLC
 Parkside Terrace
Quinn Cottages
San Felipe Homes
Savannah Rose of Sharon, LLC
 Mercy Housing Georgia III (Rose of Sharon)
Somerset Senior Housing (Casitas de Merced)
Western Manor
Mercy Properties II, Inc.
 Mercy Housing Idaho IV (Skyview Terrace)
 Mercy Housing Idaho V (Sisters Villa)
 Mercy Housing Utah I (Francis Peak View)
Neary Lagoon, Inc.
 Neary Lagoon Partners (Neary Lagoon Cooperative)
San Juan Housing Corp.
 Kennedy Estates Housing Association (Kennedy Estates)
 Tahoe Valley Townhomes Association (Tahoe Valley)
South of Market Mercy
 1028 Howard Street Association (1028 Howard Street Apartments)
 1101 Howard Street Association (1101 Howard Street Apartments)
 1475 167 Avenue Association (Bermuda Gardens)
 16th & Church Street Association (Padre Palou Community)
 El Centro Partners (El Centro Residential Suites)
 La Playa Residential
 Mercy Housing California III (Plaza Maria Apartments)
 Mercy Housing California IV (Vista Grande Apartments)
 Mercy Housing California VI (205 Jones Street Apartments)
 Mercy Housing California IX (Sycamore Street Commons)
 West 28th Street (Montclair Court/Tolton Court)
Visitation Valley Affordable Housing
 Visitation Valley Family Housing Association (Heritage Homes)

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Intercommunity Mercy Housing
 Appian Way Manager LLC
 Appian Way Mercy LLC
Intercommunity Housing Ferndale
Intercommunity Properties
New Tacoma Phase I LLC
 New Tacoma Senior Housing Phase I
New Tacoma Phase II LLC
Sterling Senior
Mercy Properties Washington
 Intercommunity Mercy Washington I (Evergreen Vista)
 Intercommunity Mercy Washington II (Family Tree)
 Mercy Housing Washington V (Sterling Meadows)
 Mercy Housing Washington VI (Lincoln Way II)
 Mercy Housing Washington VII (Eliza McCabe Townhomes)
 Mercy Housing Washington VIII (Hillside Gardens)
 Mercy Housing Washington IX (Evergreen Vista II)
 Mercy Housing Washington X, LLC (Catalina Apartments)
Mercy Bond Properties Colorado I
 Franconia LLC
Mercy Commercial California
Mercy Commercial Finance Properties (Atlantic City Affordable Housing LLC)
Mercy Housing California
 Affordable Housing Initiative (AHI)
 All Hallows Community
 Cantebria Senior Homes
 EH/CC Housing Corp. (Eden House)
 Francis of Assisi Community
 Garden Park Apartment Community
 Gault Street Senior
 John W. King Senior Housing
 Maria B. Freitas Senior Housing Corp.
 Marin Homes for Independent Living (Camino Alto)
 Marin Housing Corp. (Martinelli)
 Mercy Family Plaza LP
 Mercy Gardens
 Mercy Housing CalWest
 365 Fulton (Parcel G)
 Mercy Housing California XL (Arlington Hotel)
 Mercy Housing California XLII (Boulevard Court)
 Mercy Housing California XXXVIII (East Leland Court)
 Mercy Housing California XLIV (1000 Fourth Street)

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Mercy Housing Senior Properties LLC
 Bennett House LP
 Dorothy Day Community LP
 Junipero Serra LP
 Mercy Riverside LP
 Monsignor Lyne LP
 St Andrew Community LP
 Villa Columba LP
Mercy Oaks Village
Mercy Properties California
 Acacia Meadows
 Foster Youth
 The Haven
 Leland House
 Magnolia Village LLC
 Mercy Oak Forest LLC
 Osocales (McIntosh Mobile Homes)
 Richmond Hills
 Santa Monica Street
 Sierra Vista
 Sycamore Center (Red Bluff)
 Walnut Grove
Mercy Senior Housing Oxnard (Casa Merced)
MHC NSP LLC
Notre Dame Senior Housing Corp.
Oceana Senior Housing Corp.
Presentation Senior Community
Russell Manor
Tierra Del Sol, Inc.
Mercy Housing Colorado
 Holly Park Community Center LLC
 Homes For Greeley
Mercy Housing Idaho, Inc.
 Eagle Senior Village
 Independence Hill
 Mercy Moscow, Inc. (Hawthorne)
 Mercy Southeast Idaho, Inc. (Hamilton Court)
 Mercy Twin Falls, Inc. (Willswood)
Mercy Housing Lakefront
 111th & Wentworth Apartment Corporation
 Wentworth Commons

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Belray Apartment Corporation
 Belray Apartments
Countryside Seniors LLC
 Countryside Senior Apartments
Englewood Apartments Corporation
 901 West 63rd (Englewood Apartments)
Harold Washington Apartments Corporation
 Harold Washington Apartments
 Magnolia LP (Carlton Apartments)
 Red Door LP (Major Jenkins Apartments)
 4707 Malden LP (Miriam Apartments)
Johnston Center MM LLC
 Johnston Center Residences LLC
Lavergne Courts LLC
Malden Arms Corporation II
 Malden Limited Partnership II
Near North Apartment Corporation
 Near North LP (Schiff Residences)
Roseland Apartment Corporation
 Roseland LP (Holland Apartments)
South Loop Apartment Corporation
 South Loop Apartments
Washington Courts LLC
Whitmore Apartments LLC
Winthrop Apartment Corporation
 5042 Winthrop Apartments LP (Delmar Apartments)
Mercy Housing Midwest
 Heartland Housing Initiative (HARP)
 Mercy Bond Properties Nebraska I
 Mercy Timbercreek LLC
 Mercy Crestview Village
 Mercy House
 Mercy Midwest Properties (Ridgeview)
 Mercy Northglen
 Mercy Village at St. Johns
 Mercy Western Manor
 Mercy Oakwood Gardens
Mercy Housing Ohio
Mercy Housing Properties
 Brook Oaks Senior Residences

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Mercy Housing Southeast

Allegre Point Senior Residence

Marshside Village, Inc.

Mercy Housing Georgia Holdings, LLC

Mercy Housing Pembroke, Inc. (McFadden Place)

Mercy Place Belmont, Inc.

Rendu Terrace West, Inc.

Mercy Properties Georgia, Inc.

Mercy Community Housing Georgia

Mercy Housing Georgia I (Heritage Place Apartments)

Mercy Housing Georgia IV (Heritage Corners/Heritage Row)

Mercy Housing Georgia V (Chamblee Senior Apartments)

Mercy Housing Georgia VI (The Atrium at College Station)

MCHG Partners, Inc.

Acquisition Properties Georgia I (Magnolia Village)

Reynoldstown Senior Apartments

MPI Highland Place LLC

MPI Highland Place Apartments (Hills at Fairington)

Mercy Lithonia Park View, Inc.

Mercy Housing Georgia VIII (Terraces at Park View)

Mercy Housing Southwest

Avondale Senior Village

Camelot Casitas

Casa de Merced

Casa de Shanti

CDG-MHSW, LLC (Villas Montanas)

Decatur Place

El Mirage Senior

Guadalupe Senior Village

Holly Park East

Mercy Properties Arizona

Los Arcos

Mercy Court

Mesa Senior Meadows

Peoria Place

Plazas de Merced

Vista Alegre

Willow Street Apartments

Mercy Loan Fund (MLF)

Mercy Portfolio Services

MPS Community I LLC

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Mercy Properties Washington II LLC (Cobble Knoll II)
Mercy Properties Washington III LLC (Cobble Knoll I)
Mercy Services Corporation (MSC)
Padre Apartments

Basis of Presentation

MHI conforms to generally accepted accounting principles which require the organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Furthermore, program service expenses must be segregated from management and general expenses.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Revenue Recognition

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

MHI reports gifts of cash and other assets as unrestricted revenue unless they are received with donor stipulations that limit the use of the donated assets. 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 statement 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 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 financial statements.

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Cash and Cash Equivalents

MHI maintains its cash balances in several banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to a certain amount. In October 2008, the FDIC temporarily increased the insurance limit on savings accounts and certificates of deposit from \$100,000 to \$250,000. This increase is scheduled to expire December 31, 2013. Also in October 2008, the FDIC temporarily removed the insurance limits on checking accounts. This increase expired December 31, 2009. Cash and cash equivalents for the Company include demand deposits, deposits in money market accounts, deposits in pooled funds (which invest in certificates of deposit, treasury bills and other short-term, low risk instruments), individual certificates of deposits, treasury instruments and government agency notes. For the consolidated statements of cash flows, all unrestricted investment instruments with original maturities of 90 days or less are considered cash equivalents.

Restricted Cash

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

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

Many of the MHI subsidiaries are required to make monthly escrow deposits for taxes and insurance. 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 on up a periodic review of the accounts by management. Accounting

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Non-tenant receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change.

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 7 years, and land improvements are depreciated over 15 years.

Impairment of Long-Lived Assets

In accordance with generally accepted accounting principles, the Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, the Company compares the carrying amount of its rental property to its fair value in order to determine whether an impairment loss has occurred. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. An impairment loss of \$8,352,203 and \$5,905,413 has been recognized for the years ended December 31, 2009 and 2008, respectively. Losses are included in the Provision for Impaired Assets line in the Statement of Activities and Changes in Net Assets.

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 being 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.

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Amortization expense for the years ended December 31, 2009 and December 31, 2008 was \$1,128,652 and \$2,071,352, respectively. Estimated amortization expense for each of the ensuing years through December 31, 2014:

2010	\$ 1,151,373
2011	1,103,371
2012	938,592
2013	841,582
2014	801,049

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 studies, purchase options, environmental study costs, legal and accounting costs. Predevelopment project costs are capitalized and recorded as predevelopment project costs 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.

Investment in Limited Partnerships

MHI and its subsidiaries are partners in ten affiliated entities and limited partnerships which own and operate projects for low-income and moderate-income families. The partnership interests, generally .01 percent to 1.0 percent general partner interests, are not consolidated as they are not controlled by the Company.

Non-Controlling Interest in Limited Partnerships

This amount represents the aggregate positive balance of Limited Partner equity interests in the non-wholly owned limited partnerships that are included in the consolidated financial statements. The aggregate negative balances, if any, of Limited Partner interests remain in MHI's net assets.

Net Assets

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.

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Transfers of net assets

During the years ended December 31, 2009 and 2008, several entities were added to the consolidated financial statements and several other entities were transferred out. The net effect of the additions and transfers to beginning net assets was a decrease and increase of \$12,071,571 and \$875,760, respectively. The following is a summary of the above net changes:

	<u>2009</u>		<u>2008</u>
Addition of entities		Addition of entities	
	-	Mercy Housing Colorado V (Plaza on Platte)	\$ 234,843
	-	Mason Apartments (Mason School Apartments)	360,830
	-	Village Park Housing Associates (Village Park Apartments)	274,749
	-	Mercy Housing Colorado III (Springfield Court)	(31,683)
	-	Miscellaneous entities	37,021
	<u>-</u>		<u>875,760</u>
Transfer of entities		Transfer of entities	
Magnolia LP (Carlton Apartments)	(541,538)		
4707 Malden LP (Miriam Apartments)	(555,442)		
Mercy Housing California XXX (Hotel Essex LP)	(6,678,404)		-
Galewood SLF Associates	(194,776)		-
Rendu Terrace West, Inc.	(4,037,787)		-
CDG-MHSW, LLC (Villas Montanas)	(4,000)		-
Miscellaneous entities	(59,624)	Miscellaneous entities	-
	<u>(12,071,571)</u>		<u>-</u>
Sub total	<u>(12,071,571)</u>	Subtotal	<u>875,760</u>
Non-controlling interest	<u>8,493,906</u>	Non-controlling interest	<u>1,250,327</u>
	<u>\$ (3,577,665)</u>		<u>\$ 2,126,087</u>

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Strategic Health Care Partnerships

MHI has eight Strategic Health Care Partners (Strategic Partners). Six of the Strategic Partners (Catholic Healthcare West, Catholic Health East, St. Joseph Health System, Bon Secours Health System, Ascension Health, and Provena Health) have pledged contributions for a period of up to five years in exchange for various contracted services performed on their behalf. The five-year contribution periods end between 2010 and 2014. The other two Strategic Partners (Catholic Health Initiatives and Catholic Healthcare Partners) have each provided MHI with \$5 million dollar non-interest bearing loans that mature in 2013. The principal is invested and income generated from the investment of these funds is unrestricted and used to support services associated with the Strategic Partners.

The funds received from Catholic Healthcare Partners have been recorded as Designated Cash. Through December 31, 2009, MHI has elected to utilize \$2 million of these funds to meet short-term operating cash requirements. The balance may be utilized in the future to cover additional operating cash needs.

Developer and Consulting Fees

Developer and consulting fees are recognized during the construction period based on the percentage of construction completion. 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 and did not have any unrelated business income for the years ended December 31, 2009 and December 31, 2008. Due to their tax exempt status, MHI and the consolidated nonprofit corporations are not subject to income taxes. MHI and the consolidated 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.

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

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 Corporation
Harold Washington Corporation
Malden Arms Corporation
Malden Arms Corporation II
McDermott Place, Inc.
MCHG Partners, Inc.
Mercy Galewood SLF, Inc.
Mercy Housing Woodland Quarters
Mercy Lithonia Park View, Inc.
Mercy Parkview Partners
Mercy Scottsdale Oak Forest
Near North Apartments Corporation
Roseland Apartments Corporation
South Loop Apartments Corporation
Winthrop Apartments Corporation
Savannah Rose of Sharon LLC

The above listed entities are taxable entities, however, the taxable income or loss and the temporary differences at each entity and in the aggregate are immaterial to the Consolidated Financial Statements.

The limited partnerships 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

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. Impairment reserves are provided as necessary. 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 11.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification (Codification). Effective July 1, 2009, the Codification is the single source of authoritative principles recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP). The Codification is intended to reorganize, rather than change, existing GAAP. Accordingly, all references to currently existing GAAP have been removed and have been replaced with plain English explanations of the Company's accounting policies. The adoption of the Codification did not have a material impact on the Company's financial position or results of operations.

In March 2008, the FASB issued an update to existing guidance around derivative instruments and hedging activities. The amended guidance requires enhanced disclosures related to derivative instruments and hedging activities, including disclosures regarding how an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for and the impact of derivative instruments and related hedged items on an entity's financial position, financial performance and cash flows. The amended guidance became effective for fiscal years and interim periods beginning after November 15, 2008. The adoption of this guidance on January 1, 2009 did not have a material effect on the Company's financial statements.

In April 2009, the FASB issued authoritative guidance on mergers and acquisitions for not-for-profit entities. This guidance establishes the principles and requirements for accounting for a combination of not-for-profit entities, which is a transaction or other event that results in a not-for-profit entity initially recognizing another not-for-profit entity, a business, or a nonprofit activity in its financial statements. The new guidance also changes the manner in which not-for-profit entities account for changes in a parent's ownership interests in consolidated subsidiaries after control is obtained. This guidance applies to a combination that meets the definition of either a merger of not-for-profit entities or an acquisition by a not-for-profit entity. Mergers will be accounted for using the carryover method, which is based on the historical cost information of both entities. Acquisitions will be accounted for using the acquisition method, which follows the same rules used by for-profit entities with

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

some notable exceptions. For existing consolidated subsidiaries with non-controlling interests, the new accounting guidance will require the non-controlling ownership interests to be included in net assets of the Company. It is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2009. The adoption of this new guidance is expected to have a material effect on the Company's financial statements

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, 2009 and 2008, the Company had five 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 annually in the Statement of Activities. As of December 31, 2009, there was no hedge ineffectiveness. The swaps are reported at fair value on the Consolidated Statements of Financial Position as a liability within notes payable. See Note 11 for additional information on derivative instruments and hedging activities.

Reclassifications

Reclassifications have been made to the prior year balances to conform to the current year presentation. During 2008, a capital grant in the amount of \$12,626,500 was recorded as unrestricted net assets. This amount has been reclassified to temporarily restricted net assets, causing a decrease in unrestricted net assets of \$12,626,500 and increase in temporarily restricted net assets of \$12,626,500 for the year ended December 31, 2008. Net assets in total were not affected.

NOTE 2 - 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.

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

At December 31, 2009 and 2008, cash and investments were as follows:

	2009	2008
Unrestricted Cash - Properties	\$ 16,415,074	\$ 16,243,033
Unrestricted Cash/Investments - Mercy Loan Fund	5,998,286	2,172,437
Unrestricted Cash - Corporate Operating Entities	1,049,179	5,999,890
Subtotal - Unrestricted Cash	23,462,539	24,415,360
Designated Cash	3,000,000	3,000,000
Total Unrestricted and Designated Cash/Investments	26,462,539	27,415,360
Restricted Cash - Tenant Security Deposits	5,491,032	5,511,856
Restricted Cash/Investments - Corporate Entities (including Mercy Loan Fund)	27,085,730	25,425,868
Restricted Cash - Properties	6,848,736	9,058,255
Restricted Cash - LT Restricted Property Reserves	83,813,973	74,282,988
	<u>\$ 149,702,010</u>	<u>\$ 141,694,327</u>

MHI invests in money market mutual funds, certificates of deposit, treasury and government agency instruments. Investments in money market mutual funds and treasury and government agency instruments are carried at fair market value. Certificates of deposit 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 2010 to December 2014. The approximate market value of the investments was \$52,123,283 and \$41,155,407 as of December 31, 2009 and 2008, as follows:

	2009	2008
Money Market Mutual Funds	\$ 36,501,639	\$ 28,672,881
Certificates of deposit	15,278,519	10,868,622
Treasury Instruments	-	-
Government agency instruments	343,125	1,613,904
	<u>\$ 52,123,283</u>	<u>\$ 41,155,407</u>
Investment income	<u>\$ 368,621</u>	<u>\$ 745,974</u>

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

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.

Included in pledges is a non-revocable charitable remainder unitrust in which Mercy Housing California has been named as the charitable beneficiary under the trust agreement. Payments are made to the designated non-charitable beneficiaries during their lifetime based on a fixed payout percentage of 8 percent. Mercy Housing California would receive benefits under the trust agreement upon the death of the non-charitable beneficiaries. For December 31, 2009, pledge receivables were \$192,980 based on actuarial calculations using a discount rate of 3.2 percent. For December 31, 2008, pledge receivables were \$156,740 based on actuarial calculations using a discount rate of 3.8 percent. Actuarial calculations are revised annually, and changes in pledge receivables are recorded as operating income or loss.

As of December 31, 2009, future pledge payments are as follows:

For the year ending December 31,	
2010	\$ 1,544,053
2011	701,489
2012	468,906
2013	356,989
2014	98,289
Thereafter	<u>355,631</u>
Total pledges receivable	3,525,357
Allowance and discount	<u>(174,301)</u>
Total pledges receivable, net of allowance and discount	<u>\$ 3,351,056</u>

The amount of pledges written off was \$7,873 and \$119,045 for the years ended December 31, 2009 and 2008, 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.

Of the amount due as of December 31, 2009 of \$12,863,463, approximately \$11,907,309 relates to development grants awarded to Edith Witt Senior, Englewood Apartments,

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Aromor, 10th & Mission, Tierra del Sol, Allegre Point Senior, Countryside Senior Apartments and New Tacoma Senior Housing Phase I.

Of the amount due as of December 31, 2008 of \$25,925,230, approximately \$23,433,967 relates to development grants awarded to Edith Witt Senior, Kent Gardens, Englewood, Malden II, Aromor, Arlington Hotel, 10th & Misson, Tierra del Sol, Allegre Point Senior and Brook Oaks Senior.

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 9.6 percent. Maturity dates range from 2010 to 2051. At December 31, 2009 and 2008, substantially all of the notes and interest receivable are collateralized by real estate.

Total allowances for Mercy Loan Fund at December 31, 2009 and 2008, consisted of the following:

	2009	2008
Allowances, beginning of year	\$ 1,070,157	\$ 1,104,614
Increase/Decrease to allowance charged to:		
Expense	231,000	45,000
Loans written off	-	(79,457)
Allowances, end of year	<u>\$ 1,301,157</u>	<u>\$ 1,070,157</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2009 and 2008, consisted of the following:

	2009	2008
Land and land improvements	\$ 175,665,699	\$ 167,178,639
Buildings	1,314,433,473	1,206,124,668
Furniture and equipment	49,561,708	42,692,606
Predevelopment project costs	5,400,154	3,095,071
Construction in progress	77,027,660	140,464,090
Inventory	6,491,696	8,432,181
Assets held for sale	5,396,898	630,413
Total property and equipment	1,633,977,288	1,568,617,668
Less accumulated depreciation	<u>(344,597,993)</u>	<u>(296,682,003)</u>
Property and equipment, net	<u>\$ 1,289,379,295</u>	<u>\$ 1,271,935,665</u>

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

For the years ended December 31, 2009 and 2008, depreciation expense was \$53,821,878 and \$46,544,770, respectively. Assets held for sale represent operating properties which the Company was actively marketing and expected to sell in the following year. Inventory includes land and foreclosed single and multifamily properties which the Company intends to refurbish and sell in subsequent years.

NOTE 7 - NOTES PAYABLE

Notes payable as of December 31, 2009 and 2008 include both secured and unsecured borrowings and consist of the following:

	<u>2009</u>	<u>2008</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, 2009 is 2.95%. Commitment expires June 30, 2012. ⁽¹⁾	\$ -	\$ -
JP Morgan Chase - Revolving predevelopment loan bearing interest at thirty day LIBOR plus 1.20%. Credit line was originated in July 2008 to fund predevelopment expenses up to a total of \$10,000,000. The rate as of December 31, 2009 is 1.447%. Commitment expires January 23, 2011. ⁽²⁾	6,000,000	3,529,689
Investor Loans to Mercy Loan Fund. Notes bearing interest from 0% to 5% and maturing through 2020. All funds available under these notes are fully drawn as of December 31, 2009 and 2008.	26,265,519	25,975,890
Other Notes Payable, bearing interest from 0% to 3.5% and maturing through 2012. Available balance \$29,604,158 and \$28,287,388 as of December 31, 2009 and 2008. ⁽³⁾	<u>29,454,159</u>	<u>28,137,388</u>
Subtotal - Unsecured Corporate Operating and Predevelopment Loans	61,719,678	57,642,967

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Loans secured by the respective properties:		
Construction loans, bearing interest from 0% to 7.5%, with both fixed and variable interest rates, to be repaid in full or converted to permanent loans through 2012. Available balance \$298,678,779 and \$312,666,628 as of December 31, 2009 and 2008.	193,721,327	186,770,776
Permanent loans, bearing interest from 0% to 12%, generally with principal and interest due monthly, to be repaid in full through 2059. All funds available under these notes are fully drawn as of December 31, 2009 and 2008.	<u>567,519,568</u>	<u>563,828,022</u>
Total	822,960,573	808,241,765
Less: current portion	<u>(68,636,719)</u>	<u>(43,850,870)</u>
Non-current portion	<u><u>\$ 754,323,854</u></u>	<u><u>\$ 764,390,895</u></u>

1. As of December 31, 2009 and 2008, the Company had standby Letters of Credit of \$450,000 and \$371,220 issued under the operating sub-limit.
2. As of December 31, 2009 and 2008, the Company agreed to temporarily reduce the amount available under the predevelopment line by \$2,000,000 until certain requirements under a loan to a property are achieved.
3. As of December 31, 2009 and 2008, the Company had a standby Letter of Credit of \$48,264 issued by California Bank & Trust, pursuant to a \$1,500,000 revolving line of credit.

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

Future minimum principal maturities of notes payable are as follows:

For the year ending December 31,		
2010	\$	68,636,719
2011		35,694,244
2012		19,141,614
2013		32,500,639
2014		12,807,073
Thereafter		<u>654,180,284</u>
Total maturities		822,960,573
Less current maturities		<u>(68,636,719)</u>
Notes payable, less current portion	\$	<u><u>754,323,854</u></u>

NOTE 8 - LEASE COMMITMENTS

The Company leases land, office space and equipment under non-cancelable capital and operating lease agreements that expire through 2083. Future minimum lease payments are as follows:

	Capital Leases	Office and Equipment Leases	Property Land Leases	Total Operating Leases
For the year ending December 31,				
2010	17,470	1,151,571	913,139	2,064,710
2011	15,513	1,131,993	910,819	2,042,812
2012	3,878	1,081,102	909,139	1,990,241
2013	-	947,499	909,139	1,856,638
2014	-	843,379	909,139	1,752,518
Thereafter	-	4,392,380	44,019,426	48,411,806
Total future minimum lease payments	36,861	9,547,924	48,570,801	58,118,725
Less: Amount representing interest	(625)	-	-	-
Present value of minimum lease payments	<u>\$ 36,236</u>	<u>\$ 9,547,924</u>	<u>\$ 48,570,801</u>	<u>\$ 58,118,725</u>

Lease expense for operating leases was approximately \$2,285,832 and \$2,194,770 for the years ended December 31, 2009 and 2008, respectively.

NOTE 9 - 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

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

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

Development Fee Income

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

Management Fee Income

Substantially all of the management fee income earned by MSC is for property management services provided to affiliates. Management fees associated with subsidiaries are eliminated in consolidation. Such management fee income is included in service fees.

NOTE 10 - GUARANTEES

MHI has entered into various agreements with certain limited partnerships or their affiliated general partners whereby MHI 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 2010 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 records such payments as amounts receivable from the partnerships.

MHI has entered into various agreements with certain limited partnerships or their affiliated general partners 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. However, management is not aware of any known liability for tax credit

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

recapture. The maximum potential liability under these guarantees as of December 31, 2009 is \$747 million relating to 119 limited partnerships. MHI has not been required to fund any amounts under these guarantees and has not recorded any liabilities associated with these guarantees.

MHI provides guarantees to certain lenders who provide financing for the acquisition and construction of low-income housing projects developed by certain limited partnerships. Under these guarantees, MHI provides assurance of project completion and provides repayment guarantees for the associated loans. The guarantees terminate when construction is complete and permanent financing repays the construction loans. As of December 31, 2009, MHI had provided guarantees on 18 acquisition and construction loans of \$190,740,638 of which \$111,069,285 was outstanding.

The Company has also issued other guarantees in order to secure financing on various projects. As of December 31, 2009, \$5,267,591 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. As of December 31, 2009, \$2,429,585 was outstanding.

NOTE 11 - 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, 2008, and to certain non-financial assets and liabilities effective January 1, 2009. 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.

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

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 2009 and 2008 of \$1,925,534 and (\$1,399,129), respectively, is classified within level 2 of the fair value hierarchy. The unrealized gain on the money market mutual funds, certificates of deposit and government agency instruments during 2009 and 2009 of \$25,966 and \$11,041, 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, 2009. The following table presents the financial assets and liabilities that the Company measured at fair value on a recurring basis as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Net interest rate swap-asset/(liability)	\$ -	\$ (1,175,504)	\$ -	\$ (1,175,504)
Money market mutual funds	\$ 36,501,639	\$ -	\$ -	\$ 36,501,639
Certificates of deposit	\$ 15,500,006	\$ -	\$ -	\$ 15,500,006
Government agency instruments	\$ -	\$ 343,125	\$ -	\$ 343,125

The following table presents the financial assets and liabilities that the Company measured at fair value on a recurring basis as of December 31, 2008:

	Level 1	Level 2	Level 3	Total
Net interest rate swap-asset/(liability)	\$ -	\$ 3,101,038	\$ -	\$ 3,101,038
Money market mutual funds	\$ 28,672,881	\$ -	\$ -	\$ 28,672,881
Certificates of deposit	\$ 11,204,234	\$ -	\$ -	\$ 11,204,234
Government agency instruments	\$ -	\$ 1,613,904	\$ -	\$ 1,613,904

On a recurring basis, the Company measures its interest rate swap contracts, money market mutual funds, and government agency instruments 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 money market mutual funds, certificates of deposit and government agency instruments, the Company uses quoted market prices and other relevant information generated by market

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

transactions. See "Derivative Instruments and Hedging Activities" in Note 1 for additional information regarding the swaps.

NOTE 12 - 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. Additionally, MHI makes a general contribution to eligible employees who have attained certain tenured service with the organization. Contribution costs of property site staff are passed through to the managed projects. The Company contributed \$729,041 and \$720,264 for the years ended December 31, 2009 and 2008, respectively.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Property Management Agreements

MSC, a subsidiary corporation of MHI, serves under contract as the management agent for several affiliated corporations and partnerships of MHI. Monthly management fees approximating \$46 per unit per month are payable by the affiliates to MSC. In addition, MSC provides management services to unaffiliated owners of multi-family real estate 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 low-income qualified 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.

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

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

these regulatory agreements, many of the subsidiaries are precluded from receiving any distributions of operating cash. A surplus cash calculation is required to be prepared annually and any surplus cash, as defined, is required to be deposited in a residual receipts account controlled by HUD.

Letters of Credit

In connection with certain project developments, MHI is contingently liable on several letters of credit, expiring on various dates (see Note 7).

Litigation

MHI and its subsidiaries are named in various 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 14 - ECONOMIC DEPENDENCY

MHI obtains and employs substantial capital from various federal, state and local governmental agencies, including the department of Housing and Urban Development. In addition, MHI obtains funding from the 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. Future operations may be affected by further erosion in the financial markets and continued change in the economic environment.

NOTE 15 - SPECIAL EVENT

During 2008, MHI hosted a 25th anniversary celebration for the purpose of promoting its activities, recognizing its supporters and raising funds. All contributions received relating to the event and associated expenses have been shown in the consolidated statement of activities. Total revenue included in philanthropy was \$1,141,530, offset by compensation expenses of \$108,281 and administrative expenses of \$504,087. There was no similar event in 2009.

Mercy Housing, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2009 and 2008

NOTE 16 - SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Company through April 27, 2010 and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

SUPPLEMENTAL INFORMATION

Mercy Housing, Inc.

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Consolidating Statement of Financial Position
Mercy Housing, Inc.
December 31, 2009

	Mercy Housing Inc.	Mercy Loan Fund	Mercy Services Corp.	Mercy Portfolio Services	MPS Community I, LLC
Assets					
Current assets					
Cash and cash equivalents	\$ 10,614,369	\$ 5,627,731	\$ -	\$ 12,666	\$ 1,719
Cash, tenant security deposits	-	-	-	-	-
Cash, restricted	5,043,445	6,738,553	226,333	475,001	38,783
Investments	-	95,000	-	-	-
Investments, restricted	1,474,176	3,004,675	-	-	-
Accounts receivable, net	419,182	56,248	3,310,869	186,827	373,791
Due from affiliate, net	807,400	-	1,614,135	2,503,305	184,251
Pledges receivable, net	1,030,860	-	-	-	-
Grants receivable	247,500	-	-	49,500	-
Current portion of notes and interest receivable	40,149	16,787,924	-	-	-
Current portion of notes and interest receivable, affiliates	6,062,476	-	-	159,752	-
Prepaid expenses and other assets	208,658	8,263	68,962	13,637	38,200
Total current assets	25,948,215	32,318,394	5,220,299	3,400,688	636,744
Property and equipment					
Land and land improvements	855,000	-	-	-	-
Buildings	71,748	-	-	-	-
Furniture and equipment	3,506,880	14,178	231,377	154,639	-
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	2,178,395
Accumulated depreciation	(2,948,509)	(14,178)	(221,038)	(42,231)	-
Net property and equipment	1,485,119	-	10,339	112,408	2,178,395
Other long-term assets					
Restricted property reserves	-	-	-	-	1,383
Cash, restricted	-	-	-	-	-
Long-term investments	-	285,000	-	-	-
Long-term investments, restricted	6,085,000	-	-	-	-
Due from affiliates	775,972	-	-	-	-
Pledges receivable, net	1,274,150	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships, net	(423,370)	-	-	-	-
Notes and interest receivable, net	216,000	5,394,386	-	-	-
Notes and interest receivable, affiliates	10,027,637	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	-	-	-	-
Total other long-term assets	17,955,389	5,679,386	-	-	1,383
Total assets	\$ 45,388,723	\$ 37,997,780	\$ 5,230,638	\$ 3,513,096	\$ 2,816,522
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 3,893,642	\$ 73,705	\$ 2,387,489	\$ 70,204	\$ 138,124
Due to affiliates	329,098	-	7,604,443	290,033	178,123
Accrued interest	53,441	263,065	-	-	-
Accrued interest, affiliates	29,174	-	-	-	-
Current portion of notes payable	4,701,549	4,966,818	-	2,484,934	-
Current portion of notes payable, affiliates	4,180,000	71,854	-	-	2,484,934
Deferred revenue	240,094	-	1,041,209	-	-
Tenant security deposits	-	-	-	-	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	13,426,998	5,375,442	11,033,141	2,845,171	2,801,181
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	52,212	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	24,139,368	23,298,701	-	-	-
Notes payable, less current portion, affiliates	-	1,669,587	-	-	-
Deferred revenue and other liabilities	616,586	2,000,000	-	-	-
Total long-term liabilities	24,808,166	26,968,288	-	-	-
Total liabilities	38,235,164	32,343,730	11,033,141	2,845,171	2,801,181
Non-controlling interest	-	-	-	-	-
Net assets					
Unrestricted net assets	1,897,854	5,654,050	(6,028,835)	467,925	15,341
Temporarily restricted net assets	4,500,705	-	226,332	200,000	-
Permanently restricted net assets	755,000	-	-	-	-
Total net assets	7,153,559	5,654,050	(5,802,503)	667,925	15,341
Total liabilities and net assets	\$ 45,388,723	\$ 37,997,780	\$ 5,230,638	\$ 3,513,096	\$ 2,816,522

Consolidating Statement of Financial Position
Mercy Housing, Inc.
December 31, 2009

	Mercy Housing Properties, Inc.	Brooks Oaks Senior Residences	Mercy Commercial Finance Properties	Consolidated Mercy Housing Southwest	Consolidated Mercy Housing Colorado
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 5,897	\$ -	\$ 787,897	\$ -
Cash, tenant security deposits	-	16,116	-	134,993	-
Cash, restricted	-	-	5,435	177,891	474,638
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	12,035	-	58,455	8,311
Due from affiliate, net	-	-	-	82,728	674,659
Pledges receivable, net	-	-	-	1,430	16,973
Grants receivable	-	-	-	5,500	74,326
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	527,314
Prepaid expenses and other assets	-	7,179	12,651	158,028	12,549
Total current assets	-	41,227	18,086	1,406,922	1,788,770
Property and equipment					
Land and land improvements	-	106,302	122,775	2,010,846	226,320
Buildings	-	5,086,780	-	28,355,499	673,282
Furniture and equipment	-	82,118	-	2,224,382	123,231
Predevelopment project costs	-	-	-	83,287	102,883
Construction in progress	-	-	183,158	-	522,620
Accumulated depreciation	-	(251,055)	-	(13,571,048)	(66,867)
Net property and equipment	-	5,024,145	305,933	19,102,966	1,581,469
Other long-term assets					
Restricted property reserves	-	45,001	-	1,937,653	-
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	3,832	234,010
Pledges receivable, net	-	-	-	-	30,200
Grants receivable	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-
Notes and interest receivable, net	-	-	-	105,417	-
Notes and interest receivable, affiliates	-	-	-	714,712	6,853,220
Allowance for impaired assets	-	-	-	-	(545,883)
Other assets, net	-	21,139	-	86,000	3,989
Total other long-term assets	-	66,140	-	2,847,614	6,575,536
Total assets	\$ -	\$ 5,131,512	\$ 324,019	\$ 23,357,502	\$ 9,945,775
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 26,127	\$ -	\$ 575,639	\$ 183,100
Due to affiliates	-	-	4,156	40,781	5,243,558
Accrued interest	-	-	-	18,244	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	587,790	4,091,750	-
Current portion of notes payable, affiliates	-	-	1,585,345	83,287	172,883
Deferred revenue	-	97	-	11,202	-
Tenant security deposits	-	13,818	-	105,016	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	-	40,042	2,177,291	4,925,919	5,599,541
Long-term liabilities					
Due to affiliates	-	-	-	173,827	-
Accrued interest	-	-	-	15,592	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	2,867,765	90,562
Notes payable, less current portion, affiliates	-	-	-	-	28,542
Deferred revenue and other liabilities	-	-	-	3,494	-
Total long-term liabilities	-	-	-	3,060,678	119,104
Total liabilities	-	40,042	2,177,291	7,986,597	5,718,645
Non-controlling interest	-	-	-	-	-
Net assets					
Unrestricted net assets	(276,562)	(85,352)	(1,853,272)	423,918	(1,156,654)
Temporarily restricted net assets	276,562	5,176,822	-	14,946,987	4,583,784
Permanently restricted net assets	-	-	-	-	800,000
Total net assets	-	5,091,470	(1,853,272)	15,370,905	4,227,130
Total liabilities and net assets	\$ -	\$ 5,131,512	\$ 324,019	\$ 23,357,502	\$ 9,945,775

Consolidating Statement of Financial Position
Mercy Housing, Inc.
December 31, 2009

	Consolidated Mercy Housing California	Consolidated Mercy Housing Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southeast
Assets					
Current assets					
Cash and cash equivalents	\$ 7,443,632	\$ 48,979	\$ 2,315,868	\$ 502,776	\$ 543,528
Cash, tenant security deposits	633,523	49,067	252,239	184,183	124,223
Cash, restricted	2,831,101	238,829	1,896,861	1,292	850,750
Investments	-	-	-	-	-
Investments, restricted	655,285	-	-	-	-
Accounts receivable, net	397,599	18,636	705,687	95,041	149,639
Due from affiliate, net	5,620,465	867,419	87,506	118,948	60,954
Pledges receivable, net	272,611	130	107,120	913	2,795
Grants receivable	312,336	40,768	1,133,938	-	127,286
Current portion of notes and interest receivable	137,019	-	-	-	-
Current portion of notes and interest receivable, affiliates	756,571	10,000	40,000	-	91,115
Prepaid expenses and other assets	606,372	35,407	424,262	117,932	206,682
Total current assets	19,666,514	1,309,235	6,963,481	1,021,085	2,156,972
Property and equipment					
Land and land improvements	27,986,531	756,635	10,954,688	2,362,377	10,434,397
Buildings	162,791,858	6,433,421	82,328,881	21,726,408	86,153,911
Furniture and equipment	4,749,013	239,424	3,873,322	1,214,220	1,731,922
Predevelopment project costs	2,675,186	86,001	1,358,432	-	1,256,088
Construction in progress	8,019,273	-	17,878,873	-	868,764
Accumulated depreciation	(46,030,783)	(2,311,527)	(28,882,127)	(8,595,528)	(7,632,719)
Net property and equipment	160,191,078	5,203,954	87,512,069	16,707,477	92,812,363
Other long-term assets					
Restricted property reserves	10,074,767	524,860	13,503,693	1,243,076	7,612,582
Cash, restricted	-	-	-	-	-
Long-term investments	24,330	-	-	-	-
Long-term investments, restricted	1,510,000	-	-	-	-
Due from affiliates	539,201	-	-	-	310,668
Pledges receivable, net	193,980	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships, net	252,237	-	107,845	-	-
Notes and interest receivable, net	5,608,552	168,504	-	-	-
Notes and interest receivable, affiliates	5,589,253	749,402	-	319,934	88,096
Allowance for impaired assets	-	-	-	-	-
Other assets, net	1,547,866	-	1,026,912	309,676	3,722,220
Total other long-term assets	25,340,186	1,442,766	14,638,450	1,872,686	11,733,566
Total assets	\$ 205,197,778	\$ 7,955,955	\$ 109,114,000	\$ 19,601,248	\$ 106,702,901
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 3,601,073	\$ 160,908	\$ 8,722,665	\$ 673,163	\$ 3,217,572
Due to affiliates	84,921	662,044	52,973	412	3,345,587
Accrued interest	793,712	2,237	54,655	28,391	110,086
Accrued interest, affiliates	402,894	-	688	-	-
Current portion of notes payable	4,738,076	216,480	7,077,142	323,446	1,316,553
Current portion of notes payable, affiliates	3,538,488	86,002	1,107,614	-	1,458,097
Deferred revenue	24,861	4,510	486,950	55,912	109,003
Tenant security deposits	591,682	40,038	234,337	160,366	116,762
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	13,775,707	1,172,219	17,737,024	1,241,690	9,673,660
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	3,651,284	18,682	1,807,089	359,792	108
Accrued interest, affiliates	-	-	(1)	66,124	-
Notes payable, less current portion, net	78,392,345	1,830,815	47,805,638	9,580,026	41,790,203
Notes payable, less current portion, affiliates	4,164,136	-	415,801	60,000	-
Deferred revenue and other liabilities	3,644,446	-	2,334,185	16,425	158,164
Total long-term liabilities	89,852,211	1,849,497	52,362,712	10,082,367	41,948,475
Total liabilities	103,627,918	3,021,716	70,099,736	11,324,057	51,622,135
Non-controlling interest	-	-	-	-	-
Net assets					
Unrestricted net assets	17,609,146	1,767,193	33,781,424	4,308,535	40,120,430
Temporarily restricted net assets	81,925,008	3,167,046	4,857,840	3,968,656	14,960,336
Permanently restricted net assets	2,035,706	-	375,000	-	-
Total net assets	101,569,860	4,934,239	39,014,264	8,277,191	55,080,766
Total liabilities and net assets	\$ 205,197,778	\$ 7,955,955	\$ 109,114,000	\$ 19,601,248	\$ 106,702,901

Consolidating Statement of Financial Position
Mercy Housing, Inc.
December 31, 2009

	Consolidated Intercommunity Mercy Housing	Mercy Housing Ohio	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II, LLC (Cobble Knoll II)	Padre Apartments
Assets					
Current assets					
Cash and cash equivalents	\$ 2,535,384	\$ -	\$ 612,413	\$ 439,873	\$ 6,676
Cash, tenant security deposits	343,383	-	268,732	160,159	13,810
Cash, restricted	1,423,459	-	-	1,045,660	172
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	39,681	821	16,844	18,079	98
Due from affiliate, net	69,394	-	50,852	6,107	1,947
Pledges receivable, net	111,222	-	-	-	-
Grants receivable	8,216,400	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	222,374	-	-	-	-
Prepaid expenses and other assets	179,431	-	81,505	90,418	18,084
Total current assets	13,140,728	821	1,030,346	1,760,296	40,787
Property and equipment					
Land and land improvements	13,113,310	-	4,727,187	2,114,586	118,488
Buildings	73,639,304	-	16,546,519	12,312,724	3,881,908
Furniture and equipment	2,794,444	1,324	731,617	929,898	80,596
Predevelopment project costs	106,784	-	-	-	-
Construction in progress	2,333,473	-	214,653	5,656	-
Accumulated depreciation	(21,801,966)	(1,177)	(3,952,233)	(2,386,811)	(1,164,174)
Net property and equipment	70,185,349	147	18,267,743	12,976,053	2,916,818
Other long-term assets					
Restricted property reserves	13,323,203	-	1,361,808	1,219,223	453,077
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	308,672	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships, net	(412,596)	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	245,530	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	1,954,063	-	306,117	298,466	43,983
Total other long-term assets	15,418,872	-	1,667,925	1,517,689	497,060
Total assets	\$ 98,744,949	\$ 968	\$ 20,966,014	\$ 16,254,038	\$ 3,454,665
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 2,299,215	\$ 7,551	\$ 307,405	\$ 312,341	\$ 66,137
Due to affiliates	1,259	471,101	144,602	47,487	-
Accrued interest	59,425	-	24,961	15,907	14,937
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	616,053	-	434,616	240,777	130,033
Current portion of notes payable, affiliates	802,443	176,562	214,653	-	-
Deferred revenue	42,692	-	13,447	14,522	1,992
Tenant security deposits	333,690	-	227,532	144,164	13,781
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	4,154,777	655,214	1,367,216	775,198	226,880
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	172,906	-	-	-	72,383
Accrued interest, affiliates	14,588	-	-	-	-
Notes payable, less current portion, net	48,567,451	-	20,587,374	15,329,820	2,817,677
Notes payable, less current portion, affiliates	2,148,870	-	-	-	-
Deferred revenue and other liabilities	1,409,393	-	-	-	-
Total long-term liabilities	52,313,208	-	20,587,374	15,329,820	2,890,060
Total liabilities	56,467,985	655,214	21,954,590	16,105,018	3,116,940
Non-controlling interest	-	-	-	-	-
Net assets					
Unrestricted net assets	29,840,244	(654,246)	(988,576)	(771,821)	337,725
Temporarily restricted net assets	12,436,720	-	-	920,841	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	42,276,964	(654,246)	(988,576)	149,020	337,725
Total liabilities and net assets	\$ 98,744,949	\$ 968	\$ 20,966,014	\$ 16,254,038	\$ 3,454,665

Consolidating Statement of Financial Position
Mercy Housing, Inc.
December 31, 2009

	Mercy Bond Properties Colorado I	Mercy Commercial California	Consolidated General Partner Corporations	Eliminations	Consolidated Mercy Housing Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ 3,214	\$ 63,270	\$ 8,812,917	\$ (18,318,444)	\$ 22,060,365
Cash, tenant security deposits	10,456	26,346	3,273,802	-	5,491,032
Cash, restricted	20,419	-	5,721,383	-	27,210,005
Investments	-	-	-	-	95,000
Investments, restricted	-	-	-	(3,004,675)	2,129,461
Accounts receivable, net	441	33,924	1,158,455	(1,972,049)	5,088,614
Due from affiliate, net	-	1,326	365,973	(13,117,369)	-
Pledges receivable, net	-	-	-	-	1,544,054
Grants receivable	-	-	2,655,909	-	12,863,463
Current portion of notes and interest receivable	-	-	-	(1,549,621)	15,415,471
Current portion of notes and interest receivable, affiliates	-	-	-	(7,869,602)	-
Prepaid expenses and other assets	10,154	96,347	4,979,738	(1,049,569)	6,324,890
Total current assets	44,684	221,213	26,968,177	(46,881,329)	98,222,355
Property and equipment					
Land and land improvements	622,232	-	101,516,328	(6,718)	178,021,284
Buildings	1,830,711	63,792	829,467,738	(10,741,621)	1,320,622,863
Furniture and equipment	113,867	-	27,137,863	-	49,934,315
Predevelopment project costs	-	-	-	(268,507)	5,400,154
Construction in progress	-	-	51,827,912	(1,014,309)	83,018,468
Accumulated depreciation	(581,212)	(63,297)	(208,339,229)	1,239,920	(347,617,789)
Net property and equipment	1,985,598	495	801,610,612	(10,791,235)	1,289,379,295
Other long-term assets					
Restricted property reserves	126,631	12,258	32,374,758	-	83,813,973
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	997,844	-	1,307,174
Long-term investments, restricted	-	-	-	-	7,595,000
Due from affiliates	-	-	-	(1,863,683)	-
Pledges receivable, net	-	-	-	-	1,807,002
Grants receivable	-	-	-	-	-
Investments in limited partnerships, net	-	-	6,984,415	(5,946,123)	562,408
Notes and interest receivable, net	-	-	749,423	(1,034,970)	11,207,312
Notes and interest receivable, affiliates	-	-	-	(24,587,784)	-
Allowance for impaired assets	-	-	-	545,883	-
Other assets, net	36,468	-	10,483,154	(34,107)	19,805,946
Total other long-term assets	163,099	12,258	51,589,594	(32,920,784)	126,098,815
Total assets	\$ 2,193,381	\$ 233,966	\$ 880,168,383	\$ (90,593,348)	\$ 1,513,700,465
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 30,089	\$ 80,427	\$ 17,610,283	\$ (3,620,266)	\$ 40,816,593
Due to affiliates	184,350	160,872	9,156,884	(28,002,684)	-
Accrued interest	14,053	-	1,188,065	-	2,641,179
Accrued interest, affiliates	-	-	158,058	(590,814)	-
Current portion of notes payable	40,000	-	36,670,702	-	68,636,719
Current portion of notes payable, affiliates	-	-	881,879	(16,844,041)	-
Deferred revenue	3,403	27,274	1,249,617	(1,049,569)	2,277,216
Tenant security deposits	8,507	65,954	2,925,658	-	4,981,305
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	280,402	334,527	69,841,146	(50,107,374)	119,353,012
Long-term liabilities					
Due to affiliates	-	-	1,263,586	(1,437,413)	-
Accrued interest	-	-	47,073,794	(413,056)	52,810,786
Accrued interest, affiliates	-	44,583	6,420,639	(6,545,933)	-
Notes payable, less current portion, net	1,510,000	-	435,512,308	(212,000)	753,908,053
Notes payable, less current portion, affiliates	-	100,000	29,220,092	(37,391,227)	415,801
Deferred revenue and other liabilities	-	-	11,159,282	(7,698,962)	13,643,013
Total long-term liabilities	1,510,000	144,583	530,649,701	(53,698,591)	820,777,653
Total liabilities	1,790,402	479,110	600,490,847	(103,805,965)	940,130,665
Non-controlling interest	-	-	-	354,284,639	354,284,639
Net assets					
Unrestricted net assets	104,979	(245,144)	241,593,100	(340,101,189)	25,760,213
Temporarily restricted net assets	298,000	-	38,084,436	(970,833)	189,559,242
Permanently restricted net assets	-	-	-	-	3,965,706
Total net assets	402,979	(245,144)	279,677,536	(341,072,022)	219,285,161
Total liabilities and net assets	\$ 2,193,381	\$ 233,966	\$ 880,168,383	\$ (90,593,348)	\$ 1,513,700,465

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing, Inc.
For the year ended December 31, 2009

	Mercy Housing Inc.	Mercy Loan Fund	Mercy Services Corp.	Mercy Portfolio Services	MPS Community I, LLC
Revenues					
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-
Services fees	369,509	-	9,214,230	-	-
Philanthropy	2,904,443	53,310	16,699	749,500	-
Capital grants	-	-	-	-	-
Consulting	1,057,332	-	6,980	1,530,514	-
Interest	962,460	1,725,957	216	2,903	341
Other	583,904	1,300,147	1,120,043	-	15,000
Total revenues	<u>5,877,648</u>	<u>3,079,414</u>	<u>10,358,168</u>	<u>2,282,917</u>	<u>15,341</u>
Expenses and losses					
Compensation	9,248,477	622,671	5,409,945	951,097	-
Administrative	2,020,408	113,736	1,252,824	155,192	-
Professional services	1,207,709	54,638	132,450	680,187	-
Depreciation and amortization	433,011	466	16,321	42,231	-
Grants	3,673,564	121,128	11,500	-	-
Facility	713,811	18,908	103,198	57,422	-
Interest and fees	433,472	711,554	85,227	15,262	-
Bad debts	1,140,979	-	110,293	-	-
Provision for impaired assets	1,094,138	231,000	-	-	-
Project expenses	2,543	-	-	-	-
Allocation	(9,707,984)	162,792	3,663,540	240,608	-
(Gain) loss on sale of assets	-	(381,049)	-	-	-
(Gain) loss on investment in limited partnership	320,041	-	-	-	-
Non-controlling interest	-	-	-	-	-
Total expenses and losses	<u>10,580,169</u>	<u>1,655,844</u>	<u>10,785,298</u>	<u>2,141,999</u>	<u>-</u>
Excess (deficiency) of revenues over expenses	<u>(4,702,521)</u>	<u>1,423,570</u>	<u>(427,130)</u>	<u>140,918</u>	<u>15,341</u>
Net assets at the beginning of year	11,856,080	4,230,480	(5,375,373)	527,007	-
Net transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 7,153,559</u>	<u>\$ 5,654,050</u>	<u>\$ (5,802,503)</u>	<u>\$ 667,925</u>	<u>\$ 15,341</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing, Inc.
For the year ended December 31, 2009

