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

MERCY HOUSING
FOUNDED IN 1981
MERCY HOUSING

is a leading national affordable housing nonprofit that serves tens of thousands of people with low incomes every day. Founded by the Catholic Sisters in 1981, and with operations in 41 states, MHI has 37 years’ experience developing, preserving, managing, and financing affordable housing. MHI’s subsidiaries further the organization’s mission: Mercy Housing Management Group offers professional property management and Mercy Loan Fund finances nonprofit organizations.

Our mission is 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.
Dear Partner in Hope,

The strength and resilience that we witnessed in 2018 from the residents living in Mercy Housing properties was inspirational. In partnership with our employees, volunteers, financial and program partners, and donors, we continue to make a difference by supporting the hopes and dreams of everyone that calls Mercy Housing their home. As proud participants in that work, we are confident that we speak for all when we say we are more determined than ever to continue expanding that vision for a better future; where everyone has a stable, affordable home, and a place to pursue their dreams.

As we enter our 38th year, we are struck by the power of partnership and collaboration. From our Founding Communities of Catholic Sisters who continue to invest in us, to the philanthropic community that strives to end the homelessness crisis, to our public partners who are supporting affordable housing at unprecedented levels, and our financial partners who play an essential role – we thank you. Collaboration with Resident Service partners is mutually beneficial. These robust relationships assure residents’ access to opportunities for education, health, childcare, and health and wellness. We have a sure recipe for success.

Our collective efforts are stabilizing communities for the betterment of our futures. We hope our 2018 annual report will inspire you to remain steadfast in your support of our work. Mercy Housing remains committed and thanks all of you for your willingness to join us on this journey. It is a critical mission at a critical time.

And finally, thank you for the vital work that you do in support of Mercy Housing residents – they are the heart of our mission and will continue to be our guiding light of hope.

Yours in Hope,

Jane Graf
President & CEO

Sr. Linda Werthman, RSM
Chair of the Board of Trustees
In 2018, Mercy Housing:

1. Opened six new communities, adding nearly 500 new affordable apartment homes for seniors, families, and individuals with special needs.

2. Invested $42 million in total loans to create over 2,000 affordable homes, setting a new, all-time organizational record for loans closed in a year for Mercy Loan Fund, our Community Development Financial Institution (CDFI).
3

Analyzed five years of data collected on the occurrence of evictions and determined definitively that when Resident Services programs are available to residents, evictions are prevented or delayed.

4

Hosted an art exhibition, “Those People,” at Chicago’s Weinberg/Newton Gallery, with a reception that provided resident artists the opportunity to share their stories and sell their work, with proceeds going directly to the artists and the art therapy programs for Resident Services.

5

Broke ground on the Mount Baker Family Housing and Resource Center, supporting families and children who are currently experiencing homelessness or at risk of becoming homeless, with a $30 million gift from the late Paul Allen and the Seattle Seahawks’ $20K match from the Home Field Advantage Campaign.
In 2018, Mercy Housing:

6. Received a donation of over $130,000 from Craig Newmark, the founder of craigslist, to support veterans at Colma Veterans Village in California. With his donation, residents who are veterans that formerly experienced homelessness now have bedding, bath, and kitchen supplies.

7. Negotiated a solar energy agreement in partnership with Denver Housing Authority and Xcel Energy to supply solar energy to Aromor Apartments. The community has saved nearly $4,200 on electricity bills and is part of our commitment to using sustainable resources.

8. Created a supplemental food program in partnership with the Atlanta Community Food Bank and Peach State Health Plan, providing hunger relief to 270 low-income seniors facing food insecurity every month.
Special Gifts

Irish Sisters of Mercy

Mercy Housing was humbled by a three-million-dollar gift from the Irish Congregation of the Sisters of Mercy U.S. Province to benefit our Resident Services programs.

This generous donation will be focused on activities that directly improve lives at Mercy Housing communities. These services provide residents with the skills to build a future and to live a life of dignity. We are thrilled to use this gift to not only improve existing Resident Services programs but to support innovation for the future. Our ability to innovate can often make the difference for low-income families in need. The Sisters’ gift will allow Mercy Housing to invest in program improvements and expand our reach. This gift recognizes and supports the cornerstone of our work.

