Dear Partners in Hope,

**DURING THE MOST VITRIOLIC ELECTION CYCLE THIS COUNTRY HAS SEEN IN YEARS, MERCY HOUSING’S WORK GAVE US HOPE ABOUT OUR COLLECTIVE FUTURE.**

Every day, we see people from all walks of life collaborate with an intense sense of purpose to create stable, vibrant, and healthy communities for people with low incomes. This sense of purpose makes our neighborhoods strong and gives us hope that, no matter what the obstacles, we can come together to build a stable future for our families, our children, and ourselves.

Thanks to our founding communities of Sisters, partners, and donors, we have been able to preserve and create safe, affordable homes for 35 years. As the affordable housing crisis continues, and as funding for community development is at risk of being cut, the support we receive from caring donors and supporters is more critical than ever.

Our mission is not small. But thanks to many of you, it is possible. Thank you for everything you do, and as always,

Live in Hope!

Jane Graf  
President and CEO, Mercy Housing

Barry Zigas  
Chair of the Board, Mercy Housing
**A BANNER YEAR**

**MERCY HOUSING GREW ITS PORTFOLIO BY MORE THAN 24%**

**MERCY LOAN FUND (MLF) REACHED A HISTORIC MILESTONE OF $2 billion LEVERAGED IN TOTAL DEVELOPMENT COSTS SINCE MLF’S FOUNDING**

**NATIONWIDE, MERCY HOUSING BUILT 7 New Communities AND ACQUIRED 33 EXISTING COMMUNITIES**

**OPENED 559 NEW HOMES FOR SENIORS, PEOPLE WITH DISABILITIES, LGBTQ SENIORS, AND VETERANS**
John Oliverio, Sr. Pat Norton, Sr. Shirley Krull, Jane Graf, Susan Dillberg celebrating the transition of the Franciscan Ministries, Inc. portfolio to Mercy Housing.
In 2015, the Wheaton Franciscan Sisters approached Mercy Housing with a request that we take over ownership and management of their 33 affordable housing communities spanning 10 states. In 2016, we successfully transferred these communities to Mercy Housing.

We would like to thank the Wheaton Franciscan Sisters for their decades of work serving society’s most vulnerable, and are honored that they chose us to continue and protect their legacy.

"The decision came after a long deliberation process. As the Sisters age and our numbers decrease, we wanted to transfer our corporate ministries while they are healthy, fiscally sound, and have a strong sense of mission and values. We chose Mercy Housing to assume stewardship of our housing ministry to ensure the continued health of these communities."

Sister Pat Norton
Chair of the Sponsor Member Board for Wheaton Franciscan Healthcare

"We are deeply honored by the Wheaton Franciscan Sisters’ decision to entrust us with the stewardship of their housing ministry, and are committed to carrying on their legacy. Like Franciscan Ministries, Mercy Housing is dedicated to serving the communities in which we operate with the vision of our founding Sisters."

Jane Graf
President and CEO, Mercy Housing
MEET LILIANA

“I’m strong-willed,” says Liliana. “I’ve always said that I will take care of my own stuff.”

But when Liliana gave birth to her daughter Aubrey in 2006, she found that even with her resourcefulness, she needed help. Aubrey was born with cerebral palsy as well as hypoplastic left heart syndrome, a condition that would be fatal without surgery. At only two days old, Aubrey underwent the first of what would be three heart surgeries.

During their two-month stay in the hospital, Liliana desperately searched for a safe home she could afford, a home where she could give Aubrey what she needed while pursuing her dream of becoming a nurse. She found Mercy Housing.

“Soon after I moved in, I enrolled at the local community college,” Liliana said. “Mercy Housing gave me a great starting point.”

Liliana’s home with Mercy Housing was not just an affordable place to live. It offered her a caring environment with a network of supportive services allowing her to pursue her dreams. Liliana became a nurse and was eventually able to save up enough money to buy her own home, where she lives with Aubrey, a happy 5th grader, and her four-month old son.

“To me, home means having my children in a stable, safe, and healthy environment,” Liliana said.

Mercy Housing invested in Liliana so that she could invest in her children.
We have participated in the development, preservation, and/or financing of more than 54,000 affordable homes over 35 years.

We own 323 properties with over 22,000 apartment homes.

Median resident income:
- Families: $19,448
- Special Needs: $10,433
- Seniors: $12,204

BY THE NUMBERS

Affordable homes over 35 years: $13,368 annually

Families: 48%
Seniors: 37%
Special Needs: 15%
THANK YOU TO OUR DONORS

"Be the change you want to be! I greatly admire people who see a problem and figure out a solution or at least start some kind of project and take action to make things better. This is why I'm sending Mercy Housing a gift."

JANICE
Loyal Donor

Thanks to donors like Janice, thousands of people are able to build a bright future for themselves and their families. Mercy Housing helps people all over the country live to their full potential by offering affordable homes, coupled with life-changing services.