	Mercy Housing Properties, Inc.	Brooks Oaks Senior Residences	Mercy Commercial Finance Properties	Consolidated Mercy Housing Southwest	Consolidated Mercy Housing Colorado
Revenues					
Rent - net of vacancies	\$ -	\$ 239,942	\$ -	\$ 4,290,625	\$ -
Developer fees	-	-	-	-	370,567
Services fees	-	-	-	53,996	276,545
Philanthropy	-	-	-	422,620	1,096,928
Capital grants	-	-	-	-	-
Consulting	-	-	-	172,344	(167,938)
Interest	-	198	-	75,319	505,915
Other	-	4,670	-	106,381	731,947
Total revenues	-	244,810	-	5,121,285	2,813,964
Expenses and losses					
Compensation	-	58,228	-	1,629,006	1,420,915
Administrative	-	40,048	-	820,699	176,471
Professional services	181,618	12,384	-	357,445	39,167
Depreciation and amortization	-	201,553	-	1,131,591	18,493
Grants	4	-	-	101,748	15,050
Facility	-	110,132	-	1,629,687	1,497
Interest and fees	(4)	-	-	209,768	110,951
Bad debts	-	479	-	32,418	16,349
Provision for impaired assets	-	-	2,492,208	18,878	396,201
Project expenses	-	-	-	72,316	29,039
Allocation	-	-	-	301,692	522,264
(Gain) loss on sale of assets	(6,425)	-	-	104,113	(260,534)
(Gain) loss on investment in limited partnership	-	-	-	-	-
Non-controlling interest	-	-	-	-	-
Total expenses and losses	175,193	422,824	2,492,208	6,409,361	2,485,863
Excess (deficiency) of revenues over expenses	(175,193)	(178,014)	(2,492,208)	(1,288,076)	328,101
Net assets at the beginning of year	175,193	5,269,484	638,936	16,662,981	3,899,029
Net transfers to (from) net assets	-	-	-	(4,000)	-
Net assets at end of year	\$ -	\$ 5,091,470	\$ (1,853,272)	\$ 15,370,905	\$ 4,227,130

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing, Inc.
For the year ended December 31, 2009

	Consolidated Mercy Housing California	Consolidated Mercy Housing Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southeast
Revenues					
Rent - net of vacancies	\$ 16,263,816	\$ 805,622	\$ 8,840,365	\$ 3,561,081	\$ 5,473,704
Developer fees	2,544,083	-	1,540,194	-	1,257,153
Services fees	2,709,783	97,206	6,667	102,327	161,636
Philanthropy	2,581,461	202,266	8,833,004	306,150	284,963
Capital grants	831,111	-	640,111	-	-
Consulting	1,135,721	209,559	15,997	-	13,443
Interest	592,934	126,863	253,784	428,892	1,066,725
Other	1,890,935	53,197	1,012,439	284,972	463,855
Total revenues	<u>28,549,844</u>	<u>1,494,713</u>	<u>21,142,561</u>	<u>4,683,422</u>	<u>8,721,479</u>
Expenses and losses					
Compensation	11,573,378	603,871	7,199,162	944,856	2,663,304
Administrative	3,010,270	252,994	2,333,700	743,156	1,390,525
Professional services	793,809	90,065	535,117	120,884	346,629
Depreciation and amortization	6,131,209	247,046	3,348,820	888,575	3,652,711
Grants	347,240	1,416	310,065	488,360	5,973
Facility	5,077,646	332,292	3,587,247	1,769,031	2,542,713
Interest and fees	2,801,107	56,170	718,090	583,211	1,982,532
Bad debts	322,110	29,993	182,383	226,170	288,177
Provision for impaired assets	4,594,395	33,002	-	762,293	-
Project expenses	252,355	6,610	-	-	270,203
Allocation	2,167,680	260,412	966,612	242,652	449,976
(Gain) loss on sale of assets	(18,431)	(4,594)	(335,344)	(628,575)	(302,964)
(Gain) loss on investment in limited partnership	73,588	-	132,156	-	-
Non-controlling interest	-	-	-	-	-
Total expenses and losses	<u>37,126,356</u>	<u>1,909,277</u>	<u>18,978,008</u>	<u>6,140,613</u>	<u>13,289,779</u>
Excess (deficiency) of revenues over expenses	<u>(8,576,512)</u>	<u>(414,564)</u>	<u>2,164,553</u>	<u>(1,457,191)</u>	<u>(4,568,300)</u>
Net assets at the beginning of year	110,240,152	5,348,803	32,529,815	9,734,382	53,084,654
Net transfers to (from) net assets	<u>(93,780)</u>	<u>-</u>	<u>4,319,896</u>	<u>-</u>	<u>6,564,412</u>
Net assets at end of year	<u>\$ 101,569,860</u>	<u>\$ 4,934,239</u>	<u>\$ 39,014,264</u>	<u>\$ 8,277,191</u>	<u>\$ 55,080,766</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing, Inc.
For the year ended December 31, 2009

	Consolidated Intercommunity Mercy Housing	Mercy Housing Ohio	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II, LLC (Cobble Knoll II)	Padre Apartments
Revenues					
Rent - net of vacancies	\$ 5,478,082	\$ -	\$ 3,780,337	\$ 2,962,222	\$ 705,362
Developer fees	1,822,128	-	-	-	-
Services fees	127,814	-	-	-	-
Philanthropy	991,202	-	-	-	-
Capital grants	8,311,400	-	-	-	-
Consulting	122,765	-	-	-	-
Interest	65,867	66,597	1,530	1,681	3,403
Other	288,467	100	136,502	99,745	481
Total revenues	<u>17,207,725</u>	<u>66,697</u>	<u>3,918,369</u>	<u>3,063,648</u>	<u>709,246</u>
Expenses and losses					
Compensation	2,517,674	57,488	613,744	611,281	106,774
Administrative	1,232,445	3,240	481,945	410,163	111,266
Professional services	251,468	14,762	128,729	123,213	9,430
Depreciation and amortization	3,019,766	441	691,083	525,143	153,213
Grants	47,957	-	-	-	-
Facility	1,779,494	-	1,707,366	1,149,899	130,440
Interest and fees	702,071	12,405	616,430	485,136	212,058
Bad debts	152,193	183,860	32,419	33,081	9
Provision for impaired assets	31,833	-	-	-	-
Project expenses	43,978	-	-	-	-
Allocation	578,688	151,068	-	-	-
(Gain) loss on sale of assets	(263)	-	-	-	-
(Gain) loss on investment in limited partnership	312,978	-	-	-	-
Non-controlling interest	-	-	-	-	-
Total expenses and losses	<u>10,670,282</u>	<u>423,264</u>	<u>4,271,716</u>	<u>3,337,916</u>	<u>723,190</u>
Excess (deficiency) of revenues over expenses	<u>6,537,443</u>	<u>(356,567)</u>	<u>(353,347)</u>	<u>(274,268)</u>	<u>(13,944)</u>
Net assets at the beginning of year	35,211,164	(297,679)	(635,229)	423,288	351,669
Net transfers to (from) net assets	<u>528,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 42,276,964</u>	<u>\$ (654,246)</u>	<u>\$ (988,576)</u>	<u>\$ 149,020</u>	<u>\$ 337,725</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing, Inc.
For the year ended December 31, 2009

	Mercy Bond Properties Colorado I	Mercy Commercial California	Consolidated General Partner Corporations	Eliminations	Consolidated Mercy Housing Inc.
Revenues					
Rent - net of vacancies	\$ 412,823	\$ 1,067,972	\$ 55,437,840	\$ (109,439)	\$ 109,210,354
Developer fees	-	-	-	(96,237)	7,437,888
Services fees	-	-	39,995	(11,045,206)	2,114,502
Philanthropy	-	-	123,327	(1,953,484)	16,612,389
Capital grants	-	-	30,169	(45,114)	9,767,677
Consulting	-	-	-	(236,448)	3,860,269
Interest	291	6	1,363,787	(2,060,321)	5,185,348
Other	7,132	95,444	7,174,329	(6,631,779)	8,737,911
Total revenues	<u>420,246</u>	<u>1,163,422</u>	<u>64,169,447</u>	<u>(22,178,028)</u>	<u>162,926,338</u>
Expenses and losses					
Compensation	82,950	-	12,858,521	-	59,173,342
Administrative	61,089	44,048	8,997,215	(9,876,863)	13,774,571
Professional services	11,444	13,373	3,741,621	(1,865,582)	6,980,560
Depreciation and amortization	75,988	3,847	34,764,417	(395,395)	54,950,530
Grants	-	-	399,998	(4,588,506)	935,497
Facility	110,396	1,145,694	21,197,263	(362,835)	42,801,301
Interest and fees	96,919	11,093	17,180,522	(1,649,756)	25,374,218
Bad debts	3,489	-	556,385	(1,877,634)	1,433,153
Provision for impaired assets	-	-	3,634,635	(4,385,081)	8,903,502
Project expenses	-	-	877	(9,475)	668,446
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	(238,834)	329,690	(1,743,210)
(Gain) loss on investment in limited partnership	-	-	636,560	(871,504)	603,819
Non-controlling interest	-	-	-	(32,159,689)	(32,159,689)
Total expenses and losses	<u>442,275</u>	<u>1,218,055</u>	<u>103,729,180</u>	<u>(57,712,630)</u>	<u>181,696,040</u>
Excess (deficiency) of revenues over expenses	(22,029)	(54,633)	(39,559,733)	35,534,602	(18,769,702)
Net assets at the beginning of year	425,008	(190,511)	276,837,480	(319,314,285)	241,632,528
Net transfers to (from) net assets	-	-	42,399,789	(57,292,339)	(3,577,665)
Net assets at end of year	<u>\$ 402,979</u>	<u>\$ (245,144)</u>	<u>\$ 279,677,536</u>	<u>\$ (341,072,022)</u>	<u>\$ 219,285,161</u>

Consolidating Statement of Financial Position
Mercy Housing Southwest
December 31, 2009

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa De Merced	Casa De Shanti	El Mirage Senior
Assets						
Current assets						
Cash and cash equivalents	\$ 493,565	\$ (1,068)	\$ 7,438	\$ 564	\$ 525	\$ 257
Cash, tenant security deposits	-	10,109	1,580	14,319	6,755	13,620
Cash, restricted	55,864	5,000	-	-	11,423	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	10,666	106	641	911	816	-
Due from affiliate, net	92,281	-	-	-	-	-
Pledges receivable	1,430	-	-	-	-	-
Grants receivable	5,500	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	74,668	-	-	-	-	-
Prepaid expenses and other assets	10,782	8,619	1,838	8,434	5,359	8,637
Total current assets	744,756	22,766	11,497	24,228	24,878	22,514
Property and equipment						
Land and land improvements	-	129,200	51,954	101,945	85,256	66,500
Buildings	-	2,403,688	403,244	1,991,210	1,276,074	1,975,147
Furniture and equipment	69,934	110,170	30,706	101,822	65,925	137,851
Predevelopment project costs	83,287	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	(69,187)	(742,293)	(141,882)	(995,175)	(701,324)	(941,274)
Net property and equipment	84,034	1,900,765	344,022	1,199,802	725,931	1,238,224
Other long-term assets						
Restricted property reserves	-	66,961	38,531	104,421	30,601	132,631
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	3,832	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	11,785	-	-	-	-	-
Notes and interest receivable, net	105,417	-	-	-	-	-
Notes and interest receivable, affiliates	284,712	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total other long-term assets	405,746	66,961	38,531	104,421	30,601	132,631
Total assets	\$ 1,234,536	\$ 1,990,492	\$ 394,050	\$ 1,328,451	\$ 781,410	\$ 1,393,369
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 61,402	\$ 27,035	\$ 11,766	\$ 21,141	\$ 22,951	\$ 34,240
Due to affiliates	431	10,110	-	45,222	99,545	4,087
Accrued interest	2,500	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-
Current portion of notes payable, affiliates	83,287	-	-	-	-	-
Deferred revenue	-	-	545	3	1,039	499
Tenant security deposits	-	8,897	1,011	8,487	6,012	10,212
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	147,620	46,042	13,322	74,853	129,547	49,038
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-
Notes payable, less current portion	500,000	-	-	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-
Total long-term liabilities	500,000	-	-	-	-	-
Total liabilities	647,620	46,042	13,322	74,853	129,547	49,038
Net assets						
Unrestricted net assets	405,209	19,567	34,632	(218,657)	(249,434)	(204,825)
Temporarily restricted net assets	181,707	1,924,883	346,096	1,472,255	901,297	1,549,156
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	586,916	1,944,450	380,728	1,253,598	651,863	1,344,331
Total liabilities and net assets	\$ 1,234,536	\$ 1,990,492	\$ 394,050	\$ 1,328,451	\$ 781,410	\$ 1,393,369

Consolidating Statement of Financial Position
Mercy Housing Southwest
December 31, 2009

	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas De Merced	Vista Alegre	Villas Montanas
Assets						
Current assets						
Cash and cash equivalents	\$ 13,204	\$ 7,336	\$ 347	\$ 714	\$ 2,864	\$ -
Cash, tenant security deposits	11,492	4,407	4,592	4,657	19,245	-
Cash, restricted	-	-	-	-	15,252	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	294	42	1,118	1,849	1,230	-
Due from affiliate, net	-	-	-	-	26	-
Pledges receivable	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	8,111	4,486	2,886	5,527	11,509	-
Total current assets	33,101	16,271	8,943	12,747	50,126	-
Property and equipment						
Land and land improvements	192,606	45,000	72,820	37,750	211,466	-
Buildings	2,113,402	1,148,031	1,008,813	1,514,926	3,358,290	-
Furniture and equipment	100,561	49,045	34,583	76,997	211,936	-
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	(872,404)	(486,545)	(292,851)	(845,763)	(1,098,488)	-
Net property and equipment	1,534,165	755,531	823,365	783,910	2,683,204	-
Other long-term assets						
Restricted property reserves	51,673	34,600	17,636	53,258	82,231	-
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total other long-term assets	51,673	34,600	17,636	53,258	82,231	-
Total assets	\$ 1,618,939	\$ 806,402	\$ 849,944	\$ 849,915	\$ 2,815,561	\$ -
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 42,133	\$ 13,965	\$ 16,058	\$ 29,053	\$ 21,403	\$ -
Due to affiliates	31,390	15,663	12,992	37,855	-	-
Accrued interest	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	20,000	-	-
Deferred revenue	100	273	333	718	285	-
Tenant security deposits	9,812	4,406	2,322	4,546	17,536	-
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	83,435	34,307	31,705	92,172	39,224	-
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-
Notes payable, less current portion	-	-	-	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	1,150	-
Total long-term liabilities	-	-	-	-	1,150	-
Total liabilities	83,435	34,307	31,705	92,172	40,374	-
Net assets						
Unrestricted net assets	(106,051)	(94,140)	(27,736)	(244,618)	(91,775)	-
Temporarily restricted net assets	1,641,555	866,235	845,975	1,002,361	2,866,962	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	1,535,504	772,095	818,239	757,743	2,775,187	-
Total liabilities and net assets	\$ 1,618,939	\$ 806,402	\$ 849,944	\$ 849,915	\$ 2,815,561	\$ -

Consolidating Statement of Financial Position
Mercy Housing Southwest
December 31, 2009

	Decatur Place	Mercy Holly Park East	Willow Street Apartments	Consolidated Mercy Properties Arizona	Eliminations	Consolidated Mercy Housing Southwest
Assets						
Current assets						
Cash and cash equivalents	\$ 210,613	\$ 15,783	\$ 30,677	\$ 5,078	\$ -	\$ 787,897
Cash, tenant security deposits	18,920	13,860	2,188	9,249	-	134,993
Cash, restricted	11,000	24,474	-	54,878	-	177,891
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	38,435	5,552	1,137	4,824	(9,166)	58,455
Due from affiliate, net	276	4,026	-	431	(14,312)	82,728
Pledges receivable	-	-	-	-	-	1,430
Grants receivable	-	-	-	-	-	5,500
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	(74,668)	-
Prepaid expenses and other assets	37,994	15,348	2,224	26,274	-	158,028
Total current assets	317,238	79,043	36,226	100,734	(98,146)	1,406,922
Property and equipment						
Land and land improvements	321,489	490,470	50,833	153,557	-	2,010,846
Buildings	6,674,061	2,004,651	1,193,297	1,774,052	(483,387)	28,355,499
Furniture and equipment	718,783	346,944	25,412	143,713	-	2,224,382
Predevelopment project costs	-	-	-	-	-	83,287
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	(4,121,116)	(1,073,602)	(507,958)	(842,990)	161,804	(13,571,048)
Net property and equipment	3,593,217	1,768,463	761,584	1,228,332	(321,583)	19,102,966
Other long-term assets						
Restricted property reserves	1,119,767	164,822	37,393	3,128	-	1,937,653
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	3,832
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	(11,785)	-
Notes and interest receivable, net	-	-	-	-	-	105,417
Notes and interest receivable, affiliates	-	-	-	430,000	-	714,712
Allowance for impaired assets	-	-	-	-	-	-
Other assets	34,333	1,727	-	49,940	-	86,000
Total other long-term assets	1,154,100	166,549	37,393	483,068	(11,785)	2,847,614
Total assets	\$ 5,064,555	\$ 2,014,055	\$ 835,203	\$ 1,812,134	\$ (431,514)	\$ 23,357,502
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 71,967	\$ 100,547	\$ 18,789	\$ 101,521	\$ (18,332)	\$ 575,639
Due to affiliates	-	39,000	-	8,232	(263,746)	40,781
Accrued interest	9,942	1,496	-	4,306	-	18,244
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	35,532	56,218	-	4,000,000	-	4,091,750
Current portion of notes payable, affiliates	-	-	-	-	(20,000)	83,287
Deferred revenue	1,272	2,265	9	3,861	-	11,202
Tenant security deposits	11,664	12,663	1,951	5,497	-	105,016
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	130,377	212,189	20,749	4,123,417	(302,078)	4,925,919
Long-term liabilities						
Due to affiliates	173,827	-	-	6,168	(6,168)	173,827
Accrued interest	15,592	-	-	-	-	15,592
Accrued interest, affiliates	-	-	-	-	-	-
Notes payable, less current portion	2,167,531	200,234	-	-	-	2,867,765
Notes payable, less current portion, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	-	2,344	-	-	-	3,494
Total long-term liabilities	2,356,950	202,578	-	6,168	(6,168)	3,060,678
Total liabilities	2,487,327	414,767	20,749	4,129,585	(308,246)	7,986,597
Net assets						
Unrestricted net assets	2,170,693	1,500,677	(28,905)	(2,317,451)	(123,268)	423,918
Temporarily restricted net assets	406,535	98,611	843,359	-	-	14,946,987
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	2,577,228	1,599,288	814,454	(2,317,451)	(123,268)	15,370,905
Total liabilities and net assets	\$ 5,064,555	\$ 2,014,055	\$ 835,203	\$ 1,812,134	\$ (431,514)	\$ 23,357,502

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Southwest
For the year ended December 31, 2009

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa De Merced	Casa De Shanti	El Mirage Senior
Revenues						
Rent - net of vacancies	\$ -	\$ 195,477	\$ 55,382	\$ 213,539	\$ 150,085	\$ 209,735
Developer fees	-	-	-	-	-	-
Services fees	127,892	-	-	-	-	-
Philanthropy	422,620	-	-	-	-	-
Capital Grants	-	-	-	-	-	-
Consulting	172,344	-	-	-	-	-
Interest	36,734	93	55	126	35	151
Other	1,327,416	3,564	90	2,933	1,585	1,709
Total revenues	<u>2,087,006</u>	<u>199,134</u>	<u>55,527</u>	<u>216,598</u>	<u>151,705</u>	<u>211,595</u>
Expenses and losses						
Compensation	525,031	72,922	18,885	70,527	50,343	61,615
Administrative	128,513	33,983	9,230	38,780	26,741	34,208
Professional services	54,613	9,640	8,740	12,415	9,524	12,415
Depreciation and amortization	1,173	102,155	16,378	73,962	47,709	73,665
Grants	154,755	-	-	-	-	-
Facility	18,452	58,769	16,302	77,064	58,254	73,967
Interest and fees	5,116	33	125	260	140	37
Bad debts	23,654	-	-	-	339	-
Provision for impaired assets	18,878	-	-	-	-	-
Project expenses	72,316	-	-	-	-	-
Allocation	301,692	-	-	-	-	-
(Gain) loss on sale of assets	84,083	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-
Total expenses and losses	<u>1,388,276</u>	<u>277,502</u>	<u>69,660</u>	<u>273,008</u>	<u>193,050</u>	<u>255,907</u>
Excess (deficiency) of revenues over expenses	698,730	(78,368)	(14,133)	(56,410)	(41,345)	(44,312)
Net assets at beginning of year	(111,814)	2,022,818	394,861	1,310,008	693,208	1,388,643
Other transfers to (from) net assets	-	-	-	-	-	-
Net assets at end of year	<u>\$ 586,916</u>	<u>\$ 1,944,450</u>	<u>\$ 380,728</u>	<u>\$ 1,253,598</u>	<u>\$ 651,863</u>	<u>\$ 1,344,331</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Southwest
For the year ended December 31, 2009

	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas De Merced	Vista Alegre	Villas Montanas
Revenues						
Rent - net of vacancies	\$ 175,440	\$ 105,938	\$ 79,122	\$ 135,330	\$ 309,102	\$ -
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-
Capital Grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	57	37	25	52	221	-
Other	1,045	1,356	542	2,297	3,078	-
Total revenues	<u>176,542</u>	<u>107,331</u>	<u>79,689</u>	<u>137,679</u>	<u>312,401</u>	<u>-</u>
Expenses and losses						
Compensation	63,059	37,363	22,778	52,941	73,476	-
Administrative	34,764	22,617	18,639	25,196	54,714	-
Professional services	9,565	12,490	12,490	9,465	33,125	-
Depreciation and amortization	77,305	41,747	41,370	56,810	139,727	-
Grants	-	-	-	-	-	807,291
Facility	62,288	34,090	23,652	52,056	96,274	-
Interest and fees	2	-	71	24	34	1,566
Bad debts	-	-	1,218	-	77	-
Provision for impaired assets	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	148,948
(Gain) loss on investment in limited partnership	-	-	-	-	-	-
Total expenses and losses	<u>246,983</u>	<u>148,307</u>	<u>120,218</u>	<u>196,492</u>	<u>397,427</u>	<u>957,805</u>
Excess (deficiency) of revenues over expenses	(70,441)	(40,976)	(40,529)	(58,813)	(85,026)	(957,805)
Net assets at beginning of year	1,605,945	813,071	858,768	816,556	2,860,213	961,805
Other transfers to (from) net assets	-	-	-	-	-	(4,000)
Net assets at end of year	<u>\$ 1,535,504</u>	<u>\$ 772,095</u>	<u>\$ 818,239</u>	<u>\$ 757,743</u>	<u>\$ 2,775,187</u>	<u>\$ -</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Southwest
For the year ended December 31, 2009

	Decatur Place	Mercy Holly Park East	Willow Street Apartments	Consolidated Mercy Properties Arizona	Eliminations	Consolidated Mercy Housing Southwest
Revenues						
Rent - net of vacancies	\$ 1,421,895	\$ 515,768	\$ 96,470	\$ 680,349	\$ (53,007)	\$ 4,290,625
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	(73,896)	53,996
Philanthropy	-	-	-	-	-	422,620
Capital Grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	172,344
Interest	6,185	43,438	136	413	(12,439)	75,319
Other	24,348	16,158	193	30,298	(1,310,231)	106,381
Total revenues	<u>1,452,428</u>	<u>575,364</u>	<u>96,799</u>	<u>711,060</u>	<u>(1,449,573)</u>	<u>5,121,285</u>
Expenses and losses						
Compensation	245,604	125,805	27,337	181,320	-	1,629,006
Administrative	174,053	83,819	17,184	118,258	-	820,699
Professional services	125,847	36,657	10,559	73,796	(73,896)	357,445
Depreciation and amortization	250,155	98,021	44,597	84,395	(17,578)	1,131,591
Grants	-	-	-	100,000	(960,298)	101,748
Facility	418,406	246,497	32,828	360,788	-	1,629,687
Interest and fees	125,151	19,768	-	57,752	(311)	209,768
Bad debts	1,037	-	-	29,747	(23,654)	32,418
Provision for impaired assets	-	-	-	-	-	18,878
Project expenses	-	-	-	-	-	72,316
Allocation	-	-	-	-	-	301,692
(Gain) loss on sale of assets	-	-	-	(103,114)	(25,804)	104,113
(Gain) loss on investment in limited partnership	-	-	-	-	-	-
Total expenses and losses	<u>1,340,253</u>	<u>610,567</u>	<u>132,505</u>	<u>902,942</u>	<u>(1,101,541)</u>	<u>6,409,361</u>
Excess (deficiency) of revenues over expenses	112,175	(35,203)	(35,706)	(191,882)	(348,032)	(1,288,076)
Net assets at beginning of year	2,465,053	1,634,491	850,160	(2,125,569)	224,764	16,662,981
Other transfers to (from) net assets	-	-	-	-	-	(4,000)
Net assets at end of year	<u>\$ 2,577,228</u>	<u>\$ 1,599,288</u>	<u>\$ 814,454</u>	<u>\$ (2,317,451)</u>	<u>\$ (123,268)</u>	<u>\$ 15,370,905</u>

Consolidating Statement of Financial Position
Mercy Properties Arizona
December 31, 2009

	Los Arcos	Mercy Court	Eliminations	Consolidated Mercy Properties Arizona
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 5,078	\$ -	\$ 5,078
Cash, tenant security deposits	-	9,249	-	9,249
Cash, restricted	-	54,878	-	54,878
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	4,824	-	4,824
Due from affiliate, net	-	431	-	431
Pledges receivable	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	26,274	-	26,274
Total current assets	-	100,734	-	100,734
Property and equipment				
Land and land improvements	-	153,557	-	153,557
Buildings	-	1,774,052	-	1,774,052
Furniture and equipment	-	143,713	-	143,713
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(842,990)	-	(842,990)
Net property and equipment	-	1,228,332	-	1,228,332
Other long-term assets				
Restricted property reserves	-	3,128	-	3,128
Cash, restricted	-	-	-	-
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Investments in limited partnerships	-	-	-	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	430,000	-	430,000
Allowance for impaired assets	-	-	-	-
Other assets	-	49,940	-	49,940
Total other long-term assets	-	483,068	-	483,068
Total assets	\$ -	\$ 1,812,134	\$ -	\$ 1,812,134
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 101,521	\$ -	\$ 101,521
Due to affiliates	-	8,232	-	8,232
Accrued interest	-	4,306	-	4,306
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	4,000,000	-	4,000,000
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue	-	3,861	-	3,861
Tenant security deposits	-	5,497	-	5,497
Miscellaneous current liabilities	-	-	-	-
Total current liabilities	-	4,123,417	-	4,123,417
Long-term liabilities				
Due to affiliates	-	6,168	-	6,168
Accrued interest	-	-	-	-
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion	-	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	6,168	-	6,168
Total liabilities	-	4,129,585	-	4,129,585
Net assets				
Unrestricted net assets	-	(2,317,451)	-	(2,317,451)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	-	(2,317,451)	-	(2,317,451)
Total liabilities and net assets	\$ -	\$ 1,812,134	\$ -	\$ 1,812,134

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Arizona
For the year ended December 31, 2009

	Los Arcos	Mercy Court	Eliminations	Consolidated Mercy Properties Arizona
Revenues				
Rent - net of vacancies	\$ (734)	\$ 681,083	\$ -	\$ 680,349
Developer fees	-	-	-	-
Services fees	-	-	-	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	2	411	-	413
Other	127	30,171	-	30,298
Total revenues	<u>(605)</u>	<u>711,665</u>	<u>-</u>	<u>711,060</u>
Expenses and losses				
Compensation	1,028	180,292	-	181,320
Administrative	1,385	116,873	-	118,258
Professional services	80	73,716	-	73,796
Depreciation and amortization	1,328	83,067	-	84,395
Grants	100,000	-	-	100,000
Facility	2,572	358,216	-	360,788
Interest and fees	2,593	55,159	-	57,752
Bad debts	(805)	30,552	-	29,747
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	(103,114)	-	-	(103,114)
(Gain) loss on investment in limited partnership	-	-	-	-
Total expenses and losses	<u>5,067</u>	<u>897,875</u>	<u>-</u>	<u>902,942</u>
Excess (deficiency) of revenues over expenses	<u>(5,672)</u>	<u>(186,210)</u>	<u>-</u>	<u>(191,882)</u>
Net assets at beginning of year	5,672	(2,131,241)	-	(2,125,569)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>\$ (2,317,451)</u>	<u>\$ -</u>	<u>\$ (2,317,451)</u>

Consolidating Statement of Financial Position
Mercy Housing California
December 31, 2009

	Mercy Housing California	Affordable Housing Initiatives (AHI)	Mercy Family Plaza LP	All Hallows Community	Marin Homes for Independent Living (Camino Alto)
Assets					
Current assets					
Cash and cash equivalents	\$ 5,797,732	\$ -	\$ 52,372	\$ 140,099	\$ 19,467
Cash, tenant security deposits	-	-	35,043	13,619	8,386
Cash, restricted	1,406,161	-	50,490	-	-
Investments	-	-	-	-	-
Investments, restricted	390,000	-	-	-	-
Accounts receivable, net	190,711	-	1,057	30,017	1,710
Due from affiliate, net	9,379,568	-	17,048	-	2,868
Pledges receivable	272,611	-	-	-	-
Grants receivable	198,776	-	-	-	-
Current portion of notes and interest receivable	137,019	-	-	-	-
Current portion of notes and interest receivable, affiliates	3,598,172	-	-	-	-
Prepaid expenses and other assets	42,691	-	6,884	12,346	8,278
Total current assets	21,413,441	-	162,894	196,081	40,709
Property and equipment					
Land and land improvements	1,044,500	-	1,029,580	164,430	389,000
Buildings	364,661	-	1,100,204	2,659,062	1,626,384
Furniture and equipment	284,709	-	30,634	137,037	107,034
Predevelopment project costs	2,675,186	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(437,180)	-	(740,474)	(1,609,784)	(1,523,073)
Net property and equipment	3,931,876	-	1,419,944	1,350,745	599,345
Other long-term assets					
Restricted property reserves	893,508	-	203,831	618,482	120,833
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	1,510,000	-	-	-	-
Due from affiliates	1,992,852	-	-	-	-
Pledges receivable, net	193,980	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	745,519	331,212	-	-	-
Notes and interest receivable, net	5,158,552	-	-	-	-
Notes and interest receivable, affiliates	1,592,456	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	-	-	-	-
Total other long-term assets	12,086,867	331,212	203,831	618,482	120,833
Total assets	\$ 37,432,184	\$ 331,212	\$ 1,786,669	\$ 2,165,308	\$ 760,887
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 925,160	\$ 46	\$ 22,052	\$ 52,430	\$ 33,940
Due to affiliates	196,116	58,251	40,423	-	-
Accrued interest	83,608	-	5,733	14,529	7,273
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	3,535,000	-	81,691	65,560	35,713
Current portion of notes payable, affiliates	2,900,194	-	-	-	-
Deferred revenue	-	-	48	504	349
Tenant security deposits	-	-	32,865	11,845	5,811
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	7,640,078	58,297	182,812	144,868	83,086
Long-term liabilities					
Due to affiliates	60,000	-	-	-	-
Accrued interest	6,237	-	958,311	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	1,898,695	-	1,019,598	1,819,330	907,832
Notes payable, less current portion, affiliates	464,136	-	-	-	-
Deferred revenue and other liabilities	4,331,404	-	-	-	-
Total long-term liabilities	6,760,472	-	1,977,909	1,819,330	907,832
Total liabilities	14,400,550	58,297	2,160,721	1,964,198	990,918
Net assets					
Unrestricted net assets	17,945,264	272,915	(374,052)	201,110	(230,031)
Temporarily restricted net assets	3,316,370	-	-	-	-
Permanently restricted net assets	1,770,000	-	-	-	-
Total net assets	23,031,634	272,915	(374,052)	201,110	(230,031)
Total liabilities and net assets	\$ 37,432,184	\$ 331,212	\$ 1,786,669	\$ 2,165,308	\$ 760,887

Consolidating Statement of Financial Position
Mercy Housing California
December 31, 2009

	Cantebria Senior Homes	Mercy Senior Housing Oxnard (Casa Merced)	EH/CC Housing Corp. (Eden House)	Francis of Assisi Community	Gault Street Senior
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ 23,252	\$ 193,654	\$ 24,255
Cash, tenant security deposits	12,447	11,595	71,555	32,868	12,497
Cash, restricted	10,661	-	-	29,205	10,482
Investments	-	-	-	-	-
Investments, restricted	-	-	-	265,285	-
Accounts receivable, net	2,734	318	7,707	8,643	266
Due from affiliate, net	-	-	770	-	205
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	2,277	5,021	21,977	37,853	9,818
Total current assets	28,119	16,934	125,261	567,508	57,523
Property and equipment					
Land and land improvements	20,827	323,400	530,400	445,912	-
Buildings	5,134,081	4,146,690	7,973,993	5,024,387	4,566,986
Furniture and equipment	19,879	92,484	513,451	565,553	66,363
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(887,709)	(1,711,928)	(3,372,467)	(4,353,706)	(943,961)
Net property and equipment	4,287,078	2,850,646	5,645,377	1,682,146	3,689,388
Other long-term assets					
Restricted property reserves	45,045	100,264	245,269	421,563	107,133
Cash, restricted	-	-	-	-	-
Long-term investments	9,419	7,104	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	-	-	-	-
Total other long-term assets	54,464	107,368	245,269	421,563	107,133
Total assets	\$ 4,369,661	\$ 2,974,948	\$ 6,015,907	\$ 2,671,217	\$ 3,854,044
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 15,079	\$ 14,861	\$ 73,984	\$ 156,472	\$ 24,083
Due to affiliates	30,816	50,677	64,950	-	-
Accrued interest	-	-	2,103	14,910	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	116,245	179,308	-
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	65	4,969	1,414	10	126
Tenant security deposits	12,299	11,138	70,600	31,461	12,256
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	58,259	81,645	329,296	382,161	36,465
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	-	397,827	2,338,059	-
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	-	-	397,827	2,338,059	-
Total liabilities	58,259	81,645	727,123	2,720,220	36,465
Net assets					
Unrestricted net assets	639,163	(379,345)	5,288,784	(314,709)	(312,661)
Temporarily restricted net assets	3,672,239	3,272,648	-	-	4,130,240
Permanently restricted net assets	-	-	-	265,706	-
Total net assets	4,311,402	2,893,303	5,288,784	(49,003)	3,817,579
Total liabilities and net assets	\$ 4,369,661	\$ 2,974,948	\$ 6,015,907	\$ 2,671,217	\$ 3,854,044

Consolidating Statement of Financial Position
Mercy Housing California
December 31, 2009

	John W. King Senior Housing	Maria B. Freitas Senior Housing Corp.	Marin Housing Corp. (Martinelli)	Mercy Gardens	Notre Dame Senior Housing Corp.
Assets					
Current assets					
Cash and cash equivalents	\$ 19,749	\$ 83,908	\$ -	\$ -	\$ 17,582
Cash, tenant security deposits	24,077	20,406	-	6,549	24,010
Cash, restricted	11,716	27,591	-	-	15,724
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	603	2,175	-	7,103	424
Due from affiliate, net	9,070	-	-	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	28,761	16,455	-	3,097	17,248
Total current assets	93,976	150,535	-	16,749	74,988
Property and equipment					
Land and land improvements	1,032,798	773,219	-	74,646	2,000,000
Buildings	13,331,654	5,880,586	-	3,769,452	8,309,976
Furniture and equipment	269,503	204,698	-	28,571	270,266
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(4,018,205)	(2,856,826)	-	(1,101,071)	(3,954,739)
Net property and equipment	10,615,750	4,001,677	-	2,771,598	6,625,503
Other long-term assets					
Restricted property reserves	289,015	342,093	-	144,306	168,817
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	6,162	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	3,996,797	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	-	-	-	-
Total other long-term assets	289,015	342,093	3,996,797	150,468	168,817
Total assets	\$ 10,998,741	\$ 4,494,305	\$ 3,996,797	\$ 2,938,815	\$ 6,869,308
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 97,739	\$ 52,853	\$ -	\$ 11,091	\$ 76,786
Due to affiliates	10,000	-	374	8,673	10,980
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	17,794	-
Deferred revenue	394	12	-	2,137	9
Tenant security deposits	23,412	20,135	-	6,452	23,946
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	131,545	73,000	374	46,147	111,721
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	283,635	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	-	-	1,060,319	-
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	-	-	-	1,343,954	-
Total liabilities	131,545	73,000	374	1,390,101	111,721
Net assets					
Unrestricted net assets	(521,473)	129,950	3,996,423	(652,008)	(443,732)
Temporarily restricted net assets	11,388,669	4,291,355	-	2,200,722	7,201,319
Permanently restricted net assets	-	-	-	-	-
Total net assets	10,867,196	4,421,305	3,996,423	1,548,714	6,757,587
Total liabilities and net assets	\$ 10,998,741	\$ 4,494,305	\$ 3,996,797	\$ 2,938,815	\$ 6,869,308

Consolidating Statement of Financial Position
Mercy Housing California
December 31, 2009

	Oceana Senior Housing Corp.	Presentation Senior Community	Russell Manor	Tierra Del Sol, Inc.	Garden Park Apartment Community
Assets					
Current assets					
Cash and cash equivalents	\$ 38,746	\$ 68,563	\$ 9,575	\$ -	\$ 5,463
Cash, tenant security deposits	13,672	41,882	17,534	22,458	10,142
Cash, restricted	-	-	-	631,542	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	90	4,210	-	7,687	661
Due from affiliate, net	-	-	-	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	113,560	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	9,962	32,129	14,676	15,019	13,150
Total current assets	62,470	146,784	41,785	790,266	29,416
Property and equipment					
Land and land improvements	400,000	1,774,481	224,377	1,180,289	561,834
Buildings	3,481,615	13,862,012	4,990,286	11,651,465	3,453,115
Furniture and equipment	242,392	297,185	286,621	31,415	46,691
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(1,972,014)	(4,834,980)	(2,382,687)	(813,355)	(669,730)
Net property and equipment	2,151,993	11,098,698	3,118,597	12,049,814	3,391,910
Other long-term assets					
Restricted property reserves	152,818	761,684	155,825	668	1,272,309
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	1,645	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	3,051	-	999	51,998	14,758
Total other long-term assets	155,869	761,684	156,824	54,311	1,287,067
Total assets	\$ 2,370,332	\$ 12,007,166	\$ 3,317,206	\$ 12,894,391	\$ 4,708,393
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 37,548	\$ 109,341	\$ 95,647	\$ 324,914	\$ 32,187
Due to affiliates	-	-	18,778	1,475,317	1,490
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	220,000	-
Deferred revenue	417	722	1,957	1,322	850
Tenant security deposits	13,302	36,274	17,777	20,732	4,355
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	51,267	146,337	134,159	2,042,285	38,882
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	566,472	-	127,242	-	401,344
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	620,000	-	357,229	-	3,228,602
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	1,186,472	-	484,471	-	3,629,946
Total liabilities	1,237,739	146,337	618,630	2,042,285	3,668,828
Net assets					
Unrestricted net assets	(1,073,720)	(97,447)	(726,161)	(406,501)	204,184
Temporarily restricted net assets	2,206,313	11,958,276	3,424,737	11,258,607	835,381
Permanently restricted net assets	-	-	-	-	-
Total net assets	1,132,593	11,860,829	2,698,576	10,852,106	1,039,565
Total liabilities and net assets	\$ 2,370,332	\$ 12,007,166	\$ 3,317,206	\$ 12,894,391	\$ 4,708,393

Consolidating Statement of Financial Position
Mercy Housing California
December 31, 2009

	Mercy Oaks Village	MHC NSP LLC	Consolidated Mercy Housing Senior Properties, LLC	Consolidated Mercy Housing CalWest	Mercy Properties California
Assets					
Current assets					
Cash and cash equivalents	\$ 4,903	\$ 6,162	\$ 487,074	\$ 64,798	\$ 386,278
Cash, tenant security deposits	20,391	-	113,641	53,797	66,954
Cash, restricted	17,742	-	207,865	398,396	13,526
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	35	-	6,536	41,475	87,695
Due from affiliate, net	945	-	136	6,000	607,710
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	10,879	67,354	100,221	712,921	104,855
Total current assets	54,895	73,516	915,473	1,277,387	1,267,018
Property and equipment					
Land and land improvements	-	-	2,047,727	4,716,041	9,253,070
Buildings	7,738,716	-	20,769,293	23,983,621	14,993,160
Furniture and equipment	70,916	-	296,362	626,616	260,633
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	38,597	-	5,300,407	2,792,522
Accumulated depreciation	(970,147)	-	(1,636,986)	(637,909)	(5,598,521)
Net property and equipment	6,839,485	38,597	21,476,396	33,988,776	21,700,864
Other long-term assets					
Restricted property reserves	132,870	-	2,805,546	25,200	1,067,688
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	60,000
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	1	-
Notes and interest receivable, net	-	-	-	-	450,000
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	30,213	-	725,474	478,276	243,097
Total other long-term assets	163,083	-	3,531,020	503,477	1,820,785
Total assets	\$ 7,057,463	\$ 112,113	\$ 25,922,889	\$ 35,769,640	\$ 24,788,667
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 26,897	\$ 3,179	\$ 361,050	\$ 806,122	\$ 256,805
Due to affiliates	20,000	2,780	267,365	148,654	2,296,411
Accrued interest	-	-	366,461	-	299,095
Accrued interest, affiliates	-	-	-	-	402,894
Current portion of notes payable	-	-	379,829	-	344,730
Current portion of notes payable, affiliates	-	106,154	9,060	182,706	3,020,419
Deferred revenue	472	-	4,648	914	3,522
Tenant security deposits	18,645	-	105,224	52,034	61,119
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	66,014	112,113	1,493,637	1,190,430	6,684,995
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	24,737	-	470,595	433,918	378,793
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	500,000	-	23,928,383	29,235,433	11,081,038
Notes payable, less current portion, affiliates	-	-	-	-	3,700,000
Deferred revenue and other liabilities	-	-	542	1,680,000	-
Total long-term liabilities	524,737	-	24,399,520	31,349,351	15,159,831
Total liabilities	590,751	112,113	25,893,157	32,539,781	21,844,826
Net assets					
Unrestricted net assets	(258,344)	-	29,732	3,229,859	(3,099,235)
Temporarily restricted net assets	6,725,056	-	-	-	6,043,076
Permanently restricted net assets	-	-	-	-	-
Total net assets	6,466,712	-	29,732	3,229,859	2,943,841
Total liabilities and net assets	\$ 7,057,463	\$ 112,113	\$ 25,922,889	\$ 35,769,640	\$ 24,788,667

Consolidating Statement of Financial Position
Mercy Housing California
December 31, 2009

	Eliminations	Consolidated Mercy Housing California
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 7,443,632
Cash, tenant security deposits	-	633,523
Cash, restricted	-	2,831,101
Investments	-	-
Investments, restricted	-	655,285
Accounts receivable, net	(4,258)	397,599
Due from affiliate, net	(4,403,855)	5,620,465
Pledges receivable	-	272,611
Grants receivable	-	312,336
Current portion of notes and interest receivable	-	137,019
Current portion of notes and interest receivable, affiliates	(2,841,601)	756,571
Prepaid expenses and other assets	(687,500)	606,372
Total current assets	(7,937,214)	19,666,514
Property and equipment		
Land and land improvements	-	27,986,531
Buildings	(6,019,541)	162,791,858
Furniture and equipment	-	4,749,013
Predevelopment project costs	-	2,675,186
Construction in progress	(112,253)	8,019,273
Accumulated depreciation	996,669	(46,030,783)
Net property and equipment	(5,135,125)	160,191,078
Other long-term assets		
Restricted property reserves	-	10,074,767
Cash, restricted	-	-
Long-term investments	-	24,330
Long-term investments, restricted	-	1,510,000
Due from affiliates	(1,513,651)	539,201
Pledges receivable, net	-	193,980
Grants receivable	-	-
Investments in limited partnerships	(824,495)	252,237
Notes and interest receivable, net	-	5,608,552
Notes and interest receivable, affiliates	-	5,589,253
Allowance for impaired assets	-	-
Other assets	-	1,547,866
Total other long-term assets	(2,338,146)	25,340,186
Total assets	\$ (15,410,485)	\$ 205,197,778
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ (9,193)	\$ 3,601,073
Due to affiliates	(4,617,134)	84,921
Accrued interest	-	793,712
Accrued interest, affiliates	-	402,894
Current portion of notes payable	-	4,738,076
Current portion of notes payable, affiliates	(2,917,839)	3,538,488
Deferred revenue	-	24,861
Tenant security deposits	-	591,682
Miscellaneous current liabilities	-	-
Total current liabilities	(7,544,166)	13,775,707
Long-term liabilities		
Due to affiliates	(60,000)	-
Accrued interest	-	3,651,284
Accrued interest, affiliates	-	-
Notes payable, less current portion	-	78,392,345
Notes payable, less current portion, affiliates	-	4,164,136
Deferred revenue and other liabilities	(2,367,500)	3,644,446
Total long-term liabilities	(2,427,500)	89,852,211
Total liabilities	(9,971,666)	103,627,918
Net assets		
Unrestricted net assets	(5,438,819)	17,609,146
Temporarily restricted net assets	-	81,925,008
Permanently restricted net assets	-	2,035,706
Total net assets	(5,438,819)	101,569,860
Total liabilities and net assets	\$ (15,410,485)	\$ 205,197,778

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing California
For the year ended December 31, 2009

	Mercy Housing California	Affordable Housing Initiatives (AHI)	Mercy Family Plaza LP	All Hallows Community	Marin Homes for Independent Living (Camino Alto)
Revenues					
Rent - net of vacancies	\$ -	\$ -	\$ 455,955	\$ 758,247	\$ 333,983
Developer fees	2,565,330	-	-	-	-
Services fees	2,964,415	-	-	-	-
Philanthropy	2,435,963	-	-	-	-
Capital grants	690,839	-	-	-	-
Consulting	1,235,178	-	-	-	-
Interest	285,638	-	423	2,374	255
Other	1,753,515	-	15,713	2,546	1,962
Total revenues	<u>11,930,878</u>	<u>-</u>	<u>472,091</u>	<u>763,167</u>	<u>336,200</u>
Expenses and losses					
Compensation	6,975,139	-	23,564	206,324	86,055
Administrative	613,382	962	45,736	91,011	45,287
Professional services	242,861	1,234	9,020	9,850	25,603
Depreciation and amortization	45,238	-	142,744	72,213	75,787
Grants	717,000	-	-	-	-
Facility	358,953	-	97,537	139,322	62,597
Interest and fees	23,086	2,451	199,434	176,942	88,682
Bad debts	459,107	-	250	-	-
Provision for impaired assets	2,343,263	-	-	-	-
Project expenses	252,355	-	-	-	-
Allocation	2,167,680	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	73,673	6	-	-	-
Total expenses and losses	<u>14,271,737</u>	<u>4,653</u>	<u>518,285</u>	<u>695,662</u>	<u>384,011</u>
Excess (deficiency) of revenues over expenses	<u>(2,340,859)</u>	<u>(4,653)</u>	<u>(46,194)</u>	<u>67,505</u>	<u>(47,811)</u>
Net assets at beginning of year	25,372,493	277,568	(327,858)	133,605	(182,220)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 23,031,634</u>	<u>\$ 272,915</u>	<u>\$ (374,052)</u>	<u>\$ 201,110</u>	<u>\$ (230,031)</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing California
For the year ended December 31, 2009

	Cantabria Senior Homes	Mercy Senior Housing Oxnard (Casa Merced)	EH/CC Housing Corp. (Eden House)	Francis of Assisi Community	Gault Street Senior
Revenues					
Rent - net of vacancies	\$ 196,777	\$ 236,249	\$ 941,086	\$ 1,577,750	\$ 224,658
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	409	1,258	100,579	12,934	98
Other	14,632	2,423	41,634	6,051	2,349
Total revenues	<u>211,818</u>	<u>239,930</u>	<u>1,083,299</u>	<u>1,596,735</u>	<u>227,105</u>
Expenses and losses					
Compensation	60,692	73,362	157,335	505,794	96,748
Administrative	39,477	37,958	159,711	161,633	41,911
Professional services	12,679	35,887	70,698	45,606	9,390
Depreciation and amortization	193,108	150,789	313,992	246,824	178,163
Grants	-	-	-	-	-
Facility	80,213	88,942	478,937	388,542	59,926
Interest and fees	-	-	28,753	179,601	-
Bad debts	2,310	200	405	249	-
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>388,479</u>	<u>387,138</u>	<u>1,209,831</u>	<u>1,528,249</u>	<u>386,138</u>
Excess (deficiency) of revenues over expenses	(176,661)	(147,208)	(126,532)	68,486	(159,033)
Net assets at beginning of year	4,488,063	3,040,511	5,415,316	(117,489)	3,976,612
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 4,311,402</u>	<u>\$ 2,893,303</u>	<u>\$ 5,288,784</u>	<u>\$ (49,003)</u>	<u>\$ 3,817,579</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing California
For the year ended December 31, 2009

	John W. King Senior Housing	Maria B. Freitas Senior Housing Corp.	Marin Housing Corp. (Martinelli)	Mercy Gardens	Notre Dame Senior Housing Corp.
Revenues					
Rent - net of vacancies	\$ 751,207	\$ 508,627	\$ -	\$ 184,574	\$ 447,217
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	1,106	1,239	176,819	1,392	208
Other	26,037	5,566	-	4,970	5,182
Total revenues	<u>778,350</u>	<u>515,432</u>	<u>176,819</u>	<u>190,936</u>	<u>452,607</u>
Expenses and losses					
Compensation	400,562	217,013	-	69,590	231,323
Administrative	122,529	87,241	324	25,344	85,621
Professional services	12,520	17,730	-	28,228	11,190
Depreciation and amortization	495,443	219,548	-	142,789	308,549
Grants	-	-	-	-	-
Facility	179,875	138,946	-	60,129	126,690
Interest and fees	114	52	51	31,809	43
Bad debts	22,407	796	-	515	-
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>1,233,450</u>	<u>681,326</u>	<u>375</u>	<u>358,404</u>	<u>763,416</u>
Excess (deficiency) of revenues over expenses	(455,100)	(165,894)	176,444	(167,468)	(310,809)
Net assets at beginning of year	11,322,296	4,587,199	3,819,979	1,706,182	7,068,396
Other transfers to (from) net assets	-	-	-	10,000	-
Net assets at end of year	<u>\$ 10,867,196</u>	<u>\$ 4,421,305</u>	<u>\$ 3,996,423</u>	<u>\$ 1,548,714</u>	<u>\$ 6,757,587</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing California
For the year ended December 31, 2009