We thank the Irish Congregation of the Sisters of Mercy U.S. Province for the compassion and confidence they have shown in Mercy Housing – it will carry on for generations, seen through the success of Mercy Housing residents as they pursue their self-determined goals.

The Walmart Foundation

Mercy Housing and the Walmart Foundation share a belief that nobody should worry about where they will find their next meal.

In 2018, the Walmart Foundation awarded Mercy Housing a $1.13M grant to support residents living in Mercy Housing communities who are experiencing food insecurity.

Sadly, over half of Mercy Housing residents report that they are food insecure. This grant will reach over 10,000 residents at 176 Mercy Housing communities across the country. The grant will go directly to food-focused Resident Services programs, including health and wellness, nutrition education programs, expanding food pantries, and providing access to the Supplemental Nutrition Assistance Program (SNAP).

Thanks to the Walmart Foundation, families, seniors, veterans, and people with special needs have access to food on a regular, predictable basis.
When Everything Changed

“All I had was determination. I was a young, single mother with nowhere to call home. I just wanted to be the best mother I could be and to find a home for me and my son, Rey.

I couldn’t afford a home in the city where I grew up, so I’d been bouncing between friends’ places, sleeping on couches, keeping clothes bundled up in plastic bags — not how I wanted to raise my son. ‘Alone’ was the theme. Rey was all I had in the world. I confided in a friend who recommended Mercy Housing. I applied to Decatur Place apartments, was accepted, and moved into the first real home that Rey and I had ever had. The first day I remember just staring at my clothes hanging in my closet — I didn’t have to dig them out of a bag to put them on anymore. At that moment, I knew I was home.

Once I moved into Decatur Place, everything changed. Decatur Place offered many Resident Services, opportunities for Rey and me to stabilize our lives through education, childcare, and food assistance. I went back to school to earn my GED while Rey had fun at the onsite, early childhood education center. I used every Resident Service available. What I gained from Decatur Place helped me land a job as a legal assistant for an immigration attorney. At our new home, Rey has his own room, which I never had growing up.

My career took off and eventually led me back to where it all began, Mercy Housing, but this time as an employee, not a resident.

Now, I’m a Mercy Housing property management employee at Decatur Place. Support is vital, and I try to create that same supportive atmosphere at work. Having overcome many challenges similar to what current residents at Decatur Place are going through gives me irreplaceable experience to help them. I know the hardest part for many residents is just asking for help. Reminding them, ‘you can get your own place too’ opens their eyes to the possibilities. No one should have to struggle for basic needs as I did before I found Mercy Housing.”

— Gloria Rodriguez

“NO ONE SHOULD HAVE TO STRUGGLE FOR BASIC NEEDS…”
Over 12,000 residents received food assistance through Resident Services programs including food pantries, meal deliveries, and summer lunch programs.
Who We Serve

Resident Demographics:

Average Resident Household Income
$14,821

Average Length of Residency
6 years

252 Properties Offer Resident Services Programs to Help People Build Better Lives

Mercy Housing Provided Over 585,000 Services to Over 20,000 Residents
A SOLID FOUNDATION
Over 1,000 youth participate in Out-Of-School-Time programs each month – 80% reporting that the program helped their education.
45% of Resident Services programs are in Health & Wellness. Community Participation is the second most popular, comprising 30%.
A Legacy of Mercy

We were thrilled to celebrate the rededication of St. Mary Tower, Mercy Housing’s first community in the city of Long Beach, California.

With 146 affordable apartments for seniors, we made crucial renovations and updated this amenity-rich community to ensure that residents can continue to age with grace. Onsite Resident Services, easy access to public transit, shopping on a main thoroughfare, and a convenient location across the street from Dignity Health St. Mary Medical Center, gives these low-income seniors a sense of belonging and engagement in their neighborhood. We purchased this beautiful community from our longtime partner, Dignity Health in 2016.

Mercy Housing and Dignity Health believe people are more likely to achieve their potential when they have the security of a home, community support, and health services they need.