INDIVIDUAL DONORS
1,688
Including 815 New Donors

DONOR ORGANIZATIONS
530
Including 188 New Organizations

TOTAL DONATIONS RAISED:
$10,768,500
MERCY HOUSING, INC. BOARD OF TRUSTEES

Sr. Barbara Busch, SC
Sisters of Charity; Executive Director, Working In Neighborhoods

Yvonne Camacho
Former CFO, Simpson Housing LLLP

Patricia Cochran
Retired

Adrienne Crowe (Vice-Chair)
Retired

Charlie Francis
Senior Executive Vice President, Dignity Health

Sr. Diane Hejna, CSJ
Sisters of St. Joseph of Orange

Sr. Rose Marie Jasinski, CBS
Sisters of Bon Secours

Douglas Jutte, MD
Executive Director, Build Healthy Places Network

Barbara J. Kelley
Retired

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Sisters of Mercy

Jim Park
The Mortgage Collaborative

Scott Pocock
Shea Mortgage

Suzanne Swift
President/Owner, Buffet Concepts Inc., Retired

Bob Tetrault
CFO, Highridge Costa Companies

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Sisters of Mercy

Carol Wetmore
Retired

Leslie Wittmann
TrustHR

Barry Zigas (Chair)
Zigas & Associates

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Sisters of Mercy

Sr. Diane Hejna, CSJ
Sisters of St. Joseph of Orange

Sr. Rose Marie Jasinski, CBS
Sisters of Bon Secours

Sr. Pat McDermott, RSM
Sisters of Mercy

Sr. Linda Werthman, RSM
Sisters of Mercy

Sr. Rose Ann Aguilar, DC
Daughters of Charity, Province of St. Louise

Sr. Betty Marie Dunkel, DC
Daughters of Charity, Province of the West

Sr. Rose Marie Jasinski, CBS
Sisters of Bon Secours, USA

Sr. Maureen Mitchell, RSM
Sisters of Mercy, Northeast

Sr. Joanne Lappetito, RSM
Sisters of Mercy, South Central

Sr. Pat McDermott, RSM
Sisters of Mercy, West Midwest

Sr. Diane Hejna, CSJ
Sisters of St. Joseph of Orange

Sr. Charlotte Davenport, CSJP
Sisters of St. Joseph of Peace

SPONSOR COUNCIL

Sr. Rose Ann Aguilar, DC
Daughters of Charity, Province of St. Louise

Sr. Betty Marie Dunkel, DC
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Sisters of St. Joseph of Orange

Sr. Charlotte Davenport, CSJP
Sisters of St. Joseph of Peace
FOUNDING COMMUNITIES

Daughters of Charity, Province of St. Louise
Daughters of Charity, Province of the West
Sisters of Bon Secours
Sisters of Mercy, Northeast
Sisters of Mercy, South Central
Sisters of Mercy, West Midwest
Sisters of St. Joseph of Orange
Sisters of St. Joseph of Peace
FINANCIALS FY 2016

ORGANIZATION WIDE REVENUE BY SOURCE

- Property Rental Income: 72%
- Other: 13%
- Earned Fees: 9%
- Philanthropy: 6%

ORGANIZATION WIDE EXPENSES BY PROGRAM

- Property Operations & Management: 84%
- Corporate Operations: 6%
- Resident Services: 4%
- Housing Development: 3%
- Fundraising: 2%
- Mercy Loan Fund: 1%

PROGRAM EFFICIENCY RATIO

92%

Percentage of Total Expenses Used Directly in Program Activities
### CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For Years Ended December 31, 2016 and 2015

<table>
<thead>
<tr>
<th><strong>Assets</strong></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>268,199,059</td>
<td>212,077,581</td>
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<tr>
<td>Notes, pledges and grants receivable</td>
<td>43,939,448</td>
<td>53,363,242</td>
</tr>
<tr>
<td>Receivables and investments</td>
<td>12,725,164</td>
<td>8,565,997</td>
</tr>
<tr>
<td>Net property and equipment</td>
<td>2,141,078,112</td>
<td>1,891,722,349</td>
</tr>
<tr>
<td>Other assets</td>
<td>24,806,751</td>
<td>22,670,548</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>2,490,748,534</td>
<td>2,188,399,717</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Liabilities</strong></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable, accrued expenses &amp; accrued interest</td>
<td>187,891,573</td>
<td>153,890,000</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>1,443,054,857</td>
<td>1,211,967,086</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>45,901,667</td>
<td>50,097,937</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>1,676,848,097</td>
<td>1,415,955,023</td>
</tr>
<tr>
<td>Non Controlling Interest</td>
<td>539,616,947</td>
<td>520,367,923</td>
</tr>
<tr>
<td>Total Net Assets - Controlling Interest</td>
<td>274,283,490</td>
<td>252,076,771</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>2,490,748,534</td>
<td>2,188,399,717</td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENT OF ACTIVITIES
For Years Ended December 31, 2016 and 2015

<table>
<thead>
<tr>
<th><strong>Revenue/Expense</strong></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>247,644,361</td>
<td>215,005,822</td>
</tr>
<tr>
<td>Total expenses</td>
<td>302,477,500</td>
<td>278,183,057</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over expenses</td>
<td>(54,833,139)</td>
<td>(63,177,235)</td>
</tr>
<tr>
<td>Attributable to noncontrolling</td>
<td>(60,481,170)</td>
<td>(59,398,699)</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over expenses</td>
<td>5,648,031</td>
<td>(3,778,536)</td>
</tr>
<tr>
<td>Attributable to Mercy Housing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MERCY HOUSING, INC. (MHI), is a leading national affordable housing nonprofit headquartered in Denver, Colorado. Established by the Sisters of Mercy in 1981, and in operation in 41 states, MHI has 35 years’ experience developing, preserving, managing, and financing affordable housing. MHI supplements much of its housing with Resident Services, programs that help residents build stable lives. MHI’s subsidiaries further the organization’s mission: Mercy Housing Management Group (MHMG) offers professional property management and Mercy Loan Fund (MLF) finances nonprofit organizations.

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