	Oceana Senior Housing Corp.	Presentation Senior Community	Russell Manor	Tierra Del Sol, Inc.	Garden Park Apartment Community
Revenues					
Rent - net of vacancies	\$ 300,036	\$ 943,565	\$ 344,653	\$ 308,301	\$ 315,209
Developer fees	-	-	-	-	-
Services fees	-	-	-	(11,534)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	185	1,419	561	852	32,335
Other	3,289	4,552	36,271	14,577	6,147
Total revenues	<u>303,510</u>	<u>949,536</u>	<u>381,485</u>	<u>312,196</u>	<u>353,691</u>
Expenses and losses					
Compensation	103,779	369,263	107,668	88,754	159,657
Administrative	58,777	132,849	64,220	55,800	35,969
Professional services	9,590	12,520	11,544	37,839	32,107
Depreciation and amortization	134,533	518,239	180,840	407,298	133,604
Grants	-	-	-	-	-
Facility	103,682	215,822	202,064	173,575	83,900
Interest and fees	36,691	93	10,761	1	92,701
Bad debts	-	-	-	1,347	633
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>447,052</u>	<u>1,248,786</u>	<u>577,097</u>	<u>764,614</u>	<u>538,571</u>
Excess (deficiency) of revenues over expenses	(143,542)	(299,250)	(195,612)	(452,418)	(184,880)
Net assets at beginning of year	1,276,135	12,160,079	2,894,188	11,304,524	1,224,445
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 1,132,593</u>	<u>\$ 11,860,829</u>	<u>\$ 2,698,576</u>	<u>\$ 10,852,106</u>	<u>\$ 1,039,565</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing California
For the year ended December 31, 2009

	Mercy Oaks Village	MHC NSP LLC	Consolidated Mercy Housing Senior Properties, LLC	Consolidated Mercy Housing CalWest	Mercy Properties California
Revenues					
Rent - net of vacancies	\$ 287,028	\$ -	\$ 4,583,251	\$ 249,803	\$ 2,315,640
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	145,498
Capital grants	-	-	-	-	140,272
Consulting	-	-	-	-	-
Interest	111	-	9,113	3	13,066
Other	6,681	-	117,529	18,096	465,286
Total revenues	<u>293,820</u>	<u>-</u>	<u>4,709,893</u>	<u>267,902</u>	<u>3,079,762</u>
Expenses and losses					
Compensation	96,563	-	1,113,350	66,414	364,429
Administrative	78,841	-	573,976	353,648	238,618
Professional services	32,705	-	129,411	58,634	138,963
Depreciation and amortization	293,011	-	822,015	648,908	624,510
Grants	-	-	110	97	59,105
Facility	82,615	-	785,082	74,845	1,095,452
Interest and fees	5,000	-	1,366,170	155,672	412,257
Bad debts	-	-	2,201	744	13,526
Provision for impaired assets	-	-	-	-	2,251,132
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	1	-	(18,432)
(Gain) loss on investment in limited partnership	-	-	1	-	-
Total expenses and losses	<u>588,735</u>	<u>-</u>	<u>4,792,317</u>	<u>1,358,962</u>	<u>5,179,560</u>
Excess (deficiency) of revenues over expenses	<u>(294,915)</u>	<u>-</u>	<u>(82,424)</u>	<u>(1,091,060)</u>	<u>(2,099,798)</u>
Net assets at beginning of year	6,761,627	-	112,156	4,414,699	5,043,639
Other transfers to (from) net assets	-	-	-	(93,780)	-
Net assets at end of year	<u>\$ 6,466,712</u>	<u>\$ -</u>	<u>\$ 29,732</u>	<u>\$ 3,229,859</u>	<u>\$ 2,943,841</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing California
For the year ended December 31, 2009

	Eliminations	Consolidated Mercy Housing California
Revenues		
Rent - net of vacancies	\$ -	\$ 16,263,816
Developer fees	(21,247)	2,544,083
Services fees	(243,098)	2,709,783
Philanthropy	-	2,581,461
Capital grants	-	831,111
Consulting	(99,457)	1,135,721
Interest	(49,443)	592,934
Other	(664,073)	1,890,935
Total revenues	(1,077,318)	28,549,844
Expenses and losses		
Compensation	-	11,573,378
Administrative	(140,555)	3,010,270
Professional services	(202,000)	793,809
Depreciation and amortization	(216,936)	6,131,209
Grants	(429,072)	347,240
Facility	-	5,077,646
Interest and fees	(9,257)	2,801,107
Bad debts	(182,580)	322,110
Provision for impaired assets	-	4,594,395
Project expenses	-	252,355
Allocation	-	2,167,680
(Gain) loss on sale of assets	-	(18,431)
(Gain) loss on investment in limited partnership	(92)	73,588
Total expenses and losses	(1,180,492)	37,126,356
Excess (deficiency) of revenues over expenses	103,174	(8,576,512)
Net assets at beginning of year	(5,531,993)	110,240,152
Other transfers to (from) net assets	(10,000)	(93,780)
Net assets at end of year	<u>\$ (5,438,819)</u>	<u>\$ 101,569,860</u>

Consolidating Statement of Financial Position
Mercy Properties California
December 31, 2009

	Corporate Operations	Foster Youth	The Haven	Leland House	Oscales (McIntosh Mobile Homes)
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 14,173	\$ 25,487	\$ 216,960	\$ 28,485
Cash, tenant security deposits	-	-	10,816	-	26,106
Cash, restricted	-	-	1,129	-	1,385
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	-	76	65,860	517
Due from affiliate, net	417,357	-	-	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	545	6,370	-	7,056
Total current assets	<u>417,357</u>	<u>14,718</u>	<u>43,878</u>	<u>282,820</u>	<u>63,549</u>
Property and equipment, net					
Land and land improvements	4,975,846	40,000	96,144	658,571	597,623
Buildings	(125,846)	245,865	640,322	4,197,151	3,544,148
Furniture and equipment	-	-	9,380	88,642	11,660
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(15,273)	(66,879)	(208,701)	(1,992,419)	(1,293,662)
Net property and equipment	<u>4,834,727</u>	<u>218,986</u>	<u>537,145</u>	<u>2,951,945</u>	<u>2,859,769</u>
Other long-term assets					
Restricted property reserves	-	-	62,102	87,946	106,640
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	60,000	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	-	-	-	-
Total other long-term assets	<u>60,000</u>	<u>-</u>	<u>62,102</u>	<u>87,946</u>	<u>106,640</u>
Total assets	<u>\$ 5,312,084</u>	<u>\$ 233,704</u>	<u>\$ 643,125</u>	<u>\$ 3,322,711</u>	<u>\$ 3,029,958</u>
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 3,897	\$ 29,910	\$ 85,460	\$ 26,276
Due to affiliates	-	141	5,703	-	-
Accrued interest	-	-	-	283,982	7,719
Accrued interest, affiliates	402,894	-	-	-	-
Current portion of notes payable	-	-	-	-	29,141
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	-	-	860	-	1,132
Tenant security deposits	-	41	10,297	-	23,199
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	<u>402,894</u>	<u>4,079</u>	<u>46,770</u>	<u>369,442</u>	<u>87,467</u>
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	378,793
Accrued interest, affiliates - long-term	-	-	-	-	-
Notes payable, less current portion	963,959	262,025	-	1,260,000	2,518,927
Notes payable, less current portion, affiliates	3,700,000	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	<u>4,663,959</u>	<u>262,025</u>	<u>-</u>	<u>1,260,000</u>	<u>2,897,720</u>
Total liabilities	<u>5,066,853</u>	<u>266,104</u>	<u>46,770</u>	<u>1,629,442</u>	<u>2,985,187</u>
Net assets					
Unrestricted net assets	245,231	(32,400)	246,788	(1,099,759)	(1,210,053)
Temporarily restricted net assets	-	-	349,567	2,793,028	1,254,824
Permanently restricted net assets	-	-	-	-	-
Total net assets	<u>245,231</u>	<u>(32,400)</u>	<u>596,355</u>	<u>1,693,269</u>	<u>44,771</u>
Total liabilities and net assets	<u>\$ 5,312,084</u>	<u>\$ 233,704</u>	<u>\$ 643,125</u>	<u>\$ 3,322,711</u>	<u>\$ 3,029,958</u>

Consolidating Statement of Financial Position
Mercy Properties California
December 31, 2009

	Richmond Hills	Sycamore Center (Red Bluff)	Sierra Vista	Walnut Grove	Santa Monica Street	Magnolia Village, LLC
Assets						
Current assets						
Cash and cash equivalents	\$ 5,143	\$ 76,150	\$ -	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	6,018	-	-	-	-
Cash, restricted	5,000	-	1,124	40	148	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	6,214	-	-	-	-
Due from affiliate, net	-	-	-	190,000	-	-
Pledges receivable	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	3,571	2,043	-	-	-	-
Total current assets	13,714	90,425	1,124	190,040	148	-
Property and equipment, net						
Land and land improvements	368,530	58,366	-	172,585	482,530	-
Buildings	2,194,340	2,551,038	-	-	-	-
Furniture and equipment	32,811	15,819	-	-	-	-
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	2,116,318	-	523,785	-
Accumulated depreciation	(1,102,097)	(722,598)	-	-	-	-
Net property and equipment	1,493,584	1,902,625	2,116,318	172,585	1,006,315	-
Other long-term assets						
Restricted property reserves	10,837	114,882	-	-	-	-
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-	-
Notes and interest receivable, net	-	-	450,000	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	-	-	133,682	17,414	275	-
Total other long-term assets	10,837	114,882	583,682	17,414	275	-
Total assets	\$ 1,518,135	\$ 2,107,932	\$ 2,701,124	\$ 380,039	\$ 1,006,738	\$ -
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 1,463	\$ 16,815	\$ -	\$ -	\$ -	\$ -
Due to affiliates	-	-	1,833,990	878	883	-
Accrued interest	-	2,389	5,005	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	15,589	-	300,000	-	-
Current portion of notes payable, affiliates	142,772	-	815,444	754,572	44,872	-
Deferred revenue	-	-	-	-	-	-
Tenant security deposits	5,000	717	-	-	-	-
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	149,235	35,510	2,654,439	1,055,450	45,755	-
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Accrued interest, affiliates - long-term	-	-	-	-	-	-
Notes payable, less current portion	-	576,599	2,753,110	-	746,418	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-
Total long-term liabilities	-	576,599	2,753,110	-	746,418	-
Total liabilities	149,235	612,109	5,407,549	1,055,450	792,173	-
Net assets						
Unrestricted net assets	(276,757)	1,495,823	(2,706,425)	(675,411)	214,565	-
Temporarily restricted net assets	1,645,657	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	1,368,900	1,495,823	(2,706,425)	(675,411)	214,565	-
Total liabilities and net assets	\$ 1,518,135	\$ 2,107,932	\$ 2,701,124	\$ 380,039	\$ 1,006,738	\$ -

Consolidating Statement of Financial Position
Mercy Properties California
December 31, 2019

	Mercy Oak Forest, LLC	Acacia Meadows	Eliminations	Mercy Properties California
Assets				
Current assets				
Cash and cash equivalents	\$ 19,880	\$ -	\$ -	\$ 386,278
Cash, tenant security deposits	24,014	-	-	66,954
Cash, restricted	-	4,700	-	13,526
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	15,028	-	-	87,695
Due from affiliate, net	353	-	-	607,710
Pledges receivable	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	85,270	-	-	104,855
Total current assets	144,545	4,700	-	1,267,018
Property and equipment, net				
Land and land improvements	1,587,900	214,975	-	9,253,070
Buildings	1,746,142	-	-	14,993,160
Furniture and equipment	102,321	-	-	260,633
Predevelopment project costs	-	-	-	-
Construction in progress	-	152,419	-	2,792,522
Accumulated depreciation	(196,892)	-	-	(5,598,521)
Net property and equipment	3,239,471	367,394	-	21,700,864
Other long-term assets				
Restricted property reserves	685,281	-	-	1,067,688
Cash, restricted	-	-	-	-
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	60,000
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Investments in limited partnerships	-	-	-	-
Notes and interest receivable, net	-	-	-	450,000
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets	19,119	72,607	-	243,097
Total other long-term assets	704,400	72,607	-	1,820,785
Total assets	\$ 4,088,416	\$ 444,701	\$ -	\$ 24,788,667
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 92,984	\$ -	\$ -	\$ 256,805
Due to affiliates	-	454,816	-	2,296,411
Accrued interest	-	-	-	299,095
Accrued interest, affiliates	-	-	-	402,894
Current portion of notes payable	-	-	-	344,730
Current portion of notes payable, affiliates	-	1,262,759	-	3,020,419
Deferred revenue	1,530	-	-	3,522
Tenant security deposits	21,865	-	-	61,119
Miscellaneous current liabilities	-	-	-	-
Total current liabilities	116,379	1,717,575	-	6,684,995
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	-	-	378,793
Accrued interest, affiliates - long-term	-	-	-	-
Notes payable, less current portion	2,000,000	-	-	11,081,038
Notes payable, less current portion, affiliates	-	-	-	3,700,000
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	2,000,000	-	-	15,159,831
Total liabilities	2,116,379	1,717,575	-	21,844,826
Net assets				
Unrestricted net assets	1,972,037	(1,272,874)	-	(3,099,235)
Temporarily restricted net assets	-	-	-	6,043,076
Permanently restricted net assets	-	-	-	-
Total net assets	1,972,037	(1,272,874)	-	2,943,841
Total liabilities and net assets	\$ 4,088,416	\$ 444,701	\$ -	\$ 24,788,667

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties California
For the year ended December 31, 2009

	Corporate Operations	Foster Youth	The Haven	Leland House	Oscales (McIntosh Mobile Homes)
Revenues					
Rent - net of vacancies	\$ 401,831	\$ 15,600	\$ 141,091	\$ 18,622	\$ 335,038
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	145,498	-	-	-	-
Capital grants	-	-	-	140,272	-
Consulting	-	-	-	-	-
Interest	-	8	189	311	114
Other	239,212	-	2,458	-	964
Total revenues	<u>786,541</u>	<u>15,608</u>	<u>143,738</u>	<u>159,205</u>	<u>336,116</u>
Expenses and losses					
Compensation	-	91	79,018	172	75,801
Administrative	-	10,142	15,760	545	41,166
Professional services	99,457	4,745	4,105	2,536	9,027
Depreciation and amortization	15,273	8,941	23,285	154,234	140,127
Grants	39,211	-	-	-	-
Facility	1	3,571	44,160	129,803	61,215
Interest and fees	185,000	19	-	37,800	140,959
Bad debts	-	-	3,590	-	13
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>338,942</u>	<u>27,509</u>	<u>169,918</u>	<u>325,090</u>	<u>468,308</u>
Excess (deficiency) of revenues over expenses	<u>447,599</u>	<u>(11,901)</u>	<u>(26,180)</u>	<u>(165,885)</u>	<u>(132,192)</u>
Net assets at beginning of year	(202,368)	(20,499)	622,535	1,859,154	176,963
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 245,231</u>	<u>\$ (32,400)</u>	<u>\$ 596,355</u>	<u>\$ 1,693,269</u>	<u>\$ 44,771</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties California
For the year ended December 31, 2009

	Richmond Hills	Sycamore Center (Red Bluff)	Sierra Vista	Walnut Grove	Santa Monica Street	Magnolia Village, LLC
Revenues						
Rent - net of vacancies	\$ 31,209	\$ 133,915	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	9	113	-	-	-	-
Other	900	24,770	-	190,000	-	-
Total revenues	<u>32,118</u>	<u>158,798</u>	<u>-</u>	<u>190,000</u>	<u>-</u>	<u>-</u>
Expenses and losses						
Compensation	-	8,118	-	-	-	-
Administrative	364	8,117	-	-	-	(30)
Professional services	2,266	(126)	-	-	-	-
Depreciation and amortization	98,838	94,961	-	-	-	-
Grants	-	-	-	-	-	19,894
Facility	15,271	63,691	-	-	-	-
Interest and fees	6,516	28,467	53	-	-	40
Bad debts	-	-	-	-	-	-
Provision for impaired assets	-	-	547,830	865,462	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	(18,432)	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-
Total expenses and losses	<u>123,255</u>	<u>203,228</u>	<u>529,451</u>	<u>865,462</u>	<u>-</u>	<u>19,904</u>
Excess (deficiency) of revenues over expenses	(91,137)	(44,430)	(529,451)	(675,462)	-	(19,904)
Net assets at beginning of year	1,460,037	1,540,253	(2,176,974)	51	214,565	19,904
Other transfers to (from) net assets	-	-	-	-	-	-
Net assets at end of year	<u>\$ 1,368,900</u>	<u>\$ 1,495,823</u>	<u>\$ (2,706,425)</u>	<u>\$ (675,411)</u>	<u>\$ 214,565</u>	<u>\$ -</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties California
For the year ended December 31, 2009

	Mercy Oak Forest, LLC	Acacia Meadows	Eliminations	Mercy Properties California
Revenues				
Rent - net of vacancies	\$ 1,238,334	\$ -	\$ -	\$ 2,315,640
Developer fees	-	-	-	-
Services fees	-	-	-	-
Philanthropy	-	-	-	145,498
Capital grants	-	-	-	140,272
Consulting	-	-	-	-
Interest	12,322	-	-	13,066
Other	6,982	-	-	465,286
Total revenues	<u>1,257,638</u>	<u>-</u>	<u>-</u>	<u>3,079,762</u>
Expenses and losses				
Compensation	201,229	-	-	364,429
Administrative	162,565	(11)	-	238,618
Professional services	16,953	-	-	138,963
Depreciation and amortization	88,851	-	-	624,510
Grants	-	-	-	59,105
Facility	777,740	-	-	1,095,452
Interest and fees	13,403	-	-	412,257
Bad debts	9,923	-	-	13,526
Provision for impaired assets	-	837,840	-	2,251,132
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	(18,432)
(Gain) loss on investment in limited partnership	-	-	-	-
Total expenses and losses	<u>1,270,664</u>	<u>837,829</u>	<u>-</u>	<u>5,179,560</u>
Excess (deficiency) of revenues over expenses	(13,026)	(837,829)	-	(2,099,798)
Net assets at beginning of year	1,985,063	(435,045)	-	5,043,639
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 1,972,037</u>	<u>\$ (1,272,874)</u>	<u>\$ -</u>	<u>\$ 2,943,841</u>

Consolidating Statement of Financial Position
Mercy Housing Senior Properties, LLC
December 31, 2009

	Mercy Housing Senior Properties, LLC	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 92,769	\$ 162,727	\$ 90,163	\$ 55,796
Cash, tenant security deposits	-	23,423	35,748	8,764	6,156
Cash, restricted	150,607	-	27,688	-	11,700
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	5,141	-	2	-
Due from affiliate, net	-	-	-	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	17,005	35,248	7,300	6,714
Total current assets	150,607	138,338	261,411	106,229	80,366
Property and equipment					
Land and land improvements	-	370,690	591,368	19,791	184,924
Buildings	-	4,059,773	6,114,573	1,392,421	1,768,190
Furniture and equipment	-	-	78,763	11,798	68,148
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(324,682)	(502,417)	(95,591)	(138,831)
Net property and equipment	-	4,105,781	6,282,287	1,328,419	1,882,431
Other long-term assets					
Restricted property reserves	-	518,321	1,078,392	200,926	127,521
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	201,134	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	143,485	139,281	130,590	51,847
Total other long-term assets	201,134	661,806	1,217,673	331,516	179,368
Total assets	\$ 351,741	\$ 4,905,925	\$ 7,761,371	\$ 1,766,164	\$ 2,142,165
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 60,349	\$ 47,264	\$ 88,312	\$ 31,059	\$ 22,979
Due to affiliates	263,687	-	-	-	-
Accrued interest	-	84,252	119,325	31,687	24,010
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	74,068	115,761	35,000	25,000
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	-	1,007	402	-	305
Tenant security deposits	-	20,887	32,798	7,619	6,169
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	324,036	227,478	356,598	105,365	78,463
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	4,930,990	7,792,078	2,370,246	1,894,622
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	542	-
Total long-term liabilities	-	4,930,990	7,792,078	2,370,788	1,894,622
Total liabilities	324,036	5,158,468	8,148,676	2,476,153	1,973,085
Net assets					
Unrestricted net assets	27,705	(252,543)	(387,305)	(709,989)	169,080
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	27,705	(252,543)	(387,305)	(709,989)	169,080
Total liabilities and net assets	\$ 351,741	\$ 4,905,925	\$ 7,761,371	\$ 1,766,164	\$ 2,142,165

Consolidating Statement of Financial Position
Mercy Housing Senior Properties, LLC
December 31, 2009

	St. Andrew Community, LP	Villa Columba, LP	Mercy Riverside, LP	Eliminations	Consolidated Mercy Housing Senior Properties, LLC
Assets					
Current assets					
Cash and cash equivalents	\$ 27,245	\$ 56,970	\$ 1,404	\$ -	\$ 487,074
Cash, tenant security deposits	14,342	19,014	6,194	-	113,641
Cash, restricted	-	13,118	4,752	-	207,865
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	208	826	359	-	6,536
Due from affiliate, net	-	1,873	2,163	(3,900)	136
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	13,719	14,915	5,320	-	100,221
Total current assets	55,514	106,716	20,192	(3,900)	915,473
Property and equipment					
Land and land improvements	575,836	232,166	72,952	-	2,047,727
Buildings	3,375,369	2,778,387	1,280,580	-	20,769,293
Furniture and equipment	-	103,240	34,413	-	296,362
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(282,821)	(210,429)	(82,215)	-	(1,636,986)
Net property and equipment	3,668,384	2,903,364	1,305,730	-	21,476,396
Other long-term assets					
Restricted property reserves	340,819	397,052	142,515	-	2,805,546
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	(201,134)	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	13,878	197,886	48,507	-	725,474
Total other long-term assets	354,697	594,938	191,022	(201,134)	3,531,020
Total assets	\$ 4,078,595	\$ 3,605,018	\$ 1,516,944	\$ (205,034)	\$ 25,922,889
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 49,687	\$ 39,533	\$ 21,867	\$ -	\$ 361,050
Due to affiliates	-	2,163	5,414	(3,899)	267,365
Accrued interest	46,006	45,884	15,297	-	366,461
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	65,000	48,750	16,250	-	379,829
Current portion of notes payable, affiliates	-	-	9,060	-	9,060
Deferred revenue	157	1,881	896	-	4,648
Tenant security deposits	14,342	18,649	4,760	-	105,224
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	175,192	156,860	73,544	(3,899)	1,493,637
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	470,595	-	-	-	470,595
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	3,330,447	2,707,500	902,500	-	23,928,383
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	542
Total long-term liabilities	3,801,042	2,707,500	902,500	-	24,399,520
Total liabilities	3,976,234	2,864,360	976,044	(3,899)	25,893,157
Net assets					
Unrestricted net assets	102,361	740,658	540,900	(201,135)	29,732
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	102,361	740,658	540,900	(201,135)	29,732
Total liabilities and net assets	\$ 4,078,595	\$ 3,605,018	\$ 1,516,944	\$ (205,034)	\$ 25,922,889

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Senior Properties, LLC
For the year ended December 31, 2009

	Mercy Housing Senior Properties, LLC	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP
Revenues					
Rent - net of vacancies	\$ -	\$ 898,650	\$ 1,603,686	\$ 410,456	\$ 288,734
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	1,165	3,269	567	735
Other	-	4,107	3,452	52,541	49,116
Total revenues	-	903,922	1,610,407	463,564	338,585
Expenses and losses					
Compensation	-	174,460	468,195	94,520	40,905
Administrative	71,928	102,747	158,143	45,326	37,126
Professional services	586	16,869	58,927	8,198	7,024
Depreciation and amortization	-	155,245	245,190	57,958	76,561
Grants	110	-	-	-	-
Facility	-	158,034	229,620	68,943	62,419
Interest and fees	29	296,662	467,102	115,123	88,269
Bad debts	-	-	1,431	-	16
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	(58,712)	357,119	447,986	867,533	(168,849)
(Gain) loss on investment in limited partnership	127,866	-	-	-	-
Total expenses and losses	141,807	1,261,136	2,076,594	1,257,601	143,471
Excess (deficiency) of revenues over expenses	(141,807)	(357,214)	(466,187)	(794,037)	195,114
Net assets at beginning of year	169,512	104,671	78,882	84,048	(26,034)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 27,705</u>	<u>\$ (252,543)</u>	<u>\$ (387,305)</u>	<u>\$ (709,989)</u>	<u>\$ 169,080</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Senior Properties, LLC
For the year ended December 31, 2009

	St. Andrew Community, LP	Villa Columba, LP	Mercy Riverside, LP	Eliminations	Consolidated Mercy Housing Senior Properties, LLC
Revenues					
Rent - net of vacancies	\$ 568,300	\$ 625,833	\$ 187,592	\$ -	\$ 4,583,251
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	914	1,889	574	-	9,113
Other	4,634	2,300	1,379	-	117,529
Total revenues	<u>573,848</u>	<u>630,022</u>	<u>189,545</u>	<u>-</u>	<u>4,709,893</u>
Expenses and losses					
Compensation	149,346	136,327	49,597	-	1,113,350
Administrative	66,279	73,375	19,052	-	573,976
Professional services	25,004	6,599	6,204	-	129,411
Depreciation and amortization	124,758	114,440	47,863	-	822,015
Grants	-	-	-	-	110
Facility	134,133	100,703	31,230	-	785,082
Interest and fees	182,447	161,981	54,557	-	1,366,170
Bad debts	-	-	754	-	2,201
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	(273,110)	(603,820)	(568,146)	-	1
(Gain) loss on investment in limited partnership	-	-	-	(127,865)	1
Total expenses and losses	<u>408,857</u>	<u>(10,395)</u>	<u>(358,889)</u>	<u>(127,865)</u>	<u>4,792,317</u>
Excess (deficiency) of revenues over expenses	164,991	640,417	548,434	127,865	(82,424)
Net assets at beginning of year	(62,630)	100,241	(7,534)	(329,000)	112,156
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 102,361</u>	<u>\$ 740,658</u>	<u>\$ 540,900</u>	<u>\$ (201,135)</u>	<u>\$ 29,732</u>

Consolidating Statement of Financial Position
Mercy Housing CalWest
December 31, 2009

	Mercy Housing CalWest	Mercy Housing California XL (Arlington Hotel)	Mercy Housing California XXXVIII (East Leland Court)	365 Fulton LP (Parcel G)	Mercy Housing California XLII (Boulevard Court)
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 397	\$ 63,301	\$ -	\$ -
Cash, tenant security deposits	-	-	53,797	-	-
Cash, restricted	-	-	35,985	277,785	84,626
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	-	32,475	-	-
Due from affiliate, net	-	-	6,000	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	250,000	16,315	337,500	9,106
Total current assets	-	250,397	207,873	615,285	93,732
Property and equipment					
Land and land improvements	-	-	2,746,456	-	1,969,585
Buildings	-	2,037,675	19,465,531	-	2,480,415
Furniture and equipment	-	-	326,616	-	300,000
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	855,497	-	2,471,758	1,212,968
Accumulated depreciation	-	-	(637,909)	-	-
Net property and equipment	-	2,893,172	21,900,694	2,471,758	5,962,968
Other long-term assets					
Restricted property reserves	-	-	25,200	-	-
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	2,880,036	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	19,188	307,094	32,800	118,944
Total other long-term assets	2,880,036	19,188	332,294	32,800	118,944
Total assets	\$ 2,880,036	\$ 3,162,757	\$ 22,440,861	\$ 3,119,843	\$ 6,175,644
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 462,763	\$ 138,811	\$ 204,548	\$ -
Due to affiliates	99,068	2,217	44,753	885	888
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-
Current portion of notes payable, affiliates	-	587	-	172,030	-
Deferred revenue	-	-	914	-	-
Tenant security deposits	-	-	52,034	-	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	99,068	465,567	236,512	377,463	888
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	6,949	160,103	63,263	192,929
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	1,091,809	19,873,747	2,691,617	4,713,532
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	1,680,000	-	-
Total long-term liabilities	-	1,098,758	21,713,850	2,754,880	4,906,461
Total liabilities	99,068	1,564,325	21,950,362	3,132,343	4,907,349
Net assets					
Unrestricted net assets	2,780,968	1,598,432	490,499	(12,500)	1,268,295
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	2,780,968	1,598,432	490,499	(12,500)	1,268,295
Total liabilities and net assets	\$ 2,880,036	\$ 3,162,757	\$ 22,440,861	\$ 3,119,843	\$ 6,175,644

Consolidating Statement of Financial Position
Mercy Housing CalWest
December 31, 2009

	Mercy Housing California XLIV (1000 Fourth St.)	Eliminations	Consolidated Mercy Housing CalWest
Assets			
Current assets			
Cash and cash equivalents	\$ 1,100	\$ -	\$ 64,798
Cash, tenant security deposits	-	-	53,797
Cash, restricted	-	-	398,396
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	9,000	-	41,475
Due from affiliate, net	-	-	6,000
Pledges receivable	-	-	-
Grants receivable	-	-	-
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-
Prepaid expenses and other assets	100,000	-	712,921
Total current assets	110,100	-	1,277,387
Property and equipment			
Land and land improvements	-	-	4,716,041
Buildings	-	-	23,983,621
Furniture and equipment	-	-	626,616
Predevelopment project costs	-	-	-
Construction in progress	760,184	-	5,300,407
Accumulated depreciation	-	-	(637,909)
Net property and equipment	760,184	-	33,988,776
Other long-term assets			
Restricted property reserves	-	-	25,200
Cash, restricted	-	-	-
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	-
Pledges receivable, net	-	-	-
Grants receivable	-	-	-
Investments in limited partnerships	-	(2,880,035)	1
Notes and interest receivable, net	-	-	-
Notes and interest receivable, affiliates	-	-	-
Allowance for impaired assets	-	-	-
Other assets	250	-	478,276
Total other long-term assets	250	(2,880,035)	503,477
Total assets	\$ 870,534	\$ (2,880,035)	\$ 35,769,640
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ -	\$ -	\$ 806,122
Due to affiliates	843	-	148,654
Accrued interest	-	-	-
Accrued interest, affiliates	-	-	-
Current portion of notes payable	-	-	-
Current portion of notes payable, affiliates	10,089	-	182,706
Deferred revenue	-	-	914
Tenant security deposits	-	-	52,034
Miscellaneous current liabilities	-	-	-
Total current liabilities	10,932	-	1,190,430
Long-term liabilities			
Due to affiliates	-	-	-
Accrued interest	10,674	-	433,918
Accrued interest, affiliates	-	-	-
Notes payable, less current portion	864,728	-	29,235,433
Notes payable, less current portion, affiliates	-	-	-
Deferred revenue and other liabilities	-	-	1,680,000
Total long-term liabilities	875,402	-	31,349,351
Total liabilities	886,334	-	32,539,781
Net assets			
Unrestricted net assets	(15,800)	(2,880,035)	3,229,859
Temporarily restricted net assets	-	-	-
Permanently restricted net assets	-	-	-
Total net assets	(15,800)	(2,880,035)	3,229,859
Total liabilities and net assets	\$ 870,534	\$ (2,880,035)	\$ 35,769,640

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing CalWest
For the year ended December 31, 2009

	Mercy Housing CalWest	Mercy Housing California XL (Arlington Hotel)	Mercy Housing California XXXVIII (East Leland Court)	365 Fulton LP (Parcel G)	Mercy Housing California XLII (Boulevard Court)
Revenues					
Rent - net of vacancies	\$ -	\$ -	\$ 249,803	\$ -	\$ -
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Fund raising	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	-	3	-	-
Other	-	-	18,096	-	-
Total revenues	-	-	267,902	-	-
Expenses and losses					
Compensation	-	-	66,414	-	-
Administrative	47,358	-	290,503	-	(13)
Professional services	3,182	-	55,452	-	-
Depreciation and amortization	-	-	648,908	-	-
Grants	97	-	-	-	-
Facility	-	-	74,845	-	-
Interest and fees	-	-	155,672	-	-
Bad debts	-	-	744	-	-
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	15,889	-	-	-	-
Total expenses and losses	66,526	-	1,292,538	-	(13)
Excess (deficiency) of revenues over expenses	(66,526)	-	(1,024,636)	-	13
Net assets at beginning of year	2,847,494	1,610,432	1,564,415	5,000	1,283,282
Other transfers to (from) net assets	-	(12,000)	(49,280)	(17,500)	(15,000)
Net assets at end of year	<u>\$ 2,780,968</u>	<u>\$ 1,598,432</u>	<u>\$ 490,499</u>	<u>\$ (12,500)</u>	<u>\$ 1,268,295</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing CalWest
For the year ended December 31, 2009

	Mercy Housing California XLIV (1000 Fourth St.)	Eliminations	Consolidated Mercy Housing CalWest
Revenues			
Rent - net of vacancies	\$ -	\$ -	\$ 249,803
Developer fees	-	-	-
Services fees	-	-	-
Fund raising	-	-	-
Capital grants	-	-	-
Consulting	-	-	-
Interest	-	-	3
Other	-	-	18,096
Total revenues	-	-	267,902
Expenses and losses			
Compensation	-	-	66,414
Administrative	15,800	-	353,648
Professional services	-	-	58,634
Depreciation and amortization	-	-	648,908
Grants	-	-	97
Facility	-	-	74,845
Interest and fees	-	-	155,672
Bad debts	-	-	744
Provision for impaired assets	-	-	-
Project expenses	-	-	-
Allocation	-	-	-
(Gain) loss on sale of assets	-	-	-
(Gain) loss on investment in limited partnership	-	(15,889)	-
Total expenses and losses	15,800	(15,889)	1,358,962
Excess (deficiency) of revenues over expenses	(15,800)	15,889	(1,091,060)
Net assets at beginning of year	-	(2,895,924)	4,414,699
Other transfers to (from) net assets	-	-	(93,780)
Net assets at end of year	<u>\$ (15,800)</u>	<u>\$ (2,880,035)</u>	<u>\$ 3,229,859</u>

Consolidating Statement of Financial Position
Mercy Housing Idaho
December 31, 2009

	Mercy Housing Idaho, Inc.	Eagle Senior Village	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow Inc. (Hawthorne)	Independence Hill
Assets					
Current assets					
Cash and cash equivalents	\$ 1,951	\$ 958	\$ 10,085	\$ 12,558	\$ 2,884
Cash, tenant security deposits	-	5,148	9,082	18,608	3,215
Cash, restricted	192,505	10,779	3,671	3,589	9,014
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	1,909	371	12,914	1,405	-
Due from affiliate, net	867,372	-	-	-	-
Pledges receivable	130	-	-	-	-
Grants receivable	40,768	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	10,000	-	-	-	-
Prepaid expenses and other assets	7,632	3,237	6,423	10,549	2,815
Total current assets	1,122,267	20,493	42,175	46,709	17,928
Property and equipment					
Land and land improvements	306,157	122,374	11,531	235,203	570
Buildings	-	1,343,135	1,055,765	1,686,506	1,443,238
Furniture and equipment	28,743	12,033	27,396	121,326	7,610
Predevelopment project costs	86,001	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(26,565)	(303,078)	(496,672)	(875,299)	(206,568)
Net property and equipment	394,336	1,174,464	598,020	1,167,736	1,244,850
Other long-term assets					
Restricted property reserves	-	113,447	92,310	118,155	34,957
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	168,504	-	-	-	-
Notes and interest receivable, affiliates	749,402	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	-	-	-	-
Total other long-term assets	917,906	113,447	92,310	118,155	34,957
Total assets	\$ 2,434,509	\$ 1,308,404	\$ 732,505	\$ 1,332,600	\$ 1,297,735
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 43,100	\$ 17,547	\$ 29,817	\$ 36,007	\$ 18,790
Due to affiliates	662,044	-	-	-	-
Accrued interest	-	-	583	979	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	135,000	-	1,722	53,795	-
Current portion of notes payable, affiliates	86,002	-	-	-	-
Deferred revenue	-	30	214	3,132	201
Tenant security deposits	-	4,816	8,451	14,567	3,215
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	926,146	22,393	40,787	108,480	22,206
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	16,274	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	260,000	818,873	84,432	-
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	-	260,000	835,147	84,432	-
Total liabilities	926,146	282,393	875,934	192,912	22,206
Net assets					
Unrestricted net assets	783,944	(84,779)	(143,429)	1,139,688	(56,308)
Temporarily restricted net assets	724,419	1,110,790	-	-	1,331,837
Permanently restricted net assets	-	-	-	-	-
Total net assets	1,508,363	1,026,011	(143,429)	1,139,688	1,275,529
Total liabilities and net assets	\$ 2,434,509	\$ 1,308,404	\$ 732,505	\$ 1,332,600	\$ 1,297,735

Consolidating Statement of Financial Position
Mercy Housing Idaho
December 31, 2009

	Mercy Twin Falls, Inc. (Willswood)	Eliminations	Consolidated Mercy Housing Idaho, Inc.
Assets			
Current assets			
Cash and cash equivalents	\$ 20,543	\$ -	\$ 48,979
Cash, tenant security deposits	13,014	-	49,067
Cash, restricted	19,271	-	238,829
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	2,037	-	18,636
Due from affiliate, net	47	-	867,419
Pledges receivable	-	-	130
Grants receivable	-	-	40,768
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	10,000
Prepaid expenses and other assets	4,751	-	35,407
Total current assets	59,663	-	1,309,235
Property and equipment			
Land and land improvements	80,800	-	756,635
Buildings	1,067,039	(162,262)	6,433,421
Furniture and equipment	42,316	-	239,424
Predevelopment project costs	-	-	86,001
Construction in progress	-	-	-
Accumulated depreciation	(453,703)	50,358	(2,311,527)
Net property and equipment	736,452	(111,904)	5,203,954
Other long-term assets			
Restricted property reserves	165,991	-	524,860
Cash, restricted	-	-	-
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	-
Pledges receivable, net	-	-	-
Grants receivable	-	-	-
Investments in limited partnerships	-	-	-
Notes and interest receivable, net	-	-	168,504
Notes and interest receivable, affiliates	-	-	749,402
Allowance for impaired assets	-	-	-
Other assets	-	-	-
Total other long-term assets	165,991	-	1,442,766
Total assets	\$ 962,106	\$ (111,904)	\$ 7,955,955
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 15,647	\$ -	\$ 160,908
Due to affiliates	-	-	662,044
Accrued interest	675	-	2,237
Accrued interest, affiliates	-	-	-
Current portion of notes payable	25,963	-	216,480
Current portion of notes payable, affiliates	-	-	86,002
Deferred revenue	933	-	4,510
Tenant security deposits	8,989	-	40,038
Miscellaneous current liabilities	-	-	-
Total current liabilities	52,207	-	1,172,219
Long-term liabilities			
Due to affiliates	-	-	-
Accrued interest	2,408	-	18,682
Accrued interest, affiliates	-	-	-
Notes payable, less current portion	667,510	-	1,830,815
Notes payable, less current portion, affiliates	-	-	-
Deferred revenue and other liabilities	-	-	-
Total long-term liabilities	669,918	-	1,849,497
Total liabilities	722,125	-	3,021,716
Net assets			
Unrestricted net assets	239,981	(111,904)	1,767,193
Temporarily restricted net assets	-	-	3,167,046
Permanently restricted net assets	-	-	-
Total net assets	239,981	(111,904)	4,934,239
Total liabilities and net assets	\$ 962,106	\$ (111,904)	\$ 7,955,955

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Idaho
For the year ended December 31, 2009

	Mercy Housing Idaho, Inc.	Eagle Senior Village	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow Inc. (Hawthorne)	Independence Hill
Revenues					
Rent - net of vacancies	\$ -	\$ 80,279	\$ 193,660	\$ 272,308	\$ 88,047
Developer fees	-	-	-	-	-
Services fees	124,126	-	-	-	-
Philanthropy	202,266	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	209,559	-	-	-	-
Interest	57,556	104	107	45,356	22
Other	18,341	1,247	6,249	9,498	1,839
Total revenues	<u>611,848</u>	<u>81,630</u>	<u>200,016</u>	<u>327,162</u>	<u>89,908</u>
Expenses and losses					
Compensation	396,755	22,557	53,824	86,091	20,581
Administrative	110,765	16,956	24,585	48,549	17,986
Professional services	27,315	9,415	25,697	35,635	9,415
Depreciation and amortization	1,870	50,127	41,470	64,921	54,262
Grants	1,987	-	-	-	-
Facility	17,796	34,632	73,572	84,034	43,018
Interest and fees	17,994	-	12,951	13,851	-
Bad debts	9,762	-	4,932	2,839	-
Provision for impaired assets	33,002	-	-	-	-
Project expenses	6,610	-	-	-	-
Allocation	260,412	-	-	-	-
(Gain) loss on sale of assets	(4,594)	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-
Total expenses and losses	<u>879,674</u>	<u>133,687</u>	<u>237,031</u>	<u>335,920</u>	<u>145,262</u>
Excess (deficiency) of revenues over expenses	(267,826)	(52,057)	(37,015)	(8,758)	(55,354)
Net assets at beginning of year	1,776,189	1,078,068	(106,414)	1,148,446	1,330,883
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 1,508,363</u>	<u>\$ 1,026,011</u>	<u>\$ (143,429)</u>	<u>\$ 1,139,688</u>	<u>\$ 1,275,529</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Idaho
For the year ended December 31, 2009

	Mercy Twin Falls, Inc. (Willswood)	Eliminations	Consolidated Mercy Housing Idaho, Inc.
Revenues			
Rent - net of vacancies	\$ 171,527	\$ (199)	\$ 805,622
Developer fees	-	-	-
Services fees	-	(26,920)	97,206
Philanthropy	-	-	202,266
Capital grants	-	-	-
Consulting	-	-	209,559
Interest	23,718	-	126,863
Other	16,395	(372)	53,197
Total revenues	<u>211,640</u>	<u>(27,491)</u>	<u>1,494,713</u>
Expenses and losses			
Compensation	24,063	-	603,871
Administrative	34,153	-	252,994
Professional services	9,508	(26,920)	90,065
Depreciation and amortization	40,296	(5,900)	247,046
Grants	-	(571)	1,416
Facility	79,240	-	332,292
Interest and fees	11,374	-	56,170
Bad debts	12,460	-	29,993
Provision for impaired assets	-	-	33,002
Project expenses	-	-	6,610
Allocation	-	-	260,412
(Gain) loss on sale of assets	-	-	(4,594)
(Gain) loss on investment in limited partnership	-	-	-
Total expenses and losses	<u>211,094</u>	<u>(33,391)</u>	<u>1,909,277</u>
Excess (deficiency) of revenues over expenses	546	5,900	(414,564)
Net assets at beginning of year	239,435	(117,804)	5,348,803
Other transfers to (from) net assets	-	-	-
Net assets at end of year	<u>\$ 239,981</u>	<u>\$ (111,904)</u>	<u>\$ 4,934,239</u>

Consolidating Statement of Financial Position
Mercy Housing Midwest
December 31, 2009

	Mercy Housing Midwest	Mercy Crestview Village	Heartland Housing Initiative (HARP)	Mercy House	Mercy Northglen	Oakwood Gardens
Assets						
Current assets						
Cash and cash equivalents	\$ 285,777	\$ 24,053	\$ 7,673	\$ 10,737	\$ 21,575	\$ 9,556
Cash, tenant security deposits	-	56,531	5,165	5,094	11,307	20,327
Cash, restricted	1,292	-	-	-	-	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	57,008	6,109	1,416	955	6,088	6,100
Due from affiliate, net	91,600	-	-	-	5,340	-
Pledges receivable	913	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	65,000	-	-	-	-	-
Prepaid expenses and other assets	6,988	28,549	3,238	3,121	9,151	9,904
Total current assets	508,578	115,242	17,492	19,907	53,461	45,887
Property and equipment						
Land and land improvements	-	701,250	49,915	30,770	139,776	10,955
Buildings	-	5,460,888	587,147	441,202	1,359,161	636,565
Furniture and equipment	94,185	361,062	32,495	58,021	59,592	108,874
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	(81,312)	(2,826,096)	(211,002)	(368,303)	(729,338)	(370,686)
Net property and equipment	12,873	3,697,104	458,555	161,690	829,191	385,708
Other long-term assets						
Restricted property reserves	-	272,140	618	24,606	116,831	78,707
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	148,819	-	171,115	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	-	-	1,989	-	-	-
Total other long-term assets	148,819	272,140	173,722	24,606	116,831	78,707
Total assets	\$ 670,270	\$ 4,084,486	\$ 649,769	\$ 206,203	\$ 999,483	\$ 510,302
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 26,990	\$ 154,123	\$ 22,421	\$ 15,418	\$ 77,514	\$ 52,149
Due to affiliates	-	-	50,534	-	2,040	428,792
Accrued interest	-	666	1,328	2,158	165	809
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	94,003	6,882	6,008	26,390	40,521
Current portion of notes payable, affiliates	-	-	-	-	-	-
Deferred revenue	-	17,804	306	1,165	3,885	9,671
Tenant security deposits	-	51,677	3,962	3,287	11,572	18,341
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	26,990	318,273	85,433	28,036	121,566	550,283
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	13,049	-	19,601	-	-	-
Accrued interest, affiliates	-	-	-	-	-	66,124
Notes payable, less current portion	147,500	-	316,634	281,790	-	114,040
Notes payable, less current portion, affiliates	-	-	-	-	-	60,000
Deferred revenue and other liabilities	-	-	-	-	-	-
Total long-term liabilities	160,549	-	336,235	281,790	-	240,164
Total liabilities	187,539	318,273	421,668	309,826	121,566	790,447
Net assets						
Unrestricted net assets	481,439	3,766,213	162,857	(103,623)	877,917	(280,145)
Temporarily restricted net assets	1,292	-	65,244	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	482,731	3,766,213	228,101	(103,623)	877,917	(280,145)
Total liabilities and net assets	\$ 670,270	\$ 4,084,486	\$ 649,769	\$ 206,203	\$ 999,483	\$ 510,302

Consolidating Statement of Financial Position
Mercy Housing Midwest
December 31, 2009

	Mercy Midwest Properties (Ridgeview)	Mercy Western Manor	Mercy Village at St. Johns	Mercy Bond Properties Nebraska I (Mercy Timbrecreek LLC)	Eliminations	Consolidated Mercy Housing Midwest
Assets						
Current assets						
Cash and cash equivalents	\$ 13,133	\$ 44,769	\$ 44,078	\$ 41,425	\$ -	\$ 502,776
Cash, tenant security deposits	48	17,086	19,182	49,443	-	184,183
Cash, restricted	-	-	-	-	-	1,292
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	9,481	909	7,050	(75)	95,041
Due from affiliate, net	-	6,511	-	15,497	-	118,948
Pledges receivable	-	-	-	-	-	913
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	(65,000)	-
Prepaid expenses and other assets	-	15,682	11,632	29,667	-	117,932
Total current assets	13,181	93,529	75,801	143,082	(65,075)	1,021,085
Property and equipment						
Land and land improvements	-	219,915	-	1,209,796	-	2,362,377
Buildings	-	1,927,865	4,476,298	6,837,282	-	21,726,408
Furniture and equipment	-	58,195	32,952	408,844	-	1,214,220
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	-	(991,443)	(720,033)	(2,297,315)	-	(8,595,528)
Net property and equipment	-	1,214,532	3,789,217	6,158,607	-	16,707,477
Other long-term assets						
Restricted property reserves	-	212,570	118,762	418,842	-	1,243,076
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	319,934
Allowance for impaired assets	-	-	-	-	-	-
Other assets	-	-	-	307,687	-	309,676
Total other long-term assets	-	212,570	118,762	726,529	-	1,872,686
Total assets	\$ 13,181	\$ 1,520,631	\$ 3,983,780	\$ 7,028,218	\$ (65,075)	\$ 19,601,248
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 13,180	\$ 75,932	\$ 23,725	\$ 211,786	\$ (75)	\$ 673,163
Due to affiliates	412	-	-	-	(481,366)	412
Accrued interest	-	648	-	22,617	-	28,391
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	69,575	-	80,067	-	323,446
Current portion of notes payable, affiliates	-	-	-	-	-	-
Deferred revenue	-	1,903	962	20,216	-	55,912
Tenant security deposits	-	11,514	17,852	42,161	-	160,366
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	13,592	159,572	42,539	376,847	(481,441)	1,241,690
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	327,142	-	359,792
Accrued interest, affiliates	-	-	-	-	-	66,124
Notes payable, less current portion	-	41,504	-	8,678,558	-	9,580,026
Notes payable, less current portion, affiliates	-	-	-	-	-	60,000
Deferred revenue and other liabilities	-	-	-	16,425	-	16,425
Total long-term liabilities	-	41,504	-	9,022,125	-	10,082,367
Total liabilities	13,592	201,076	42,539	9,398,972	(481,441)	11,324,057
Net assets						
Unrestricted net assets	(411)	1,319,555	39,121	(2,370,754)	416,366	4,308,535
Temporarily restricted net assets	-	-	3,902,120	-	-	3,968,656
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	(411)	1,319,555	3,941,241	(2,370,754)	416,366	8,277,191
Total liabilities and net assets	\$ 13,181	\$ 1,520,631	\$ 3,983,780	\$ 7,028,218	\$ (65,075)	\$ 19,601,248

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Midwest
For the year ended December 31, 2009