Mercy Housing and Dignity Health’s relationship began in 1989. Known as Catholic Healthcare West (CHW) at that time, they provided loan guarantees and, later, an operating line of credit that helped Mercy Housing become the organization that it is today. Over the years, Dignity Health, now CommonSpirit, has been a leading financial supporter. Our thirty-year collaboration has now proceeded far beyond the initial critical forms of financial support. As one of our largest partners through the provision of in-kind health and wellness programs, land donations, philanthropy grants, corporate volunteer activities, and much more, Dignity Health works tirelessly to ensure that residents have better connections to healthcare and health insurance – resulting in improved health at a lower cost.

Everyone was touched by the turnout from the surrounding Long Beach community members that joined us for the St. Mary Tower rededication ceremony. The senior residents who have called this community home for decades attended as well and were overjoyed by the neighborhood support.
By the Numbers

We have participated in the development, preservation, and/or financing of 58,000+ affordable homes over 37 years.

Mercy Housing owns 341 properties.

Provides over 24,000 affordable homes.

Serves more than 42,000 residents.

In pursuit of our goals of reducing consumption of natural resources, we:

Reduced energy use by 26% at more than 230 properties.

Implemented efficient and renewable upgrades at over 200 of our communities.
Mercy Housing Communities
Mercy Housing Impact
(including Mercy Loan Fund)

National Headquarters
New Development
Regional Office

$3.897
BILLION
IN AFFORDABLE
REAL ESTATE
DEVELOPMENT
SINCE 1981

$358
MILLION
IN AFFORDABLE
HOUSING
LENDING
SINCE 1981

$2.877
BILLION
IN PIPELINE
FOR FUTURE AFFORDABLE
HOUSING DEVELOPMENTS
TOTALING 9,658
APARTMENT HOMES

RANKED NO. 1 AS THE LARGEST
NONPROFIT AFFORDABLE HOUSING
OWNER FOR THE SECOND YEAR IN A ROW

BY
AFFORDABLE
HOUSING
FINANCE
Over 2,500 residents performed nearly 15,000 volunteering activities across 132 properties.
# 2018 Board of Trustees

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sr. Barbara Busch, SC*</td>
<td>Executive Director, Working In Neighborhoods</td>
</tr>
<tr>
<td>Yvonne Camacho</td>
<td>Former EVP, Simpson Housing LLLP</td>
</tr>
<tr>
<td>Lourdes Castro Ramírez</td>
<td>President, University Health System Foundation</td>
</tr>
<tr>
<td>Patricia Cochran-Bergman</td>
<td>Former CFO VSP Vision Care, Retired</td>
</tr>
<tr>
<td>Adrienne Crowe (Vice-Chair)</td>
<td>Retired</td>
</tr>
<tr>
<td>Alwyn Dias, MSW</td>
<td>Executive Coach &amp; HR Consultant, Bridge Group Consulting, LLC</td>
</tr>
<tr>
<td>Charlie Francis</td>
<td>SEVP, Chief Strategy and Transformation Officer, CommonSpirit Health</td>
</tr>
<tr>
<td>Sr. Mary Haddad, RSM</td>
<td>President and CEO of the Catholic Health Association of the United States</td>
</tr>
<tr>
<td>Sr. Diane Hejna, CSJ*</td>
<td>Sisters of St. Joseph of Orange</td>
</tr>
<tr>
<td>Sr. Rose Marie Jasinski, CBS*</td>
<td>Sisters of Bon Secours</td>
</tr>
<tr>
<td>Douglas Jutte, MD</td>
<td>Executive Director, Build Healthy Places Network</td>
</tr>
<tr>
<td>Barbara J. Kelley</td>
<td>Retired</td>
</tr>
<tr>
<td>Ed Madell</td>
<td>Continental Properties Company</td>
</tr>
<tr>
<td>Sr. Pat McDermott, RSM*</td>
<td>Sisters of Mercy</td>
</tr>
<tr>
<td>Erika Poethig</td>
<td>Urban Institute</td>
</tr>
<tr>
<td>Suzanne Swift</td>
<td>President/Owner, Buffet Concepts Inc., Retired</td>
</tr>
<tr>
<td>Bob Tetrault</td>
<td>CFO, Highridge Costa Companies</td>
</tr>
<tr>
<td>Sr. Linda Werthman, RSM (Chair)*</td>
<td>Sisters of Mercy</td>
</tr>
<tr>
<td>Carol Wetmore</td>
<td>Retired</td>
</tr>
<tr>
<td>Special Advisor to the Board:</td>
<td>Jack Diepenbrock, Diepenbrock Harrison</td>
</tr>
</tbody>
</table>

