

Mercy Housing, Inc.

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

December 31, 2017 and 2016

Mercy Housing, Inc.

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Independent Auditor's Report

Board of Directors
Mercy Housing, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mercy Housing, Inc., which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mercy Housing, Inc. as of December 31, 2017 and 2016, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 46 through 264 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Requirements (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2018, on our consideration of Mercy Housing, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mercy Housing, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mercy Housing, Inc.'s internal control over financial reporting and compliance.

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

Charlotte, North Carolina
April 19, 2018

Mercy Housing, Inc.

**Consolidated Statements of Financial Position
December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 56,927,747	\$ 53,514,147
Cash, tenant security deposits	8,978,915	7,811,575
Cash, restricted	43,582,657	41,660,928
Investments	12,807,861	8,970,000
Investments, restricted	9,378	98,756
Accounts receivable, net	13,902,320	10,566,407
Pledges receivable, net	6,310,779	2,034,219
Grants receivable	469,079	767,177
Current portion of notes and interest receivable	14,162,543	11,863,219
Prepaid expenses and other assets	2,697,685	2,715,912
Assets held for sale	-	723,160
	<u>159,848,964</u>	<u>140,725,500</u>
Total current assets		
Property and equipment, net	<u>2,384,735,051</u>	<u>2,141,078,112</u>
Other long-term assets		
Restricted property reserves	191,725,809	143,243,653
Long-term investments	14,441,179	12,050,000
Long-term investments, restricted	2,215,000	850,000
Pledges receivable, net	22,424,382	907,178
Investments in unconsolidated entities, net	1,752,824	2,158,757
Notes and interest receivable, net	38,075,385	28,367,655
Other assets, net	21,712,107	21,367,679
	<u>292,346,686</u>	<u>208,944,922</u>
Total other long-term assets		
Total assets	<u><u>\$ 2,836,930,701</u></u>	<u><u>\$ 2,490,748,534</u></u>

Mercy Housing, Inc.

**Consolidated Statements of Financial Position
December 31, 2017 and 2016**

	2017	2016
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 85,211,873	\$ 81,417,779
Accrued interest	5,366,324	4,771,742
Current portion of notes payable	203,119,864	115,854,857
Deferred revenue and other liabilities	3,264,945	3,885,272
Tenant security deposits	8,880,341	7,760,322
	<u>305,843,347</u>	<u>213,689,972</u>
Long-term liabilities		
Accrued interest	107,238,626	101,702,052
Notes payable, less current portion, net	1,466,599,896	1,327,200,000
Deferred revenue and other liabilities	31,395,018	34,256,073
	<u>1,605,233,540</u>	<u>1,463,158,125</u>
Total long-term liabilities	<u>1,605,233,540</u>	<u>1,463,158,125</u>
Total liabilities	<u>1,911,076,887</u>	<u>1,676,848,097</u>
Commitments	-	-
Net assets		
Unrestricted net assets, controlling	61,423,626	49,442,720
Unrestricted net assets, noncontrolling	599,092,048	539,616,947
	<u>660,515,674</u>	<u>589,059,667</u>
Total unrestricted net assets	<u>660,515,674</u>	<u>589,059,667</u>
Temporarily restricted net assets	261,936,140	221,438,770
Permanently restricted net assets	3,402,000	3,402,000
	<u>925,853,814</u>	<u>813,900,437</u>
Total net assets	<u>925,853,814</u>	<u>813,900,437</u>
Total liabilities and net assets	<u><u>\$ 2,836,930,701</u></u>	<u><u>\$ 2,490,748,534</u></u>

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Consolidated Statements of Activities Year Ended December 31, 2017