	Mercy Housing Midwest	Mercy Crestview Village	Heartland Housing Initiative (HARP)	Mercy House	Mercy Northglen	Oakwood Gardens
Revenues						
Rent - net of vacancies	\$ -	\$ 784,184	\$ 101,911	\$ 102,885	\$ 252,496	\$ 310,178
Developer fees	-	-	-	-	-	-
Services fees	112,727	-	-	-	-	-
Philanthropy	245,933	-	-	-	23,059	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	38,475	132,630	66,115	56	40,925	31,746
Other	134,483	8,572	5,260	379	19,765	17,779
Total revenues	<u>531,618</u>	<u>925,386</u>	<u>173,286</u>	<u>103,320</u>	<u>336,245</u>	<u>359,703</u>
Expenses and losses						
Compensation	276,826	166,287	23,667	12,828	26,059	59,536
Administrative	86,325	144,939	14,658	15,507	76,366	48,814
Professional services	6,859	14,416	3,559	9,155	13,634	13,431
Depreciation and amortization	6,374	219,978	159	17,408	50,679	30,082
Grants	5,189	-	-	-	-	-
Facility	8,612	424,032	60,900	41,568	169,499	203,081
Interest and fees	4,861	15,553	18,703	26,382	4,277	16,894
Bad debts	168,650	8,147	6,572	1,279	4,391	17,897
Provision for impaired assets	591,463	-	58,160	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	242,652	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-
Total expenses and losses	<u>1,397,811</u>	<u>993,352</u>	<u>186,378</u>	<u>124,127</u>	<u>344,905</u>	<u>389,735</u>
Excess (deficiency) of revenues over expenses	(866,193)	(67,966)	(13,092)	(20,807)	(8,660)	(30,032)
Net assets at beginning of year	1,348,924	3,834,179	241,193	(82,816)	886,577	(250,113)
Other transfers to (from) net assets	-	-	-	-	-	-
Net assets at end of year	<u>\$ 482,731</u>	<u>\$ 3,766,213</u>	<u>\$ 228,101</u>	<u>\$ (103,623)</u>	<u>\$ 877,917</u>	<u>\$ (280,145)</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Midwest
For the year ended December 31, 2009

	Mercy Midwest Properties (Ridgeview)	Mercy Western Manor	Mercy Village at St. Johns	Mercy Bond Properties Nebraska I (Mercy Timbercreek LLC)	Eliminations	Consolidated Mercy Housing Midwest
Revenues						
Rent - net of vacancies	\$ 247,968	\$ 432,332	\$ 253,786	\$ 1,076,920	\$ (1,579)	\$ 3,561,081
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	(10,400)	102,327
Philanthropy	-	-	200	36,958	-	306,150
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	71,515	49,361	89	1,317	(3,337)	428,892
Other	6,526	16,018	10,174	106,638	(40,622)	284,972
Total revenues	<u>326,009</u>	<u>497,711</u>	<u>264,249</u>	<u>1,221,833</u>	<u>(55,938)</u>	<u>4,683,422</u>
Expenses and losses						
Compensation	39,317	122,192	74,309	143,835	-	944,856
Administrative	68,679	88,083	51,779	158,406	(10,400)	743,156
Professional services	15,503	13,217	10,765	20,345	-	120,884
Depreciation and amortization	39,656	72,871	166,351	285,017	-	888,575
Grants	484,750	-	-	-	(1,579)	488,360
Facility	98,733	168,729	82,426	511,451	-	1,769,031
Interest and fees	173,909	10,369	62	315,538	(3,337)	583,211
Bad debts	10,898	801	-	53,867	(46,332)	226,170
Provision for impaired assets	112,670	-	-	-	-	762,293
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	242,652
(Gain) loss on sale of assets	(628,575)	-	-	-	-	(628,575)
(Gain) loss on investment in limited partnership	-	-	-	-	-	-
Total expenses and losses	<u>415,540</u>	<u>476,262</u>	<u>385,692</u>	<u>1,488,459</u>	<u>(61,648)</u>	<u>6,140,613</u>
Excess (deficiency) of revenues over expenses	(89,531)	21,449	(121,443)	(266,626)	5,710	(1,457,191)
Net assets at beginning of year	89,120	1,298,106	4,062,684	(2,104,128)	410,656	9,734,382
Other transfers to (from) net assets	-	-	-	-	-	-
Net assets at end of year	<u>\$ (411)</u>	<u>\$ 1,319,555</u>	<u>\$ 3,941,241</u>	<u>\$ (2,370,754)</u>	<u>\$ 416,366</u>	<u>\$ 8,277,191</u>

Consolidating Statement of Financial Position
Mercy Housing Southeast
December 31, 2009

	Mercy Housing Southeast	Mercy Place (Belmont)	Mercy Housing Pembroke, Inc. (McFadden Place)	Rendu Terrace	Mercy Housing Georgia Holdings, LLC
Assets					
Current assets					
Cash and cash equivalents	\$ 2,516	\$ 12,597	\$ 4,326	\$ -	\$ 7,532
Cash, tenant security deposits	-	10,491	6,895	-	-
Cash, restricted	182,327	8,637	2,563	-	1,554
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	120,031	1,315	646	-	2,445
Due from affiliate, net	1,861,186	-	-	-	-
Pledges receivable	2,795	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	417,913	-	-	-	-
Prepaid expenses and other assets	26,802	4,514	4,102	-	248
Total current assets	2,613,570	37,554	18,532	-	11,779
Property and equipment					
Land and land improvements	-	-	49,640	-	15,789
Buildings	-	3,269,826	1,779,257	-	297,827
Furniture and equipment	39,061	60,348	14,714	-	4,596
Predevelopment project costs	1,256,088	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(37,470)	(597,908)	(356,789)	-	(42,296)
Net property and equipment	1,257,679	2,732,266	1,486,822	-	275,916
Other long-term assets					
Restricted property reserves	-	65,541	61,113	39,086	-
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	310,668	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	88,096	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	-	-	-	2,441
Total other long-term assets	398,764	65,541	61,113	39,086	2,441
Total assets	\$ 4,270,013	\$ 2,835,361	\$ 1,566,467	\$ 39,086	\$ 290,136
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 406,834	\$ 25,151	\$ 31,934	\$ 39,086	\$ 3,247
Due to affiliates	3,315,990	23,653	35,829	-	-
Accrued interest	-	-	-	-	101
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	-	-	5,192
Current portion of notes payable, affiliates	1,458,097	-	-	-	9,686
Deferred revenue	-	-	232	-	525
Tenant security deposits	-	10,388	6,647	-	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	5,180,921	59,192	74,642	39,086	18,751
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	-	-	-	157,316
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	-	-	-	-	157,316
Total liabilities	5,180,921	59,192	74,642	39,086	176,067
Net assets					
Unrestricted net assets	(1,424,294)	(136,802)	(139,508)	-	114,069
Temporarily restricted net assets	513,386	2,912,971	1,631,333	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(910,908)	2,776,169	1,491,825	-	114,069
Total liabilities and net assets	\$ 4,270,013	\$ 2,835,361	\$ 1,566,467	\$ 39,086	\$ 290,136

Consolidating Statement of Financial Position
Mercy Housing Southeast
December 31, 2009

	Marshside Village, Inc.	Allegre Point Senior	Mercy Properties Georgia, Inc.	Consolidated Mercy Community Housing Georgia	Eliminations	Consolidated Mercy Housing Southeast
Assets						
Current assets						
Cash and cash equivalents	\$ 24,749	\$ 87,028	\$ -	\$ 404,780	\$ -	\$ 543,528
Cash, tenant security deposits	11,450	18,760	-	76,627	-	124,223
Cash, restricted	-	27,937	-	627,732	-	850,750
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	1,163	4,794	-	27,577	(8,332)	149,639
Due from affiliate, net	-	1,713	-	47,100	(1,849,045)	60,954
Pledges receivable	-	-	-	-	-	2,795
Grants receivable	-	127,286	-	-	-	127,286
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	(326,798)	91,115
Prepaid expenses and other assets	5,012	11,623	-	154,381	-	206,682
Total current assets	42,374	279,141	-	1,338,197	(2,184,175)	2,156,972
Property and equipment						
Land and land improvements	241,500	317,000	-	9,810,468	-	10,434,397
Buildings	3,539,038	5,924,001	-	72,848,779	(1,504,817)	86,153,911
Furniture and equipment	108,319	112,202	-	1,392,682	-	1,731,922
Predevelopment project costs	-	-	-	-	-	1,256,088
Construction in progress	-	-	-	2,923,448	(2,054,684)	868,764
Accumulated depreciation	(337,851)	(272,196)	-	(6,114,920)	126,711	(7,632,719)
Net property and equipment	3,551,006	6,081,007	-	80,860,457	(3,432,790)	92,812,363
Other long-term assets						
Restricted property reserves	151,637	22,050	-	7,273,155	-	7,612,582
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	310,668
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	-	23,224	-	(23,224)	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	88,096
Allowance for impaired assets	-	-	-	-	-	-
Other assets	-	41,524	-	3,678,255	-	3,722,220
Total other long-term assets	151,637	63,574	23,224	10,951,410	(23,224)	11,733,566
Total assets	\$ 3,745,017	\$ 6,423,722	\$ 23,224	\$ 93,150,064	\$ (5,640,189)	\$ 106,702,901
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 16,207	\$ 166,824	\$ -	\$ 2,602,954	\$ (74,665)	\$ 3,217,572
Due to affiliates	2,290	16,049	-	284,120	(332,344)	3,345,587
Accrued interest	-	-	-	109,985	-	110,086
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	-	-	1,311,361	-	1,316,553
Current portion of notes payable, affiliates	-	38,904	-	245,466	(294,056)	1,458,097
Deferred revenue	101	1,333	-	106,812	-	109,003
Tenant security deposits	11,216	18,713	-	69,798	-	116,762
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	29,814	241,823	-	4,730,496	(701,065)	9,673,660
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	108	-	108
Accrued interest, affiliates	-	-	-	-	-	-
Notes payable, less current portion	-	-	-	41,632,887	-	41,790,203
Notes payable, less current portion, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	5,506,766	(5,348,602)	158,164
Total long-term liabilities	-	-	-	47,139,761	(5,348,602)	41,948,475
Total liabilities	29,814	241,823	-	51,870,257	(6,049,667)	51,622,135
Net assets						
Unrestricted net assets	(71,146)	118,394	23,224	41,227,015	409,478	40,120,430
Temporarily restricted net assets	3,786,349	6,063,505	-	52,792	-	14,960,336
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	3,715,203	6,181,899	23,224	41,279,807	409,478	55,080,766
Total liabilities and net assets	\$ 3,745,017	\$ 6,423,722	\$ 23,224	\$ 93,150,064	\$ (5,640,189)	\$ 106,702,901

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Southeast
For the year ended December 31, 2009

	Mercy Housing Southeast	Mercy Place (Belmont)	Mercy Housing Pembroke, Inc. (McFadden Place)	Rendu Terrace	Mercy Housing Georgia Holdings, LLC
Revenues					
Rent - net of vacancies	\$ -	\$ 198,372	\$ 146,198	\$ 129,890	\$ 17,559
Developer fees	1,257,152	-	-	-	-
Services fees	223,020	-	-	-	-
Philanthropy	284,963	-	-	-	-
Capital Grants	-	-	-	-	-
Consulting	13,443	-	-	-	-
Interest	6,166	109	65	83	-
Other	40,956	1,278	1,250	2,728	2,426
Total revenues	<u>1,825,700</u>	<u>199,759</u>	<u>147,513</u>	<u>132,701</u>	<u>19,985</u>
Expenses and losses					
Compensation	1,190,205	100,031	28,119	15,810	-
Administrative	201,217	52,327	33,329	31,735	252
Professional services	46,557	37,594	15,557	(1,301)	1,625
Depreciation and amortization	3,210	125,691	66,741	278,737	11,613
Grants	7,110	-	-	-	-
Facility	97,516	43,415	64,497	83,105	499
Interest and fees	53,152	6	23	-	6,244
Bad debts	251,079	-	737	-	-
Provision for impaired assets	-	-	-	-	-
Project expenses	270,203	-	-	-	-
Allocation	449,976	-	-	-	-
(Gain) loss on sale of assets	-	-	-	(275,385)	-
(Gain) loss on investment in limited partnership	-	-	-	-	-
Total expenses and losses	<u>2,570,225</u>	<u>359,064</u>	<u>209,003</u>	<u>132,701</u>	<u>20,233</u>
Excess (deficiency) of revenues over expenses	(744,525)	(159,305)	(61,490)	-	(248)
Net assets at beginning of year	(166,383)	2,935,474	1,553,315	4,037,787	114,317
Other transfers to (from) net assets	-	-	-	(4,037,787)	-
Net assets at end of year	<u>\$ (910,908)</u>	<u>\$ 2,776,169</u>	<u>\$ 1,491,825</u>	<u>\$ -</u>	<u>\$ 114,069</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Southeast
For the year ended December 31, 2009

	Marshside Village, Inc.	Allegre Point Senior	Mercy Properties Georgia, Inc.	Consolidated Mercy Community Housing Georgia	Eliminations	Consolidated Mercy Housing Southeast
Revenues						
Rent - net of vacancies	\$ 187,393	\$ 310,366	\$ -	\$ 4,483,926	\$ -	\$ 5,473,704
Developer fees	-	-	-	-	1	1,257,153
Services fees	-	-	-	20,600	(81,984)	161,636
Philanthropy	-	-	-	-	-	284,963
Capital Grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	13,443
Interest	545	50	-	1,065,575	(5,868)	1,066,725
Other	4,548	34,879	-	394,787	(18,997)	463,855
Total revenues	<u>192,486</u>	<u>345,295</u>	<u>-</u>	<u>5,964,888</u>	<u>(106,848)</u>	<u>8,721,479</u>
Expenses and losses						
Compensation	52,442	80,455	-	1,196,242	-	2,663,304
Administrative	40,321	106,991	-	936,353	(12,000)	1,390,525
Professional services	9,557	16,538	902	289,583	(69,983)	346,629
Depreciation and amortization	147,401	275,375	-	2,783,578	(39,635)	3,652,711
Grants	-	-	(1,248)	111	-	5,973
Facility	54,199	71,167	-	2,128,315	-	2,542,713
Interest and fees	-	2,145	26	1,926,804	(5,868)	1,982,532
Bad debts	-	77	-	273,574	(237,290)	288,177
Provision for impaired assets	-	-	-	-	-	-
Project expenses	-	-	-	-	-	270,203
Allocation	-	-	-	-	-	449,976
(Gain) loss on sale of assets	-	-	-	-	(27,579)	(302,964)
(Gain) loss on investment in limited partnership	-	-	(23,224)	-	23,224	-
Total expenses and losses	<u>303,920</u>	<u>552,748</u>	<u>(23,544)</u>	<u>9,534,560</u>	<u>(369,131)</u>	<u>13,289,779</u>
Excess (deficiency) of revenues over expenses	<u>(111,434)</u>	<u>(207,453)</u>	<u>23,544</u>	<u>(3,569,672)</u>	<u>262,283</u>	<u>(4,568,300)</u>
Net assets at beginning of year	3,826,637	6,389,352	(320)	34,247,280	147,195	53,084,654
Other transfers to (from) net assets	-	-	-	10,602,199	-	6,564,412
Net assets at end of year	<u>\$ 3,715,203</u>	<u>\$ 6,181,899</u>	<u>\$ 23,224</u>	<u>\$ 41,279,807</u>	<u>\$ 409,478</u>	<u>\$ 55,080,766</u>

Consolidating Statement of Financial Position
Mercy Community Housing Georgia
December 31, 2009

	Mercy Community Housing Georgia	Mercy Housing Georgia I (Heritage Place Apartments)	Mercy Housing Georgia IV (Heritage Corners/ HeritageRow)	Mercy Housing Georgia V (Chamblee Senior Apartments)	Mercy Housing Georgia VI, LP (The Atrium at College Station)
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 3,541	\$ 17,410	\$ 54,269	\$ 165,846
Cash, tenant security deposits	-	22,723	19,194	12,417	1,072
Cash, restricted	-	-	-	20,449	9,221
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	5,702	3,814	6,151	4,888
Due from affiliate, net	77,000	-	618	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	15,726	11,507	12,841	39,200
Total current assets	77,000	47,692	52,543	106,127	220,227
Property and equipment					
Land and land improvements	-	1,846,351	979,190	734,506	140,506
Buildings	-	6,045,272	7,922,451	5,420,011	16,023,313
Furniture and equipment	-	77,241	98,270	208,244	422,315
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(2,432,534)	(1,314,478)	(572,184)	(641,245)
Net property and equipment	-	5,536,330	7,685,433	5,790,577	15,944,889
Other long-term assets					
Restricted property reserves	-	245,777	113,903	130,693	241,635
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	(7,417)	-	-	-	-
Notes and interest receivable, net	914	-	-	-	-
Notes and interest receivable, affiliates	(914)	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	16,446	105,197	147,153	433,353
Total other long-term assets	(7,417)	262,223	219,100	277,846	674,988
Total assets	\$ 69,583	\$ 5,846,245	\$ 7,957,076	\$ 6,174,550	\$ 16,840,104
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 65,155	\$ 49,214	\$ 29,123	\$ 140,154
Due to affiliates	20,124	132,082	17,267	12,000	51,790
Accrued interest	-	487	5,393	6,105	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	22,900	25,084	9,590	23,787
Current portion of notes payable, affiliates	-	-	38,503	-	-
Deferred revenue	-	282	1,096	1,229	2,489
Tenant security deposits	-	21,155	18,050	10,800	1,077
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	20,124	242,061	154,607	68,847	219,297
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	914	108
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	527,978	1,196,288	948,755	8,001,190
Notes payable, less current portion, affiliates	-	-	-	56,107	-
Deferred revenue and other liabilities	-	-	761,816	-	158,164
Total long-term liabilities	-	527,978	1,958,104	1,005,776	8,159,462
Total liabilities	20,124	770,039	2,112,711	1,074,623	8,378,759
Net assets					
Unrestricted net assets	(3,333)	5,076,206	5,844,365	5,099,927	8,461,345
Temporarily restricted net assets	52,792	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	49,459	5,076,206	5,844,365	5,099,927	8,461,345
Total liabilities and net assets	\$ 69,583	\$ 5,846,245	\$ 7,957,076	\$ 6,174,550	\$ 16,840,104

Consolidating Statement of Financial Position
Mercy Community Housing Georgia
December 31, 2009

	MPI Highland Place LLC	MPI Highland Place Apartments, LP (Hills of Fairington Apartments)	MCHG Partners, Inc	Acquisition Properties Georgia I (Magnolia Village)	Reynoldstown Senior Apartments (Renoldstown)
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 65,319	\$ -	\$ 84,094	\$ -
Cash, tenant security deposits	-	1,463	-	18,938	-
Cash, restricted	-	93,993	-	490,131	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	67	-	2,485	-
Due from affiliate, net	-	9,346	61,818	9,736	23,459
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	51,346	-	15,447	-
Total current assets	-	221,534	61,818	620,831	23,459
Property and equipment					
Land and land improvements	-	2,891,283	-	613,677	-
Buildings	-	23,193,666	-	6,610,246	-
Furniture and equipment	-	5,137	-	405,415	-
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	2,923,448	-	-	-
Accumulated depreciation	-	(625,668)	-	(462,292)	-
Net property and equipment	-	28,387,866	-	7,167,046	-
Other long-term assets					
Restricted property reserves	-	5,972,140	-	569,007	-
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	108	-	678	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	2,621,358	-	125,611	-
Total other long-term assets	108	8,593,498	678	694,618	-
Total assets	\$ 108	\$ 37,202,898	\$ 62,496	\$ 8,482,495	\$ 23,459
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 1,955,466	\$ -	\$ 45,348	\$ -
Due to affiliates	2,416	117,199	2,451	94,660	-
Accrued interest	-	60,725	-	29,948	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-
Current portion of notes payable, affiliates	-	14,583	-	175,846	-
Deferred revenue	-	100,903	-	775	-
Tenant security deposits	-	150	-	17,766	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	2,416	2,249,026	2,451	364,343	-
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	27,004,500	-	749,176	-
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	3,126,320	-	785,975	-
Total long-term liabilities	-	30,130,820	-	1,535,151	-
Total liabilities	2,416	32,379,846	2,451	1,899,494	-
Net assets					
Unrestricted net assets	(2,308)	4,823,052	60,045	6,583,001	23,459
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(2,308)	4,823,052	60,045	6,583,001	23,459
Total liabilities and net assets	\$ 108	\$ 37,202,898	\$ 62,496	\$ 8,482,495	\$ 23,459

Consolidating Statement of Financial Position
Mercy Community Housing Georgia
December 31, 2009

	Mercy Lithonia Park View, Inc	Mercy Housing Georgia VIII (Terraces at Park View)	Eliminations	Consolidated Mercy Community Housing Georgia
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 14,301	\$ -	\$ 404,780
Cash, tenant security deposits	-	820	-	76,627
Cash, restricted	-	13,938	-	627,732
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	4,470	-	27,577
Due from affiliate, net	-	4,559	(139,436)	47,100
Pledges receivable	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	8,314	-	154,381
Total current assets	-	46,402	(139,436)	1,338,197
Property and equipment				
Land and land improvements	-	2,604,955	-	9,810,468
Buildings	-	7,633,820	-	72,848,779
Furniture and equipment	-	176,060	-	1,392,682
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	2,923,448
Accumulated depreciation	-	(66,519)	-	(6,114,920)
Net property and equipment	-	10,348,316	-	80,860,457
Other long-term assets				
Restricted property reserves	-	-	-	7,273,155
Cash, restricted	-	-	-	-
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Investments in limited partnerships	40	-	6,591	-
Notes and interest receivable, net	-	-	(914)	-
Notes and interest receivable, affiliates	-	-	914	-
Allowance for impaired assets	-	-	-	-
Other assets	-	229,137	-	3,678,255
Total other long-term assets	40	229,137	6,591	10,951,410
Total assets	\$ 40	\$ 10,623,855	\$ (132,845)	\$ 93,150,064
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 318,494	\$ -	\$ 2,602,954
Due to affiliates	1,437	32,100	(199,406)	284,120
Accrued interest	-	7,327	-	109,985
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	1,230,000	-	1,311,361
Current portion of notes payable, affiliates	-	16,534	-	245,466
Deferred revenue	-	38	-	106,812
Tenant security deposits	-	800	-	69,798
Miscellaneous current liabilities	-	-	-	-
Total current liabilities	1,437	1,605,293	(199,406)	4,730,496
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	-	(914)	108
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion	-	3,205,000	-	41,632,887
Notes payable, less current portion, affiliates	-	-	(56,107)	-
Deferred revenue and other liabilities	-	674,491	-	5,506,766
Total long-term liabilities	-	3,879,491	(57,021)	47,139,761
Total liabilities	1,437	5,484,784	(256,427)	51,870,257
Net assets				
Unrestricted net assets	(1,397)	5,139,071	123,582	41,227,015
Temporarily restricted net assets	-	-	-	52,792
Permanently restricted net assets	-	-	-	-
Total net assets	(1,397)	5,139,071	123,582	41,279,807
Total liabilities and net assets	\$ 40	\$ 10,623,855	\$ (132,845)	\$ 93,150,064

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Community Housing Georgia
For the year ended December 31, 2009

	Mercy Community Housing Georgia	Mercy Housing Georgia I (Heritage Place Apartments)	Mercy Housing Georgia IV (Heritage Corners/ HeritageRow)	Mercy Housing Georgia V (Chamblee Senior Apartments)	Mercy Housing Georgia VI, LP (The Atrium at College Station)
Revenues					
Rent - net of vacancies	\$ -	\$ 500,073	\$ 387,708	\$ 419,808	\$ 1,352,324
Developer fees	-	-	-	-	-
Services fees	64,500	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	281	823	483	295	88
Other	-	25,909	18,739	6,958	43,767
Total revenues	<u>64,781</u>	<u>526,805</u>	<u>406,930</u>	<u>427,061</u>	<u>1,396,179</u>
Expenses and losses					
Compensation	-	97,257	64,484	91,134	351,641
Administrative	12,000	101,800	57,725	82,300	345,965
Professional services	864	27,559	26,663	40,937	50,784
Depreciation and amortization	-	339,852	341,520	283,677	607,933
Grants	-	-	-	-	-
Facility	-	238,694	138,449	107,209	488,630
Interest and fees	329	28,332	66,429	75,153	281,802
Bad debts	-	17,722	12,065	7,384	1,125
Provision for impaired assets	281	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	(454)	-	-	-	-
Total expenses and losses	<u>13,020</u>	<u>851,216</u>	<u>707,335</u>	<u>687,794</u>	<u>2,127,880</u>
Excess (deficiency) of revenues over expenses	51,761	(324,411)	(300,405)	(260,733)	(731,701)
Net assets at beginning of year	17,698	5,400,617	6,144,770	5,360,660	6,849,530
Other transfers to (from) net assets	(20,000)	-	-	-	2,343,516
Net assets at end of year	<u>\$ 49,459</u>	<u>\$ 5,076,206</u>	<u>\$ 5,844,365</u>	<u>\$ 5,099,927</u>	<u>\$ 8,461,345</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Community Housing Georgia
For the year ended December 31, 2009

	MPI Highland Place LLC	MPI Highland Place Apartments, LP (Hills of Fairington Apartments)	MCHG Partners, Inc	Acquisition Properties Georgia I (Magnolia Village)	Reynoldstown Senior Apartments (Renoldstown)
Revenues					
Rent - net of vacancies	\$ -	\$ 1,354,159	\$ -	\$ 467,358	\$ -
Developer fees	-	-	-	-	-
Services fees	-	-	41,818	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	1,063,783	-	103	-
Other	-	230,713	-	44,507	23,459
Total revenues	-	2,648,655	41,818	511,968	23,459
Expenses and losses					
Compensation	-	482,411	-	100,075	-
Administrative	-	213,399	-	131,462	-
Professional services	2,258	90,237	1,153	27,770	-
Depreciation and amortization	-	803,805	-	336,729	-
Grants	-	-	75	-	-
Facility	-	956,546	-	167,316	-
Interest and fees	58	1,428,956	-	45,735	-
Bad debts	-	234,220	-	1,058	-
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	(8)	-	(639)	-	-
Total expenses and losses	2,308	4,209,574	589	810,145	-
Excess (deficiency) of revenues over expenses	(2,308)	(1,560,919)	41,229	(298,177)	23,459
Net assets at beginning of year	-	3,106,368	(1,184)	5,547,194	-
Other transfers to (from) net assets	-	3,277,603	20,000	1,333,984	-
Net assets at end of year	<u>\$ (2,308)</u>	<u>\$ 4,823,052</u>	<u>\$ 60,045</u>	<u>\$ 6,583,001</u>	<u>\$ 23,459</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Community Housing Georgia
For the year ended December 31, 2009

	Mercy Lithonia Park View, Inc	Mercy Housing Georgia VIII (Terraces at Park View)	Eliminations	Consolidated Mercy Community Housing Georgia
Revenues				
Rent - net of vacancies	\$ -	\$ 2,496	\$ -	\$ 4,483,926
Developer fees	-	-	-	-
Services fees	-	-	(85,718)	20,600
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	-	(281)	1,065,575
Other	-	735	-	394,787
Total revenues	-	3,231	(85,999)	5,964,888
Expenses and losses				
Compensation	-	9,240	-	1,196,242
Administrative	-	77,418	(85,716)	936,353
Professional services	1,032	20,326	-	289,583
Depreciation and amortization	-	70,062	-	2,783,578
Grants	36	-	-	111
Facility	-	31,471	-	2,128,315
Interest and fees	-	291	(281)	1,926,804
Bad debts	-	-	-	273,574
Provision for impaired assets	-	-	(281)	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	9	-	1,092	-
Total expenses and losses	1,077	208,808	(85,186)	9,534,560
Excess (deficiency) of revenues over expenses	(1,077)	(205,577)	(813)	(3,569,672)
Net assets at beginning of year	(320)	1,697,352	124,595	34,247,280
Other transfers to (from) net assets	-	3,647,296	(200)	10,602,199
Net assets at end of year	<u>\$ (1,397)</u>	<u>\$ 5,139,071</u>	<u>\$ 123,582</u>	<u>\$ 41,279,807</u>

Consolidating Statement of Financial Position
Intercommunity Mercy Housing
December 31, 2009

Assets

	Intercommunity Mercy Housing	Intercommunity Properties (Appian Way)	Intercommunity Housing Ferndale	Sterling Senior	Appian Way Manager LLC	Appian Way Mercy LLC
Current assets						
Cash and cash equivalents	\$ 1,060,378	\$ -	\$ 75,554	\$ 34,871	\$ 49,685	\$ 122,788
Cash, tenant security deposits	-	-	8,354	5,664	-	82,140
Cash, restricted	1,264,446	-	-	8,856	-	74,074
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	563	-	2,587	160	-	13,570
Due from affiliate, net	1,477,802	-	-	-	-	-
Pledges receivable	111,222	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	327,444	-	-	-	-	-
Prepaid expenses and other assets	20,186	-	4,901	3,306	-	23,086
Total current assets	4,262,041	-	91,396	52,857	49,685	315,658
Property and equipment						
Land and land improvements	-	-	158,559	303,978	-	1,857,501
Buildings	20,294	-	1,262,397	2,190,185	-	20,648,676
Furniture and equipment	43,132	-	111,232	7,629	-	725,339
Predevelopment project costs	106,784	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	(46,800)	-	(641,827)	(289,780)	-	(513,778)
Net property and equipment	123,410	-	890,361	2,212,012	-	22,717,738
Other long-term assets						
Restricted property reserves	-	-	244,401	29,922	-	229,106
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	342,471	-	-	-	-	-
Pledges receivable, net	308,672	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	(412,596)	-	-	-	244,958	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	4,199,523	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	33,897	-	-	-	-	627,954
Total other long-term assets	4,471,967	-	244,401	29,922	244,958	857,060
Total assets	\$ 8,857,418	\$ -	\$ 1,226,158	\$ 2,294,791	\$ 294,643	\$ 23,890,456

Liabilities

Current liabilities						
Accounts payable and accrued expenses	\$ 212,537	\$ -	\$ 32,229	\$ 19,033	\$ -	\$ 1,788,549
Due to affiliates	-	-	-	-	-	1,412
Accrued interest	-	-	340	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	27,023	-	32,102	-	-	-
Current portion of notes payable, affiliates	802,443	-	-	-	-	-
Deferred revenue	223,900	-	109	86	-	274
Tenant security deposits	-	-	8,253	5,662	-	80,990
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	1,265,903	-	73,033	24,781	-	1,871,225
Long-term liabilities						
Due to affiliates	-	-	-	-	-	327,623
Accrued interest	-	-	-	-	-	-
Accrued interest, affiliates	2,370	-	-	-	-	181,120
Notes payable, less current portion	72,190	-	26,127	-	-	14,726,114
Notes payable, less current portion, affiliates	974,970	-	-	79,106	-	4,085,089
Deferred revenue and other liabilities	636,020	-	-	-	-	2,593,200
Total long-term liabilities	1,685,550	-	26,127	79,106	-	21,913,146
Total liabilities	2,951,453	-	99,160	103,887	-	23,784,371
Net assets						
Unrestricted net assets	4,925,215	-	417,227	2,355	294,643	106,085
Temporarily restricted net assets	980,750	-	709,771	2,188,549	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	5,905,965	-	1,126,998	2,190,904	294,643	106,085
Total liabilities and net assets	\$ 8,857,418	\$ -	\$ 1,226,158	\$ 2,294,791	\$ 294,643	\$ 23,890,456

Consolidating Statement of Financial Position
Intercommunity Mercy Housing
December 31, 2009

	New Tacoma Phase I GP LLC	New Tacoma Senior Housing Phase I	New Tacoma Phase II Mercy LLC	Consolidated Mercy Properties Washington	Eliminations	Consolidated Intercommunity Mercy Housing
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,192,108	\$ -	\$ 2,535,384
Cash, tenant security deposits	-	-	-	247,225	-	343,383
Cash, restricted	-	10,001	-	66,082	-	1,423,459
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	100	-	-	23,496	(795)	39,681
Due from affiliate, net	-	-	-	226	(1,408,634)	69,394
Pledges receivable	-	-	-	-	-	111,222
Grants receivable	8,216,400	-	-	-	-	8,216,400
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	(105,070)	222,374
Prepaid expenses and other assets	-	-	33,027	94,925	-	179,431
Total current assets	8,216,500	10,001	33,027	1,624,062	(1,514,499)	13,140,728
Property and equipment						
Land and land improvements	-	1,400,000	823,041	8,573,047	(2,816)	13,113,310
Buildings	-	-	-	54,835,665	(5,317,913)	73,639,304
Furniture and equipment	-	-	-	1,907,112	-	2,794,444
Predevelopment project costs	-	-	-	-	-	106,784
Construction in progress	-	2,575,036	24,337	-	(265,900)	2,333,473
Accumulated depreciation	-	-	-	(20,355,168)	45,387	(21,801,966)
Net property and equipment	-	3,975,036	847,378	44,960,656	(5,541,242)	70,185,349
Other long-term assets						
Restricted property reserves	-	11,225,653	-	1,594,121	-	13,323,203
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	(342,471)	-
Pledges receivable, net	-	-	-	-	-	308,672
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	1,761,693	-	-	-	(2,006,651)	(412,596)
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	(3,953,993)	245,530
Allowance for impaired assets	-	-	-	-	-	-
Other assets	-	808,157	-	484,055	-	1,954,063
Total other long-term assets	1,761,693	12,033,810	-	2,078,176	(6,303,115)	15,418,872
Total assets	\$ 9,978,193	\$ 16,018,847	\$ 880,405	\$ 48,662,894	\$ (13,358,856)	\$ 98,744,949
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 247,662	\$ (795)	\$ 2,299,215
Due to affiliates	415	21,578	-	139,897	(162,043)	1,259
Accrued interest	-	-	-	59,085	-	59,425
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	-	300,348	256,580	-	616,053
Current portion of notes payable, affiliates	-	105,070	-	-	(105,070)	802,443
Deferred revenue	-	-	-	42,223	(223,900)	42,692
Tenant security deposits	-	-	-	238,785	-	333,690
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	415	126,648	300,348	984,232	(491,808)	4,154,777
Long-term liabilities						
Due to affiliates	-	-	-	180,000	(507,623)	-
Accrued interest	-	-	5,057	167,849	-	172,906
Accrued interest, affiliates	-	-	-	26,159	(195,061)	14,588
Notes payable, less current portion	-	13,848,837	575,000	19,319,183	-	48,567,451
Notes payable, less current portion, affiliates	-	-	-	1,373,850	(4,364,145)	2,148,870
Deferred revenue and other liabilities	-	42,000	-	415,035	(2,276,862)	1,409,393
Total long-term liabilities	-	13,890,837	580,057	21,482,076	(7,343,691)	52,313,208
Total liabilities	415	14,017,485	880,405	22,466,308	(7,835,499)	56,467,985
Net assets						
Unrestricted net assets	1,761,378	2,001,362	-	25,855,336	(5,523,357)	29,840,244
Temporarily restricted net assets	8,216,400	-	-	341,250	-	12,436,720
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	9,977,778	2,001,362	-	26,196,586	(5,523,357)	42,276,964
Total liabilities and net assets	\$ 9,978,193	\$ 16,018,847	\$ 880,405	\$ 48,662,894	\$ (13,358,856)	\$ 98,744,949

Consolidating Statement of Activities
and Changes in Net Assets
Intercommunity Mercy Housing
For the year ended December 31, 2009

	Intercommunity Mercy Housing	Intercommunity Properties (Appian Way)	Intercommunity Housing Ferndale	Sterling Senior	Appian Way Manager LLC	Appian Way Mercy LLC
Revenues						
Rent - net of vacancies	\$ -	\$ -	\$ 286,286	\$ 111,326	\$ -	\$ 807,891
Developer fees	1,930,064	-	-	-	-	-
Services fees	700,012	-	-	-	-	-
Fund raising	991,202	-	-	-	-	-
Capital grants	95,000	-	-	-	-	-
Consulting	122,765	-	-	-	-	-
Interest	150,580	61,406	23,997	77	-	174
Other	4,268,830	1,115	9,466	8,132	95,000	32,913
Total revenues	8,258,453	62,521	319,749	119,535	95,000	840,978
Expenses and losses						
Compensation	1,585,007	529	39,739	10,754	-	165,657
Administrative	400,131	54	22,948	25,521	-	160,736
Professional services	115,442	(1,670)	9,565	14,490	315	17,516
Depreciation and amortization	9,668	-	52,772	80,729	-	521,119
Grants	1,927,270	4,183,020	-	-	-	27,260
Facility	106,894	50	94,312	40,636	-	220,126
Interest and fees	(3,591)	115	5,155	-	-	145,512
Bad debts	93,601	-	868	947	-	3,181
Provision for impaired assets	39,332	-	-	-	-	-
Project expenses	43,978	-	-	-	-	-
Allocation	578,688	-	-	-	-	-
(Gain) loss on sale of assets	-	(263)	-	-	-	-
(Gain) loss on investment in limited partnership	312,978	-	-	-	42	-
Total expenses and losses	5,209,398	4,181,835	225,359	173,077	357	1,261,107
Excess (deficiency) of revenues over expenses	3,049,055	(4,119,314)	94,390	(53,542)	94,643	(420,129)
Net assets at the beginning of year	2,856,910	4,119,314	1,032,608	2,244,446	200,000	199,004
Net transfers to (from) net assets	-	-	-	-	-	327,210
Net assets at end of year	\$ 5,905,965	\$ -	\$ 1,126,998	\$ 2,190,904	\$ 294,643	\$ 106,085

Consolidating Statement of Activities
and Changes in Net Assets
Intercommunity Mercy Housing
For the year ended December 31, 2009

	New Tacoma Phase I GP LLC	New Tacoma Senior Housing Phase I	New Tacoma Phase II Mercy LLC	Consolidated Mercy Properties Washington	Eliminations	Consolidated Intercommunity Mercy Housing
Revenues						
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 4,319,907	\$ (47,328)	\$ 5,478,082
Developer fees	-	-	-	-	(107,936)	1,822,128
Services fees	-	-	-	-	(572,198)	127,814
Fund raising	-	-	-	-	-	991,202
Capital grants	8,216,400	-	-	-	-	8,311,400
Consulting	-	-	-	-	-	122,765
Interest	-	1	-	5,112	(175,480)	65,867
Other	1,761,693	-	-	190,200	(6,078,882)	288,467
Total revenues	<u>9,978,093</u>	<u>1</u>	<u>-</u>	<u>4,515,219</u>	<u>(6,981,824)</u>	<u>17,207,725</u>
Expenses and losses						
Compensation	-	-	-	715,988	-	2,517,674
Administrative	-	6,479	-	894,995	(278,419)	1,232,445
Professional services	314	-	-	393,386	(297,890)	251,468
Depreciation and amortization	-	-	-	2,379,251	(23,773)	3,019,766
Grants	-	-	-	-	(6,089,593)	47,957
Facility	-	-	-	1,349,980	(32,504)	1,779,494
Interest and fees	-	-	-	669,494	(114,614)	702,071
Bad debts	-	-	-	53,596	-	152,193
Provision for impaired assets	-	-	-	-	(7,499)	31,833
Project expenses	-	-	-	-	-	43,978
Allocation	-	-	-	-	-	578,688
(Gain) loss on sale of assets	-	-	-	-	-	(263)
(Gain) loss on investment in limited partnership	1	-	-	-	(43)	312,978
Total expenses and losses	<u>315</u>	<u>6,479</u>	<u>-</u>	<u>6,456,690</u>	<u>(6,844,335)</u>	<u>10,670,282</u>
Excess (deficiency) of revenues over expenses	<u>9,977,778</u>	<u>(6,478)</u>	<u>-</u>	<u>(1,941,471)</u>	<u>(137,489)</u>	<u>6,537,443</u>
Net assets at the beginning of year	-	-	-	28,138,057	(3,579,175)	35,211,164
Net transfers to (from) net assets	-	2,007,840	-	-	(1,806,693)	528,357
Net assets at end of year	<u>\$ 9,977,778</u>	<u>\$ 2,001,362</u>	<u>\$ -</u>	<u>\$ 26,196,586</u>	<u>\$ (5,523,357)</u>	<u>\$ 42,276,964</u>

Consolidating Statement of Financial Position
Mercy Properties Washington
December 31, 2009

	Mercy Properties Washington	Mercy Housing Washington I (Evergreen Vista)	Mercy Housing Washington II (Family Tree)	Mercy Housing Washington VIII (Hillside Gardens)	Mercy Housing Washington VI (Lincoln Way II)
Assets					
Current assets					
Cash and cash equivalents	\$ 27,323	\$ 162,859	\$ 536,264	\$ 54,138	\$ 111,530
Cash, tenant security deposits	-	51,198	77,970	14,179	31,114
Cash, restricted	-	13,328	-	-	40,375
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	10,435	6,667	1,123	607
Due from affiliate, net	78,133	-	-	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	17,214	24,487	4,830	9,696
Total current assets	105,456	255,034	645,388	74,270	193,322
Property and equipment					
Land and land improvements	-	605,970	2,075,947	384,489	1,574,745
Buildings	-	10,918,147	11,974,832	3,022,581	4,550,634
Furniture and equipment	-	456,532	539,495	113,316	180,471
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(5,403,280)	(7,094,806)	(921,313)	(2,010,768)
Net property and equipment	-	6,577,369	7,495,468	2,599,073	4,295,082
Other long-term assets					
Restricted property reserves	-	259,080	231,604	81,187	193,510
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	2,003,110	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	42,872	103,517	31,558	18,270
Total other long-term assets	2,003,110	301,952	335,121	112,745	211,780
Total assets	\$ 2,108,566	\$ 7,134,355	\$ 8,475,977	\$ 2,786,088	\$ 4,700,184
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 66,574	\$ 25,436	\$ 23,566	\$ 27,203
Due to affiliates	119,780	18,731	18,009	109,822	-
Accrued interest	-	15,112	24,030	-	6,345
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	48,890	74,768	4,536	21,286
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	-	9,064	21,050	391	7
Tenant security deposits	-	46,797	76,189	13,429	30,243
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	119,780	205,168	239,482	151,744	85,084
Long-term liabilities					
Due to affiliates	180,000	-	-	-	-
Accrued interest	-	-	-	-	167,849
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	3,296,394	5,254,396	863,176	2,781,407
Notes payable, less current portion, affiliates	-	436,950	436,950	-	-
Deferred revenue and other liabilities	-	-	-	53,326	-
Total long-term liabilities	180,000	3,733,344	5,691,346	916,502	2,949,256
Total liabilities	299,780	3,938,512	5,930,828	1,068,246	3,034,340
Net assets					
Unrestricted net assets	1,467,536	3,195,843	2,545,149	1,717,842	1,665,844
Temporarily restricted net assets	341,250	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	1,808,786	3,195,843	2,545,149	1,717,842	1,665,844
Total liabilities and net assets	\$ 2,108,566	\$ 7,134,355	\$ 8,475,977	\$ 2,786,088	\$ 4,700,184

Consolidating Statement of Financial Position
Mercy Properties Washington
December 31, 2009

	Mercy Housing Washington V (Sterling Meadows)	Mercy Housing Washington VII (Eliza McCabe Townhomes)	Mercy Housing Washington IX, LP (Evergreen Vista II)	Mercy Housing Washington X, LLC (Catalina Apts.)	Eliminations	Consolidated Mercy Properties Washington
Assets						
Current assets						
Cash and cash equivalents	\$ 59,340	\$ 96,093	\$ 138,653	\$ 5,908	\$ -	\$ 1,192,108
Cash, tenant security deposits	21,949	23,156	15,178	12,481	-	247,225
Cash, restricted	4,845	-	-	7,534	-	66,082
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	876	1,347	1,271	1,170	-	23,496
Due from affiliate, net	-	226	-	-	(78,133)	226
Pledges receivable	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	7,598	7,087	11,220	12,793	-	94,925
Total current assets	94,608	127,909	166,322	39,886	(78,133)	1,624,062
Property and equipment						
Land and land improvements	873,936	615,966	1,845,921	758,573	(162,500)	8,573,047
Buildings	4,899,217	5,028,065	7,446,553	6,995,636	-	54,835,665
Furniture and equipment	195,376	185,131	129,998	106,793	-	1,907,112
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	(1,724,133)	(1,435,134)	(901,833)	(863,901)	-	(20,355,168)
Net property and equipment	4,244,396	4,394,028	8,520,639	6,997,101	(162,500)	44,960,656
Other long-term assets						
Restricted property reserves	147,521	136,894	182,520	361,805	-	1,594,121
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	(2,003,110)	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	9,381	29,646	151,357	97,454	-	484,055
Total other long-term assets	156,902	166,540	333,877	459,259	(2,003,110)	2,078,176
Total assets	\$ 4,495,906	\$ 4,688,477	\$ 9,020,838	\$ 7,496,246	\$ (2,243,743)	\$ 48,662,894
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 24,553	\$ 21,197	\$ 31,101	\$ 28,032	\$ -	\$ 247,662
Due to affiliates	-	95,821	4,687	29,050	(256,003)	139,897
Accrued interest	6,661	1,924	5,013	-	-	59,085
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	16,632	13,114	33,400	43,954	-	256,580
Current portion of notes payable, affiliates	-	-	-	-	-	-
Deferred revenue	493	1,353	8,861	1,004	-	42,223
Tenant security deposits	22,352	22,687	15,175	11,913	-	238,785
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	70,691	156,096	98,237	113,953	(256,003)	984,232
Long-term liabilities						
Due to affiliates	-	-	-	-	-	180,000
Accrued interest	-	-	-	-	-	167,849
Accrued interest, affiliates	-	-	26,159	-	-	26,159
Notes payable, less current portion	871,464	1,178,602	3,255,176	1,818,568	-	19,319,183
Notes payable, less current portion, affiliates	-	-	499,950	-	-	1,373,850
Deferred revenue and other liabilities	138,540	79,120	144,049	-	-	415,035
Total long-term liabilities	1,010,004	1,257,722	3,925,334	1,818,568	-	21,482,076
Total liabilities	1,080,695	1,413,818	4,023,571	1,932,521	(256,003)	22,466,308
Net assets						
Unrestricted net assets	3,415,211	3,274,659	4,997,267	5,563,725	(1,987,740)	25,855,336
Temporarily restricted net assets	-	-	-	-	-	341,250
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	3,415,211	3,274,659	4,997,267	5,563,725	(1,987,740)	26,196,586
Total liabilities and net assets	\$ 4,495,906	\$ 4,688,477	\$ 9,020,838	\$ 7,496,246	\$ (2,243,743)	\$ 48,662,894

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Washington
For the year ended December 31, 2009

	Mercy Properties Washington	Mercy Housing Washington I (Evergreen Vista)	Mercy Housing Washington II (Family Tree)	Mercy Housing Washington VIII (Hillside Gardens)	Mercy Housing Washington VI (Lincoln Way II)
Revenues					
Rent - net of vacancies	\$ -	\$ 878,271	\$ 1,328,417	\$ 202,184	\$ 400,774
Developer fees	-	-	-	-	-
Services fees	284,261	-	-	-	-
Philanthropy	-	-	-	-	-
Capital Grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	952	1,134	40	251
Other	-	57,340	67,653	10,345	17,143
Total revenues	<u>284,261</u>	<u>936,563</u>	<u>1,397,204</u>	<u>212,569</u>	<u>418,168</u>
Expenses and losses					
Compensation	-	175,251	194,868	31,189	75,995
Administrative	274,308	194,342	262,696	59,485	91,840
Professional services	924	74,373	105,091	16,705	26,194
Depreciation and amortization	-	418,886	465,882	143,754	228,365
Grants	-	-	-	-	-
Facility	-	305,141	398,893	76,309	118,311
Interest and fees	(201)	179,783	291,790	1,437	82,100
Bad debts	-	12,040	23,397	7,104	5,993
Provision for impaired assets	(6,258)	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	4,837	-	-	-	-
Total expenses and losses	<u>273,610</u>	<u>1,359,816</u>	<u>1,742,617</u>	<u>335,983</u>	<u>628,798</u>
Excess (deficiency) of revenues over expenses	10,651	(423,253)	(345,413)	(123,414)	(210,630)
Net assets at beginning of year	1,798,135	3,619,096	2,890,562	1,841,256	1,876,474
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 1,808,786</u>	<u>\$ 3,195,843</u>	<u>\$ 2,545,149</u>	<u>\$ 1,717,842</u>	<u>\$ 1,665,844</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Washington
For the year ended December 31, 2009

	Mercy Housing Washington V (Sterling Meadows)	Mercy Housing Washington VII (Eliza McCabe Townhomes)	Mercy Housing Washington IX, LP (Evergreen Vista II)	Mercy Housing Washington X, LLC (Catalina Apts.)	Eliminations	Consolidated Mercy Properties Washington
Revenues						
Rent - net of vacancies	\$ 351,474	\$ 335,593	\$ 480,809	\$ 342,385	\$ -	\$ 4,319,907
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	(284,261)	-
Philanthropy	-	-	-	-	-	-
Capital Grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	378	287	662	1,408	-	5,112
Other	11,987	8,880	11,968	4,884	-	190,200
Total revenues	<u>363,839</u>	<u>344,760</u>	<u>493,439</u>	<u>348,677</u>	<u>(284,261)</u>	<u>4,515,219</u>
Expenses and losses						
Compensation	42,542	37,734	57,691	100,718	-	715,988
Administrative	93,884	68,779	50,233	83,688	(284,260)	894,995
Professional services	27,507	21,209	95,596	25,787	-	393,386
Depreciation and amortization	208,352	224,688	393,760	295,564	-	2,379,251
Grants	-	-	-	-	-	-
Facility	133,821	126,325	103,289	87,891	-	1,349,980
Interest and fees	8,922	23,283	69,180	13,200	-	669,494
Bad debts	-	1,190	3,161	711	-	53,596
Provision for impaired assets	-	-	-	-	6,258	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	(4,837)	-
Total expenses and losses	<u>515,028</u>	<u>503,208</u>	<u>772,910</u>	<u>607,559</u>	<u>(282,839)</u>	<u>6,456,690</u>
Excess (deficiency) of revenues over expenses	(151,189)	(158,448)	(279,471)	(258,882)	(1,422)	(1,941,471)
Net assets at beginning of year	3,566,400	3,433,107	5,276,738	5,822,607	(1,986,318)	28,138,057
Other transfers to (from) net assets	-	-	-	-	-	-
Net assets at end of year	<u>\$ 3,415,211</u>	<u>\$ 3,274,659</u>	<u>\$ 4,997,267</u>	<u>\$ 5,563,725</u>	<u>\$ (1,987,740)</u>	<u>\$ 26,196,586</u>