* Corporate Member Group
Financials FY 2018

Revenue by Source:

- 69% Property Rental Income
- 13% Philanthropy
- 7% Other
- 6% Government Capital Grants
- 5% Earned Fees

Expenses by Program:

- 87% Property Operations & Resident Services
- 3% Housing Development
- 1% Mercy Loan Fund
- 8% Corporate Operations
- 1% Fundraising

Percentage of organizational expenses that goes directly toward Program Activities
### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**For Years Ending December 31, 2018 and 2017**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$358,803,416</td>
<td>$330,688,546</td>
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<tr>
<td>Notes, Pledges, and Grants Receivable</td>
<td>121,522,318</td>
<td>81,442,168</td>
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<tr>
<td>Receivables and Investments</td>
<td>13,799,891</td>
<td>15,655,144</td>
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<tr>
<td>Net Property and Equipment</td>
<td>2,597,836,144</td>
<td>2,384,735,051</td>
</tr>
<tr>
<td>Other Assets</td>
<td>26,698,471</td>
<td>24,409,792</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$3,118,660,240</strong></td>
<td><strong>$2,836,930,701</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable, Accrued Expenses &amp; Accrued Interest</td>
<td>$221,025,649</td>
<td>$197,816,823</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>1,800,815,669</td>
<td>1,669,719,760</td>
</tr>
<tr>
<td>Deferred Revenue &amp; Other Liabilities</td>
<td>50,109,230</td>
<td>43,540,304</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>2,071,950,548</strong></td>
<td><strong>1,911,076,887</strong></td>
</tr>
<tr>
<td>Noncontrolling Interest</td>
<td>652,833,674</td>
<td>599,092,048</td>
</tr>
<tr>
<td>Total Net Assets - Controlling Interest</td>
<td>393,876,018</td>
<td>326,761,766</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$3,118,660,240</strong></td>
<td><strong>$2,836,930,701</strong></td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENT OF ACTIVITIES

**For Years Ending December 31, 2018 and 2017**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$357,384,156</td>
<td>$319,528,179</td>
</tr>
<tr>
<td><strong>Total Expenses and Losses</strong></td>
<td>391,706,879</td>
<td>356,604,020</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over Expenses</strong></td>
<td>(34,322,723)</td>
<td>(37,075,841)</td>
</tr>
<tr>
<td>Attributable to Noncontrolling</td>
<td>(92,731,857)</td>
<td>(78,703,142)</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over Expenses</strong></td>
<td>$58,409,134</td>
<td>$41,627,301</td>
</tr>
</tbody>
</table>
A friend and I decided to do a weeklong “Random Acts of Kindness Challenge” where we would anonymously perform acts of kindness each day. One of the days I searched for local charities and found Mercy Housing. I decided to make a small donation (I think it was only $5 at the time). I was surprised to receive a handwritten card about a week later from Mercy Housing and some of the residents. They told me they used my $5 to buy toilet paper. I was stunned to see that such a small contribution actually made an immediate impact, and I was deeply moved by the personal touch of a handwritten card. Everyone deserves a fair chance at happiness, and affordable housing is absolutely fundamental to a happy life. Any time I get a raise at work, I increase my monthly donation to Mercy Housing. It’s my way of giving back.”

— Grace Roberts
We are grateful to our partners, friends, and colleagues for their time, energy, and enthusiasm supporting our mission. Together we can ensure stable, vibrant, service-enriched housing remains within reach for low-income families, seniors, and veterans. We look forward to your continued faith and belief that everyone should have a place to Live in Hope.