Consolidating Statement of Financial Position
General Partners
December 31, 2009

	Consolidated Mercy Properties, Inc.	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue, Inc.	Mercy Affordable Housing, Inc. (MAHI)	Consolidated McDermott Place
Assets					
Current assets					
Cash and cash equivalents	\$ 3,485,092	\$ 296,728	\$ 74,515	\$ -	\$ 15,065
Cash, tenant security deposits	861,656	75,765	32,594	-	10,755
Cash, restricted	898,898	12,085	52,640	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	338,723	14,613	43	-	2,791
Due from affiliate, net	438,647	1,753	-	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	635,352	44,962	27,312	-	6,850
Total current assets	6,658,368	445,906	187,104	-	35,461
Property and equipment					
Land and land improvements	19,678,234	2,256,896	486,516	-	66,022
Buildings	194,792,497	13,257,631	9,228,151	-	1,070,861
Furniture and equipment	6,496,504	525,665	265,874	-	49,456
Predevelopment project costs	-	-	-	-	-
Construction in progress	418,285	-	-	-	-
Accumulated depreciation	(67,522,715)	(4,580,078)	(4,438,217)	-	(742,339)
Net property and equipment	153,862,805	11,460,114	5,542,324	-	444,000
Other long-term assets					
Restricted property reserves	10,628,539	819,930	1,020,381	-	37,775
Cash, restricted	-	-	-	-	-
Long-term investments	79,588	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	79,617	-	-	(19,187)	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	2,663,896	140,128	8,189	-	13,750
Total other long-term assets	13,451,640	960,058	1,028,570	(19,187)	51,525
Total assets	\$ 173,972,813	\$ 12,866,078	\$ 6,757,998	\$ (19,187)	\$ 530,986
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 2,412,296	\$ 127,810	\$ 108,331	\$ -	\$ 29,759
Due to affiliates	3,828,091	166,680	54,048	36,870	208,114
Accrued interest	443,409	70,641	-	-	2,509
Accrued interest, affiliates	1,351	-	-	-	-
Current portion of notes payable	2,206,994	91,004	-	-	7,992
Current portion of notes payable, affiliates	359,576	10,000	-	-	-
Deferred revenue	1,045,108	6,015	4,537	-	10,426
Tenant security deposits	778,910	59,997	24,200	-	8,504
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	11,075,735	532,147	191,116	36,870	267,304
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	15,122,384	74,243	2,344,159	-	190,440
Accrued interest, affiliates	1,127,201	101,635	-	-	-
Notes payable, less current portion	80,755,223	7,184,360	3,532,176	-	1,060,385
Notes payable, less current portion, affiliates	13,091,830	1,042,728	-	-	-
Deferred revenue and other liabilities	1,751,533	-	-	-	-
Total long-term liabilities	111,848,171	8,402,966	5,876,335	-	1,250,825
Total liabilities	122,923,906	8,935,113	6,067,451	36,870	1,518,129
Net assets					
Unrestricted net assets	50,813,351	3,930,965	690,547	(56,057)	(987,143)
Temporarily restricted net assets	235,556	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	51,048,907	3,930,965	690,547	(56,057)	(987,143)
Total liabilities and net assets	\$ 173,972,813	\$ 12,866,078	\$ 6,757,998	\$ (19,187)	\$ 530,986

Consolidating Statement of Financial Position
General Partners
December 31, 2009

	Consolidated South of Market Mercy Housing	Visitation Valley Affordable Housing	Consolidated Neary Lagoon, Inc.	Consolidated Mercy Housing West	Consolidated San Juan Housing Corp.
Assets					
Current assets					
Cash and cash equivalents	\$ 641,344	\$ 16,104	\$ 25,656	\$ 3,637,842	\$ 7,171
Cash, tenant security deposits	364,801	96,872	52,943	1,449,703	126,839
Cash, restricted	254,371	33,883	12,538	4,261,933	53,590
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	77,125	90,035	11,879	539,327	6,190
Due from affiliate, net	30,557	-	-	286,560	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	2,655,909	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	134,556	38,570	24,200	3,905,657	38,431
Total current assets	1,502,754	275,464	127,216	16,736,931	232,221
Property and equipment					
Land and land improvements	6,857,202	-	-	66,934,969	1,435,369
Buildings	51,511,889	25,749,878	7,148,996	481,397,158	7,734,362
Furniture and equipment	1,389,450	1,035,361	244,924	11,696,218	3,794,748
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	51,409,627	-
Accumulated depreciation	(24,348,305)	(9,317,921)	(4,335,798)	(67,487,230)	(5,176,268)
Net property and equipment	35,410,236	17,467,318	3,058,122	543,950,742	7,788,211
Other long-term assets					
Restricted property reserves	2,642,777	937,262	314,270	13,372,768	588,419
Cash, restricted	-	-	-	-	-
Long-term investments	61,523	-	-	856,733	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	(12,200,316)	-	-	(1,231,332)	-
Notes and interest receivable, net	123,236	-	139,667	285,520	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	243,122	66,037	97,864	6,589,864	102,489
Total other long-term assets	(9,129,658)	1,003,299	551,801	19,873,553	690,908
Total assets	\$ 27,783,332	\$ 18,746,081	\$ 3,737,139	\$ 580,561,226	\$ 8,711,340
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 478,262	\$ 116,984	\$ 112,780	\$ 13,341,176	\$ 247,675
Due to affiliates	944,549	117,591	49,278	2,792,334	183,988
Accrued interest	42,550	23,356	2,357	522,150	18,377
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	287,092	43,661	33,071	32,879,449	112,708
Current portion of notes payable, affiliates	26,864	-	-	844,195	-
Deferred revenue	36,249	9,265	3,540	110,560	1,030
Tenant security deposits	329,600	94,836	45,965	1,303,642	104,136
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	2,145,166	405,693	246,991	51,793,506	667,914
Long-term liabilities					
Due to affiliates	1,263,586	-	-	-	-
Accrued interest	7,349,781	277,982	3,252,405	15,741,442	1,234,678
Accrued interest, affiliates	462,494	-	-	467,480	-
Notes payable, less current portion	28,869,065	6,434,763	6,614,733	282,064,116	7,091,440
Notes payable, less current portion, affiliates	-	-	-	10,256,989	-
Deferred revenue and other liabilities	422,240	-	-	8,985,509	-
Total long-term liabilities	38,367,166	6,712,745	9,867,138	317,515,536	8,326,118
Total liabilities	40,512,332	7,118,438	10,114,129	369,309,042	8,994,032
Net assets					
Unrestricted net assets	(12,729,000)	9,461,643	(6,376,990)	175,569,304	(282,692)
Temporarily restricted net assets	-	2,166,000	-	35,682,880	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(12,729,000)	11,627,643	(6,376,990)	211,252,184	(282,692)
Total liabilities and net assets	\$ 27,783,332	\$ 18,746,081	\$ 3,737,139	\$ 580,561,226	\$ 8,711,340

Consolidating Statement of Financial Position
General Partners
December 31, 2009

	Consolidated Florin Housing Corporation	Consolidated Affordable Housing Corporation	Eliminations	Consolidated General Partners
Assets				
Current assets				
Cash and cash equivalents	\$ 20,338	\$ 593,062	\$ -	\$ 8,812,917
Cash, tenant security deposits	45,364	156,510	-	3,273,802
Cash, restricted	4,905	136,540	-	5,721,383
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	7,607	69,394	728	1,158,455
Due from affiliate, net	-	6,795	(398,339)	365,973
Pledges receivable	-	-	-	-
Grants receivable	-	-	-	2,655,909
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	21,863	101,985	-	4,979,738
Total current assets	100,077	1,064,286	(397,611)	26,968,177
Property and equipment				
Land and land improvements	731,386	3,069,734	-	101,516,328
Buildings	6,766,848	30,809,467	-	829,467,738
Furniture and equipment	34,384	1,605,279	-	27,137,863
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	51,827,912
Accumulated depreciation	(2,741,158)	(17,649,200)	-	(208,339,229)
Net property and equipment	4,791,460	17,835,280	-	801,610,612
Other long-term assets				
Restricted property reserves	561,123	1,451,514	-	32,374,758
Cash, restricted	-	-	-	-
Long-term investments	-	-	-	997,844
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Investments in limited partnerships	-	-	20,355,633	6,984,415
Notes and interest receivable, net	201,000	-	-	749,423
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets	75,990	481,825	-	10,483,154
Total other long-term assets	838,113	1,933,339	20,355,633	51,589,594
Total assets	\$ 5,729,650	\$ 20,832,905	\$ 19,958,022	\$ 880,168,383
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 151,809	\$ 491,461	\$ (8,060)	\$ 17,610,283
Due to affiliates	109,624	1,088,842	(423,125)	9,156,884
Accrued interest	8,159	54,557	-	1,188,065
Accrued interest, affiliates	-	156,707	-	158,058
Current portion of notes payable	33,447	975,284	-	36,670,702
Current portion of notes payable, affiliates	-	75,744	434,500	1,750,879
Deferred revenue	1,717	21,170	-	1,249,617
Tenant security deposits	40,160	135,708	-	2,925,658
Miscellaneous current liabilities	-	-	-	-
Total current liabilities	344,916	2,999,473	3,315	70,710,146
Long-term liabilities				
Due to affiliates	-	-	-	1,263,586
Accrued interest	917,934	568,346	-	47,073,794
Accrued interest, affiliates	-	4,261,829	-	6,420,639
Notes payable, less current portion	3,557,780	8,348,267	-	435,512,308
Notes payable, less current portion, affiliates	-	4,828,545	-	29,220,092
Deferred revenue and other liabilities	-	-	-	11,159,282
Total long-term liabilities	4,475,714	18,006,987	-	530,649,701
Total liabilities	4,820,630	21,006,460	3,315	601,359,847
Net assets				
Unrestricted net assets	909,020	(173,555)	20,823,707	241,593,100
Temporarily restricted net assets	-	-	-	38,084,436
Permanently restricted net assets	-	-	-	-
Total net assets	909,020	(173,555)	20,823,707	279,677,536
Total liabilities and net assets	\$ 5,729,650	\$ 20,832,905	\$ 20,827,022	\$ 881,037,383

Consolidating Statement of Activities
and Changes in Net Assets
General Partners
For the year ended December 31, 2009

	Consolidated Mercy Properties, Inc.	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue, Inc.	Mercy Affordable Housing, Inc. (MAHI)	Consolidated McDermott Place
Revenues					
Rent - net of vacancies	\$ 17,934,984	\$ 1,460,558	\$ 838,829	\$ -	\$ 194,877
Developer fees	-	-	-	-	-
Services fees	57,033	-	-	-	-
Philanthropy	75,915	-	-	-	5,279
Capital grants	23,919	-	-	-	-
Consulting	-	-	-	-	-
Interest	334,779	2,543	2,602	-	161
Other	1,810,361	62,870	11,756	-	6,794
Total revenues	<u>20,236,991</u>	<u>1,525,971</u>	<u>853,187</u>	<u>-</u>	<u>207,111</u>
Expenses and losses					
Compensation	4,292,017	290,413	316,461	-	47,256
Administrative	2,960,137	258,769	185,282	30	35,413
Professional services	918,887	78,757	16,140	865	13,906
Depreciation and amortization	8,000,877	595,919	350,142	-	33,583
Grants	417,364	-	-	-	-
Facility	6,395,710	351,754	284,832	-	81,349
Interest and fees	4,241,210	402,022	176,666	1,560	56,647
Bad debts	236,564	17,384	-	-	1,754
Provision for impaired assets	2,888,638	-	-	-	324,690
Project expenses	877	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	296,456	-	-	1,336	-
Total expenses and losses	<u>30,648,737</u>	<u>1,995,018</u>	<u>1,329,523</u>	<u>3,791</u>	<u>594,598</u>
Excess (deficiency) of revenues over expenses	(10,411,746)	(469,047)	(476,336)	(3,791)	(387,487)
Net assets at beginning of year	52,455,505	4,400,012	1,166,883	(52,266)	(599,656)
Other transfers to (from) net assets	9,005,148	-	-	-	-
Net assets at end of year	<u>\$ 51,048,907</u>	<u>\$ 3,930,965</u>	<u>\$ 690,547</u>	<u>\$ (56,057)</u>	<u>\$ (987,143)</u>

Consolidating Statement of Activities
and Changes in Net Assets
General Partners
For the year ended December 31, 2009

	Consolidated South of Market Mercy Housing	Consolidated Visitacion Valley Affordable Housing	Consolidated Neary Lagoon, Inc.	Consolidated Mercy Housing West	Consolidated San Juan Housing Corp.
Revenues					
Rent - net of vacancies	\$ 4,552,429	\$ 1,656,314	\$ 690,213	\$ 22,857,745	\$ 1,243,024
Developer fees	-	-	-	-	-
Services fees	26,632	-	-	10,644	-
Philanthropy	-	-	-	41,748	-
Capital grants	6,250	-	-	-	-
Consulting	-	-	-	-	-
Interest	24,288	3,178	15,496	968,823	3,535
Other	146,176	54,939	6,020	2,512,860	71,222
Total revenues	<u>4,755,775</u>	<u>1,714,431</u>	<u>711,729</u>	<u>26,391,820</u>	<u>1,317,781</u>
Expenses and losses					
Compensation	961,994	340,277	147,557	5,321,139	280,651
Administrative	702,977	209,000	110,980	3,534,878	198,359
Professional services	372,107	26,894	59,977	1,930,627	58,914
Depreciation and amortization	1,749,993	1,005,768	131,391	20,944,625	483,645
Grants	-	-	-	(3)	-
Facility	1,533,024	821,025	446,801	9,362,367	478,061
Interest and fees	1,145,298	356,602	271,202	8,637,354	339,056
Bad debts	69,153	2,085	-	135,189	28,790
Provision for impaired assets	11,340	-	13,770	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	816,259	-	-	195,719	-
Total expenses and losses	<u>7,362,145</u>	<u>2,761,651</u>	<u>1,181,678</u>	<u>50,061,895</u>	<u>1,867,476</u>
Excess (deficiency) of revenues over expenses	(2,606,370)	(1,047,220)	(469,949)	(23,670,075)	(549,695)
Net assets at beginning of year	(10,122,630)	12,674,863	(5,907,041)	201,527,420	267,003
Other transfers to (from) net assets	-	-	-	33,394,839	-
Net assets at end of year	<u>\$ (12,729,000)</u>	<u>\$ 11,627,643</u>	<u>\$ (6,376,990)</u>	<u>\$ 211,252,184</u>	<u>\$ (282,692)</u>

Consolidating Statement of Activities
and Changes in Net Assets
General Partners
For the year ended December 31, 2009

	Consolidated Florin Housing Corporation	Consolidated Affordable Housing Corporation	Eliminations	Consolidated General Partners
Revenues				
Rent - net of vacancies	\$ 544,723	\$ 3,464,144	\$ -	\$ 55,437,840
Developer fees	-	-	-	-
Services fees	-	2	(54,316)	39,995
Philanthropy	-	385	-	123,327
Capital grants	-	-	-	30,169
Consulting	-	-	-	-
Interest	3,566	4,816	-	1,363,787
Other	20,368	2,496,764	(25,801)	7,174,329
Total revenues	<u>568,657</u>	<u>5,966,111</u>	<u>(80,117)</u>	<u>64,169,447</u>
Expenses and losses				
Compensation	138,648	722,108	-	12,858,521
Administrative	84,088	779,932	(62,630)	8,997,215
Professional services	42,094	222,453	-	3,741,621
Depreciation and amortization	186,150	1,282,324	-	34,764,417
Grants	-	-	(17,363)	399,998
Facility	176,858	1,265,482	-	21,197,263
Interest and fees	166,277	1,386,628	-	17,180,522
Bad debts	1,804	63,662	-	556,385
Provision for impaired assets	-	411,504	(15,307)	3,634,635
Project expenses	-	-	-	877
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	(287,094)	48,260	(238,834)
(Gain) loss on investment in limited partnership	-	-	(673,210)	636,560
Total expenses and losses	<u>795,919</u>	<u>5,846,999</u>	<u>(720,250)</u>	<u>103,729,180</u>
Excess (deficiency) of revenues over expenses	(227,262)	119,112	640,133	(39,559,733)
Net assets at beginning of year	1,136,282	(292,667)	20,183,772	276,837,480
Other transfers to (from) net assets	-	-	(198)	42,399,789
Net assets at end of year	<u>\$ 909,020</u>	<u>\$ (173,555)</u>	<u>\$ 20,823,707</u>	<u>\$ 279,677,536</u>

Consolidating Statement of Financial Position
Mercy Properties Inc.
December 31, 2009

	Mercy Properties I, Inc	111 Jones Street Association	Britton Street Associates (Britton Courts)	Mercy Housing Nebraska I (Capital Cornors)	Mercy Housing California VII (Casa San Juan)
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 90,820	\$ 11,281	\$ 13,530	\$ 1,245
Cash, tenant security deposits	-	97,206	49,621	13,989	46,398
Cash, restricted	-	13,645	3,785	23,717	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	76	34,188	43,921	6,847
Due from affiliate, net	649,731	-	-	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	35,256	39,793	7,324	8,342
Total current assets	649,731	237,003	138,668	102,481	62,832
Property and equipment					
Land and land improvements	-	-	1,737,711	427,700	908,689
Buildings	-	9,426,816	15,200,428	1,853,601	7,680,504
Furniture and equipment	-	350,304	376,947	2,376	323,828
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(7,373,968)	(5,632,244)	(792,053)	(3,745,803)
Net property and equipment	-	2,403,152	11,682,842	1,491,624	5,167,218
Other long-term assets					
Restricted property reserves	-	1,171,398	604,130	132,016	405,411
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	72,269
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	721,294	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	280,999	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	78,452	75,912	9,540	46,236
Total other long-term assets	1,002,293	1,249,850	680,042	141,556	523,916
Total Assets	\$ 1,652,024	\$ 3,890,005	\$ 12,501,552	\$ 1,735,661	\$ 5,753,966
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 118,963	\$ 88,900	\$ 89,471	\$ 17,032
Due to affiliates	1,020,094	44,459	268,164	81,436	120,492
Accrued interest	-	-	13,175	3,584	8,229
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	376,168	19,054	48,231
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	-	655	26,581	6,091	5,407
Tenant security deposits	-	70,068	48,232	9,851	45,926
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	1,020,094	234,145	821,220	209,487	245,317
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	3,583,141	3,070,540	83,557	31,802
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	6,635,103	9,937,670	746,161	1,706,260
Notes payable, less current portion, affiliates	679,012	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	960
Total long-term liabilities	679,012	10,218,244	13,008,210	829,718	1,739,022
Total liabilities	1,699,106	10,452,389	13,829,430	1,039,205	1,984,339
Net assets					
Unrestricted net assets	(282,638)	(6,562,384)	(1,327,878)	696,456	3,769,627
Temporarily restricted net assets	235,556	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(47,082)	(6,562,384)	(1,327,878)	696,456	3,769,627
Total liabilities and net assets	\$ 1,652,024	\$ 3,890,005	\$ 12,501,552	\$ 1,735,661	\$ 5,753,966

Consolidating Statement of Financial Position
Mercy Properties Inc.
December 31, 2009

	Somerset Senior Housing (Casitas de Merced)	Mercy Housing California II (Columbia Park)	Mercy Housing Colorado VIII (Valle de Merced)	Mercy Housing Colorado I (Grace Apartments)	Mercy Housing California XI (Madison Place)
Assets					
Current assets					
Cash and cash equivalents	\$ 8,062	\$ 274,533	\$ 36,590	\$ 50,654	\$ 43,190
Cash, tenant security deposits	5,170	53,106	20,760	9,586	29,389
Cash, restricted	-	105,518	12,740	-	74,284
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	522	30	13,985	2,314	1,913
Due from affiliate, net	-	-	2,489	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	3,956	19,237	9,282	11,822	16,579
Total current assets	17,710	452,424	95,846	74,376	165,355
Property and equipment					
Land and land improvements	39,066	1,464,743	937,456	160,654	304,958
Buildings	1,417,473	8,120,872	6,391,365	3,037,025	3,986,207
Furniture and equipment	5,615	269,559	157,142	81,523	204,013
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(664,575)	(4,505,819)	(1,411,572)	(848,694)	(2,081,083)
Net property and equipment	797,579	5,349,355	6,074,391	2,430,508	2,414,095
Other long-term assets					
Restricted property reserves	110,325	464,720	214,973	70,615	163,741
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	496	33,752	79,692	41,867	26,977
Total other long-term assets	110,821	498,472	294,665	112,482	190,718
Total Assets	\$ 926,110	\$ 6,300,251	\$ 6,464,902	\$ 2,617,366	\$ 2,770,168
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 22,724	\$ 32,072	\$ 35,026	\$ 73,146	\$ 86,906
Due to affiliates	33,223	12,987	438,964	-	210,625
Accrued interest	206,194	7,707	3,925	2,408	2,474
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	43,245	20,037	2,707	17,900
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	257	7	522	3,553	3,129
Tenant security deposits	5,000	50,826	15,198	9,666	27,667
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	267,398	146,844	513,672	91,480	348,701
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	1,771,341	112,358	-	531,382
Accrued interest, affiliates	-	-	170,086	45,126	-
Notes payable, less current portion	611,470	4,101,203	2,007,940	395,801	1,130,965
Notes payable, less current portion, affiliates	-	-	540,348	1,330,000	-
Deferred revenue and other liabilities	-	-	228,956	234,010	-
Total long-term liabilities	611,470	5,872,544	3,059,688	2,004,937	1,662,347
Total liabilities	878,868	6,019,388	3,573,360	2,096,417	2,011,048
Net assets					
Unrestricted net assets	47,242	280,863	2,891,542	520,949	759,120
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	47,242	280,863	2,891,542	520,949	759,120
Total liabilities and net assets	\$ 926,110	\$ 6,300,251	\$ 6,464,902	\$ 2,617,366	\$ 2,770,168

Consolidating Statement of Financial Position
Mercy Properties Inc.
December 31, 2009

	Marlton Affordable Housing Association (Marlton Manor)	Mason Apartments (Mason School Apts)	Mercy Housing California V (Mercy Village Folsom)	Park Terrace Apartments	Quinn Cottages, LP
Assets					
Current assets					
Cash and cash equivalents	\$ 1,554,167	\$ 70,045	\$ 7,693	\$ 27,845	\$ 5,131
Cash, tenant security deposits	37,693	7,600	58,100	32,536	4,845
Cash, restricted	48,059	-	9,497	44,791	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	1,049	13,498	2,792	7,912
Due from affiliate, net	-	1,390	-	2,296	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	50,636	5,944	28,187	13,651	29,354
Total current assets	1,690,555	86,028	116,975	123,911	47,242
Property and equipment					
Land and land improvements	1,615	38,134	785,272	764,914	-
Buildings	14,290,789	1,932,811	10,468,064	5,008,363	3,299,963
Furniture and equipment	547,881	191,509	424,289	138,151	175,751
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(4,375,437)	(1,403,430)	(2,600,599)	(1,837,121)	(1,627,675)
Net property and equipment	10,464,848	759,024	9,077,026	4,074,307	1,848,039
Other long-term assets					
Restricted property reserves	852,895	33,146	272,081	579,906	389,979
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	157,350	-	135,866	69,040	-
Total other long-term assets	1,010,245	33,146	407,947	648,946	389,979
Total Assets	\$ 13,165,648	\$ 878,198	\$ 9,601,948	\$ 4,847,164	\$ 2,285,260
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 154,785	\$ 87,727	\$ 88,034	\$ 59,655	\$ 42,715
Due to affiliates	17,911	122,440	557,451	43,308	54,564
Accrued interest	19,539	-	61,299	2,846	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	260,734	-	63,781	66,668	-
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	3,606	1,536	471	14,635	324
Tenant security deposits	37,536	5,792	48,403	31,035	4,177
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	494,111	217,495	819,439	218,147	101,780
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	15,978	83,946	555,465
Accrued interest, affiliates	-	-	15,601	-	-
Notes payable, less current portion	3,304,133	400,000	4,712,921	1,421,150	1,644,000
Notes payable, less current portion, affiliates	-	-	1,361,970	-	-
Deferred revenue and other liabilities	-	-	100,000	-	3,165
Total long-term liabilities	3,304,133	400,000	6,206,470	1,505,096	2,202,630
Total liabilities	3,798,244	617,495	7,025,909	1,723,243	2,304,410
Net assets					
Unrestricted net assets	9,367,404	260,703	2,576,039	3,123,921	(19,150)
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	9,367,404	260,703	2,576,039	3,123,921	(19,150)
Total liabilities and net assets	\$ 13,165,648	\$ 878,198	\$ 9,601,948	\$ 4,847,164	\$ 2,285,260

Consolidating Statement of Financial Position
Mercy Properties Inc.
December 31, 2009

	Mercy Housing California X (The Rose)	San Felipe Homes	2220 10th Avenue Associates (Santanna Apts)	Mercy Housing California VIII (School House Station)	Mercy Housing Iowa II LP (Sherwood Place Apts)
Assets					
Current assets					
Cash and cash equivalents	\$ 77,628	\$ -	\$ 31,258	\$ 331,175	\$ 17,288
Cash, tenant security deposits	18,542	9,435	20,854	62,874	8,750
Cash, restricted	15,488	-	5,000	70,962	100
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	9,170	500	2,895	36,774	163
Due from affiliate, net	-	-	-	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	26,168	3,691	10,537	23,203	5,643
Total current assets	146,996	13,626	70,544	524,988	31,944
Property and equipment					
Land and land improvements	-	145,725	-	1,117,500	472,113
Buildings	5,928,875	1,795,840	3,242,449	9,436,582	2,339,806
Furniture and equipment	229,380	6,718	32,299	225,026	112,257
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(1,568,314)	(1,059,144)	(1,349,614)	(4,365,060)	(928,593)
Net property and equipment	4,589,941	889,139	1,925,134	6,414,048	1,995,583
Other long-term assets					
Restricted property reserves	329,579	162,762	408,985	348,941	125,209
Cash, restricted	-	-	-	-	-
Long-term investments	-	7,319	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	16,857	-	5,245	55,804	4,424
Total other long-term assets	346,436	170,081	414,230	404,745	129,633
Total Assets	\$ 5,083,373	\$ 1,072,846	\$ 2,409,908	\$ 7,343,781	\$ 2,157,160
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 156,691	\$ 10,985	\$ 18,842	\$ 47,407	\$ 56,303
Due to affiliates	197,287	52,237	5,000	30,000	-
Accrued interest	-	-	-	11,358	3,357
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	-	79,203	9,889
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	907,204	38	1,868	253	2,202
Tenant security deposits	17,075	9,301	19,996	62,875	8,000
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	1,278,257	72,561	45,706	231,096	79,751
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	460,659	928,722	1,248,242	206,815	-
Accrued interest, affiliates	-	-	-	-	6,878
Notes payable, less current portion	1,430,603	1,900,000	2,745,923	4,010,435	928,105
Notes payable, less current portion, affiliates	-	-	-	-	126,779
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	1,891,262	2,828,722	3,994,165	4,217,250	1,061,762
Total liabilities	3,169,519	2,901,283	4,039,871	4,448,346	1,141,513
Net assets					
Unrestricted net assets	1,913,854	(1,828,437)	(1,629,963)	2,895,435	1,015,647
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	1,913,854	(1,828,437)	(1,629,963)	2,895,435	1,015,647
Total liabilities and net assets	\$ 5,083,373	\$ 1,072,846	\$ 2,409,908	\$ 7,343,781	\$ 2,157,160

Consolidating Statement of Financial Position
Mercy Properties Inc.
December 31, 2009

	Mercy Housing California I (St. Francis Terrace)	Mercy Housing Arizona I (Villas de Merced)	Mercy Housing Georgia II (Orchard Grove)	Mercy Housing Colorado IX (Parkside Apts)	Mercy Housing Arizona II (Page Commons)
Assets					
Current assets					
Cash and cash equivalents	\$ 7,697	\$ 37,042	\$ 16,327	\$ 48,161	\$ 102,968
Cash, tenant security deposits	25,177	6,858	7,514	14,771	16,469
Cash, restricted	160	-	-	801	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	15,003	14,076	4,731	3,752	3,351
Due from affiliate, net	-	2,420	-	-	400
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	14,242	31,149	10,572	14,459	16,293
Total current assets	62,279	91,545	39,144	81,944	139,481
Property and equipment					
Land and land improvements	891,045	644,491	1,046,518	1,800,201	862,581
Buildings	4,824,363	6,420,793	3,599,398	7,351,335	7,156,523
Furniture and equipment	218,085	204,693	182,437	225,296	325,477
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(3,878,929)	(2,446,381)	(1,063,635)	(1,582,071)	(1,758,880)
Net property and equipment	2,054,564	4,823,596	3,764,718	7,794,761	6,585,701
Other long-term assets					
Restricted property reserves	234,920	168,814	238,727	151,331	313,173
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	6,436	281,791	44,809	94,650	67,888
Total other long-term assets	241,356	450,605	283,536	245,981	381,061
Total Assets	\$ 2,358,199	\$ 5,365,746	\$ 4,087,398	\$ 8,122,686	\$ 7,106,243
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 51,720	\$ 87,836	\$ 102,550	\$ 59,905	\$ 28,818
Due to affiliates	23,584	213,372	73,391	6,360	88,333
Accrued interest	1,841	20,585	13	12,830	10,828
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	13,857	62,856	4,807	31,066	26,693
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	4,982	14,080	36	4,522	736
Tenant security deposits	23,560	5,461	6,412	13,697	14,200
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	119,544	404,190	187,209	128,380	169,608
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	1,231,106	194,567	-	-	7,200
Accrued interest, affiliates	-	119,526	-	293,429	-
Notes payable, less current portion	2,983,341	4,523,246	599,772	2,060,843	2,857,346
Notes payable, less current portion, affiliates	281,000	229,447	386,000	2,283,443	-
Deferred revenue and other liabilities	-	-	345,187	-	3,832
Total long-term liabilities	4,495,447	5,066,786	1,330,959	4,637,715	2,868,378
Total liabilities	4,614,991	5,470,976	1,518,168	4,766,095	3,037,986
Net assets					
Unrestricted net assets	(2,256,792)	(105,230)	2,569,230	3,356,591	4,068,257
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(2,256,792)	(105,230)	2,569,230	3,356,591	4,068,257
Total liabilities and net assets	\$ 2,358,199	\$ 5,365,746	\$ 4,087,398	\$ 8,122,686	\$ 7,106,243

Consolidating Statement of Financial Position
Mercy Properties Inc.
December 31, 2009

	Parkside Terrace Apartments LLC	Parkside Terrace, LP	Mulberry Court, LLC	Mercy Housing South Carolina I (Mulberry Court Apartments)	Savannah Rose of Sharon, LLC
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 2,840	\$ -	\$ 7,644	\$ -
Cash, tenant security deposits	-	32,927	-	5,878	-
Cash, restricted	-	7,933	-	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	13,009	-	353	-
Due from affiliate, net	-	-	-	-	15,000
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	17,013	-	7,769	-
Total current assets	-	73,722	-	21,644	15,000
Property and equipment					
Land and land improvements	-	36,349	-	834,890	-
Buildings	-	3,405,798	-	3,902,585	-
Furniture and equipment	-	50,691	-	23,297	-
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(1,597,779)	-	(373,411)	-
Net property and equipment	-	1,895,059	-	4,387,361	-
Other long-term assets					
Restricted property reserves	-	403,910	-	93,009	-
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	40	-	49,940	-	(69)
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	18,264	-	95,751	-
Total other long-term assets	40	422,174	49,940	188,760	(69)
Total Assets	\$ 40	\$ 2,390,955	\$ 49,940	\$ 4,597,765	\$ 14,931
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 100,286	\$ -	\$ 52,834	\$ -
Due to affiliates	12,704	51,065	22,818	-	18,034
Accrued interest	-	3,366	-	4,585	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	38,754	-	26,395	-
Current portion of notes payable, affiliates	-	40,000	-	82,526	-
Deferred revenue	-	1,723	-	828	-
Tenant security deposits	-	32,318	-	5,324	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	12,704	267,512	22,818	172,492	18,034
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	42,543	-
Notes payable, less current portion	-	3,916,050	-	683,606	-
Notes payable, less current portion, affiliates	-	-	-	489,778	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	-	3,916,050	-	1,215,927	-
Total liabilities	12,704	4,183,562	22,818	1,388,419	18,034
Net assets					
Unrestricted net assets	(12,664)	(1,792,607)	27,122	3,209,346	(3,103)
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(12,664)	(1,792,607)	27,122	3,209,346	(3,103)
Total liabilities and net assets	\$ 40	\$ 2,390,955	\$ 49,940	\$ 4,597,765	\$ 14,931

Consolidating Statement of Financial Position
Mercy Properties Inc.
December 31, 2009

	Mercy Housing Georgia III (Rose of Sharon)	Mercy Housing South Dakota I, LLC (Dritwood Estates)	Mercy Housing South Dakota II, LLC (Northern Heights)	Mercy Housing Colorado XI (Pinon Terrace)	Commons on Main, LLC
Assets					
Current assets					
Cash and cash equivalents	\$ 105,549	\$ 126,378	\$ 157,087	\$ 101,797	\$ -
Cash, tenant security deposits	76,324	11,084	16,699	33,725	-
Cash, restricted	95,641	140,063	-	749	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	38,684	6,572	5,075	1,968	-
Due from affiliate, net	-	-	-	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	92,534	6,962	10,915	15,219	-
Total current assets	408,732	291,059	189,776	153,458	-
Property and equipment					
Land and land improvements	224,224	614,740	804,386	1,637,849	-
Buildings	10,212,450	4,179,103	4,451,277	10,117,623	-
Furniture and equipment	128,256	266,702	189,210	170,331	-
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(1,121,682)	(664,302)	(660,289)	(941,450)	-
Net property and equipment	9,443,248	4,396,243	4,784,584	10,984,353	-
Other long-term assets					
Restricted property reserves	747,315	278,438	307,570	188,886	-
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	3,828,863
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	767,588	28,995	52,885	210,511	-
Total other long-term assets	1,514,903	307,433	360,455	399,397	3,828,863
Total Assets	\$ 11,366,883	\$ 4,994,735	\$ 5,334,815	\$ 11,537,208	\$ 3,828,863
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 103,812	\$ 70,013	\$ 88,393	\$ 39,570	\$ -
Due to affiliates	15,000	41,836	62,755	12,360	29,252
Accrued interest	21,437	12,136	4,800	4,067	-
Accrued interest, affiliates	-	-	1,351	-	-
Current portion of notes payable	225,096	50,718	8,674	8,222	-
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	22,224	-	-	3,205	-
Tenant security deposits	71,812	10,865	15,995	27,107	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	459,381	185,568	181,968	94,531	29,252
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	369,717	-	-	8,623	-
Accrued interest, affiliates	-	237,342	39,234	70,667	-
Notes payable, less current portion	7,216,910	1,183,637	769,857	998,613	-
Notes payable, less current portion, affiliates	-	1,271,688	1,056,771	1,057,500	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	7,586,627	2,692,667	1,865,862	2,135,403	-
Total liabilities	8,046,008	2,878,235	2,047,830	2,229,934	29,252
Net assets					
Unrestricted net assets	3,320,875	2,116,500	3,286,985	9,307,274	3,799,611
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	3,320,875	2,116,500	3,286,985	9,307,274	3,799,611
Total liabilities and net assets	\$ 11,366,883	\$ 4,994,735	\$ 5,334,815	\$ 11,537,208	\$ 3,828,863

Consolidating Statement of Financial Position
Mercy Properties Inc.
December 31, 2009

	Commons on Main, LP	Aromor Mercy LLC (Aromor Apts)	Mercy Galewood SLF, Inc.	Galewood SLF Associates, LP	Northglen, LP	Mercy Crestview Village Housing, LP
Assets						
Current assets						
Cash and cash equivalents	\$ 34,119	\$ 65,953	\$ -	\$ -	\$ -	\$ -
Cash, tenant security deposits	9,039	7,511	-	-	-	-
Cash, restricted	19,642	167,802	-	-	5,401	96
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	10,917	315	-	-	-	-
Due from affiliate, net	-	1,606	-	-	-	-
Pledges receivable	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	19,417	9,990	-	-	-	-
Total current assets	93,134	253,177	-	-	5,401	96
Property and equipment						
Land and land improvements	101,053	762,319	-	-	-	-
Buildings	4,215,096	7,300,869	-	-	-	-
Furniture and equipment	60,685	537,482	-	-	-	-
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	123,345	164,312
Accumulated depreciation	(679,353)	(201,132)	-	-	-	-
Net property and equipment	3,697,481	8,399,538	-	-	123,345	164,312
Other long-term assets						
Restricted property reserves	372,419	233,295	-	-	-	-
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	-	79,673	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	82,547	50,541	-	-	4,677	10,091
Total other long-term assets	454,966	283,836	79,673	-	4,677	10,091
Total Assets	\$ 4,245,581	\$ 8,936,551	\$ 79,673	\$ -	\$ 133,423	\$ 174,499
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 89,674	\$ 69,432	\$ -	\$ -	\$ -	\$ -
Due to affiliates	213,204	6,810	3,139	-	134,099	176,165
Accrued interest	308	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	3,331	-	-	-	-	-
Current portion of notes payable, affiliates	200,250	-	-	-	-	-
Deferred revenue	7,512	2,025	-	-	-	-
Tenant security deposits	9,229	6,535	-	-	-	-
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	523,508	84,802	3,139	-	134,099	176,165
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	15,336	-	-	-	-	-
Accrued interest, affiliates	-	129,313	-	-	-	-
Notes payable, less current portion	435,466	-	-	-	-	-
Notes payable, less current portion, affiliates	-	2,541,500	-	-	-	-
Deferred revenue and other liabilities	138,681	696,742	-	-	-	-
Total long-term liabilities	589,483	3,367,555	-	-	-	-
Total liabilities	1,112,991	3,452,357	3,139	-	134,099	176,165
Net assets						
Unrestricted net assets	3,132,590	5,484,194	76,534	-	(676)	(1,666)
Temporarily restricted net assets	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	3,132,590	5,484,194	76,534	-	(676)	(1,666)
Total liabilities and net assets	\$ 4,245,581	\$ 8,936,551	\$ 79,673	\$ -	\$ 133,423	\$ 174,499

Consolidating Statement of Financial Position
Mercy Properties Inc.
December 31, 2009

	Western Manor, LP	FHD Holdings LLC	Franciscan Homes III, LP	Franciscan Homes IV, LP	Eliminations	Consolidated Mercy Properties, Inc
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ 6,368	\$ 9,851	\$ 3,176	\$ -	\$ 3,485,092
Cash, tenant security deposits	-	-	5,348	5,878	-	861,656
Cash, restricted	6,604	-	8,865	17,555	-	898,898
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	31,657	6,455	4,256	-	338,723
Due from affiliate, net	350	19,000	500	-	(256,535)	438,647
Pledges receivable	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	9,094	11,119	-	635,352
Total current assets	6,954	57,025	40,113	41,984	(256,535)	6,658,368
Property and equipment						
Land and land improvements	-	-	42,857	68,481	-	19,678,234
Buildings	-	-	1,344,266	1,470,188	(17,003)	194,792,497
Furniture and equipment	-	-	24,437	34,857	-	6,496,504
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	130,628	-	-	-	-	418,285
Accumulated depreciation	-	-	(1,255,560)	(1,128,377)	1,314	(67,522,715)
Net property and equipment	130,628	-	156,000	445,149	(15,689)	153,862,805
Other long-term assets						
Restricted property reserves	-	-	32,122	23,798	-	10,628,539
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	79,588
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	403,437	-	-	(403,437)	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	64,990	-	-	(4,665,114)	79,617
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	(280,999)	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	5,506	-	-	3,456	-	2,663,896
Total other long-term assets	5,506	468,427	32,122	27,254	(5,349,550)	13,451,640
Total Assets	\$ 143,088	\$ 525,452	\$ 228,235	\$ 514,387	\$ (5,621,774)	\$ 173,972,813
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 68,790	\$ 111,279	\$ -	\$ 2,412,296
Due to affiliates	143,759	-	307,246	547,200	(1,685,037)	3,828,091
Accrued interest	-	-	-	518	-	443,409
Accrued interest, affiliates	-	-	-	-	-	1,351
Current portion of notes payable	-	500,000	8,000	190,908	-	2,206,994
Current portion of notes payable, affiliates	-	-	36,800	-	-	359,576
Deferred revenue	-	-	519	4,377	-	1,045,108
Tenant security deposits	-	-	5,276	4,495	-	778,910
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	143,759	500,000	426,631	858,777	(1,685,037)	11,075,735
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	117,137	494,750	-	15,122,384
Accrued interest, affiliates	-	-	-	-	(42,544)	1,127,201
Notes payable, less current portion	-	-	1,144,735	1,611,958	-	80,755,223
Notes payable, less current portion, affiliates	-	-	355,478	167,410	(1,066,294)	13,091,830
Deferred revenue and other liabilities	-	-	-	88,831	(88,831)	1,751,533
Total long-term liabilities	-	-	1,617,350	2,362,949	(1,197,669)	111,848,171
Total liabilities	143,759	500,000	2,043,981	3,221,726	(2,882,706)	122,923,906
Net assets						
Unrestricted net assets	(671)	25,452	(1,815,746)	(2,707,339)	(2,739,068)	50,813,351
Temporarily restricted net assets	-	-	-	-	-	235,556
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	(671)	25,452	(1,815,746)	(2,707,339)	(2,739,068)	51,048,907
Total liabilities and net assets	\$ 143,088	\$ 525,452	\$ 228,235	\$ 514,387	\$ (5,621,774)	\$ 173,972,813

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Inc.
For the year ended December 31, 2009

	Mercy Properties I, Inc	111 Jones Street Association	Britton Street Associates (Britton Courts)	Mercy Housing Nebraska I (Capital Corners)	Mercy Housing California VII (Casa San Juan)
Revenues					
Rent - net of vacancies	\$ -	\$ 1,058,588	\$ 1,274,635	\$ 178,262	\$ 641,735
Developer fees	-	-	-	-	-
Services fees	399,472	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	27,181	7,188	6,657	143	2,361
Other revenue	47,087	20,768	17,280	4,020	18,315
Total revenues	<u>473,740</u>	<u>1,086,544</u>	<u>1,298,572</u>	<u>182,425</u>	<u>662,411</u>
Expenses and losses					
Compensation	-	355,804	221,253	22,011	96,644
Administrative	405,043	121,369	138,056	37,420	68,417
Professional services	4,112	75,953	39,229	10,625	58,763
Depreciation and amortization	-	293,519	576,951	75,560	289,960
Grants	17,363	-	-	-	-
Facility	-	463,721	424,179	74,830	259,743
Interest and fees	14,762	209,929	435,397	51,178	107,147
Bad debts	-	-	59,146	668	-
Provision for impaired assets	(38,157)	-	-	-	-
Project expenses	877	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	2,096,629	-	-	-	-
Total expenses and losses	<u>2,500,629</u>	<u>1,520,295</u>	<u>1,894,211</u>	<u>272,292</u>	<u>880,674</u>
Excess (deficiency) of revenues over expenses	(2,026,889)	(433,751)	(595,639)	(89,867)	(218,263)
Net assets at beginning of year	1,979,807	(6,128,633)	(732,239)	786,323	3,987,890
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (47,082)</u>	<u>\$ (6,562,384)</u>	<u>\$ (1,327,878)</u>	<u>\$ 696,456</u>	<u>\$ 3,769,627</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Inc.
For the year ended December 31, 2009

	Somerset Senior Housing (Casitas de Merced)	Mercy Housing California II (Columbia Park)	Mercy Housing Colorado VIII (Valle de Merced)	Mercy Housing Colorado I (Grace Apartments)	Mercy Housing California XI (Madison Place)
Revenues					
Rent - net of vacancies	\$ 120,044	\$ 709,875	\$ 364,588	\$ 422,422	\$ 313,737
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	339	1,834	2,031	81	679
Other revenue	8,731	14,142	24,419	487,541	13,581
Total revenues	<u>129,114</u>	<u>725,851</u>	<u>391,038</u>	<u>910,044</u>	<u>327,997</u>
Expenses and losses					
Compensation	33,701	115,672	78,488	120,174	83,568
Administrative	23,259	84,223	69,001	50,635	43,671
Professional services	9,249	49,212	11,378	16,104	14,081
Depreciation and amortization	53,546	321,562	272,780	125,480	164,236
Grants	-	-	-	-	-
Facility	60,073	224,056	114,132	171,936	116,903
Interest and fees	20,004	252,862	118,567	66,050	109,304
Bad debts	449	-	5,644	3,228	3,577
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>200,281</u>	<u>1,047,587</u>	<u>669,990</u>	<u>553,607</u>	<u>535,340</u>
Excess (deficiency) of revenues over expenses	(71,167)	(321,736)	(278,952)	356,437	(207,343)
Net assets at beginning of year	118,409	602,599	3,170,494	(706,498)	966,463
Other transfers to (from) net assets	-	-	-	871,010	-
Net assets at end of year	<u>\$ 47,242</u>	<u>\$ 280,863</u>	<u>\$ 2,891,542</u>	<u>\$ 520,949</u>	<u>\$ 759,120</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Inc.
For the year ended December 31, 2009

	Marlton Affordable Housing Association (Marlton Manor)	Mason Apartments (Mason School Apts)	Mercy Housing California V (Mercy Village Folsom)	Park Terrace Apartments	Quinn Cottages, LP
Revenues					
Rent - net of vacancies	\$ 2,339,070	\$ 235,542	\$ 542,496	\$ 443,490	\$ 162,202
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	4,628	39	4,127	71,570	3,577
Other revenue	11,627	5,224	18,432	13,015	4,531
Total revenues	<u>2,355,325</u>	<u>240,805</u>	<u>565,055</u>	<u>528,075</u>	<u>170,310</u>
Expenses and losses					
Compensation	497,943	43,367	108,131	95,385	153,271
Administrative	321,215	20,285	87,592	86,508	53,873
Professional services	24,290	7,003	27,187	70,146	11,040
Depreciation and amortization	619,752	73,837	475,151	205,922	119,593
Grants	-	-	-	-	-
Facility	638,584	118,241	163,674	149,852	122,605
Interest and fees	242,449	32	237,387	45,832	42,120
Bad debts	757	6,608	7,499	-	37
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>2,344,990</u>	<u>269,373</u>	<u>1,106,621</u>	<u>653,645</u>	<u>502,539</u>
Excess (deficiency) of revenues over expenses	10,335	(28,568)	(541,566)	(125,570)	(332,229)
Net assets at beginning of year	9,842,437	289,271	674,505	3,249,491	313,079
Other transfers to (from) net assets	<u>(485,368)</u>	<u>-</u>	<u>2,443,100</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 9,367,404</u>	<u>\$ 260,703</u>	<u>\$ 2,576,039</u>	<u>\$ 3,123,921</u>	<u>\$ (19,150)</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Inc.
For the year ended December 31, 2009

	Mercy Housing California X (The Rose)	San Felipe Homes	2220 10th Avenue Associates (Santanna Apts)	Mercy Housing California VIII (School House Station)	Mercy Housing Iowa II LP (Sherwood Place Apts)
Revenues					
Rent - net of vacancies	\$ 724,741	\$ 165,282	\$ 267,388	\$ 813,981	\$ 196,925
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	23,919	-	-	-	-
Consulting	-	-	-	-	-
Interest	1,191	1,906	1,547	1,615	128
Other revenue	8,152	5,559	4,340	35,096	1,793
Total revenues	<u>758,003</u>	<u>172,747</u>	<u>273,275</u>	<u>850,692</u>	<u>198,846</u>
Expenses and losses					
Compensation	335,659	42,184	65,739	66,780	26,929
Administrative	98,637	25,279	47,293	105,667	32,224
Professional services	86,513	12,563	14,545	62,047	9,060
Depreciation and amortization	111,903	31,205	91,387	356,373	104,548
Grants	-	-	-	-	-
Facility	178,159	85,291	103,327	168,521	81,721
Interest and fees	34,144	57,076	80,128	153,348	41,202
Bad debts	554	-	4,336	14,673	628
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>845,569</u>	<u>253,598</u>	<u>406,755</u>	<u>927,409</u>	<u>296,312</u>
Excess (deficiency) of revenues over expenses	(87,566)	(80,851)	(133,480)	(76,717)	(97,466)
Net assets at beginning of year	2,001,420	(1,747,586)	(1,496,483)	2,972,152	1,113,113
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 1,913,854</u>	<u>\$ (1,828,437)</u>	<u>\$ (1,629,963)</u>	<u>\$ 2,895,435</u>	<u>\$ 1,015,647</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Inc.
For the year ended December 31, 2009

	Mercy Housing California I (St. Francis Terrace)	Mercy Housing Arizona I (Villas de Merced)	Mercy Housing Georgia II (Orchard Grove)	Mercy Housing Colorado IX (Parkside Apts)	Mercy Housing Arizona II (Page Commons)
Revenues					
Rent - net of vacancies	\$ 327,810	\$ 807,846	\$ 285,257	\$ 503,887	\$ 633,546
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	2,040	657	635	549	483
Other revenue	13,502	18,052	9,149	21,949	11,598
Total revenues	<u>343,352</u>	<u>826,555</u>	<u>295,041</u>	<u>526,385</u>	<u>645,627</u>
Expenses and losses					
Compensation	96,471	151,394	75,633	121,604	113,706
Administrative	43,885	82,187	49,045	88,601	120,934
Professional services	10,001	17,322	11,650	15,706	28,046
Depreciation and amortization	217,014	249,499	201,649	363,537	389,613
Grants	-	-	-	-	-
Facility	131,386	282,573	145,028	116,295	128,833
Interest and fees	106,267	285,784	336	211,251	139,790
Bad debts	926	14,417	8,868	9,415	1,122
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>605,950</u>	<u>1,083,176</u>	<u>492,209</u>	<u>926,409</u>	<u>922,044</u>
Excess (deficiency) of revenues over expenses	<u>(262,598)</u>	<u>(256,621)</u>	<u>(197,168)</u>	<u>(400,024)</u>	<u>(276,417)</u>
Net assets at beginning of year	(1,994,194)	151,391	2,766,305	3,756,615	4,344,674
Other transfers to (from) net assets	-	-	93	-	-
Net assets at end of year	<u>\$ (2,256,792)</u>	<u>\$ (105,230)</u>	<u>\$ 2,569,230</u>	<u>\$ 3,356,591</u>	<u>\$ 4,068,257</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Inc.
For the year ended December 31, 2009

	Parkside Terrace Apartments LLC	Parkside Terrace, LP	Mulberry Court LLC	Mercy Housing South Carolina I (Mulberry Court Apartments)	Savannah Rose of Sharon, LLC
Revenues					
Rent - net of vacancies	\$ -	\$ 396,127	\$ -	\$ 245,131	\$ -
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	101,986
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	3,968	-	15	-
Other revenue	-	31,292	-	5,087	-
Total revenues	-	431,387	-	250,233	101,986
Expenses and losses					
Compensation	-	143,776	-	58,975	-
Administrative	-	70,467	10,300	44,439	100,736
Professional services	901	12,586	902	23,431	743
Depreciation and amortization	-	74,701	-	179,106	-
Grants	-	-	-	-	-
Facility	-	217,634	-	96,198	-
Interest and fees	522	43,556	71	86,069	116
Bad debts	-	15,056	-	6,964	-
Provision for impaired assets	(194)	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	154	-	25	-	29
Total expenses and losses	1,383	577,776	11,298	495,182	101,624
Excess (deficiency) of revenues over expenses	(1,383)	(146,389)	(11,298)	(244,949)	362
Net assets at beginning of year	(11,281)	(1,646,218)	38,420	2,278,866	(3,465)
Other transfers to (from) net assets	-	-	-	1,175,429	-
Net assets at end of year	\$ (12,664)	\$ (1,792,607)	\$ 27,122	\$ 3,209,346	\$ (3,103)

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Inc.
For the year ended December 31, 2009

	Commons on Main, LP	Aromor Mercy LLC (Aromor Apts)	Mercy Galewood SLF, Inc.	Galewood SLF Associates, LP	Northglen, LP	Mercy Crestview Village Housing, LP
Revenues						
Rent - net of vacancies	\$ 350,569	\$ 279,848	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	2,017	8	-	-	-	-
Other revenue	65,417	2,330	-	-	-	-
Total revenues	418,003	282,186	-	-	-	-
Expenses and losses						
Compensation	161,100	115,627	-	-	-	-
Administrative	82,228	146,545	-	-	776	1,766
Professional services	27,948	25,536	2,758	-	-	-
Depreciation and amortization	229,830	285,053	-	-	-	-
Grants	-	400,000	1	-	-	-
Facility	195,188	54,380	-	-	-	-
Interest and fees	27,367	114,497	60	-	-	-
Bad debts	25,409	746	-	-	-	-
Provision for impaired assets	1,603,833	-	-	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	296,455	-	-	-
Total expenses and losses	2,352,903	1,142,384	299,274	-	776	1,766
Excess (deficiency) of revenues over expenses	(1,934,900)	(860,198)	(299,274)	-	(776)	(1,766)
Net assets at beginning of year	4,998,386	1,515,932	375,808	252,866	-	-
Other transfers to (from) net assets	69,104	4,828,460	-	(252,866)	100	100
Net assets at end of year	<u>\$ 3,132,590</u>	<u>\$ 5,484,194</u>	<u>\$ 76,534</u>	<u>\$ -</u>	<u>\$ (676)</u>	<u>\$ (1,666)</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Inc.
For the year ended December 31, 2009

	Western Manor, LP	FHD Holdings LLC	Franciscan Homes III, LP	Franciscan Homes IV, LP	Eliminations	Consolidated Mercy Properties, Inc
Revenues						
Rent - net of vacancies	\$ -	\$ -	\$ 154,841	\$ 157,145	\$ -	\$ 17,934,984
Developer fees	-	-	-	-	-	-
Services fees	-	9,500	-	-	(453,925)	57,033
Philanthropy	-	-	-	-	-	75,915
Capital grants	-	-	-	-	-	23,919
Consulting	-	-	-	-	-	-
Interest	-	-	331	26	(12,753)	334,779
Other revenue	-	634,691	16,197	159,140	(52,020)	1,810,361
Total revenues	-	644,191	171,369	316,311	(518,698)	20,236,991
Expenses and losses						
Compensation	-	-	80,211	80,436	-	4,292,017
Administrative	771	4,436	85,590	54,006	(453,926)	2,960,137
Professional services	-	8,464	23,001	24,297	-	918,887
Depreciation and amortization	-	-	27,858	76,697	(618)	8,000,877
Grants	-	-	-	-	-	417,364
Facility	-	1,675	109,783	113,147	-	6,395,710
Interest and fees	-	22,914	20,160	100,177	(12,753)	4,241,210
Bad debts	-	-	13,035	10,085	-	236,564
Provision for impaired assets	-	-	172,689	1,082,377	68,090	2,888,638
Project expenses	-	-	-	-	-	877
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	13,988	-	-	(2,111,017)	296,456
Total expenses and losses	771	51,477	532,327	1,541,222	(2,510,224)	30,648,737
Excess (deficiency) of revenues over expenses	(771)	592,714	(360,958)	(1,224,911)	1,991,526	(10,411,746)
Net assets at beginning of year	-	(567,262)	(1,454,788)	(1,669,477)	(4,814,325)	52,455,505
Other transfers to (from) net assets	100	-	-	187,049	83,731	9,005,148
Net assets at end of year	<u>\$ (671)</u>	<u>\$ 25,452</u>	<u>\$ (1,815,746)</u>	<u>\$ (2,707,339)</u>	<u>\$ (2,739,068)</u>	<u>\$ 51,048,907</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties Inc.
For the year ended December 31, 2009

	Mercy Crestview Village Housing, LP	Western Manor, LP	FHD Holdings LLC	Franciscan Homes III, LP	Franciscan Homes IV, LP
Revenues					
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 154,841	\$ 157,145
Developer fees	-	-	-	-	-
Services fees	-	-	9,500	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	-	-	331	26
Other revenue	-	-	634,691	16,197	159,140
Total revenues	-	-	644,191	171,369	316,311
Expenses and losses					
Compensation	-	-	-	80,211	80,436
Administrative	1,766	771	4,436	85,590	54,006
Professional services	-	-	8,464	23,001	24,297
Depreciation and amortization	-	-	-	27,858	76,697
Grants	-	-	-	-	-
Facility	-	-	1,675	109,783	113,147
Interest and fees	-	-	22,914	20,160	100,177
Bad debts	-	-	-	13,035	10,085
Provision for impaired assets	-	-	-	172,689	1,082,377
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	13,988	-	-
Total expenses and losses	1,766	771	51,477	532,327	1,541,222
Excess (deficiency) of revenues over expenses	(1,766)	(771)	592,714	(360,958)	(1,224,911)
Net assets at beginning of year	-	-	(567,262)	(1,454,788)	(1,669,477)
Other transfers to (from) net assets	100	100	-	-	187,049
Net assets at end of year	\$ (1,666)	\$ (671)	\$ 25,452	\$ (1,815,746)	\$ (2,707,339)

Consolidating Statement of Financial Position
Mercy Properties II, Inc.
December 31, 2009

	Mercy Properties II, Inc.	Mercy Housing Utah I (Francis Peak View)	Mercy Housing Idaho IV (Skyview Terrace)	Mercy Housing Idaho V (Sisters Villa)	Eliminations	Consolidated Mercy Properties II, Inc.
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ 278,139	\$ 400	\$ 18,189	\$ -	\$ 296,728
Cash, tenant security deposits	-	38,603	23,089	14,073	-	75,765
Cash, restricted	-	-	-	12,085	-	12,085
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	6,160	8,355	98	-	14,613
Due from affiliate, net	44,396	1,753	-	-	(44,396)	1,753
Pledges receivable	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	-	23,936	12,564	8,462	-	44,962
Total current assets	44,396	348,591	44,408	52,907	(44,396)	445,906
Property and equipment						
Land and land improvements	-	1,190,644	64,487	1,001,765	-	2,256,896
Buildings	-	6,324,301	3,045,842	3,887,488	-	13,257,631
Furniture and equipment	-	215,630	261,391	48,644	-	525,665
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	-	(2,013,477)	(1,558,186)	(1,008,415)	-	(4,580,078)
Net property and equipment	-	5,717,098	1,813,534	3,929,482	-	11,460,114
Other long-term assets						
Restricted property reserves	-	580,490	106,781	132,659	-	819,930
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	(228)	-	-	-	228	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	-	35,756	7,190	97,182	-	140,128
Total other long-term assets	(228)	616,246	113,971	229,841	228	960,058
Total assets	\$ 44,168	\$ 6,681,935	\$ 1,971,913	\$ 4,212,230	\$ (44,168)	\$ 12,866,078
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ -	\$ 40,873	\$ 40,722	\$ 46,215	\$ -	\$ 127,810
Due to affiliates	120,761	41,102	76,884	5,000	(77,067)	166,680
Accrued interest	-	59,752	4,287	6,602	-	70,641
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	60,960	16,110	13,934	-	91,004
Current portion of notes payable, affiliates	-	-	10,000	-	-	10,000
Deferred revenue	-	2,936	2,254	825	-	6,015
Tenant security deposits	-	31,450	16,075	12,472	-	59,997
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	120,761	237,073	166,332	85,048	(77,067)	532,147
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	56,194	18,049	-	74,243
Accrued interest, affiliates	-	-	78,777	22,858	-	101,635
Notes payable, less current portion	-	4,156,698	1,144,914	1,882,748	-	7,184,360
Notes payable, less current portion, affiliates	-	-	628,482	414,246	-	1,042,728
Deferred revenue and other liabilities	-	-	-	-	-	-
Total long-term liabilities	-	4,156,698	1,908,367	2,337,901	-	8,402,966
Total liabilities	120,761	4,393,771	2,074,699	2,422,949	(77,067)	8,935,113
Net assets						
Unrestricted net assets	(76,593)	2,288,164	(102,786)	1,789,281	32,899	3,930,965
Temporarily restricted net assets	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	(76,593)	2,288,164	(102,786)	1,789,281	32,899	3,930,965
Total liabilities and net assets	\$ 44,168	\$ 6,681,935	\$ 1,971,913	\$ 4,212,230	\$ (44,168)	\$ 12,866,078

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Properties II, Inc.
For the year ended December 31, 2009

	Mercy Properties II, Inc.	Mercy Housing Utah I (Francis Peak View)	Mercy Housing Idaho IV (Skyview Terrace)	Mercy Housing Idaho V (Sisters Villa)	Eliminations	Consolidated Mercy Properties II, Inc.
Revenues						
Rent - net of vacancies	\$ -	\$ 867,704	\$ 282,664	\$ 310,190	\$ -	\$ 1,460,558
Developer fees	-	-	-	-	-	-
Services fees	30,521	-	-	-	(30,521)	-
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	-	2,288	136	119	-	2,543
Other	-	42,887	16,934	3,049	-	62,870
Total revenues	<u>30,521</u>	<u>912,879</u>	<u>299,734</u>	<u>313,358</u>	<u>(30,521)</u>	<u>1,525,971</u>
Expenses and losses						
Compensation	-	156,315	80,830	53,268	-	290,413
Administrative	55,867	120,552	56,241	56,630	(30,521)	258,769
Professional services	1,004	56,577	10,515	10,661	-	78,757
Depreciation and amortization	-	319,305	111,223	165,391	-	595,919
Grants	-	-	-	-	-	-
Facility	-	177,832	103,023	70,899	-	351,754
Interest and fees	2,064	231,368	65,959	102,631	-	402,022
Bad debts	-	10,495	6,884	5	-	17,384
Provision for impaired assets	(15,729)	-	-	-	15,729	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	43	-	-	-	(43)	-
Total expenses and losses	<u>43,249</u>	<u>1,072,444</u>	<u>434,675</u>	<u>459,485</u>	<u>(14,835)</u>	<u>1,995,018</u>
Excess (deficiency) of revenues over expenses	(12,728)	(159,565)	(134,941)	(146,127)	(15,686)	(469,047)
Net assets at beginning of year	(63,865)	2,447,729	32,155	1,935,408	48,585	4,400,012
Other transfers to (from) net assets	-	-	-	-	-	-
Net assets at end of year	<u>\$ (76,593)</u>	<u>\$ 2,288,164</u>	<u>\$ (102,786)</u>	<u>\$ 1,789,281</u>	<u>\$ 32,899</u>	<u>\$ 3,930,965</u>

Consolidating Statement of Financial Position
2101 Telegraph Avenue, Inc.
December 31, 2009

	2101 Telegraph Avenue, Inc.	2101 Telegraph Avenue Associates	Eliminations	Consolidated 2101 Telegraph Avenue, Inc.
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 74,515	\$ -	\$ 74,515
Cash, tenant security deposits	-	32,594	-	32,594
Cash, restricted	-	52,640	-	52,640
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	43	-	43
Due from affiliate, net	900	-	(900)	-
Pledges receivable	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	27,312	-	27,312
Total current assets	900	187,104	(900)	187,104
Property and equipment				
Land and land improvements	-	486,516	-	486,516
Buildings	-	9,228,151	-	9,228,151
Furniture and equipment	-	265,874	-	265,874
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(4,438,217)	-	(4,438,217)
Net property and equipment	-	5,542,324	-	5,542,324
Other long-term assets				
Restricted property reserves	-	1,020,381	-	1,020,381
Cash, restricted	-	-	-	-
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Investments in limited partnerships	(69,771)	-	69,771	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	317,391	-	(317,391)	-
Allowance for impaired assets	-	-	-	-
Other assets	-	8,189	-	8,189
Total other long-term assets	247,620	1,028,570	(247,620)	1,028,570
Total assets	\$ 248,520	\$ 6,757,998	\$ (248,520)	\$ 6,757,998
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 108,331	\$ -	\$ 108,331
Due to affiliates	54,048	5,000	(5,000)	54,048
Accrued interest	-	-	-	-
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue	-	4,537	-	4,537
Tenant security deposits	-	24,200	-	24,200
Miscellaneous current liabilities	-	-	-	-
Total current liabilities	54,048	142,068	(5,000)	191,116
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	2,344,159	-	2,344,159
Accrued interest, affiliates	-	140,591	(140,591)	-
Notes payable, less current portion	-	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	-	6,441,046	(564,711)	5,876,335
Total liabilities	54,048	6,583,114	(569,711)	6,067,451
Net assets				
Unrestricted net assets	194,472	174,884	321,191	690,547
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	194,472	174,884	321,191	690,547
Total liabilities and net assets	\$ 248,520	\$ 6,757,998	\$ (248,520)	\$ 6,757,998

Consolidating Statement of Activities
and Changes in Net Assets
2101 Telegraph Avenue, Inc.
For the year ended December 31, 2009

	2101 Telegraph Avenue, Inc.	2101 Telegraph Avenue Associates	Eliminations	Consolidated 2101 Telegraph Avenue, Inc.
Revenues				
Rent - net of vacancies	\$ -	\$ 838,829	\$ -	\$ 838,829
Developer fees	-	-	-	-
Services fees	10,000	-	(10,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	14,527	2,602	(14,527)	2,602
Other	-	11,756	-	11,756
Total revenues	<u>24,527</u>	<u>853,187</u>	<u>(24,527)</u>	<u>853,187</u>
Expenses and losses				
Compensation	-	316,461	-	316,461
Administrative	18,702	176,580	(10,000)	185,282
Professional services	962	15,178	-	16,140
Depreciation and amortization	-	350,142	-	350,142
Grants	-	-	-	-
Facility	-	284,832	-	284,832
Interest and fees	876	190,317	(14,527)	176,666
Bad debts	-	-	-	-
Provision for impaired assets	13,627	-	(13,627)	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	4,803	-	(4,803)	-
Total expenses and losses	<u>38,970</u>	<u>1,333,510</u>	<u>(42,957)</u>	<u>1,329,523</u>
Excess (deficiency) of revenues over expenses	(14,443)	(480,323)	18,430	(476,336)
Net assets at beginning of year	208,915	655,207	302,761	1,166,883
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 194,472</u>	<u>\$ 174,884</u>	<u>\$ 321,191</u>	<u>\$ 690,547</u>

Consolidating Statement of Financial Position
McDermott Place
December 31, 2009

	McDermott Place	Bishops Block	Eliminations	Consolidated McDermott Place
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 15,065	\$ -	\$ 15,065
Cash, tenant security deposits	-	10,755	-	10,755
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	2,791	-	2,791
Due from affiliate, net	6,996	-	(6,996)	-
Pledges receivable	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	6,850	-	6,850
Total current assets	6,996	35,461	(6,996)	35,461
Property and equipment				
Land and land improvements	-	66,022	-	66,022
Buildings	-	1,070,861	-	1,070,861
Furniture and equipment	-	49,456	-	49,456
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(742,339)	-	(742,339)
Net property and equipment	-	444,000	-	444,000
Other long-term assets				
Restricted property reserves	-	37,775	-	37,775
Cash, restricted	-	-	-	-
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Investments in limited partnerships	(986,832)	-	986,832	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets	-	13,750	-	13,750
Total other long-term assets	(986,832)	51,525	986,832	51,525
Total assets	\$ (979,836)	\$ 530,986	\$ 979,836	\$ 530,986
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 29,759	\$ -	\$ 29,759
Due to affiliates	52,318	207,792	(51,996)	208,114
Accrued interest	-	2,509	-	2,509
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	7,992	-	7,992
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue	-	10,426	-	10,426
Tenant security deposits	-	8,504	-	8,504
Miscellaneous current liabilities	-	-	-	-
Total current liabilities	52,318	266,982	(51,996)	267,304
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	190,440	-	190,440
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion	-	1,060,385	-	1,060,385
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	1,250,825	-	1,250,825
Total liabilities	52,318	1,517,807	(51,996)	1,518,129
Net assets				
Unrestricted net assets	(1,032,154)	(986,821)	1,031,832	(987,143)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	(1,032,154)	(986,821)	1,031,832	(987,143)
Total liabilities and net assets	\$ (979,836)	\$ 530,986	\$ 979,836	\$ 530,986

Consolidating Statement of Activities
and Changes in Net Assets
McDermott Place
For the year ended December 31, 2009

	McDermott Place	Bishops Block	Eliminations	Consolidated McDermott Place
Revenues				
Rent - net of vacancies	\$ -	\$ 194,877	\$ -	\$ 194,877
Developer fees	-	-	-	-
Services fees	5,290	-	(5,290)	-
Philanthropy	-	5,279	-	5,279
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	161	-	161
Other	-	6,794	-	6,794
Total revenues	<u>5,290</u>	<u>207,111</u>	<u>(5,290)</u>	<u>207,111</u>
Expenses and losses				
Compensation	-	47,256	-	47,256
Administrative	6,933	33,770	(5,290)	35,413
Professional services	4,373	9,533	-	13,906
Depreciation and amortization	-	33,583	-	33,583
Grants	-	-	-	-
Facility	-	81,349	-	81,349
Interest and fees	1,275	55,372	-	56,647
Bad debts	-	1,754	-	1,754
Provision for impaired assets	-	324,690	-	324,690
Resident programs and services	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	1,037,237	-	(1,037,237)	-
Total expenses and losses	<u>1,049,818</u>	<u>587,307</u>	<u>(1,042,527)</u>	<u>594,598</u>
Excess (deficiency) of revenues over expenses	(1,044,528)	(380,196)	1,037,237	(387,487)
Net assets at beginning of year	12,374	(606,625)	(5,405)	(599,656)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ (1,032,154)</u>	<u>\$ (986,821)</u>	<u>\$ 1,031,832</u>	<u>\$ (987,143)</u>

Consolidating Statement of Financial Position
South of Market Mercy Housing
December 31, 2009

Assets

	South of Market Mercy Housing	1028 Howard St Associates (1028 Howard St Apartments)	1101 Howard St Associates (1101 Howard St Apartments)	Mercy Housing California VI (205 Jones St Apartments)	1475 16th Ave. Associates (Bermuda Gardens)
Current assets					
Cash and cash equivalents	\$ -	\$ 47,068	\$ 115,323	\$ 33,257	\$ 17,124
Cash, tenant security deposits	-	28,107	34,793	31,441	56,812
Cash, restricted	-	124,240	45,000	3,899	500
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	440	743	3,795	7,180
Due from affiliate, net	177,997	-	-	1,190	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	9,670	13,576	14,519	26,681
Total current assets	177,997	209,525	209,435	88,101	108,297
Property and equipment					
Land and land improvements	-	-	807,358	233,860	835,000
Buildings	-	5,098,047	5,026,254	3,585,952	5,112,656
Furniture and equipment	-	120,036	102,922	125,777	99,731
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(3,034,858)	(2,028,094)	(1,907,331)	(2,220,558)
Net property and equipment	-	2,183,225	3,908,440	2,038,258	3,826,829
Other long-term assets					
Restricted property reserves	-	247,393	160,245	165,619	209,951
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	(11,923,183)	-	-	-	-
Notes and interest receivable, net	123,236	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	-	1,032	21,641	64,771
Total other long-term assets	(11,799,947)	247,393	161,277	187,260	274,722
Total assets	\$ (11,621,950)	\$ 2,640,143	\$ 4,279,152	\$ 2,313,619	\$ 4,209,848
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 52,087	\$ 28,950	\$ 30,597	\$ 129,827
Due to affiliates	433,946	126,570	133,171	126,699	569,787
Accrued interest	-	1,501	1,885	2,024	13,472
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	21,445	24,975	12,540	65,476
Current portion of notes payable, affiliates	-	-	-	-	26,864
Deferred revenue	-	156	86	19,594	1,202
Tenant security deposits	-	25,491	23,431	24,295	54,987
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	433,946	227,250	212,498	215,749	861,615
Long-term liabilities					
Due to affiliates	775,972	-	-	-	-
Accrued interest	-	987,049	1,109,112	711,270	606,955
Accrued interest, affiliates	-	-	-	-	68,319
Notes payable, less current portion	-	2,385,708	2,751,191	2,132,667	4,710,004
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	259,345
Total long-term liabilities	775,972	3,372,757	3,860,303	2,843,937	5,644,623
Total liabilities	1,209,918	3,600,007	4,072,801	3,059,686	6,506,238
Net assets					
Unrestricted net assets	(12,831,868)	(959,864)	206,351	(746,067)	(2,296,390)
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(12,831,868)	(959,864)	206,351	(746,067)	(2,296,390)
Total liabilities and net assets	\$ (11,621,950)	\$ 2,640,143	\$ 4,279,152	\$ 2,313,619	\$ 4,209,848

Consolidating Statement of Financial Position
South of Market Mercy Housing
December 31, 2009

	Centro Partners (El Centro Residential Suites)	La Playa Residential	West 28th Street (Montclair/ Tolton Court)	16th & Church St. Associates (Padre Palou Community)	Mercy Housing California III (Plaza Maria Apts.)
Assets					
Current assets					
Cash and cash equivalents	\$ 72,424	\$ 58,306	\$ -	\$ 41,980	\$ 83,504
Cash, tenant security deposits	37,452	22,161	16,949	12,792	54,124
Cash, restricted	-	-	-	19,813	300
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	27,193	-	508	-	2,942
Due from affiliate, net	-	98	-	6,668	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	12,174	2,415	3,369	10,488	12,231
Total current assets	149,243	82,980	20,826	91,741	153,101
Property and equipment					
Land and land improvements	913,787	568,985	720,004	-	750,000
Buildings	4,522,193	1,946,483	4,455,250	2,386,743	6,583,535
Furniture and equipment	141,905	21,527	128,859	89,747	228,851
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(1,992,393)	(801,576)	(1,754,548)	(1,572,907)	(3,578,971)
Net property and equipment	3,585,492	1,735,419	3,549,565	903,583	3,983,415
Other long-term assets					
Restricted property reserves	385,715	150,740	173,503	111,830	191,865
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	61,523	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	24,288	724	-	4,169	19,939
Total other long-term assets	410,003	151,464	235,026	115,999	211,804
Total assets	\$ 4,144,738	\$ 1,969,863	\$ 3,805,417	\$ 1,111,323	\$ 4,348,320
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 41,313	\$ 14,552	\$ 15,322	\$ 23,943	\$ 49,075
Due to affiliates	-	-	23,476	70,000	15,000
Accrued interest	2,114	1,181	-	-	8,568
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	42,725	6,921	-	-	43,422
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	3,721	1,059	27	14	2,800
Tenant security deposits	36,308	11,374	16,542	12,628	54,837
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	126,181	35,087	55,367	106,585	173,702
Long-term liabilities					
Due to affiliates	-	-	-	487,614	-
Accrued interest	1,600,776	462,172	-	599,725	288,785
Accrued interest, affiliates	-	-	-	394,175	-
Notes payable, less current portion	3,594,630	1,354,639	1,800,754	1,115,000	2,904,220
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	5,195,406	1,816,811	1,800,754	2,596,514	3,193,005
Total liabilities	5,321,587	1,851,898	1,856,121	2,703,099	3,366,707
Net assets					
Unrestricted net assets	(1,176,849)	117,965	1,949,296	(1,591,776)	981,613
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(1,176,849)	117,965	1,949,296	(1,591,776)	981,613
Total liabilities and net assets	\$ 4,144,738	\$ 1,969,863	\$ 3,805,417	\$ 1,111,323	\$ 4,348,320

Consolidating Statement of Financial Position
South of Market Mercy Housing
December 31, 2009

	Mercy Housing California IX (Sycamore St. Commons)	Mercy Housing California IV (Vista Grande Apts.)	Eliminations	Consolidated South of Market Mercy Housing
Assets				
Current assets				
Cash and cash equivalents	\$ 159,561	\$ 12,797	\$ -	\$ 641,344
Cash, tenant security deposits	45,062	25,108	-	364,801
Cash, restricted	37,237	23,382	-	254,371
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	1,051	33,273	-	77,125
Due from affiliate, net	-	-	(155,396)	30,557
Pledges receivable	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	16,329	13,104	-	134,556
Total current assets	259,240	107,664	(155,396)	1,502,754
Property and equipment				
Land and land improvements	1,560,000	468,208	-	6,857,202
Buildings	8,674,800	4,119,976	-	51,511,889
Furniture and equipment	241,549	88,546	-	1,389,450
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	(3,954,748)	(1,502,321)	-	(24,348,305)
Net property and equipment	6,521,601	3,174,409	-	35,410,236
Other long-term assets				
Restricted property reserves	809,237	36,679	-	2,642,777
Cash, restricted	-	-	-	-
Long-term investments	-	-	-	61,523
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Investments in limited partnerships	-	-	(277,133)	(12,200,316)
Notes and interest receivable, net	-	-	-	123,236
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets	84,841	21,717	-	243,122
Total other long-term assets	894,078	58,396	(277,133)	(9,129,658)
Total assets	\$ 7,674,919	\$ 3,340,469	\$ (432,529)	\$ 27,783,332
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 41,093	\$ 51,503	\$ -	\$ 478,262
Due to affiliates	21,035	140,699	(715,834)	944,549
Accrued interest	7,167	4,638	-	42,550
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	44,485	25,103	-	287,092
Current portion of notes payable, affiliates	-	-	-	26,864
Deferred revenue	1,231	6,359	-	36,249
Tenant security deposits	44,599	25,108	-	329,600
Miscellaneous current liabilities	-	-	-	-
Total current liabilities	159,610	253,410	(715,834)	2,145,166
Long-term liabilities				
Due to affiliates	-	-	-	1,263,586
Accrued interest	847,223	136,714	-	7,349,781
Accrued interest, affiliates	-	-	-	462,494
Notes payable, less current portion	4,612,602	1,507,650	-	28,869,065
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	4,041	158,854	-	422,240
Total long-term liabilities	5,463,866	1,803,218	-	38,367,166
Total liabilities	5,623,476	2,056,628	(715,834)	40,512,332
Net assets				
Unrestricted net assets	2,051,443	1,283,841	283,305	(12,729,000)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	2,051,443	1,283,841	283,305	(12,729,000)
Total liabilities and net assets	\$ 7,674,919	\$ 3,340,469	\$ (432,529)	\$ 27,783,332

Consolidating Statement of Activities
and Changes in Net Assets
South of Market Mercy Housing
For the year ended December 31, 2009

	South of Market Mercy Housing	1028 Howard St Associates (1028 Howard St Apartments)	1101 Howard St Associates (1101 Howard St Apartments)	Mercy Housing California VI (205 Jones St Apartments)	1475 16th Ave. Associates (Bermuda Gardens)
Revenues					
Rent - net of vacancies	\$ -	\$ 376,956	\$ 387,416	\$ 368,212	\$ 687,948
Developer fees	-	-	-	-	-
Services fees	111,101	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	11,340	1,646	1,063	790	3,091
Other revenue	17	6,020	11,499	5,513	22,694
Total revenues	<u>122,458</u>	<u>384,622</u>	<u>399,978</u>	<u>374,515</u>	<u>713,733</u>
Expenses and losses					
Compensation	-	72,871	84,111	98,891	106,456
Administrative	117,532	54,860	56,062	72,122	111,708
Professional services	1,130	30,951	30,910	13,626	66,003
Depreciation and amortization	-	187,985	143,492	133,855	195,641
Grants	-	-	-	-	-
Facility	-	118,017	115,874	159,496	246,167
Interest and fees	10,830	77,880	90,521	72,285	256,485
Bad debts	-	-	-	-	23,416
Provision for impaired assets	512,504	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	828,403	-	-	-	-
Total expenses and losses	<u>1,470,399</u>	<u>542,564</u>	<u>520,970</u>	<u>550,275</u>	<u>1,005,876</u>
Excess (deficiency) of revenues over expenses	(1,347,941)	(157,942)	(120,992)	(175,760)	(292,143)
Net assets at beginning of year	(11,483,927)	(801,922)	327,343	(570,307)	(2,004,247)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (12,831,868)</u>	<u>\$ (959,864)</u>	<u>\$ 206,351</u>	<u>\$ (746,067)</u>	<u>\$ (2,296,390)</u>

Consolidating Statement of Activities
and Changes in Net Assets
South of Market Mercy Housing
For the year ended December 31, 2009

	Centro Partners (El Centro Residential Suites)	La Playa Residential	West 28th Street (Montclair/ Tolton Court)	16th & Church St. Associates (Padre Palou Community)	Mercy Housing California III (Plaza Maria Apts.)
Revenues					
Rent - net of vacancies	\$ 434,859	\$ 123,601	\$ 265,339	\$ 220,758	\$ 666,945
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	799	308	1,876	269	208
Other revenue	21,451	23,685	7,129	4,569	17,944
Total revenues	<u>457,109</u>	<u>147,594</u>	<u>274,344</u>	<u>225,596</u>	<u>685,097</u>
Expenses and losses					
Compensation	135,287	30,442	76,801	67,593	121,663
Administrative	62,235	10,932	10,948	28,580	104,200
Professional services	15,232	8,440	11,423	9,870	55,027
Depreciation and amortization	124,099	49,109	163,397	76,500	244,757
Grants	-	-	-	-	-
Facility	127,243	37,507	90,489	116,656	216,770
Interest and fees	137,002	49,323	-	97,674	132,360
Bad debts	8,733	1,472	-	-	30,586
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>609,831</u>	<u>187,225</u>	<u>353,058</u>	<u>396,873</u>	<u>905,363</u>
Excess (deficiency) of revenues over expenses	(152,722)	(39,631)	(78,714)	(171,277)	(220,266)
Net assets at beginning of year	(1,024,127)	157,596	2,028,010	(1,420,499)	1,201,879
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (1,176,849)</u>	<u>\$ 117,965</u>	<u>\$ 1,949,296</u>	<u>\$ (1,591,776)</u>	<u>\$ 981,613</u>

Consolidating Statement of Activities
and Changes in Net Assets
South of Market Mercy Housing
For the year ended December 31, 2009

	Mercy Housing California IX (Sycamore St. Commons)	Mercy Housing California IV (Vista Grande Apts.)	Eliminations	Consolidated South of Market Mercy Housing
Revenues				
Rent - net of vacancies	\$ 664,349	\$ 356,046	\$ -	\$ 4,552,429
Developer fees	-	-	-	-
Services fees	-	-	(84,469)	26,632
Philanthropy	-	-	-	-
Capital grants	-	6,250	-	6,250
Consulting	-	-	-	-
Interest	2,801	97	-	24,288
Other revenue	10,123	15,532	-	146,176
Total revenues	677,273	377,925	(84,469)	4,755,775
Expenses and losses				
Compensation	126,070	41,809	-	961,994
Administrative	83,846	74,421	(84,469)	702,977
Professional services	40,338	89,157	-	372,107
Depreciation and amortization	323,503	107,655	-	1,749,993
Grants	-	-	-	-
Facility	205,673	99,132	-	1,533,024
Interest and fees	154,165	66,773	-	1,145,298
Bad debts	63	4,883	-	69,153
Provision for impaired assets	-	-	(501,164)	11,340
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	(12,144)	816,259
Total expenses and losses	933,658	483,830	(597,777)	7,362,145
Excess (deficiency) of revenues over expenses	(256,385)	(105,905)	513,308	(2,606,370)
Net assets at beginning of year	2,307,828	1,389,746	(230,003)	(10,122,630)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	\$ 2,051,443	\$ 1,283,841	\$ 283,305	\$ (12,729,000)

Consolidating Statement of Financial Position
Visitacion Valley Affordable Housing
December 31, 2009

	Visitacion Valley Affordable Hsg	Visitacion Valley Family Hsg, Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Hsg
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 16,104	\$ -	\$ 16,104
Cash, tenant security deposits	-	96,872	-	96,872
Cash, restricted	-	33,883	-	33,883
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	90,035	-	90,035
Due from affiliate, net	22,050	-	(22,050)	-
Pledges receivable	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	38,570	-	38,570
Total current assets	22,050	275,464	(22,050)	275,464
Property and equipment				
Land and land improvements	-	-	-	-
Buildings	-	25,749,878	-	25,749,878
Furniture and equipment	-	1,035,361	-	1,035,361
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(9,317,921)	-	(9,317,921)
Net property and equipment	-	17,467,318	-	17,467,318
Other long-term assets				
Restricted property reserves	-	937,262	-	937,262
Cash, restricted	-	-	-	-
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Investments in limited partnerships	3,124,866	-	(3,124,866)	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets	-	66,037	-	66,037
Total other long-term assets	3,124,866	1,003,299	(3,124,866)	1,003,299
Total assets	\$ 3,146,916	\$ 18,746,081	\$ (3,146,916)	\$ 18,746,081
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 116,984	\$ -	\$ 116,984
Due to affiliates	117,592	37,050	(37,051)	117,591
Accrued interest	-	23,356	-	23,356
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	43,661	-	43,661
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue	-	9,265	-	9,265
Tenant security deposits	-	94,836	-	94,836
Miscellaneous current liabilities	-	-	-	-
Total current liabilities	117,592	325,152	(37,051)	405,693
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	277,982	-	277,982
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion	-	6,434,763	-	6,434,763
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	6,712,745	-	6,712,745
Total liabilities	117,592	7,037,897	(37,051)	7,118,438
Net assets				
Unrestricted net assets	863,324	11,708,184	(3,109,865)	9,461,643
Temporarily restricted net assets	2,166,000	-	-	2,166,000
Permanently restricted net assets	-	-	-	-
Total net assets	3,029,324	11,708,184	(3,109,865)	11,627,643
Total liabilities and net assets	\$ 3,146,916	\$ 18,746,081	\$ (3,146,916)	\$ 18,746,081

Consolidating Statement of Activities
and Changes in Net Assets
Visitacion Valley Affordable Housing
For the year ended December 31, 2009

	Visitacion Valley Affordable Hsg	Visitacion Valley Family Hsg, Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Hsg
Revenues				
Rent - net of vacancies	\$ -	\$ 1,656,314	\$ -	\$ 1,656,314
Developer fees	-	-	-	-
Services fees	15,000	-	(15,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	3,178	-	3,178
Other	-	54,939	-	54,939
Total revenues	<u>15,000</u>	<u>1,714,431</u>	<u>(15,000)</u>	<u>1,714,431</u>
Expenses and losses				
Compensation	-	340,277	-	340,277
Administrative	29,604	194,396	(15,000)	209,000
Professional services	864	26,030	-	26,894
Depreciation and amortization	-	1,005,768	-	1,005,768
Facility	-	821,025	-	821,025
Interest and fees	1,553	355,049	-	356,602
Bad debts	-	2,085	-	2,085
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	516	-	(516)	-
Total expenses and losses	<u>32,537</u>	<u>2,744,630</u>	<u>(15,516)</u>	<u>2,761,651</u>
Excess (deficiency) of revenues over expenses	(17,537)	(1,030,199)	516	(1,047,220)
Net assets at beginning of year	3,046,861	12,738,383	(3,110,381)	12,674,863
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 3,029,324</u>	<u>\$ 11,708,184</u>	<u>\$ (3,109,865)</u>	<u>\$ 11,627,643</u>

Consolidating Statement of Financial Position
Neary Lagoon, Inc.
December 31, 2009

	Neary Lagoon, Inc.	Neary lagoon Partners (Neary Lagoon Cooperative)	Eliminations	Consolidated Neary Lagoon, Inc.
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 25,656	\$ -	\$ 25,656
Cash, tenant security deposits	-	52,943	-	52,943
Cash, restricted	-	12,538	-	12,538
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	11,879	-	11,879
Due from affiliate, net	-	-	-	-
Pledges receivable	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	24,200	-	24,200
Total current assets	-	127,216	-	127,216
Property and equipment				
Land and land improvements	-	-	-	-
Buildings	-	7,148,996	-	7,148,996
Furniture and equipment	-	244,924	-	244,924
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(4,335,798)	-	(4,335,798)
Net property and equipment	-	3,058,122	-	3,058,122
Other long-term assets				
Restricted property reserves	-	314,270	-	314,270
Cash, restricted	-	-	-	-
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Investments in limited partnerships	(120,631)	-	120,631	-
Notes and interest receivable, net	139,667	-	-	139,667
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets	-	97,864	-	97,864
Total other long-term assets	19,036	412,134	120,631	551,801
Total assets	\$ 19,036	\$ 3,597,472	\$ 120,631	\$ 3,737,139
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 17,423	\$ 95,357	\$ -	\$ 112,780
Due to affiliates	49,278	-	-	49,278
Accrued interest	-	2,357	-	2,357
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	33,071	-	33,071
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue	-	3,540	-	3,540
Tenant security deposits	-	45,965	-	45,965
Miscellaneous current liabilities	-	-	-	-
Total current liabilities	66,701	180,290	-	246,991
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	3,252,405	-	3,252,405
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion	-	6,614,733	-	6,614,733
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	9,867,138	-	9,867,138
Total liabilities	66,701	10,047,428	-	10,114,129
Net assets				
Unrestricted net assets	(47,665)	(6,449,956)	120,631	(6,376,990)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	(47,665)	(6,449,956)	120,631	(6,376,990)
Total liabilities and net assets	\$ 19,036	\$ 3,597,472	\$ 120,631	\$ 3,737,139

Consolidating Statement of Activities
and Changes in Net Assets
Neary Lagoon, Inc.
For the year ended December 31, 2009

	Neary Lagoon, Inc.	Neary Lagoon Partners (Neary Lagoon Cooperative)	Eliminations	Consolidated Neary Lagoon, Inc.
Revenues				
Rent - net of vacancies	\$ -	\$ 690,213	\$ -	\$ 690,213
Developer fees	-	-	-	-
Services fees	-	-	-	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	13,770	1,726	-	15,496
Other	-	6,020	-	6,020
Total revenues	13,770	697,959	-	711,729
Expenses and losses				
Compensation	-	147,557	-	147,557
Administrative	18,996	91,984	-	110,980
Professional services	1,389	58,588	-	59,977
Depreciation and amortization	-	131,391	-	131,391
Grants	-	-	-	-
Facility	-	446,801	-	446,801
Interest and fees	383	270,819	-	271,202
Bad debts	-	-	-	-
Provision for impaired assets	13,770	-	-	13,770
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	4,492	-	(4,492)	-
Total expenses and losses	39,030	1,147,140	(4,492)	1,181,678
Excess (deficiency) of revenues over expenses	(25,260)	(449,181)	4,492	(469,949)
Net assets at beginning of year	(22,405)	(6,000,775)	116,139	(5,907,041)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	\$ (47,665)	\$ (6,449,956)	\$ 120,631	\$ (6,376,990)

Consolidating Statement of Financial Position
Mercy Housing West
December 31, 2009

Assets

	Mercy Housing West	Mercy Housing California XIV (10th & Mission)	Mercy Housing California XIV (Nueva Vista)	Mercy Housing California XVII (Derek Silva Community)	Mercy Housing California XXIV (Carter Terrace)
Current assets					
Cash and cash equivalents	\$ -	\$ 64,519	\$ 155,462	\$ 175,957	\$ 136,639
Cash, tenant security deposits	-	111,583	36,138	18,409	109,816
Cash, restricted	-	59,678	30,300	13,620	47,240
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	11,655	113,894	-	451	23,209
Due from affiliate, net	1,019,858	-	6,290	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	2,374,135	281,390	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	38,504	17,574	26,921	32,320
Total current assets	3,405,648	669,568	245,764	235,358	349,224
Property and equipment					
Land and land improvements	-	1,323,633	917,754	135,399	3,615,496
Buildings	-	63,062,642	10,939,574	14,556,497	20,853,712
Furniture and equipment	-	1,441,628	311,249	76,207	1,556,730
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(643,791)	(3,025,127)	(3,592,099)	(6,129,345)
Net property and equipment	-	65,184,112	9,143,450	11,176,004	19,896,593
Other long-term assets					
Restricted property reserves	-	27,200	366,689	603,577	932,643
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	14,841,484	-	-	-	-
Notes and interest receivable, net	285,520	-	-	-	-
Notes and interest receivable, affiliates	20,607,565	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	473,250	72,562	260,156	180,488
Total other long-term assets	35,734,569	500,450	439,251	863,733	1,113,131
Total assets	\$ 39,140,217	\$ 66,354,130	\$ 9,828,465	\$ 12,275,095	\$ 21,358,948
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 3,349,064	\$ 30,539	\$ 62,242	\$ 120,145
Due to affiliates	1,111,831	55,497	86,286	104,280	92,910
Accrued interest	-	-	3,653	16,178	21,321
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	10,717,829	53,288	200,000	300,000
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	-	4,662	2,220	5,530	3,025
Tenant security deposits	-	113,641	35,020	17,757	109,697
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	1,111,831	14,240,693	211,006	405,987	647,098
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	262,814	-	336,115	1,995,175
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	28,646,823	4,248,503	9,385,695	18,411,593
Notes payable, less current portion, affiliates	6,727,672	-	-	-	-
Deferred revenue and other liabilities	-	918,408	4	805,000	-
Total long-term liabilities	6,727,672	29,828,045	4,248,507	10,526,810	20,406,768
Total liabilities	7,839,503	44,068,738	4,459,513	10,932,797	21,053,866
Net assets					
Unrestricted net assets	(4,382,166)	22,285,392	5,368,952	1,342,298	305,082
Temporarily restricted net assets	35,682,880	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	31,300,714	22,285,392	5,368,952	1,342,298	305,082
Total liabilities and net assets	\$ 39,140,217	\$ 66,354,130	\$ 9,828,465	\$ 12,275,095	\$ 21,358,948

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Assets

	Mercy Housing California XVIII (Leland Polk Senior)	Mercy Housing California XIII (Linbrook Court)	Mercy Housing California XX (Mission Creek Senior)	Mercy Housing California XVI (Villa Madera)	Mercy Housing California XXIII (St. Vincent's Garden)
Current assets					
Cash and cash equivalents	\$ 75,192	\$ 94,460	\$ 643,983	\$ 6,287	\$ 119,309
Cash, tenant security deposits	25,058	32,940	71,230	54,595	33,086
Cash, restricted	-	-	258,714	-	2,832
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	20	3,614	126,264	1,896	13,841
Due from affiliate, net	-	5,000	-	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	64,615	12,237	71,058	9,472	806,297
Total current assets	164,885	148,251	1,171,249	72,250	975,365
Property and equipment					
Land and land improvements	527,800	1,804,059	28,240	2,206,746	8,487,572
Buildings	15,659,881	9,971,643	39,600,191	11,998,565	26,099,776
Furniture and equipment	105,423	266,802	966,574	186,762	574,044
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(2,743,179)	(2,927,503)	(5,894,053)	(2,650,406)	(2,168,726)
Net property and equipment	13,549,925	9,115,001	34,700,952	11,741,667	32,992,666
Other long-term assets					
Restricted property reserves	1,061,719	304,440	1,203,935	332,664	900,047
Cash, restricted	-	-	-	-	-
Long-term investments	-	225,436	-	90,521	188,259
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	189,334	79,762	513,251	79,937	88,418
Total other long-term assets	1,251,053	609,638	1,717,186	503,122	1,176,724
Total assets	\$ 14,965,863	\$ 9,872,890	\$ 37,589,387	\$ 12,317,039	\$ 35,144,755
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 78,450	\$ 35,301	\$ 235,841	\$ 25,255	\$ 203,952
Due to affiliates	5,869	30,734	92,656	134,550	582
Accrued interest	3,694	12,603	8,442	31,922	25,732
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	200,000	38,674	257,315	119,900	2,107,907
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	3,828	368	2,181	1,210	437
Tenant security deposits	21,286	31,770	65,632	53,975	32,750
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	313,127	149,450	662,067	366,812	2,371,360
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	2,226,188	519,544	571,829	356,616	1,624,923
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	11,800,986	4,314,969	24,047,232	8,722,675	22,545,745
Notes payable, less current portion, affiliates	-	-	-	284,000	-
Deferred revenue and other liabilities	-	-	-	595,752	-
Total long-term liabilities	14,027,174	4,834,513	24,619,061	9,959,043	24,170,668
Total liabilities	14,340,301	4,983,963	25,281,128	10,325,855	26,542,028
Net assets					
Unrestricted net assets	625,562	4,888,927	12,308,259	1,991,184	8,602,727
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	625,562	4,888,927	12,308,259	1,991,184	8,602,727
Total liabilities and net assets	\$ 14,965,863	\$ 9,872,890	\$ 37,589,387	\$ 12,317,039	\$ 35,144,755

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Assets

	Mercy Housing California XXIII (Villa Amador)	Village Park Housing Associates (Village Park Apts.)	Mercy Housing California XXIII (White Rock Village)	Mercy Housing California XIX (1500 S. Grand)	Mercy Housing California XXV (Casa Alegre)
Current assets					
Cash and cash equivalents	\$ 8,114	\$ 23,696	\$ 94,103	\$ 600	\$ -
Cash, tenant security deposits	83,151	49,356	127,283	39,948	18,315
Cash, restricted	570,382	71,792	121,771	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	10,169	3,182	10,726	7,690	307
Due from affiliate, net	-	-	-	4,030	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	26,410	12,459	69,915	2,096,417	22,042
Total current assets	698,226	160,485	423,798	2,148,685	40,664
Property and equipment					
Land and land improvements	6,265,525	200,000	5,531,488	164,151	873,574
Buildings	26,701,611	4,390,569	23,490,279	19,922,696	3,404,005
Furniture and equipment	679,709	75,245	367,992	137,716	41,308
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(2,402,132)	(2,844,428)	(4,658,434)	(3,203,164)	(965,669)
Net property and equipment	31,244,713	1,821,386	24,731,325	17,021,399	3,353,218
Other long-term assets					
Restricted property reserves	436,255	233,937	517,964	173,656	157,833
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	62,065	116,216
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	386,185	581	328,767	112,893	11,041
Total other long-term assets	822,440	234,518	846,731	348,614	285,090
Total assets	\$ 32,765,379	\$ 2,216,389	\$ 26,001,854	\$ 19,518,698	\$ 3,678,972
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 155,523	\$ 46,360	\$ 93,345	\$ 42,546	\$ 10,450
Due to affiliates	44,092	56,325	165,400	74,063	52,416
Accrued interest	51,795	2,483	95,773	5,375	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	34,312	446,038	234,436	11,599	-
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	3,162	1	5,072	23	35
Tenant security deposits	78,556	33,258	116,311	39,583	17,518
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	367,440	584,465	710,337	173,189	80,419
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	661,220	1,008,065	605,984	1,028,490	152,688
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	16,927,732	1,995,897	19,888,271	7,099,090	897,000
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	91,137	-	1,016,291	2,439,180	-
Total long-term liabilities	17,680,089	3,003,962	21,510,546	10,566,760	1,049,688
Total liabilities	18,047,529	3,588,427	22,220,883	10,739,949	1,130,107
Net assets					
Unrestricted net assets	14,717,850	(1,372,038)	3,780,971	8,778,749	2,548,865
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	14,717,850	(1,372,038)	3,780,971	8,778,749	2,548,865
Total liabilities and net assets	\$ 32,765,379	\$ 2,216,389	\$ 26,001,854	\$ 19,518,698	\$ 3,678,972

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	Pinewood Court Apartments	Mercy Housing California XXII (Dudley) Apartments	Mercy Housing California XXVI (Martin Luther King Village)	Mercy Housing California XLI (Westbrook Plaza)	Mercy Housing California XXXIV (Edith Witt Sr.)
Current assets					
Cash and cash equivalents	\$ 1,614	\$ 60,932	\$ 28,588	\$ -	\$ -
Cash, tenant security deposits	42,940	25,565	13,841	-	-
Cash, restricted	-	46,365	112,533	47,622	1,542,953
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	1,200	2,084	30,182	-	-
Due from affiliate, net	-	-	-	-	19,119
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	384
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	13,172	31,462	17,556	-	-
Total current assets	58,926	166,408	202,700	47,622	1,562,456
Property and equipment					
Land and land improvements	1,999,638	121,460	2,777,060	-	2,466
Buildings	7,006,305	7,278,620	10,391,816	-	-
Furniture and equipment	144,635	188,543	348,103	-	-
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	11,224,937	38,753,480
Accumulated depreciation	(1,783,818)	(1,879,599)	(736,576)	-	-
Net property and equipment	7,366,760	5,709,024	12,780,403	11,224,937	38,755,946
Other long-term assets					
Restricted property reserves	130,217	475,606	816,683	14,378	-
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	149,883	52,105	165,527	326,831	632,606
Total other long-term assets	280,100	527,711	982,210	341,209	632,606
Total assets	\$ 7,705,786	\$ 6,403,143	\$ 13,965,313	\$ 11,613,768	\$ 40,951,008
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 44,143	\$ 160,770	\$ 70,600	\$ 2,667,401	\$ 5,199,218
Due to affiliates	39,949	383,658	9,000	6,199	3,446
Accrued interest	10,243	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	25,328	-	845,000	-	16,521,208
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	453	1,056	740	-	-
Tenant security deposits	39,582	25,089	14,120	-	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	159,698	570,573	939,460	2,673,600	21,723,872
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	161,815	739,040	163,523	1,933,775	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	3,085,460	4,276,660	10,962,210	6,456,473	7,886,152
Notes payable, less current portion, affiliates	-	-	-	-	10,252,365
Deferred revenue and other liabilities	433,433	138,738	30,385	374,737	1,086,590
Total long-term liabilities	3,680,708	5,154,438	11,156,118	8,764,985	19,225,107
Total liabilities	3,840,406	5,725,011	12,095,578	11,438,585	40,948,979
Net assets					
Unrestricted net assets	3,865,380	678,132	1,869,735	175,183	2,029
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	3,865,380	678,132	1,869,735	175,183	2,029
Total liabilities and net assets	\$ 7,705,786	\$ 6,403,143	\$ 13,965,313	\$ 11,613,768	\$ 40,951,008

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	Mercy Housing California XXVII (Serna Village)	Mercy Housing California XXVIII (Vineyard) Townhomes	Mercy Terrace, LLC	Mercy Housing California XXIX (Grizzly Hollow Phase III)	Mercy Housing California XXX (Hotel Essex LP)
Assets					
Current assets					
Cash and cash equivalents	\$ 220,290	\$ 109,010	\$ 1,025,799	\$ 8,111	\$ -
Cash, tenant security deposits	59,310	61,940	61,079	35,645	-
Cash, restricted	74,924	266	-	11,284	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	30,571	18,475	-	601	-
Due from affiliate, net	-	-	14,274	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	14,693	13,763	47,103	12,709	-
Total current assets	399,788	203,454	1,148,255	68,350	-
Property and equipment					
Land and land improvements	1,761,988	2,269,564	-	2,921,288	-
Buildings	14,350,538	14,454,293	20,137,980	13,138,049	-
Furniture and equipment	228,939	192,137	265,032	155,101	-
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(2,404,457)	(1,421,921)	(3,540,696)	(2,119,986)	-
Net property and equipment	13,937,008	15,494,073	16,862,316	14,094,452	-
Other long-term assets					
Restricted property reserves	381,309	237,917	1,741,614	156,062	-
Cash, restricted	-	-	-	-	-
Long-term investments	-	174,236	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	110,217	195,605	726,419	79,016	-
Total other long-term assets	491,526	607,758	2,468,033	235,078	-
Total assets	\$ 14,828,322	\$ 16,305,285	\$ 20,478,604	\$ 14,397,880	\$ -
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 35,081	\$ 88,705	\$ 106,016	\$ 94,373	\$ -
Due to affiliates	45,000	50,600	462,543	50,310	-
Accrued interest	7,436	20,956	15,395	4,164	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	141,904	41,543	451,127	30,532	-
Current portion of notes payable, affiliates	-	-	434,500	-	-
Deferred revenue	2,110	5,801	2,195	35	-
Tenant security deposits	37,066	61,239	57,285	29,454	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	268,597	268,844	1,529,061	208,868	-
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	168,033	11,370	-	691,047	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	2,452,571	3,902,148	14,115,114	7,927,165	-
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	251,710	-
Total long-term liabilities	2,620,604	3,913,518	14,115,114	8,869,922	-
Total liabilities	2,889,201	4,182,362	15,644,175	9,078,790	-
Net assets					
Unrestricted net assets	11,939,121	12,122,923	4,834,429	5,319,090	-
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	11,939,121	12,122,923	4,834,429	5,319,090	-
Total liabilities and net assets	\$ 14,828,322	\$ 16,305,285	\$ 20,478,604	\$ 14,397,880	\$ -

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	New Dana Strand Townhomes	Mercy Housing California XXXII (Creekview Manor)	Mercy Housing California XXXVI (Kent Gardens) Senior Housing)	Mercy Housing California XXXI (Martinelli House)	Mercy Housing California XXXV (Arden Aire) Apartments)	Mercy Housing California XXXIII (Casa Verde)
Assets						
Current assets						
Cash and cash equivalents	\$ 50,191	\$ 113,424	\$ 194,189	\$ 96,299	\$ 40,846	\$ 46,111
Cash, tenant security deposits	71,799	133,679	27,620	37,359	15,196	40,206
Cash, restricted	111,414	38,535	10,006	137,844	58,312	450,947
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	54,313	6,440	235	18,469	4,883	7,979
Due from affiliate, net	-	-	14,045	421	-	-
Pledges receivable	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	317,146	26,305	20,466	42,092	14,633	14,364
Total current assets	604,863	318,383	266,561	332,484	133,870	559,607
Property and equipment						
Land and land improvements	5,022,013	8,258,174	2,954,452	388,345	996,396	759,600
Buildings	33,429,406	16,559,270	14,753,746	9,639,147	9,577,040	10,520,660
Furniture and equipment	1,080,784	629,140	432,295	400,110	223,746	352,433
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	(3,248,561)	(2,260,550)	(1,063,634)	(911,054)	(747,498)	(839,213)
Net property and equipment	36,283,642	23,186,034	17,076,859	9,516,548	10,049,684	10,793,480
Other long-term assets						
Restricted property reserves	307,913	286,473	650,308	130,959	480,381	210,371
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	520,478	285,692	123,969	112,431	125,541	61,007
Total other long-term assets	828,391	572,165	774,277	243,390	605,922	271,378
Total assets	\$ 37,716,896	\$ 24,076,582	\$ 18,117,697	\$ 10,092,422	\$ 10,789,476	\$ 11,624,465
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 91,628	\$ 41,177	\$ 34,963	\$ 113,722	\$ 59,502	\$ 40,717
Due to affiliates	63,688	29,233	15,000	346	-	15,000
Accrued interest	44,053	13,041	-	11,902	-	-
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	38,294	22,351	-	40,864	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-
Deferred revenue	23,205	5,419	2,540	22,921	6,755	50
Tenant security deposits	71,621	78,003	26,323	25,611	15,525	37,891
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	332,489	189,224	78,826	215,366	81,782	93,658
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	206,848	127,517	-	-	100,378	-
Accrued interest, affiliates	-	-	-	467,480	-	-
Notes payable, less current portion	21,334,240	4,948,298	1,479,431	2,899,717	7,009,500	1,766
Notes payable, less current portion, affiliates	-	-	10,355,200	3,529,317	-	-
Deferred revenue and other liabilities	311,717	237,186	-	-	175,001	-
Total long-term liabilities	21,852,805	5,313,001	11,834,631	6,896,514	7,284,879	1,766
Total liabilities	22,185,294	5,502,225	11,913,457	7,111,880	7,366,661	95,424
Net assets						
Unrestricted net assets	15,531,602	18,574,357	6,204,240	2,980,542	3,422,815	11,529,041
Temporarily restricted net assets	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	15,531,602	18,574,357	6,204,240	2,980,542	3,422,815	11,529,041
Total liabilities and net assets	\$ 37,716,896	\$ 24,076,582	\$ 18,117,697	\$ 10,092,422	\$ 10,789,476	\$ 11,624,465

Consolidating Statement of Financial Position
Mercy Housing West
December 31, 2009

	Mercy Housing California XXXVII (Ross Ranch)	Colonia San Martin Associates, LP	Mercy Housing California XXXIX (Gleason Park)	Eliminations	Consolidated Mercy Housing West
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 44,117	\$ -	\$ -	\$ 3,637,842
Cash, tenant security deposits	-	12,616	-	-	1,449,703
Cash, restricted	5,805	344,904	91,890	-	4,261,933
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	36,977	-	-	539,327
Due from affiliate, net	-	-	-	(796,477)	286,560
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	2,655,909
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	13,952	-	-	3,905,657
Total current assets	5,805	452,566	91,890	(796,477)	16,736,931
Property and equipment					
Land and land improvements	1,200,000	3,421,088	-	-	66,934,969
Buildings	-	9,508,647	-	-	481,397,158
Furniture and equipment	-	267,831	-	-	11,696,218
Predevelopment project costs	-	-	-	-	-
Construction in progress	312,224	-	1,118,986	-	51,409,627
Accumulated depreciation	-	(681,611)	-	-	(67,487,230)
Net property and equipment	1,512,224	12,515,955	1,118,986	-	543,950,742
Other long-term assets					
Restricted property reserves	-	100,018	-	-	13,372,768
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	856,733
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	(16,072,816)	(1,231,332)
Notes and interest receivable, net	-	-	-	-	285,520
Notes and interest receivable, affiliates	-	-	-	(20,607,565)	-
Allowance for impaired assets	-	-	-	-	-
Other assets	1,000	125,079	19,833	-	6,589,864
Total other long-term assets	1,000	225,097	19,833	(36,680,381)	19,873,553
Total assets	\$ 1,519,029	\$ 13,193,618	\$ 1,230,709	\$ (37,476,858)	\$ 580,561,226
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 74,147	\$ -	\$ (70,000)	\$ 13,341,176
Due to affiliates	5,070	15,976	833,874	(1,344,049)	2,792,334
Accrued interest	115,989	-	-	-	522,150
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	-	-	32,879,449
Current portion of notes payable, affiliates	-	-	409,695	-	844,195
Deferred revenue	-	5,526	-	-	110,560
Tenant security deposits	-	18,079	-	-	1,303,642
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	121,059	113,728	1,243,569	(1,414,049)	51,793,506
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	88,445	-	-	15,741,442
Accrued interest, affiliates	-	-	-	-	467,480
Notes payable, less current portion	1,400,000	2,995,000	-	-	282,064,116
Notes payable, less current portion, affiliates	-	-	-	(20,891,565)	10,256,989
Deferred revenue and other liabilities	-	80,240	-	-	8,985,509
Total long-term liabilities	1,400,000	3,163,685	-	(20,891,565)	317,515,536
Total liabilities	1,521,059	3,277,413	1,243,569	(22,305,614)	369,309,042
Net assets					
Unrestricted net assets	(2,030)	9,916,205	(12,860)	(15,171,244)	175,569,304
Temporarily restricted net assets	-	-	-	-	35,682,880
Permanently restricted net assets	-	-	-	-	-
Total net assets	(2,030)	9,916,205	(12,860)	(15,171,244)	211,252,184
Total liabilities and net assets	\$ 1,519,029	\$ 13,193,618	\$ 1,230,709	\$ (37,476,858)	\$ 580,561,226

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing West
For the year ended December 31, 2009

	Mercy Housing West	Mercy Housing California XIV (10th & Mission)	Mercy Housing California XIV (Nueva Vista)	Mercy Housing California XVII (Derek Silva Community)	Mercy Housing California XXIV (Carter Terrace)
Revenues					
Rent - net of vacancies	\$ -	\$ 227,794	\$ 485,873	\$ 1,056,688	\$ 1,554,039
Developer fees	-	-	-	-	-
Services fees	583,693	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	444	1,296	77,698	267,726
Other revenue	-	297,257	52,797	142,277	16,095
Total revenues	<u>583,693</u>	<u>525,495</u>	<u>539,966</u>	<u>1,276,663</u>	<u>1,837,860</u>
Expenses and losses					
Compensation	-	256,186	70,234	326,865	307,065
Administrative	630,346	177,284	87,863	91,511	143,759
Professional services	884	50,204	49,306	16,870	86,054
Depreciation and amortization	-	694,156	503,651	572,830	1,230,541
Grants	-	-	-	-	-
Facility	-	2,355,156	119,805	350,449	507,673
Interest and fees	920	257,388	44,319	238,598	714,268
Bad debts	-	-	-	-	-
Provision for impaired assets	(123,242)	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	3,026,062	-	-	-	-
Total expenses and losses	<u>3,534,970</u>	<u>3,790,374</u>	<u>875,178</u>	<u>1,597,123</u>	<u>2,989,360</u>
Excess (deficiency) of revenues over expenses	(2,951,277)	(3,264,879)	(335,212)	(320,460)	(1,151,500)
Net assets at beginning of year	34,251,991	2,357,713	5,704,164	1,662,758	1,226,082
Other transfers to (from) net assets	-	23,192,558	-	-	230,500
Net assets at end of year	<u>\$ 31,300,714</u>	<u>\$ 22,285,392</u>	<u>\$ 5,368,952</u>	<u>\$ 1,342,298</u>	<u>\$ 305,082</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing West
For the year ended December 31, 2009

	Mercy Housing California XVIII (Leland Polk Senior)	Mercy Housing California XIII (Linbrook Court)	Mercy Housing California XX (Mission Creek Senior)	Mercy Housing California XVI (Villa Madera)	Mercy Housing California XXIII (St. Vincent's Garden)
Revenues					
Rent - net of vacancies	\$ 1,083,085	\$ 691,242	\$ 2,141,548	\$ 757,066	\$ 1,138,145
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	116,292	838	433,592	5,597	10,318
Other revenue	5,609	8,949	80,978	30,724	933,443
Total revenues	<u>1,204,986</u>	<u>701,029</u>	<u>2,656,118</u>	<u>793,387</u>	<u>2,081,906</u>
Expenses and losses					
Compensation	279,693	147,142	607,602	80,678	153,886
Administrative	99,602	91,773	276,433	92,224	175,907
Professional services	99,234	73,818	24,150	65,749	185,335
Depreciation and amortization	619,317	437,893	1,617,064	533,734	1,050,033
Grants	-	-	-	-	-
Facility	215,033	141,391	468,082	183,511	246,608
Interest and fees	514,599	233,178	689,386	320,166	820,260
Bad debts	-	-	-	587	798
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>1,827,478</u>	<u>1,125,195</u>	<u>3,682,717</u>	<u>1,276,649</u>	<u>2,632,827</u>
Excess (deficiency) of revenues over expenses	(622,492)	(424,166)	(1,026,599)	(483,262)	(550,921)
Net assets at beginning of year	1,248,054	5,313,093	13,334,858	2,474,446	6,789,940
Other transfers to (from) net assets	-	-	-	-	2,363,708
Net assets at end of year	<u>\$ 625,562</u>	<u>\$ 4,888,927</u>	<u>\$ 12,308,259</u>	<u>\$ 1,991,184</u>	<u>\$ 8,602,727</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing West
For the year ended December 31, 2009

	Mercy Housing California XXIII (Villa Amador)	Village Park Housing Associates (Village Park Apts.)	Mercy Housing California XXIII (White Rock Village)	Mercy Housing California XIX (1500 S. Grand)	Mercy Housing California XXV (Casa Alegre)
Revenues					
Rent - net of vacancies	\$ 984,130	\$ 332,179	\$ 1,748,016	\$ 588,563	\$ 236,210
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	2,234	2,021	8,342	17,737	1,835
Other revenue	26,594	2,761	42,294	44,427	2,030
Total revenues	<u>1,012,958</u>	<u>336,961</u>	<u>1,798,652</u>	<u>650,727</u>	<u>240,075</u>
Expenses and losses					
Compensation	144,709	83,271	184,568	113,338	57,277
Administrative	133,356	61,137	211,346	80,237	49,745
Professional services	135,656	44,401	149,797	42,655	37,099
Depreciation and amortization	1,373,916	132,318	1,028,982	756,836	161,350
Grants	-	-	-	-	-
Facility	335,499	104,911	400,809	227,948	83,187
Interest and fees	633,839	95,629	744,531	229,232	24,400
Bad debts	29,197	(1,200)	19,001	5,383	-
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>2,786,172</u>	<u>520,467</u>	<u>2,739,034</u>	<u>1,455,629</u>	<u>413,058</u>
Excess (deficiency) of revenues over expenses	(1,773,214)	(183,506)	(940,382)	(804,902)	(172,983)
Net assets at beginning of year	15,218,064	(1,188,532)	4,721,353	9,583,651	2,721,848
Other transfers to (from) net assets	<u>1,273,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 14,717,850</u>	<u>\$ (1,372,038)</u>	<u>\$ 3,780,971</u>	<u>\$ 8,778,749</u>	<u>\$ 2,548,865</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing West
For the year ended December 31, 2009

	Pinewood Court Apartments	Mercy Housing California XXII (Dudley Apartments)	Mercy Housing California XXVI (Martin Luther King Village)	Mercy Housing California XLI (Westbrook Plaza)	Mercy Housing California XXXIV (Edith Witt Sr.)
Revenues					
Rent - net of vacancies	\$ 481,215	\$ 350,627	\$ 483,620	\$ -	\$ -
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	124	686	95	-	101
Other revenue	23,294	261,308	26,386	(1,888)	-
Total revenues	<u>504,633</u>	<u>612,621</u>	<u>510,101</u>	<u>(1,888)</u>	<u>101</u>
Expenses and losses					
Compensation	110,430	284,904	235,767	-	-
Administrative	73,157	104,075	111,997	-	104,565
Professional services	79,342	34,444	90,588	-	-
Depreciation and amortization	375,112	297,270	848,984	(80,065)	-
Grants	-	-	-	-	-
Facility	108,196	180,866	105,940	-	872,473
Interest and fees	171,365	122,770	209,952	-	-
Bad debts	2,759	5,131	587	-	-
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>920,361</u>	<u>1,029,460</u>	<u>1,603,815</u>	<u>(80,065)</u>	<u>977,038</u>
Excess (deficiency) of revenues over expenses	(415,728)	(416,839)	(1,093,714)	78,177	(976,937)
Net assets at beginning of year	4,281,108	1,094,971	2,155,833	(76,302)	13,629,374
Other transfers to (from) net assets	-	-	807,616	173,308	(12,650,408)
Net assets at end of year	<u>\$ 3,865,380</u>	<u>\$ 678,132</u>	<u>\$ 1,869,735</u>	<u>\$ 175,183</u>	<u>\$ 2,029</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing West
For the year ended December 31, 2009

	Mercy Housing California XXVII (Serna Village)	Mercy Housing California XXVIII (Vineyard Townhomes)	Mercy Terrace, LLC	Mercy Housing California XXIX (Grizzly Hollow Phase III)	Mercy Housing California XXX (Hotel Essex LP)
Revenues					
Rent - net of vacancies	\$ 795,642	\$ 710,958	\$ 2,786,504	\$ 401,917	\$ -
Developer fees	-	-	-	-	-
Services fees	-	-	4	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	1,320	2,429	6,764	2,408	-
Other revenue	22,963	13,068	41,473	20,884	-
Total revenues	<u>819,925</u>	<u>726,455</u>	<u>2,834,745</u>	<u>425,209</u>	<u>-</u>
Expenses and losses					
Compensation	105,967	104,718	573,003	83,060	-
Administrative	136,850	92,482	230,808	61,462	-
Professional services	46,691	179,579	12,825	40,312	-
Depreciation and amortization	669,500	713,368	821,648	677,494	-
Grants	-	-	-	-	-
Facility	181,576	187,067	758,587	167,098	-
Interest and fees	128,963	252,883	240,720	263,908	-
Bad debts	1,851	8,970	-	10,778	-
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>1,271,398</u>	<u>1,539,067</u>	<u>2,637,591</u>	<u>1,304,112</u>	<u>-</u>
Excess (deficiency) of revenues over expenses	(451,473)	(812,612)	197,154	(878,903)	-
Net assets at beginning of year	12,390,594	12,935,535	4,637,275	6,197,993	7,275,174
Other transfers to (from) net assets	-	-	-	-	(7,275,174)
Net assets at end of year	<u>\$ 11,939,121</u>	<u>\$ 12,122,923</u>	<u>\$ 4,834,429</u>	<u>\$ 5,319,090</u>	<u>\$ -</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing West
For the year ended December 31, 2009

	New Dana Strand Townhomes	Mercy Housing California XXXII (Creekview Manor)	Mercy Housing California XXXVI (Kent Gardens Senior Housing)	Mercy Housing California XXXI (Martinelli House)	Mercy Housing California XXXV (Arden Aire Apartments)	Mercy Housing California XXXIII (Casa Verde)
Revenues						
Rent - net of vacancies	\$ 943,305	\$ 791,061	\$ 594,050	\$ 619,306	\$ 266,403	\$ 422,205
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	-	-
Philanthropy	-	-	-	36,697	-	5,051
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	2,515	2,909	2,202	423	46	814
Other revenue	35,978	50,700	6,799	117,361	63,208	62,427
Total revenues	<u>981,798</u>	<u>844,670</u>	<u>603,051</u>	<u>773,787</u>	<u>329,657</u>	<u>490,497</u>
Expenses and losses						
Compensation	218,086	125,079	152,857	186,307	101,877	94,899
Administrative	139,512	143,919	109,645	116,381	60,169	92,930
Professional services	49,939	73,645	89,170	20,975	47,430	85,174
Depreciation and amortization	1,351,794	1,091,386	852,276	1,056,156	458,660	508,273
Grants	-	-	-	-	-	-
Facility	303,583	171,626	121,489	182,017	90,953	112,932
Interest and fees	478,219	220,182	284,047	475,026	80,803	1,384
Bad debts	9,465	-	-	348	12,247	25,797
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>2,550,598</u>	<u>1,825,837</u>	<u>1,609,484</u>	<u>2,037,210</u>	<u>852,139</u>	<u>921,389</u>
Excess (deficiency) of revenues over expenses	(1,568,800)	(981,167)	(1,006,433)	(1,263,423)	(522,482)	(430,892)
Net assets at beginning of year	17,100,402	19,305,524	6,434,829	4,173,965	(1,999)	12,175,629
Other transfers to (from) net assets	-	250,000	775,844	70,000	3,947,296	(215,696)
Net assets at end of year	<u>\$ 15,531,602</u>	<u>\$ 18,574,357</u>	<u>\$ 6,204,240</u>	<u>\$ 2,980,542</u>	<u>\$ 3,422,815</u>	<u>\$ 11,529,041</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing West
For the year ended December 31, 2009

	Mercy Housing California XXXVII (Ross Ranch)	Colonia San Martin Associates, LP	Mercy Housing California XXXIX (Gleason Park)	Eliminations	Consolidated Mercy Housing West
Revenues					
Rent - net of vacancies	\$ -	\$ 186,354	\$ -	\$ -	\$ 22,857,745
Developer fees	-	-	-	-	-
Services fees	-	-	-	(573,053)	10,644
Philanthropy	-	-	-	-	41,748
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	17	-	-	968,823
Other revenue	-	82,664	-	-	2,512,860
Total revenues	-	269,035	-	(573,053)	26,391,820
Expenses and losses					
Compensation	-	131,671	-	-	5,321,139
Administrative	-	127,694	-	(573,291)	3,534,878
Professional services	-	19,301	-	-	1,930,627
Depreciation and amortization	-	590,148	-	-	20,944,625
Grants	-	-	-	(3)	(3)
Facility	-	77,902	-	-	9,362,367
Interest and fees	-	146,419	-	-	8,637,354
Bad debts	-	3,490	-	-	135,189
Provision for impaired assets	-	-	-	123,242	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	(2,830,343)	195,719
Total expenses and losses	-	1,096,625	-	(3,280,395)	50,061,895
Excess (deficiency) of revenues over expenses	-	(827,590)	-	2,707,342	(23,670,075)
Net assets at beginning of year	-	1,780,245	-	(29,382,213)	201,527,420
Other transfers to (from) net assets	(2,030)	8,963,550	(12,860)	11,503,627	33,394,839
Net assets at end of year	\$ (2,030)	\$ 9,916,205	\$ (12,860)	\$ (15,171,244)	\$ 211,252,184

Consolidating Statement of Financial Position
San Juan Housing Corp.
December 31, 2009

	San Juan Housing Corp.	Kennedy Estates Housing Associates (Kennedy Estates)	Tahoe Valley Townhomes Associates	Eliminations	Consolidated San Juan Housing Corp.
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 3,776	\$ 3,395	\$ -	\$ 7,171
Cash, tenant security deposits	-	74,269	52,570	-	126,839
Cash, restricted	-	25,589	28,001	-	53,590
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	2,167	4,023	-	6,190
Due from affiliate, net	212,623	-	-	(212,623)	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	15,566	22,865	-	38,431
Total current assets	212,623	121,367	110,854	(212,623)	232,221
Property and equipment					
Land and land improvements	-	601,511	833,858	-	1,435,369
Buildings	-	5,624,493	2,109,869	-	7,734,362
Furniture and equipment	-	163,265	3,631,483	-	3,794,748
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(2,530,386)	(2,645,882)	-	(5,176,268)
Net property and equipment	-	3,858,883	3,929,328	-	7,788,211
Other long-term assets					
Restricted property reserves	-	434,772	153,647	-	588,419
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	(35,718)	-	-	35,718	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	28,794	73,695	-	102,489
Total other long-term assets	(35,718)	463,566	227,342	35,718	690,908
Total assets	\$ 176,905	\$ 4,443,816	\$ 4,267,524	\$ (176,905)	\$ 8,711,340
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 116,817	\$ 93,449	\$ 37,409	\$ -	\$ 247,675
Due to affiliates	117,802	275,463	215,016	(424,293)	183,988
Accrued interest	-	7,008	11,369	-	18,377
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	55,704	57,004	-	112,708
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	-	756	274	-	1,030
Tenant security deposits	-	60,988	43,148	-	104,136
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	234,619	493,368	364,220	(424,293)	667,914
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	318,298	916,380	-	1,234,678
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	-	1,957,751	5,133,689	-	7,091,440
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	-	2,276,049	6,050,069	-	8,326,118
Total liabilities	234,619	2,769,417	6,414,289	(424,293)	8,994,032
Net assets					
Unrestricted net assets	(57,714)	1,674,399	(2,146,765)	247,388	(282,692)
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(57,714)	1,674,399	(2,146,765)	247,388	(282,692)
Total liabilities and net assets	\$ 176,905	\$ 4,443,816	\$ 4,267,524	\$ (176,905)	\$ 8,711,340

Consolidating Statement of Activities
and Changes in Net Assets
San Juan Housing Corp.
For the year ended December 31, 2009

	San Juan Housing Corp.	Kennedy Estates Housing Associates (Kennedy Estates)	Tahoe Valley Townhomes Associates	Eliminations	Consolidated San Juan Housing Corp.
Revenues					
Rent - net of vacancies	\$ -	\$ 642,047	\$ 600,977	\$ -	\$ 1,243,024
Developer fees	-	-	-	-	-
Services fees	46,099	-	-	(46,099)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	877	2,658	-	3,535
Other	-	22,018	49,204	-	71,222
Total revenues	<u>46,099</u>	<u>664,942</u>	<u>652,839</u>	<u>(46,099)</u>	<u>1,317,781</u>
Expenses and losses					
Compensation	-	148,719	131,932	-	280,651
Administrative	36,804	112,829	94,825	(46,099)	198,359
Professional services	864	45,557	12,493	-	58,914
Depreciation and amortization	-	244,577	239,068	-	483,645
Grants	-	-	-	-	-
Facility	-	263,704	214,357	-	478,061
Interest and fees	244	116,647	222,165	-	339,056
Bad debts	-	12,198	16,592	-	28,790
Provision for impaired assets	(100)	-	-	100	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	56	-	-	(56)	-
Total expenses and losses	<u>37,868</u>	<u>944,231</u>	<u>931,432</u>	<u>(46,055)</u>	<u>1,867,476</u>
Excess (deficiency) of revenues over expenses	8,231	(279,289)	(278,593)	(44)	(549,695)
Net assets at beginning of year	(65,945)	1,953,688	(1,868,172)	247,432	267,003
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (57,714)</u>	<u>\$ 1,674,399</u>	<u>\$ (2,146,765)</u>	<u>\$ 247,388</u>	<u>\$ (282,692)</u>

Consolidating Statement of Financial Position
Florin Housing Corp.
December 31, 2009

	Florin Housing Corp.	Florin Wood Associates (Crossroads Gardens)	Eliminations	Consolidated Florin Housing Corp.
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 20,338	\$ -	\$ 20,338
Cash, tenant security deposits	-	45,364	-	45,364
Cash, restricted	-	4,905	-	4,905
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	7,607	-	7,607
Due from affiliate, net	22,723	-	(22,723)	-
Pledges receivable	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	21,863	-	21,863
Total current assets	22,723	100,077	(22,723)	100,077
Property and equipment				
Land and land improvements	-	731,386	-	731,386
Buildings	-	6,766,848	-	6,766,848
Furniture and equipment	-	34,384	-	34,384
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(2,741,158)	-	(2,741,158)
Net property and equipment	-	4,791,460	-	4,791,460
Other long-term assets				
Restricted property reserves	-	561,123	-	561,123
Cash, restricted	-	-	-	-
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Investments in limited partnerships	23	-	(23)	-
Notes and interest receivable, net	201,000	-	-	201,000
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets	-	75,990	-	75,990
Total other long-term assets	201,023	637,113	(23)	838,113
Total assets	\$ 223,746	\$ 5,528,650	\$ (22,746)	\$ 5,729,650
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 65,000	\$ 86,809	\$ -	\$ 151,809
Due to affiliates	49,472	235,208	(175,056)	109,624
Accrued interest	-	8,159	-	8,159
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	33,447	-	33,447
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue	-	1,717	-	1,717
Tenant security deposits	-	40,160	-	40,160
Miscellaneous current liabilities	-	-	-	-
Total current liabilities	114,472	405,500	(175,056)	344,916
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	917,934	-	917,934
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion	-	3,557,780	-	3,557,780
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	4,475,714	-	4,475,714
Total liabilities	114,472	4,881,214	(175,056)	4,820,630
Net assets				
Unrestricted net assets	109,274	647,436	152,310	909,020
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	109,274	647,436	152,310	909,020
Total liabilities and net assets	\$ 223,746	\$ 5,528,650	\$ (22,746)	\$ 5,729,650

Consolidating Statement of Activities
and Changes in Net Assets
Florin Housing Corp.
For the year ended December 31, 2009

	Florin Housing Corp.	Florin Wood Associates (Crossroads Gardens)	Eliminations	Consolidated Florin Housing Corp.
Revenues				
Rent - net of vacancies	\$ -	\$ 544,723	\$ -	\$ 544,723
Developer fees	-	-	-	-
Services fees	20,000	-	(20,000)	-
Philanthropy	-	-	-	-
Capital Grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	3,566	-	3,566
Other	-	20,368	-	20,368
Total revenues	<u>20,000</u>	<u>568,657</u>	<u>(20,000)</u>	<u>568,657</u>
Expenses and losses				
Compensation	-	138,648	-	138,648
Administrative	14,004	90,084	(20,000)	84,088
Professional services	890	41,204	-	42,094
Depreciation and amortization	-	186,150	-	186,150
Grants	-	-	-	-
Facility	-	176,858	-	176,858
Interest and fees	301	165,976	-	166,277
Bad debts	-	1,804	-	1,804
Provision for impaired assets	(2,200)	-	2,200	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	2,177	-	(2,177)	-
Total expenses and losses	<u>15,172</u>	<u>800,724</u>	<u>(19,977)</u>	<u>795,919</u>
Excess (deficiency) of revenues over expenses	4,828	(232,067)	(23)	(227,262)
Net assets at beginning of year	104,446	879,503	152,333	1,136,282
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 109,274</u>	<u>\$ 647,436</u>	<u>\$ 152,310</u>	<u>\$ 909,020</u>

Consolidating Statement of Financial Position
Affordable Housing Corp.
December 31, 2009

	Affordable Housing Corp.	Mercy Housing Idaho II (Comstock Apartments)	Mercy Housing Colorado VII (Holly Park West)	Mercy Housing Colorado II. (Homes Again Greeley)	Mercy Housing Iowa I (Lawlor Garvey)
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 4,362	\$ 3,960	\$ -	\$ 5,918
Cash, tenant security deposits	-	7,109	14,841	-	4,839
Cash, restricted	-	48	45,000	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	1,647	46,181	-	315
Due from affiliate, net	60,311	-	3,814	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	4,047	17,631	-	2,939
Total current assets	60,311	17,213	131,427	-	14,011
Property and equipment					
Land and land improvements	-	103,800	211,749	-	20,640
Buildings	-	1,088,748	2,589,864	-	744,339
Furniture and equipment	-	46,359	188,541	-	43,721
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(736,019)	(1,127,766)	-	(549,700)
Net property and equipment	-	502,888	1,862,388	-	259,000
Other long-term assets					
Restricted property reserves	-	90,074	174,098	-	2,235
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	(102,179)	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	-	41,041	-	17,500
Total other long-term assets	(102,179)	90,074	215,139	-	19,735
Total assets	\$ (41,868)	\$ 610,175	\$ 2,208,954	\$ -	\$ 292,746
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 25	\$ 30,458	\$ 200,191	\$ -	\$ 12,420
Due to affiliates	287,149	50,922	20,159	-	186,789
Accrued interest	-	1,439	7,274	-	720
Accrued interest, affiliates	-	153,281	-	-	-
Current portion of notes payable	-	191,909	37,295	-	11,387
Current portion of notes payable, affiliates	-	60,353	-	-	-
Deferred revenue	-	1,686	6,612	-	98
Tenant security deposits	-	4,900	13,398	-	3,996
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	287,174	494,948	284,929	-	215,410
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	412,023
Accrued interest, affiliates	-	56,820	350,935	-	312,406
Notes payable, less current portion	-	-	1,305,534	-	306,848
Notes payable, less current portion, affiliates	-	396,386	603,736	-	94,810
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	-	453,206	2,260,205	-	1,126,087
Total liabilities	287,174	948,154	2,545,134	-	1,341,497
Net assets					
Unrestricted net assets	(329,042)	(337,979)	(336,180)	-	(1,048,751)
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(329,042)	(337,979)	(336,180)	-	(1,048,751)
Total liabilities and net assets	\$ (41,868)	\$ 610,175	\$ 2,208,954	\$ -	\$ 292,746

Consolidating Statement of Financial Position
Affordable Housing Corp.
December 31, 2009

Assets

	Mercy Housing Washington IV (Lincoln Way)	Mercy Housing Missouri I (McAuley Heights)	Mercy Housing Colorado VI (Merced de las Animas)	Mercy Housing Idaho III (New Hope)	Mercy Housing Idaho I (Northside Nampa)	Mercy Housing Colorado V (Plaza on Platte)
Current assets						
Cash and cash equivalents	\$ 296,844	\$ 11,285	\$ 80,738	\$ 5,513	\$ 7,023	\$ 76,615
Cash, tenant security deposits	22,771	4,785	25,381	5,025	7,945	2,958
Cash, restricted	-	2,583	19,425	788	9,658	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	644	2,247	3,465	852	1,959	2,939
Due from affiliate, net	-	-	1,334	-	-	-
Pledges receivable	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	8,979	3,119	14,741	3,930	5,188	7,649
Total current assets	329,238	24,019	145,084	16,108	31,773	90,161
Property and equipment						
Land and land improvements	407,704	56,300	208,657	90,524	103,429	61,275
Buildings	4,001,206	505,999	4,995,628	1,112,897	1,333,258	1,141,826
Furniture and equipment	216,052	4,793	180,011	80,550	136,837	144,241
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	(2,060,336)	(375,253)	(2,589,789)	(710,489)	(984,525)	(699,653)
Net property and equipment	2,564,626	191,839	2,794,507	573,482	588,999	647,689
Other long-term assets						
Restricted property reserves	388,315	26,732	169,573	82,131	53,869	31,236
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	13,360	27,792	9,644	5,172	34,036	85,420
Total other long-term assets	401,675	54,524	179,217	87,303	87,905	116,656
Total assets	\$ 3,295,539	\$ 270,382	\$ 3,118,808	\$ 676,893	\$ 708,677	\$ 854,506
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 29,886	\$ 8,903	\$ 34,259	\$ 12,021	\$ 28,264	\$ 14,074
Due to affiliates	22,952	-	8,005	15,000	40,102	50,388
Accrued interest	33,853	175	4,246	913	-	1,078
Accrued interest, affiliates	-	-	3,175	-	-	-
Current portion of notes payable	26,939	15,791	8,392	3,482	-	4,023
Current portion of notes payable, affiliates	-	-	6,364	-	-	-
Deferred revenue	56	34	282	938	1,366	2,870
Tenant security deposits	22,768	4,435	22,029	4,250	5,850	2,670
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	136,454	29,338	86,752	36,604	75,582	75,103
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	66,524	-	-	348	-	-
Accrued interest, affiliates	250,810	-	473,806	43,340	1,171,345	323,457
Notes payable, less current portion	1,540,541	190,693	510,652	496,047	-	143,342
Notes payable, less current portion, affiliates	124,750	-	680,771	127,341	314,787	673,834
Deferred revenue and other liabilities	-	-	-	-	-	-
Total long-term liabilities	1,982,625	190,693	1,665,229	667,076	1,486,132	1,140,633
Total liabilities	2,119,079	220,031	1,751,981	703,680	1,561,714	1,215,736
Net assets						
Unrestricted net assets	1,176,460	50,351	1,366,827	(26,787)	(853,037)	(361,230)
Temporarily restricted net assets	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	1,176,460	50,351	1,366,827	(26,787)	(853,037)	(361,230)
Total liabilities and net assets	\$ 3,295,539	\$ 270,382	\$ 3,118,808	\$ 676,893	\$ 708,677	\$ 854,506

Consolidating Statement of Financial Position
Affordable Housing Corp.
December 31, 2009

Assets

	Mercy Housing Missouri II (Regina Terrace)	Mercy Housing Colorado III (Springfield Court)	Mercy Housing Washington III (Tahoma View)	Mercy Housing Colorado IV (Wapiti Meadows)	Eliminations	Consolidated Affordable Housing Corp.
Current assets						
Cash and cash equivalents	\$ 9,937	\$ 37,492	\$ 37,984	\$ 15,391	\$ -	\$ 593,062
Cash, tenant security deposits	6,859	17,555	16,488	19,954	-	156,510
Cash, restricted	-	33,099	25,939	-	-	136,540
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	2,392	682	4,530	1,541	-	69,394
Due from affiliate, net	412	507	728	-	(60,311)	6,795
Pledges receivable	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	2,858	13,392	7,186	10,326	-	101,985
Total current assets	22,458	102,727	92,855	47,212	(60,311)	1,064,286
Property and equipment						
Land and land improvements	62,965	817,019	280,000	645,672	-	3,069,734
Buildings	898,337	4,160,542	3,933,445	4,303,378	-	30,809,467
Furniture and equipment	30,947	250,623	66,147	216,457	-	1,605,279
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	(573,924)	(2,632,014)	(1,711,102)	(2,898,630)	-	(17,649,200)
Net property and equipment	418,325	2,596,170	2,568,490	2,266,877	-	17,835,280
Other long-term assets						
Restricted property reserves	90,002	31,726	217,123	94,400	-	1,451,514
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	102,179	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	-	161,506	14,226	72,128	-	481,825
Total other long-term assets	90,002	193,232	231,349	166,528	102,179	1,933,339
Total assets	\$ 530,785	\$ 2,892,129	\$ 2,892,694	\$ 2,480,617	\$ 41,868	\$ 20,832,905
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 8,663	\$ 52,419	\$ 16,932	\$ 42,946	\$ -	\$ 491,461
Due to affiliates	17,640	408,605	13,430	40,848	(73,147)	1,088,842
Accrued interest	937	(1,723)	1,883	3,762	-	54,557
Accrued interest, affiliates	-	-	251	-	-	156,707
Current portion of notes payable	129,978	-	18,765	527,323	-	975,284
Current portion of notes payable, affiliates	-	-	9,027	-	-	75,744
Deferred revenue	74	1,710	4,727	717	-	21,170
Tenant security deposits	6,045	13,261	16,356	15,750	-	135,708
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	163,337	474,272	81,371	631,346	(73,147)	2,999,473
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	89,451	-	-	568,346
Accrued interest, affiliates	-	342,306	10,348	926,256	-	4,261,829
Notes payable, less current portion	279,344	2,000,000	1,575,266	-	-	8,348,267
Notes payable, less current portion, affiliates	-	795,653	166,477	850,000	-	4,828,545
Deferred revenue and other liabilities	-	-	-	-	-	-
Total long-term liabilities	279,344	3,137,959	1,841,542	1,776,256	-	18,006,987
Total liabilities	442,681	3,612,231	1,922,913	2,407,602	(73,147)	21,006,460
Net assets						
Unrestricted net assets	88,104	(720,102)	969,781	73,015	115,015	(173,555)
Temporarily restricted net assets	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	88,104	(720,102)	969,781	73,015	115,015	(173,555)
Total liabilities and net assets	\$ 530,785	\$ 2,892,129	\$ 2,892,694	\$ 2,480,617	\$ 41,868	\$ 20,832,905

Consolidating Statement of Activities
and Changes in Net Assets
Affordable Housing Corp.
For the year ended December 31, 2009

	Affordable Housing Corp.	Mercy Housing Idaho II (Comstock Apartments)	Mercy Housing Colorado VII (Holly Park West)	Mercy Housing Colorado II. (Homes Again Greeley)	Mercy Housing Iowa I (Lawlor Garvey)
Revenues					
Rent - net of vacancies	\$ -	\$ 112,723	\$ 754,398	\$ 42,245	\$ 100,449
Developer fees	-	-	-	-	-
Services fees	31,975	-	-	1	-
Philanthropy	-	-	-	-	-
Capital Grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	888	516	13	47
Other revenue	17,363	4,888	38,301	821,276	3,858
Total revenues	<u>49,338</u>	<u>118,499</u>	<u>793,215</u>	<u>863,535</u>	<u>104,354</u>
Expenses and losses					
Compensation	-	26,746	149,295	3,092	23,673
Administrative	116,367	22,537	228,965	33,498	23,957
Professional services	1,634	17,167	48,618	(1,614)	3,676
Depreciation and amortization	-	44,490	112,516	9,592	28,318
Grants	-	-	-	-	-
Facility	-	46,092	288,615	45,844	48,065
Interest and fees	3,890	51,322	127,361	110,316	113,947
Bad debts	-	4,248	2,376	-	2,633
Provision for impaired assets	(1,679)	120,552	-	-	28,154
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	(287,094)	-
(Gain) loss on investment in limited partnership	(403,746)	-	-	-	-
Total expenses and losses	<u>(283,534)</u>	<u>333,154</u>	<u>957,746</u>	<u>(86,366)</u>	<u>272,423</u>
Excess (deficiency) of revenues over expenses	332,872	(214,655)	(164,531)	949,901	(168,069)
Net assets at beginning of year	(661,914)	(123,324)	(171,649)	(949,901)	(880,682)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (329,042)</u>	<u>\$ (337,979)</u>	<u>\$ (336,180)</u>	<u>\$ -</u>	<u>\$ (1,048,751)</u>

Consolidating Statement of Activities
and Changes in Net Assets
Affordable Housing Corp.
For the year ended December 31, 2009

	Mercy Housing Washington IV (Lincoln Way)	Mercy Housing Missouri I (McAuley Heights)	Mercy Housing Colorado VI (Merced de las Animas)	Mercy Housing Idaho III (New Hope)	Mercy Housing Idaho I (Northside Nampa)	Mercy Housing Colorado V (Plaza on Platte)
Revenues						
Rent - net of vacancies	\$ 432,800	\$ 70,434	\$ 384,854	\$ 99,206	\$ 106,228	\$ 200,813
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	385
Capital Grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	1,044	67	280	163	186	84
Other revenue	8,546	830,146	4,721	2,644	4,259	2,558
Total revenues	<u>442,390</u>	<u>900,647</u>	<u>389,855</u>	<u>102,013</u>	<u>110,673</u>	<u>203,840</u>
Expenses and losses						
Compensation	91,433	15,095	85,882	23,896	39,143	8,048
Administrative	61,333	14,279	51,211	18,777	33,605	27,863
Professional services	40,551	3,521	8,848	16,734	8,849	3,614
Depreciation and amortization	148,113	22,574	210,424	47,161	50,158	44,023
Grants	-	-	-	-	-	-
Facility	118,518	28,459	106,983	38,726	64,495	74,364
Interest and fees	86,478	93,375	105,411	18,851	70,768	57,896
Bad debts	2,058	6,302	478	1,883	1,693	1,324
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>548,484</u>	<u>183,605</u>	<u>569,237</u>	<u>166,028</u>	<u>268,711</u>	<u>217,132</u>
Excess (deficiency) of revenues over expenses	(106,094)	717,042	(179,382)	(64,015)	(158,038)	(13,292)
Net assets at beginning of year	1,282,554	(666,691)	1,546,209	37,228	(694,999)	(347,938)
Other transfers to (from) net assets	-	-	-	-	-	-
Net assets at end of year	<u>\$ 1,176,460</u>	<u>\$ 50,351</u>	<u>\$ 1,366,827</u>	<u>\$ (26,787)</u>	<u>\$ (853,037)</u>	<u>\$ (361,230)</u>

Consolidating Statement of Activities
and Changes in Net Assets
Affordable Housing Corp.
For the year ended December 31, 2009

	Mercy Housing Missouri II (Regina Terrace)	Mercy Housing Colorado III (Springfield Court)	Mercy Housing Washington III (Tahoma View)	Mercy Housing Colorado IV (Wapiti Meadows)	Eliminations	Consolidated Affordable Housing Corp.
Revenues						
Rent - net of vacancies	\$ 84,209	\$ 446,434	\$ 288,508	\$ 340,843	\$ -	\$ 3,464,144
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	(31,974)	2
Philanthropy	-	-	-	-	-	385
Capital Grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	338	124	700	366	-	4,816
Other revenue	671,573	40,955	37,780	7,896	-	2,496,764
Total revenues	<u>756,120</u>	<u>487,513</u>	<u>326,988</u>	<u>349,105</u>	<u>(31,974)</u>	<u>5,966,111</u>
Expenses and losses						
Compensation	17,908	111,082	38,977	87,838	-	722,108
Administrative	24,513	49,631	55,005	50,366	(31,975)	779,932
Professional services	(6,421)	40,984	30,523	5,769	-	222,453
Depreciation and amortization	43,200	187,274	143,391	191,090	-	1,282,324
Grants	-	-	-	-	-	-
Facility	26,578	137,875	117,477	123,391	-	1,265,482
Interest and fees	55,326	306,918	48,105	136,664	-	1,386,628
Bad debts	1,797	29,630	2,890	6,350	-	63,662
Provision for impaired assets	262,798	-	-	-	1,679	411,504
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	(287,094)
(Gain) loss on investment in limited partnership	-	-	-	-	403,746	-
Total expenses and losses	<u>425,699</u>	<u>863,394</u>	<u>436,368</u>	<u>601,468</u>	<u>373,450</u>	<u>5,846,999</u>
Excess (deficiency) of revenues over expenses	<u>330,421</u>	<u>(375,881)</u>	<u>(109,380)</u>	<u>(252,363)</u>	<u>(405,424)</u>	<u>119,112</u>
Net assets at beginning of year	(242,317)	(344,221)	1,079,161	325,378	520,439	(292,667)
Other transfers to (from) net assets	-	-	-	-	-	-
Net assets at end of year	<u>\$ 88,104</u>	<u>\$ (720,102)</u>	<u>\$ 969,781</u>	<u>\$ 73,015</u>	<u>\$ 115,015</u>	<u>\$ (173,555)</u>

Consolidating Statement of Financial Position
Mercy Housing Colorado
December 31, 2009

	Mercy Housing Colorado	Holly Park Community Center LLC	Homes for Greeley	Eliminations	Consolidated Mercy Housing Colorado
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	-	-	-	-
Cash, restricted	459,286	9,918	5,434	-	474,638
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	8,311	-	-	-	8,311
Due from affiliate, net	674,659	-	-	-	674,659
Pledges receivable	16,973	-	-	-	16,973
Grants receivable	74,326	-	-	-	74,326
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	1,130,569	-	-	(603,255)	527,314
Prepaid expenses and other assets	10,421	486	1,642	-	12,549
Total current assets	2,374,545	10,404	7,076	(603,255)	1,788,770
Property and equipment					
Land and land improvements	-	226,320	-	-	226,320
Buildings	-	378,604	294,678	-	673,282
Furniture and equipment	62,752	60,479	-	-	123,231
Predevelopment project costs	102,883	-	-	-	102,883
Construction in progress	-	-	526,586	(3,966)	522,620
Accumulated depreciation	(54,369)	(12,498)	-	-	(66,867)
Net property and equipment	111,266	652,905	821,264	(3,966)	1,581,469
Other long-term assets					
Restricted property reserves	-	-	-	-	-
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	234,010	-	-	-	234,010
Pledges receivable, net	30,200	-	-	-	30,200
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	6,853,220	-	-	-	6,853,220
Allowance for impaired assets	(545,883)	-	-	-	(545,883)
Other assets	-	-	3,989	-	3,989
Total other long-term assets	6,571,547	-	3,989	-	6,575,536
Total assets	\$ 9,057,358	\$ 663,309	\$ 832,329	\$ (607,221)	\$ 9,945,775
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 173,174	\$ 9,926	\$ -	\$ -	\$ 183,100
Due to affiliates	5,232,717	1,816	543,253	(534,228)	5,243,558
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-
Current portion of notes payable, affiliates	172,883	-	-	-	172,883
Deferred revenue	-	-	-	-	-
Tenant security deposits	-	-	-	-	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	5,578,774	11,742	543,253	(534,228)	5,599,541
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	90,562	-	-	-	90,562
Notes payable, less current portion, affiliates	-	70,000	28,542	(70,000)	28,542
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	90,562	70,000	28,542	(70,000)	119,104
Total liabilities	5,669,336	81,742	571,795	(604,228)	5,718,645
Net assets					
Unrestricted net assets	(1,995,762)	581,567	260,534	(2,993)	(1,156,654)
Temporarily restricted net assets	4,583,784	-	-	-	4,583,784
Permanently restricted net assets	800,000	-	-	-	800,000
Total net assets	3,388,022	581,567	260,534	(2,993)	4,227,130
Total liabilities and net assets	\$ 9,057,358	\$ 663,309	\$ 832,329	\$ (607,221)	\$ 9,945,775

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Colorado
For the year ended December 31, 2009

	Mercy Housing Colorado	Holly Park Community Center LLC	Homes for Greeley	Eliminations	Consolidated Mercy Housing Colorado
Revenues					
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -
Developer fees	370,567	-	-	-	370,567
Services fees	276,545	-	-	-	276,545
Philanthropy	1,096,928	-	-	-	1,096,928
Capital grants	-	-	-	-	-
Consulting	(167,938)	-	-	-	(167,938)
Interest	509,881	-	-	(3,966)	505,915
Other	731,947	-	-	-	731,947
Total revenues	<u>2,817,930</u>	<u>-</u>	<u>-</u>	<u>(3,966)</u>	<u>2,813,964</u>
Expenses and losses					
Compensation	1,420,915	-	-	-	1,420,915
Administrative	173,522	2,949	-	-	176,471
Professional services	36,668	2,499	-	-	39,167
Depreciation and amortization	5,995	12,498	-	-	18,493
Grants	15,050	-	-	-	15,050
Facility	1,010	487	-	-	1,497
Interest and fees	110,951	-	-	-	110,951
Bad debts	17,322	-	-	(973)	16,349
Provision for impaired assets	396,201	-	-	-	396,201
Project expenses	29,039	-	-	-	29,039
Allocation	522,264	-	-	-	522,264
(Gain) loss on sale of assets	-	-	(260,534)	-	(260,534)
(Gain) loss on investment in limited partnership	-	-	-	-	-
Total expenses and losses	<u>2,728,937</u>	<u>18,433</u>	<u>(260,534)</u>	<u>(973)</u>	<u>2,485,863</u>
Excess (deficiency) of revenues over expenses	<u>88,993</u>	<u>(18,433)</u>	<u>260,534</u>	<u>(2,993)</u>	<u>328,101</u>
Net assets at beginning of year	3,299,029	600,000	-	-	3,899,029
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 3,388,022</u>	<u>\$ 581,567</u>	<u>\$ 260,534</u>	<u>\$ (2,993)</u>	<u>\$ 4,227,130</u>

Consolidating Statement of Financial Position
Mercy Housing Lakefront
December 31, 2009

	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore	111 & Wentworth Apartments Corporation
Assets					
Current assets					
Cash and cash equivalents	\$ 1,011,609	\$ 44,110	\$ 169,286	\$ 9,198	\$ -
Cash, tenant security deposits	-	25,667	19,309	9,176	-
Cash, restricted	1,576,665	172,831	63,740	43,188	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	446,214	7,429	1,962	8,197	-
Due from affiliate, net	1,155,938	-	12,085	4,286	-
Pledges receivable	107,120	-	-	-	-
Grants receivable	1,048,814	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	209,162	-	-	-	-
Prepaid expenses and other assets	23,477	44,133	29,581	17,112	-
Total current assets	5,578,999	294,170	295,963	91,157	-
Property and equipment					
Land and land improvements	174,915	179,452	77,099	30,893	-
Buildings	516,847	4,451,579	2,948,244	1,562,176	-
Furniture and equipment	365,086	231,834	29,565	10,565	-
Predevelopment project costs	1,341,047	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(423,725)	(808,879)	(652,672)	(242,607)	-
Net property and equipment	1,974,170	4,053,986	2,402,236	1,361,027	-
Other long-term assets					
Restricted property reserves	-	219,038	530,742	320,507	-
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	643,353	-	-	-	981,974
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	8,133,839	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	-	4,730	-	142,514	-
Total other long-term assets	8,777,192	223,768	530,742	463,021	981,974
Total assets	\$ 16,330,361	\$ 4,571,924	\$ 3,228,941	\$ 1,915,205	\$ 981,974
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 1,177,488	\$ 249,340	\$ 89,288	\$ 75,315	\$ -
Due to affiliates	238,300	2,390	23,772	-	25,546
Accrued interest	8,750	22,843	10,007	5,288	-
Accrued interest, affiliates	688	-	118,389	-	-
Current portion of notes payable	-	112,142	41,136	19,316	-
Current portion of notes payable, affiliates	1,048,613	73,783	-	26,784	-
Deferred revenue	343,847	6,651	4,642	637	-
Tenant security deposits	-	23,665	18,489	8,424	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	2,817,686	490,814	305,723	135,764	25,546
Long-term liabilities					
Due to affiliates	-	-	-	-	982,369
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	340,567	88,191	92,542	-
Notes payable, less current portion	7,723,396	2,943,925	2,011,656	1,038,203	-
Notes payable, less current portion, affiliates	-	739,606	473,012	549,005	-
Deferred revenue and other liabilities	370,076	8,523	-	-	-
Total long-term liabilities	8,093,472	4,032,621	2,572,859	1,679,750	982,369
Total liabilities	10,911,158	4,523,435	2,878,582	1,815,514	1,007,915
Net assets					
Unrestricted net assets	186,363	48,489	350,359	99,691	(25,941)
Temporarily restricted net assets	4,857,840	-	-	-	-
Permanently restricted net assets	375,000	-	-	-	-
Total net assets	5,419,203	48,489	350,359	99,691	(25,941)
Total liabilities and net assets	\$ 16,330,361	\$ 4,571,924	\$ 3,228,941	\$ 1,915,205	\$ 981,974

Consolidating Statement of Financial Position
Mercy Housing Lakefront
December 31, 2009

	Wentworth Commons	Belray Apartments Corporation	Belray Apartments	Harold Washington Apartments Corporation	Harold Washington Apartments
Assets					
Current assets					
Cash and cash equivalents	\$ 17,105	\$ -	\$ 69,480	\$ 607	\$ 22,984
Cash, tenant security deposits	14,301	-	8,857	-	12,618
Cash, restricted	-	-	500	-	27,437
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	70,814	-	12,683	-	22,377
Due from affiliate, net	3,882	6,039	21,825	23,325	4,540
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	30,776	-	20,349	-	20,993
Total current assets	136,878	6,039	133,694	23,932	110,949
Property and equipment					
Land and land improvements	823,255	-	160,000	-	47,239
Buildings	8,228,852	-	3,356,086	-	5,088,343
Furniture and equipment	491,941	-	127,575	-	244,399
Predevelopment project costs	-	-	-	-	17,385
Construction in progress	-	-	-	-	-
Accumulated depreciation	(2,335,591)	-	(1,901,956)	-	(2,360,519)
Net property and equipment	7,208,457	-	1,741,705	-	3,036,847
Other long-term assets					
Restricted property reserves	212,968	-	1,006,323	-	121,927
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	291,665	-	451,215	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	41,567	-	276	-	31,830
Total other long-term assets	254,535	291,665	1,006,599	451,215	153,757
Total assets	\$ 7,599,870	\$ 297,704	\$ 2,881,998	\$ 475,147	\$ 3,301,553
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 93,274	\$ -	\$ 34,407	\$ -	\$ 92,643
Due to affiliates	77,697	32,401	6,039	148,503	38,152
Accrued interest	-	-	-	-	7,404
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	6,000	-	711,615
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	9,290	-	14,975	-	39,399
Tenant security deposits	13,425	-	8,771	-	9,520
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	193,686	32,401	70,192	148,503	898,733
Long-term liabilities					
Due to affiliates	-	300,250	-	504,204	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	12,279
Notes payable, less current portion	-	-	3,295,262	-	1,287,079
Notes payable, less current portion, affiliates	6,486,921	-	-	-	250,590
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	6,486,921	300,250	3,295,262	504,204	1,549,948
Total liabilities	6,680,607	332,651	3,365,454	652,707	2,448,681
Net assets					
Unrestricted net assets	919,263	(34,947)	(483,456)	(177,560)	852,872
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	919,263	(34,947)	(483,456)	(177,560)	852,872
Total liabilities and net assets	\$ 7,599,870	\$ 297,704	\$ 2,881,998	\$ 475,147	\$ 3,301,553

Consolidating Statement of Financial Position
Mercy Housing Lakefront
December 31, 2009

	Magnolia LP (Carlton Apartments)	Red Door LP (Major Jenkins Apartments)	4707 Malden LP (Miriam Apartments)	Roseland Apartment Corporation	Roseland LP (Holland Apartments)
Assets					
Current assets					
Cash and cash equivalents	\$ 16,914	\$ 192,539	\$ 4,827	\$ -	\$ 98,871
Cash, tenant security deposits	6,462	18,260	6,485	-	9,117
Cash, restricted	-	-	-	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	16,083	38,494	15,145	-	3,551
Due from affiliate, net	-	-	4,371	-	2,075
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	30,642	36,804	19,081	-	22,887
Total current assets	70,101	286,097	49,909	-	136,501
Property and equipment					
Land and land improvements	65,063	103,750	65,000	-	280,973
Buildings	2,527,053	6,022,237	2,362,888	-	8,362,566
Furniture and equipment	137,546	255,442	71,965	-	378,080
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(1,603,326)	(3,470,013)	(1,231,876)	-	(2,965,630)
Net property and equipment	1,126,336	2,911,416	1,267,977	-	6,055,989
Other long-term assets					
Restricted property reserves	449,726	1,065,994	160,214	-	915,985
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	356,818	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets	4,808	12,287	278	-	24,237
Total other long-term assets	454,534	1,078,281	160,492	356,818	940,222
Total assets	\$ 1,650,971	\$ 4,275,794	\$ 1,478,378	\$ 356,818	\$ 7,132,712
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 89,849	\$ 55,728	\$ 45,231	\$ -	\$ 240,618
Due to affiliates	-	8,325	-	37,529	-
Accrued interest	-	-	363	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	55,152	98,772	23,561	-	2,400
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue	295	17,626	11,734	-	3,470
Tenant security deposits	5,023	17,274	5,982	-	8,048
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	150,319	197,725	86,871	37,529	254,536
Long-term liabilities					
Due to affiliates	-	-	-	354,265	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion	909,861	2,677,894	401,144	-	4,357,242
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	909,861	2,677,894	401,144	354,265	4,357,242
Total liabilities	1,060,180	2,875,619	488,015	391,794	4,611,778
Net assets					
Unrestricted net assets	590,791	1,400,175	990,363	(34,976)	2,520,934
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	590,791	1,400,175	990,363	(34,976)	2,520,934
Total liabilities and net assets	\$ 1,650,971	\$ 4,275,794	\$ 1,478,378	\$ 356,818	\$ 7,132,712

Consolidating Statement of Financial Position
Mercy Housing Lakefront
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	South Loop Apartments Corporation	South Loop Apartments	Winthrop Apartments Corporation	5042 Winthrop Apartments LP (Delmar Apartments)	Near North Apartment Corporation	Near North LP
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ 371,136	\$ -	\$ 60,213	\$ -	\$ 146,829
Cash, tenant security deposits	-	49,905	-	35,854	-	16,159
Cash, restricted	-	12,500	-	-	-	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	40,478	-	86,664	-	69,181
Due from affiliate, net	53,690	-	16,984	2,542	23,579	5,808
Pledges receivable	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	-	43,746	-	36,011	-	26,650
Total current assets	53,690	517,765	16,984	221,284	23,579	264,627
Property and equipment						
Land and land improvements	-	881,175	-	125,000	-	4,276,912
Buildings	-	14,561,937	-	5,770,534	-	12,575,573
Furniture and equipment	-	454,870	-	355,974	-	488,818
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	-	(5,532,496)	-	(3,593,387)	-	(1,628,872)
Net property and equipment	-	10,365,486	-	2,658,121	-	15,712,431
Other long-term assets						
Restricted property reserves	-	3,634,561	-	440,606	-	660,778
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships	263,412	-	(35,697)	-	5,379,377	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets	-	28,361	-	4,426	-	52,297
Total other long-term assets	263,412	3,662,922	(35,697)	445,032	5,379,377	713,075
Total assets	\$ 317,102	\$ 14,546,173	\$ (18,713)	\$ 3,324,437	\$ 5,402,956	\$ 16,690,133
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ -	\$ 56,137	\$ -	\$ 75,618	\$ -	\$ 52,012
Due to affiliates	87,914	53,690	71,074	24,681	40,063	45,294
Accrued interest	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	1,200	-	-	-	1,200
Current portion of notes payable, affiliates	-	-	-	-	-	-
Deferred revenue	-	14,070	-	5,275	-	13,895
Tenant security deposits	-	47,200	-	33,686	-	15,906
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	87,914	172,297	71,074	139,260	40,063	128,307
Long-term liabilities						
Due to affiliates	263,620	461,302	-	-	-	-
Accrued interest	-	1,760,181	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	224,420
Notes payable, less current portion	-	8,385,298	-	4,712,865	-	3,245,800
Notes payable, less current portion, affiliates	-	1,080,500	-	-	-	2,922,000
Deferred revenue and other liabilities	-	25,000	-	-	-	-
Total long-term liabilities	263,620	11,712,281	-	4,712,865	-	6,392,220
Total liabilities	351,534	11,884,578	71,074	4,852,125	40,063	6,520,527
Net assets						
Unrestricted net assets	(34,432)	2,661,595	(89,787)	(1,527,688)	5,362,893	10,169,606
Temporarily restricted net assets	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	(34,432)	2,661,595	(89,787)	(1,527,688)	5,362,893	10,169,606
Total liabilities and net assets	\$ 317,102	\$ 14,546,173	\$ (18,713)	\$ 3,324,437	\$ 5,402,956	\$ 16,690,133

Consolidating Statement of Financial Position
Mercy Housing Lakefront
December 31, 2009

	Malden Arms Corp II NFP	Malden LP II (Malden Arms II Apts.)	Englewood Apartments NFP	901 West 63rd LP (Englewood Apts.)	Countryside Seniors LLC
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 80,160	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	20,069	-	-	-
Cash, restricted	-	-	-	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	17,000	59,532	-	-	-
Due from affiliate, net	50,167	6,878	-	-	-
Pledges receivable	-	-	-	-	-
Grants receivable	-	-	-	-	85,124
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	22,020	-	-	-
Total current assets	67,167	188,659	-	-	85,124
Property and equipment					
Land and land improvements	-	670,314	-	600,000	-
Buildings	-	4,340,388	-	-	-
Furniture and equipment	-	229,662	-	-	-
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	11,694,269	-
Accumulated depreciation	-	(146,933)	-	-	-
Net property and equipment	-	5,093,431	-	12,294,269	-
Other long-term assets					
Restricted property reserves	-	3,142,483	-	5,835	-
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	512,972	-	600,000	-	2,516,162
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	405,208
Allowance for impaired assets	-	-	-	-	-
Other assets	-	46,043	-	191,153	-
Total other long-term assets	512,972	3,188,526	600,000	196,988	2,921,370
Total assets	\$ 580,139	\$ 8,470,616	\$ 600,000	\$ 12,491,257	\$ 3,006,494
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 366,174	\$ -	\$ 4,394,760	\$ -
Due to affiliates	35,370	50,167	315	5,427	315
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	1,200	-	6,003,448	-
Current portion of notes payable, affiliates	-	-	-	240,803	-
Deferred revenue	-	1,144	-	-	-
Tenant security deposits	-	18,924	-	-	-
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	35,370	437,609	315	10,644,438	315
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	46,908	-	-	-
Accrued interest, affiliates	2,827	17,191	-	-	-
Notes payable, less current portion	-	2,324,800	-	-	-
Notes payable, less current portion, affiliates	27,025	728,000	-	476,248	-
Deferred revenue and other liabilities	-	2,011,586	-	410,571	-
Total long-term liabilities	29,852	5,128,485	-	886,819	-
Total liabilities	65,222	5,566,094	315	11,531,257	315
Net assets					
Unrestricted net assets	514,917	2,904,522	599,685	960,000	3,006,179
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	514,917	2,904,522	599,685	960,000	3,006,179
Total liabilities and net assets	\$ 580,139	\$ 8,470,616	\$ 600,000	\$ 12,491,257	\$ 3,006,494

Consolidating Statement of Financial Position
Mercy Housing Lakefront
December 31, 2009

	Countryside Senior Apts LP	Johnston Center MM LLC	Johnston Center Residences LLC	Eliminations	Consolidated Mercy Housing Lakefront
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,315,868
Cash, tenant security deposits	-	-	-	-	252,239
Cash, restricted	-	-	-	-	1,896,861
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	-	490,783	(700,900)	705,687
Due from affiliate, net	-	-	-	(1,310,508)	87,506
Pledges receivable	-	-	-	-	107,120
Grants receivable	-	-	-	-	1,133,938
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	(169,162)	40,000
Prepaid expenses and other assets	-	-	-	-	424,262
Total current assets	-	-	490,783	(2,180,570)	6,963,481
Property and equipment					
Land and land improvements	1,600,000	-	793,648	-	10,954,688
Buildings	-	-	-	(346,422)	82,328,881
Furniture and equipment	-	-	-	-	3,873,322
Predevelopment project costs	-	-	-	-	1,358,432
Construction in progress	4,094,073	-	2,561,298	(470,767)	17,878,873
Accumulated depreciation	-	-	-	16,355	(28,882,127)
Net property and equipment	5,694,073	-	3,354,946	(800,834)	87,512,069
Other long-term assets					
Restricted property reserves	616,006	-	-	-	13,503,693
Cash, restricted	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Investments in limited partnerships	-	-	-	(11,853,406)	107,845
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	(8,539,047)	-
Allowance for impaired assets	-	-	-	-	-
Other assets	195,567	-	246,538	-	1,026,912
Total other long-term assets	811,573	-	246,538	(20,392,453)	14,638,450
Total assets	\$ 6,505,646	\$ -	\$ 4,092,267	\$ (23,373,857)	\$ 109,114,000
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 1,192,986	\$ -	\$ 841,966	\$ (500,169)	\$ 8,722,665
Due to affiliates	843	-	843	(1,001,677)	52,973
Accrued interest	-	-	-	-	54,655
Accrued interest, affiliates	-	-	-	(118,389)	688
Current portion of notes payable	-	-	-	-	7,077,142
Current portion of notes payable, affiliates	27,759	-	7,511	(317,639)	1,107,614
Deferred revenue	-	-	-	-	486,950
Tenant security deposits	-	-	-	-	234,337
Miscellaneous current liabilities	-	-	-	-	-
Total current liabilities	1,221,588	-	850,320	(1,937,874)	17,737,024
Long-term liabilities					
Due to affiliates	-	-	-	(2,866,010)	-
Accrued interest	-	-	-	-	1,807,089
Accrued interest, affiliates	-	-	-	(778,018)	(1)
Notes payable, less current portion	-	-	2,491,213	-	47,805,638
Notes payable, less current portion, affiliates	405,208	-	500,000	(14,222,314)	415,801
Deferred revenue and other liabilities	305,849	-	220,119	(1,017,539)	2,334,185
Total long-term liabilities	711,057	-	3,211,332	(18,883,881)	52,362,712
Total liabilities	1,932,645	-	4,061,652	(20,821,755)	70,099,736
Net assets					
Unrestricted net assets	4,573,001	-	30,615	(2,552,102)	33,781,424
Temporarily restricted net assets	-	-	-	-	4,857,840
Permanently restricted net assets	-	-	-	-	375,000
Total net assets	4,573,001	-	30,615	(2,552,102)	39,014,264
Total liabilities and net assets	\$ 6,505,646	\$ -	\$ 4,092,267	\$ (23,373,857)	\$ 109,114,000

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Lakefront
For the year ended December 31, 2009

	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore	111 & Wentworth Apartments Corporation
Revenues					
Rent - net of vacancies	\$ -	\$ 1,662,119	\$ 1,185,238	\$ 658,199	\$ -
Developer fees	1,540,194	-	-	-	-
Services fees	693,196	-	-	-	-
Philanthropy	7,084,591	-	-	-	-
Capital grants	625,000	-	-	-	-
Consulting	15,997	-	-	-	-
Interest	243,342	828	2,733	657	-
Other	1,510,042	155,056	7,835	23,884	-
Total revenues	<u>11,712,362</u>	<u>1,818,003</u>	<u>1,195,806</u>	<u>682,740</u>	<u>-</u>
Expenses and losses					
Compensation	3,942,443	289,291	168,210	111,590	-
Administrative	859,193	161,580	144,540	39,283	10,200
Professional services	268,929	53,287	99,041	84,971	1,163
Depreciation and amortization	82,759	209,097	123,087	66,214	-
Grants	2,830,660	-	-	-	-
Facility	202,398	638,211	386,188	348,556	-
Interest and fees	43,016	272,596	191,676	110,628	194
Bad debts	66,040	-	15,177	442	-
Provision for impaired assets	1,189,205	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	966,612	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	(113,899)	-	-	-	379
Total expenses and losses	<u>10,337,356</u>	<u>1,624,062</u>	<u>1,127,919</u>	<u>761,684</u>	<u>11,936</u>
Excess (deficiency) of revenues over expenses	<u>1,375,006</u>	<u>193,941</u>	<u>67,887</u>	<u>(78,944)</u>	<u>(11,936)</u>
Net assets at beginning of year	4,044,197	(145,452)	282,472	178,635	(14,005)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 5,419,203</u>	<u>\$ 48,489</u>	<u>\$ 350,359</u>	<u>\$ 99,691</u>	<u>\$ (25,941)</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Lakefront
For the year ended December 31, 2009

	Wentworth Commons	Belray Apartments Corporation	Belray Apartments	Harold Washington Apartments Corporation	Harold Washington Apartments
Revenues					
Rent - net of vacancies	\$ 436,269	\$ -	\$ 431,011	\$ -	\$ 487,989
Developer fees	-	-	-	-	-
Services fees	-	3,079	-	13,325	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	3,915	-	41,370	-	3,101
Other	199,852	-	9,585	-	136,845
Total revenues	<u>640,036</u>	<u>3,079</u>	<u>481,966</u>	<u>13,325</u>	<u>627,935</u>
Expenses and losses					
Compensation	213,568	-	232,817	-	258,196
Administrative	59,731	14,004	70,619	73,212	79,003
Professional services	31,664	1,095	20,513	1,217	20,830
Depreciation and amortization	406,673	-	109,726	-	196,472
Grants	-	-	-	-	-
Facility	210,714	-	133,481	-	134,719
Interest and fees	719	192	-	190	101,769
Bad debts	4,321	-	52,904	-	4,418
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	889	-	(359)	-
Total expenses and losses	<u>927,390</u>	<u>16,180</u>	<u>620,060</u>	<u>74,260</u>	<u>795,407</u>
Excess (deficiency) of revenues over expenses	<u>(287,354)</u>	<u>(13,101)</u>	<u>(138,094)</u>	<u>(60,935)</u>	<u>(167,472)</u>
Net assets at beginning of year	1,206,617	(21,846)	(345,362)	(116,625)	1,020,344
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 919,263</u>	<u>\$ (34,947)</u>	<u>\$ (483,456)</u>	<u>\$ (177,560)</u>	<u>\$ 852,872</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Lakefront
For the year ended December 31, 2009

	Magnolia LP (Carlton Apartments)	Red Door LP (Major Jenkins Apartments)	4707 Malden LP (Miriam Apartments)	Roseland Apartment Corporation	Roseland LP (Holland Apartments)
Revenues					
Rent - net of vacancies	\$ 435,939	\$ 1,015,474	\$ 408,569	\$ -	\$ 378,375
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	15,111	-	-
Consulting	-	-	-	-	-
Interest	5,512	29,911	3,401	-	21,498
Other	21,903	9,731	11,239	-	138,830
Total revenues	<u>463,354</u>	<u>1,055,116</u>	<u>438,320</u>	<u>-</u>	<u>538,703</u>
Expenses and losses					
Compensation	207,090	290,304	215,099	-	210,999
Administrative	63,890	151,246	54,422	16,200	83,196
Professional services	23,739	129,067	23,658	1,099	25,694
Depreciation and amortization	92,242	222,201	76,322	-	317,234
Grants	-	-	-	-	-
Facility	156,548	233,727	110,068	-	176,137
Interest and fees	67	39	4,088	194	74
Bad debts	16,495	20,076	(1,676)	-	2,073
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	(335,344)	-	-
(Gain) loss on investment in limited partnership	-	-	-	277	-
Total expenses and losses	<u>560,071</u>	<u>1,046,660</u>	<u>146,637</u>	<u>17,770</u>	<u>815,407</u>
Excess (deficiency) of revenues over expenses	<u>(96,717)</u>	<u>8,456</u>	<u>291,683</u>	<u>(17,770)</u>	<u>(276,704)</u>
Net assets at beginning of year	687,508	1,391,719	698,680	(17,206)	2,797,638
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 590,791</u>	<u>\$ 1,400,175</u>	<u>\$ 990,363</u>	<u>\$ (34,976)</u>	<u>\$ 2,520,934</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Lakefront
For the year ended December 31, 2009

	South Loop Apartments Corporation	South Loop Apartments	Winthrop Apartments Corporation	5042 Winthrop Apartments LP (Delmar Apartments)	Near North Apartment Corporation	Near North LP
Revenues						
Rent - net of vacancies	\$ -	\$ 748,331	\$ -	\$ 610,275	\$ -	\$ 632,794
Developer fees	-	-	-	-	-	-
Services fees	27,371	-	8,658	-	19,892	-
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	-	17,507	-	5,370	-	8,732
Other	-	200,582	-	46,548	-	16,428
Total revenues	27,371	966,420	8,658	662,193	19,892	657,954
Expenses and losses						
Compensation	-	334,050	-	270,205	-	242,907
Administrative	41,400	162,560	32,604	113,682	19,200	123,807
Professional services	1,094	25,025	1,922	24,976	1,032	23,662
Depreciation and amortization	-	518,924	-	217,186	-	578,453
Grants	-	-	-	-	-	-
Facility	-	393,726	-	200,985	-	182,422
Interest and fees	193	176,394	202	65	187	58,477
Bad debts	-	28,858	-	9,091	-	577
Provision for impaired assets	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	69	-	1,748	-	(10,287)	-
Total expenses and losses	42,756	1,639,537	36,476	836,190	10,132	1,210,305
Excess (deficiency) of revenues over expenses	(15,385)	(673,117)	(27,818)	(173,997)	9,760	(552,351)
Net assets at beginning of year	(19,047)	3,019,712	(61,969)	(1,353,691)	5,353,133	10,705,681
Other transfers to (from) net assets	-	315,000	-	-	-	16,276
Net assets at end of year	<u>\$ (34,432)</u>	<u>\$ 2,661,595</u>	<u>\$ (89,787)</u>	<u>\$ (1,527,688)</u>	<u>\$ 5,362,893</u>	<u>\$ 10,169,606</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Lakefront
For the year ended December 31, 2009

	Malden Arms Corp II NFP	Malden LP II (Malden Arms II Apts.)	Englewood Apartments NFP	901 West 63rd LP (Englewood Apts.)	Countryside Seniors LLC
Revenues					
Rent - net of vacancies	\$ -	\$ 448,119	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-
Services fees	26,667	-	-	-	-
Philanthropy	-	-	-	-	1,748,413
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	83,882	-	-	-
Other	70,125	28,606	-	-	1,258,081
Total revenues	<u>96,792</u>	<u>560,607</u>	<u>-</u>	<u>-</u>	<u>3,006,494</u>
Expenses and losses					
Compensation	-	212,393	-	-	-
Administrative	17,196	290,007	-	-	-
Professional services	744	18,518	315	-	315
Depreciation and amortization	-	141,571	-	-	-
Grants	299,975	-	625,219	-	-
Facility	-	103,426	-	-	-
Interest and fees	2,848	54,740	-	-	-
Bad debts	-	5,211	-	-	-
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	28	-	-	-	-
Total expenses and losses	<u>320,791</u>	<u>825,866</u>	<u>625,534</u>	<u>-</u>	<u>315</u>
Excess (deficiency) of revenues over expenses	<u>(223,999)</u>	<u>(265,259)</u>	<u>(625,534)</u>	<u>-</u>	<u>3,006,179</u>
Net assets at beginning of year	738,916	1,273,476	1,225,219	960,000	-
Other transfers to (from) net assets	-	1,896,305	-	-	-
Net assets at end of year	<u>\$ 514,917</u>	<u>\$ 2,904,522</u>	<u>\$ 599,685</u>	<u>\$ 960,000</u>	<u>\$ 3,006,179</u>

Consolidating Statement of Activities
and Changes in Net Assets
Mercy Housing Lakefront
For the year ended December 31, 2009

	Countryside Senior Apts LP	Johnston Center MM LLC	Johnston Center Residences LLC	Eliminations	Consolidated Mercy Housing Lakefront
Revenues					
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ (698,336)	\$ 8,840,365
Developer fees	-	-	-	-	1,540,194
Services fees	-	-	-	(785,521)	6,667
Philanthropy	-	-	-	-	8,833,004
Capital grants	-	-	-	-	640,111
Consulting	-	-	-	-	15,997
Interest	-	-	-	(217,975)	253,784
Other	-	-	-	(2,832,733)	1,012,439
Total revenues	-	-	-	(4,534,565)	21,142,561
Expenses and losses					
Compensation	-	-	-	-	7,199,162
Administrative	-	-	4,861	(351,936)	2,333,700
Professional services	-	-	-	(348,453)	535,117
Depreciation and amortization	-	-	-	(9,341)	3,348,820
Grants	-	-	-	(3,445,789)	310,065
Facility	-	-	-	(24,059)	3,587,247
Interest and fees	-	-	-	(300,458)	718,090
Bad debts	-	-	-	(41,624)	182,383
Provision for impaired assets	-	-	-	(1,189,205)	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	966,612
(Gain) loss on sale of assets	-	-	-	-	(335,344)
(Gain) loss on investment in limited partnership	-	-	-	253,311	132,156
Total expenses and losses	-	-	4,861	(5,457,554)	18,978,008
Excess (deficiency) of revenues over expenses	-	-	(4,861)	922,989	2,164,553
Net assets at beginning of year	-	-	-	(958,929)	32,529,815
Other transfers to (from) net assets	4,573,001	-	35,476	(2,516,162)	4,319,896
Net assets at end of year	<u>\$ 4,573,001</u>	<u>\$ -</u>	<u>\$ 30,615</u>	<u>\$ (2,552,102)</u>	<u>\$ 39,014,264</u>

Mercy Housing, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2009

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 Programs:				
Rural Rental Housing Loans	10.415		\$ 28,460,610	
Rural Self-Help Housing Technical Assistance	10.420		249,278	
Rural Rental Assistance Payments	10.427		3,701,155	
Intermediary Relending Program	10.767		1,311,343	
Passed Through:				
Idaho Housing & Finance Association (IHFA) / Rental Assistance Payments (RAP)	10.427			\$ 143,250
Arizona Department of Education Summer Food Service Program	10.559	ADE # ED05-001		28,158
United States Department of Agriculture (USDA) / Arizona Department of Health Services (ADHS)/Food Stamp Nutrition Education Program	10.561	HM-661056-1 E9H28073		137,781
			33,722,386	309,189
<u>United States Department of Housing & Urban Development (HUD)</u>				
Direct Programs:				
Interest Reduction Payments Section 236	14.103		2,260,704	
Mortgage Insurance for the Purchase Section 223 (a) (7)	14.155		17,996,776	
Grant Capital Advance Section 202	14.157		117,643,160	
Project Rental Assistance Contract (PRAC) Section 202	14.157		4,169,637	
Supportive Housing for the Elderly Direct Loan Section 202	14.157		10,840,038	
Project Rental Assistance Contract (PRAC) Section 811	14.181		472,708	
Supportive Housing for Persons with Disabilities-Capital Advance Section 811	14.181		8,242,823	
Multifamily Services Coordinator Grant	14.191		75,915	
Housing Assistance Payments (HAP) Section 8	14.195		15,202,170	
Multifamily Assisted Housing Reform and Affordability Act	14.197		8,259,632	
Office of Community Planning and Development-Supportive Housing Program	14.235		9,240,115	
Supportive Housing Program-Capital Advance	14.235		15,515,848	
HOME Investment Partnership Program	14.239		402,184	
Section 8 ARRA Multifamily	14.317		3,818,941	

Mercy Housing, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2009

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
United States Department of Housing & Urban Development (HUD) - Continued				
Passed Through:				
State of Washington Department of Community Trade & Economic Development (CTED)/Supportive Housing for the Elderly Direct Loan Section 202	14.157	127-EE038		404,636
Transitional Living and Community Support / Project Rental Assistance Contract	14.181			9,600
Illinois Housing Development Authority / Section 8 New Construction and Substantial Rehabilitation	14.182			732,309
California Housing Finance Agency (CHFA) / Risk Sharing Loans	14.188	92-012N, 97-033N, 97-022N		7,379,862
Boise Housing Authority / HOME Investment Partnership Program / HAP Section 8	14.195			44,057
Chicago Housing Authority / HAP Section 8	14.195			443,991
City and County of San Francisco / Mayor's Office of Housing / HAP Program Section 8	14.195			480,405
City of Chicago / Department of Housing / CDBG State Program Entitlement / HAP Section 8	14.195	8613		326,709
City of Chicago / Department of Housing / Section 8	14.195			8,230
City of Chicago / Department of Housing / HOME Investment Partnership Program / HAP Section 8	14.195			703,783
City of Chicago Illinois / Department of Finance / HOME Investment Partnership Program	14.195			739,232
City of Chicago, Illinois / Department of Housing / CDBG Multi-family Loan State Program / HAP Section 8	14.195			259,210
City of Cincinnati / HOME Investment Partnership / HAP Section 8	14.195			71,432
City of Council Bluffs / HOME Investment Partnership Program / HAP Section 8	14.195			82,512
City of Daly / HOME Investment Partnership Program / HAP Section 8	14.195			29,092
City of Lincoln, Nebraska / HOME Investment Partnership Program / HAP Section 8	14.195			85,772
City of Los Angeles / CDBG State Programs and HOME Investment Partnership Program / HAP Section 8	14.195			29,579
City of Yuba City / HOME Investment Partnership Program / HAP Section 8	14.195			175,684
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program / HAP Section 8	14.195			642,611
County of Contra Costa / Housing Opportunities for Persons with AIDS HOPWA Grant / HAP Section 8	14.195			224,870
Davis County Housing Authority / CDBG States Program	14.195			648,381
Housing Authority of the County of Santa Cruz / HAP / Section 8	14.195			114,465
Idaho Housing Agency / HOME Investment Partnership Program / HAP Section 8	14.195			9,310
Illinois Housing Development Authority / HOME Investment Partnership Program / Multifamily Program / HAP Section 8	14.195			248,994
Omaha Housing Authority of the City of Omaha / Housing Assistance payment (HAP) Section 8	14.195			357,001
Redevelopment Agency of the City and County of San Francisco / Housing Assistance Payment (HAP) Section 8	14.195			825,407
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program / HAP Section 8	14.195			98,338
Sacramento Housing and Redevelopment Agency / Rural California Housing Corporation / HOME Investment Partnership Program	14.195			68,164
San Francisco Housing Authority / HAP Section 8	14.195			531,284
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement / HAP Section 8	14.195			752,114
State of Ohio / Division of Community Development / City of Cincinnati / HOME Ownership Program / HAP Section 8	14.195			76,302
Tacoma Community Development Authority / CDBG State Program	14.195			211,375
Tacoma Community Redevelopment Authority / CDBG State Program / HAP Section 8	14.195			217,160

Mercy Housing, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2009

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
United States Department of Housing & Urban Development (HUD) - Continued				
Passed Through: (Continued)				
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program / HAP Section 8	14.195			125,246
Omaha Housing Authority of the City of Omaha / Multi-family Assisted Housing Reform and Affordability Act	14.197	103-11014-PUR / CON-EC-FAM		4,208,740
City of Chicago / Chicago Department of Housing / CDBG Entitlement Grant	14.218			1,750,592
City of Chicago / Mayor's Office of Workforce Development / CDBG Entitlement Grant / Innovative Programs and Training and Placement	14.218	19246-1; 19246-2		156,400
City of Chicago / Department of Housing / CDBG Entitlement Grant / Housing Resource Center (HRC) Program	14.218	19115		26,878
Local Initiatives Support Corporation / HUD Community Development Block Grant	14.218			10,000
Amador-Toulumne Community Action Agency / CDBG Technical Assistance Program	14.227			63,932
City and County of Denver / CDBG State Program	14.228			275,000
City and County of San Francisco / CDBG State Program	14.228			3,356,614
City and County of San Francisco to Mayor's Office of Housing / CDBG State Program	14.228	95-F765446-00		3,237,047
City of Chicago Department of Housing / CDBG State Program	14.228			691,860
City of Chicago, Illinois / Department of Housing / CDBG Multi-family Loan State Program	14.228			5,973,396
City of Chicago, Illinois / Department of Housing / CDBG State Program / SNAP Program "Strategic Neighborhood Action Program"	14.228			3,489,191
City of Citrus Heights / CDBG State Program	14.228			68,094
City of Colorado Springs / CDBG State Program	14.228			300,000
City of Daly City / CDBG State Loan Program	14.228			245,805
City of Dubuque, Iowa / CDBG State Program	14.228	258-93		247,109
City of Dubuque, Iowa / CDBG State Program	14.228			100,000
City of Durango, Colorado / CDBG State Program	14.228			250,000
City of Eagle, Ida County / Idaho Community Development Block Grant	14.228			415,000
City of Encinitas / CDBG State Program	14.228			614,000
City of Folsom / CDBG State Program	14.228			92,940
City of Jackson / CDBG State Program	14.228			34,524
City of Lincoln / CDBG State Program	14.228			41,355
City of Los Angeles / CDBG State Program	14.228	95-2167; C-93360		1,050,000
City of Mountain Home / Idaho Community Development Block Grant	14.228			516,676
City of Orlando / CDBG State Program	14.228	08-STBG-4874		28,823
City of Santa Cruz / CDBG Revolving Loan Fund	14.228			283,237
City of Santa Cruz / CDBG State Program	14.228	CA027HG701		264,372
City of Santa Cruz / CDBG State Program	14.228			134,019
City of Tacoma / CDBG State Program	14.228			15,423
Community Housing Services Agency / CDBG State Program	14.228			511,580
County of Alameda / CDBG State Program	14.228			402,891
County of Calaveras / CDBG State Program	14.228			6,591
County of San Mateo / CDBG State Loan Program	14.228			280,348
County of Santa Barbara / State Department of Housing and Community Development / CDBG State Program	14.228			502,700
Davis County Housing Authority / CDBG States Program	14.228			392,489
DeKalb County, Georgia / CDBG State Program	14.228			93,500
Pierce County / CDBG State Program	14.228			85,348
Redevelopment Agency / City and County of San Francisco / CDBG State Program	14.228			357,660
Sacramento Housing and Redevelopment Agency / CDBG State Program	14.228			200,000
State of California / City of Daly / CDBG State Program	14.228			365,000
State of California / County of Yuba / CDBG State Program	14.228			974,564
State of Colorado / Department of Housing / Town of Fraser / CDBG State Program	14.228			600,000

Mercy Housing, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2009

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
United States Department of Housing & Urban Development (HUD) - Continued				
Passed Through: (Continued)				
Tacoma Community Development Authority / CDBG State Program	14.228			562,500
Tacoma Community Redevelopment Authority / CDBG Loan Agreement	14.228			600,000
Tacoma Community Redevelopment Authority / CDBG State Program	14.228			400,000
City and County of San Francisco / Office of Community Planning & Development - Supportive Housing Program	14.235			248,339
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235			49,653
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	18002; 17529; 17635		617,935
California Housing Finance Agency (CHFA) / County of Alameda Housing and Community Development / HOME Investment Partnership Program	14.239			2,618,229
California State Department of Housing and Community Development / HOME Investment Partnership Program	14.239	02-HOME-0633		1,161,715
City and County of San Francisco / HOME Investment Partnership Program	14.239			2,755,460
City and County of Denver / HOME Investment Partnership Program	14.239			1,142,240
City and County of San Francisco / HOME Program Loan Agreement	14.239			7,512,329
City and County of San Francisco / Mayor's Office of Housing / HOME Investment Partnership Program	14.239			547,782
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			200,450
City of Chicago / Department of Housing / HOME Investment Partnership Program	14.239			19,796,542
City of Cincinnati / HOME Investment Partnership Program	14.239	65X0131; 65X015		423,326
City of Cincinnati / HOME Investment Partnership Program	14.239			1,055,654
City of Council Bluffs / HOME Investment Partnership Program	14.239			160,549
City of Daly / HOME Investment Partnership Program	14.239			587,821
City of Dubuque, Iowa / HOME Investment Partnership Program	14.239			104,204
City of Glendale / HOME Investment Partnership Program	14.239			149,240
City of Lincoln / HOME Investment Program	14.239			4,851
City of Lincoln, California / HOME Investment Partnership Program	14.239			8,800
City of Lincoln, Nebraska / HOME Investment Partnership Program	14.239			330,557
City of Los Angeles / HOME Investment Partnership Program	14.239	95.1452; C92700		662,254
City of Marysville / HOME Investment Partnership Program	14.239			14,772
City of Mesa / County of Maricopa / HOME Investment Partnership Program	14.239			499,567
City of Orland / HOME Investment Partnership Program	14.239			1,574
City of Orlando / HOME Investment Partnership Program	14.239	08-HOME-4730		33,182
City of Rocklin / HOME Investment Partnership Program	14.239			11,900
City of Santa Cruz / HOME Investment Partnership Program	14.239			3,233,436
City of South Lake Tahoe / HOME Investment Partnership Program	14.239	96-HOME-0222; 97-HOME-0280		2,546,393
City of Tolleson / HOME Investment Partnership Program	14.239			75,000
City of Waco / Housing and Community Development Services / HOME Investment Partnership Program	14.239			295,000
City of West Sacramento / HOME Investment Partnership Program	14.239			58,381
City of Yolo / HOME Investment Partnership Program	14.239			48,675
City of Yuba City / HOME Investment Partnership Program	14.239	98-HOME-0341		1,033,946
City of Yuba City / HOME Investment Partnership Program	14.239			20,589
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program	14.239			440,187
Community Housing Services Agency / HOME Investment Partnership Program	14.239			411,365
County of Alameda / HOME Investment Partnership Program	14.239			798,781
County of Contra Costa / HOME Investment Partnership Program	14.239	07-52-HM		1,548,544
County of Contra Costa / HOME Investment Partnership Program	14.239			2,182,695
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			911,708

Mercy Housing, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2009

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
United States Department of Housing & Urban Development (HUD) - Continued				
Passed Through: (Continued)				
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			880,286
County of Santa Barbara / HOME Investment Partnership Program	14.239			1,188,576
County of Solano / HOME Investment Partnership Program	14.239			73,928
County of Yuba / HOME Investment Partnership Program	14.239			35,635
DeKalb County, Georgia / HOME Investment Partnership Program	14.239			95,000
Department of Housing and Community Development of the State of California / HOME Grant CHDO	14.239	96-HOME-0223		1,247,749
Georgia Housing and Finance Authority / HOME Investment Partnership Program	14.239			3,388,754
Housing Authority of the City of Los Angeles, California / HOME Investment Partnership Program	14.239			6,729,758
Idaho Housing Agency / HOME Investment Partnership Program	14.239	HOME-93-5		375,983
Idaho Housing and Finance Association HOME Program / HOME Investment Partnership Program	14.239			2,741,862
Idaho Housing and Finance Association (IHFA) / CHDO Grant Agreement	14.239	HOME CHDO 07-06/2; HOME CHDO 08-09		14,523
Illinois Housing Development Authority / HOME Investment Partnership Program	14.239			6,119,679
Iowa Department of Economic Development / HOME Investment Partnership Program	14.239	M-92-SG-19-0100-400-27-04		291,919
Iowa Department of Economic Development / HOME Investment Partnership Program	14.239	00-HM-430 / 00-HM-430-731		442,869
King County Dept of Community and Human Services / HOME Investment Program	14.239			1,549,796
Pierce County Community Development / HOME Investment Partnership Program	14.239			100,504
Placer County Redevelopment Agency / HOME Investment Partnership Program	14.239			8,462
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program	14.239			8,899,386
Sacramento Housing and Redevelopment Agency / Rural California Housing Corporation / HOME Investment Partnership Program	14.239			835,646
Snohomish County / HOME Investment Partnership Program	14.239			820,236
State Department of Housing and Community Development / Santa Cruz Community Housing Corporation / HOME Grant CHDO	14.239			1,319,333
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 Ohio / Division of Community Development / City of Cincinnati / HOME Ownership Program	14.239			252,000
State of Texas / County of Bexar / HOME Investment Partnership Program	14.239			370,371
State of Washington / Department of Community, Trade and Economic Development / HOME Investment Partnership Program	14.239			825,220
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program	14.239			1,386,867
Thurston County / HOME Investment Partnership Program	14.239			318,116
City of Chicago / Housing Opportunities for Persons with AIDS / HOPWA	14.241			500,000
City of Phoenix / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241	100486-006		104,137

Mercy Housing, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2009

	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
United States Department of Housing & Urban Development (HUD) - Continued				
Passed Through: (Continued)				
County of Contra Costa / CDBG Section 108 Loan Guarantee	14.241			680,000
County of Sacramento / Sacramento County Department of Human Assistance / Housing Opportunities for Persons with AIDS / HOPWA Loan	14.241			1,065,000
County of San Diego Department of Housing and Community Development / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			1,343,954
Redevelopment Agency of the City and County of San Francisco / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			4,646,829
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement	14.241			668,781
State of California / Department of Housing & Community Development / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241	91-HRL-PH-002		837,774
Housing Assistance Council Self-Help Housing Opportunity Program (SHOP)	14.247	4-807-0503; 4-712- 0312; 4-105-0612		958,000
Northwest Regional Facilitators Self-Help Housing Opportunity Program (SHOP)	14.247	SH-03-007; SH-02- 007; SH-01-007; SH- 00-007; SH-05-007; SH-06-007; 99-007		1,270,000
Community Development Commission of the City of Oxnard / CDBG Section 108 Loan Guarantee	14.248	96-164218		720,846
County of Alameda / CDBG Section 108 Loan Guarantee	14.248	99346211		153,628
County of Contra Costa / CDBG Section 108 Loan Guarantee	14.248			1,187,562
County of San Mateo / Section 108 Loan Guarantee	14.248			306,186
Low Income Investment Fund / Capacity Building For Affordable Housing and Community Development Grants	14.252			20,000
Local Initiatives Support Corporation / Capacity Building For Affordable Housing And Community Development Grants	14.252			6,042
Wisconsin Housing and Economic Development Authority / Tax Credit Assistance Program	14.258	468-0323-100-8 & 468-0210-1		1,825,586
Housing Authority of the City of Atlanta, Georgia / Hope VI	14.866			5,600,000
			214,140,651	175,162,748
Passed Through:				
United States Department of Labor				
Migrant and Seasonal Farm Workers	17.264	DOL09-9011-08		28,030
United States Department of Treasury				
Department of Treasury - General Programs	21.020		100,000	
United States Department of Health and Human Services				
Refugee and Entrant Assistance	93.576		153,814	
Passed Through:				
United States Department of Health and Human Services				
Rural Community Assistance Corporation / Community Service Block Grant	93.569			14,840
City of Chicago / United States Department of Health and Human Services (DHHS) / Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.569	18823		243,000
City of Chicago/ AIDS Foundation of Chicago / Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.569			16,127
Illinois Department of Human Services / Department of Alcohol and Substance Abuse	93.569			73,228
			-	347,195
			\$ 248,116,851	\$ 175,847,162
Total Expenditures of Federal Awards				\$ 423,964,013

Mercy Housing, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2009

Summary by CFDA Number:		Federal Expenditures
USDA Rural Rental Housing Loans	10.415	\$ 28,460,610
USDA Rural Self-Help Housing Technical Assistance	10.420	249,278
USDA Rural Rental Assistance Payments	10.427	3,844,405
USDA Food Stamp Nutrition Education	10.561	137,781
USDA Summer Food Service Program for Children	10.559	28,158
USDA Intermediary Relending Program	10.767	1,311,343
HUD Interest Reduction Payments Section 236	14.103	2,260,704
HUD Mortgage Insurance for the Purchase Section 223(a)(7)	14.155	17,996,776
HUD Supportive Housing for the Elderly Direct Loan Section/Capital Advance Section 202/HUD Project Rental Assistance contract (PRAC) Section 202	14.157	133,057,471
HUD Supportive Housing for Persons with Disabilities Capital Advance Section 811/HUD Project Rental Assistance Contract (PRAC) Section 811	14.181	8,725,131
HUD Section 8 New Construction and Substantial Rehabilitation	14.182	732,309
HUD Housing Finance Agencies (HFA) Risk Sharing Loans	14.188	7,379,863
HUD Multi-Family Services Coordinator Grant	14.191	75,915
HUD Housing Assistance Payments (HAP) Section 8	14.195	23,832,880
HUD Multi-Family Assisted Housing Reform & Affordability Act	14.197	12,468,372
HUD Community Development Block Grant Entitlement Grant	14.218	1,943,870
HUD Comm. Dev. Block Grant/Technical Assistance Program	14.227	63,932
HUD Community Development Block Grant/State's Program	14.228	28,059,656
HUD Supportive Housing Program - Capital Advance/Office of Community Planning & Development - Supportive Housing Program/Forgivable Loan	14.235	25,316,361
HUD Shelter Plus Care	14.238	617,935
HUD HOME Investment Partnership Program/HOME Grant CHDO	14.239	101,058,958
HUD Housing Opportunities for Persons with AIDS HOPWA Grant	14.241	9,846,475
HUD Self-Help Home Ownership Opportunity Program (SHOP)	14.247	2,228,000
HUD Community Development Block Section 108 Loan Guarantee	14.248	2,368,222
HUD Capacity Building For Affordable Housing And Community Development Grants	14.252	26,042
HUD Tax Credit Assistance Program (Recovery Act Funded)	14.258	1,825,586
HUD Sec 8 ARRA Multifamily	14.317	3,818,941
Revitalization of Severely Distressed Public Housing (Hope VI)	14.866	5,600,000
Department of Labor and Migrant and Seasonal Farm Workers	17.264	28,030
Department of Treasury	21.020	100,000
DHHS - Community Service Block Grants (CDBG)	93.569	347,195
DHHS - Refugee and Entrant Assistance	93.576	153,814
Total Expenditures of Federal Awards		\$ 423,964,013

Note: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Mercy Housing, Inc., and Subsidiaries and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Mercy Housing, Inc.

We have audited the financial statements of Mercy Housing, Inc. as of and for the year ended December 31, 2009, and have issued our report thereon dated April 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mercy Housing, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we identified a certain deficiency in internal control that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 2008-2. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness in internal control over financial reporting, yet important enough to merit attention by those charged with governance.

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 management of Mercy Housing, Inc. in a separate letter dated April 27, 2010.

This report is intended solely for the information and use of the audit committee, board of directors, management, others within the entity and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Reznick Group, P.C.

Charlotte, North Carolina
April 27, 2010

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Mercy Housing, Inc. with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. Mercy Housing, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Mercy Housing, Inc.'s management. Our responsibility is to express an opinion on Mercy Housing, Inc.'s compliance based on our audit.

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 OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on Mercy Housing, Inc.'s compliance with those requirements.

In our opinion, Mercy Housing, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of Mercy Housing, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Mercy Housing, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the

purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mercy Housing, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, board of directors, management, others within the entity and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Reznick Group, P.C.

Charlotte, North Carolina
April 27, 2010

Mercy Housing, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Mercy Housing, Inc.
2. There was one significant deficiency identified during the audit of the financial statements.
3. No significant deficiencies noncompliance material to the financial statements of Mercy Housing, Inc. were disclosed during the audit.
4. No significant deficiencies were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Mercy Housing, Inc. expresses an unqualified opinion.
6. No findings relative to the major federal award programs for Mercy Housing, Inc. are disclosed.
7. The programs tested as major programs include:

HUD Housing Finance Agencies Risk Sharing Loans	14.188
HUD Section 8 New Construction and Substantial Rehabilitation	14.182
HUD Housing Assistance Payments (HAP) Section 8	14.195
HUD Section 8 ARRA Multifamily	14.317
HUD Multifamily Assisted Housing Reform & Affordability Act	14.197
HUD Community Development Block Grant Entitlement Grant	14.218
HUD Community Development Block Grant/State's Program	14.228
HUD HOME Investment Partnerships Program	14.239
HUD Housing Opportunities for Persons with AIDS (HOPWA) Grant	14.241
HUD Tax Credit Assistance Program (Recovery Act Funded)	14.258
8. The threshold for distinguishing Type A and B programs was \$3,000,000.
9. Mercy Housing, Inc. was determined to be a low-risk auditee under Section 0.530.
10. Mercy Housing, Inc. has no findings to the financial statements that are required to be reported in accordance with GAGAS.
11. Mercy Housing, Inc. has no findings or questioned costs for federal awards.

Mercy Housing, Inc.

PRIOR YEAR AUDIT FINDINGS

December 31, 2009

B. PRIOR YEAR AUDIT FINDINGS

Finding No. 2008-1

There is a lack of appropriate control over management's review of certain allocable expenses, primarily payroll, between various properties.

Status

Closed

Reporting Period

2008

Finding No. 2008-2

Status

Open

Reporting Period

2008

Condition

Management has responsibility of preparing the consolidated financial statements, which includes necessary consolidating and elimination journal entries. The Organization's system for preparing the consolidated financial statements did not incorporate all necessary eliminations to affiliated transactions and balances. The Organization is unable to finalize the footnotes for the financial statements until the final balances are received from Reznick Group. In addition, the Organization does not have an automated system to produce a schedule of non-controlling interest. The current process requires manual maneuvering of the data, which can result in errors.

Criteria

Management is responsible for preparing accurate consolidated financial statements.

Mercy Housing, Inc.

PRIOR YEAR AUDIT FINDINGS - CONTINUED

December 31, 2009

Effect

The consolidated financial statements cannot be prepared timely or materially correct.

Cause

The lack of automation of elimination entries and the non-controlling interest schedule caused errors in management's ability to produce materially correct consolidated financial statements.

Recommendation

The Organization should implement new procedures, including the use of new or improved technology, to accurately produce eliminations and enable consolidated reporting.

Views of Responsible Officials:

We agree that our current process is not efficient and does not effectively detect all computation errors during elimination and consolidation, which results in considerable time spent by both auditors and staff in producing the consolidating financial statements. We continually make improvements to the existing process where possible.

However, our current system is not scalable for the intended future growth of the organization. The 2010 budget includes resources to upgrade our systems to automate the consolidation process and improve our financial reporting capabilities. We are currently reviewing alternatives for implementation.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT

NONE