	Programs								
	Property Operations & Management	Resident Services	Housing Development	Mercy Loan Fund	Corporate Operations	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues									
Rent - net of vacancies	\$ 220,484,542	\$ -	\$ -	\$ -	\$ -	\$ 220,484,542	\$ 220,484,542	\$ -	\$ -
Developer fees	-	-	18,334,803	-	-	18,334,803	18,334,803	-	-
Services fees	1,170,463	223,760	52,337	-	15,156	1,461,716	1,461,716	-	-
Philanthropy	401,679	6,235,475	34,294,872	3,602,054	2,260,730	46,794,810	6,304,739	40,490,071	-
Capital grants	837,316	-	3,265,695	-	10,000	4,113,011	4,113,011	-	-
Consulting	2,070	223,795	464,245	-	-	690,110	690,110	-	-
Interest	1,195,047	5,646	455,933	2,152,338	187,757	3,996,721	3,996,721	-	-
Other	20,797,790	57,476	783,867	435,972	1,577,361	23,652,466	23,652,466	-	-
Release of restricted assets	-	-	-	-	-	-	21,930,624	(21,930,624)	-
Total revenues	244,888,907	6,746,152	57,651,752	6,190,364	4,051,004	319,528,179	300,968,732	18,559,447	-
Expenses and losses									
Compensation	60,927,165	10,374,874	9,075,101	929,686	11,554,281	92,861,107	92,861,107	-	-
Administrative	9,842,114	1,609,161	1,921,904	68,871	6,960,875	20,402,925	20,402,925	-	-
Professional services	6,076,163	806,023	951,122	66,973	1,300,961	9,201,242	9,201,242	-	-
Depreciation and amortization	107,086,898	-	122,713	-	27,715	107,237,326	107,237,326	-	-
Grants	6,398	39,377	1,172,242	-	73,000	1,291,017	1,291,017	-	-
Facility	73,031,788	35,355	772,751	-	4,897,771	78,737,665	78,737,665	-	-
Interest and fees	41,107,283	403	84,036	949,839	786,979	42,928,540	42,928,540	-	-
Bad debts	1,342,336	108,167	165,328	54,269	459,473	2,129,573	2,129,573	-	-
Project expenses	-	-	2,049,723	-	-	2,049,723	2,049,723	-	-
Allocation	2,890,469	5,132,121	1,940,418	333,911	(10,296,919)	-	-	-	-
(Gain)/loss on sale of assets	(585,143)	-	(29,351)	-	-	(614,494)	(614,494)	-	-
(Gain)/loss on investment in unconsolidated entities, net	-	-	379,087	-	309	379,396	379,396	-	-
Total expenses and losses	301,725,471	18,105,481	18,605,074	2,403,549	15,764,445	356,604,020	356,604,020	-	-
Change in net assets									
Consolidated	(56,836,564)	(11,359,329)	39,046,678	3,786,815	(11,713,441)	(37,075,841)	(55,635,288)	18,559,447	-
Attributable to non-controlling interest	(78,702,782)	-	(360)	-	-	(78,703,142)	(78,703,142)	-	-
Change in net assets attributable to Mercy Housing, Inc.	\$ 21,866,218	\$ (11,359,329)	\$ 39,047,038	\$ 3,786,815	\$ (11,713,441)	\$ 41,627,301	\$ 23,067,854	\$ 18,559,447	\$ -

Mercy Housing, Inc.

Consolidated Statements of Activities Year Ended December 31, 2016

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

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Consolidated Statements of Changes In Net Assets
Years Ended December 31, 2017 and 2016

	Unrestricted Net Assets			Temporarily Restricted	Permanently Restricted	Total Net Assets
	Controlling	Noncontrolling	Total	Net Assets	Net Assets	
Balance, January 1, 2016	\$ 32,320,306	\$ 520,367,923	\$ 552,688,229	\$ 216,354,465	\$ 3,402,000	\$ 772,444,694
Contributions	-	85,533,950	85,533,950	-	-	85,533,950
Distributions	-	(568,469)	(568,469)	-	-	(568,469)
Syndication	(1,001,331)	(1,102,766)	(2,104,097)	-	-	(2,104,097)
Other transfers	7,968,516	(4,132,521)	3,835,995	9,591,503	-	13,427,498
Excess (deficiency) of revenues over expenses	<u>10,155,229</u>	<u>(60,481,170)</u>	<u>(50,325,941)</u>	<u>(4,507,198)</u>	<u>-</u>	<u>(54,833,139)</u>
Balance, December 31, 2016	49,442,720	539,616,947	589,059,667	221,438,770	3,402,000	813,900,437
Contributions	-	137,710,310	137,710,310	-	-	137,710,310
Distributions	(228,397)	(580,043)	(808,440)	-	-	(808,440)
Syndication	(534,727)	(1,117,434)	(1,652,161)	-	-	(1,652,161)
Other transfers	(10,323,824)	2,165,410	(8,158,414)	21,937,923	-	13,779,509
Excess (deficiency) of revenues over expenses	<u>23,067,854</u>	<u>(78,703,142)</u>	<u>(55,635,288)</u>	<u>18,559,447</u>	<u>-</u>	<u>(37,075,841)</u>
Balance, December 31, 2017	<u>\$ 61,423,626</u>	<u>\$ 599,092,048</u>	<u>\$ 660,515,674</u>	<u>\$ 261,936,140</u>	<u>\$ 3,402,000</u>	<u>\$ 925,853,814</u>

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating activities		
Changes in net assets	\$ (37,075,841)	\$ (54,833,139)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Forgiveness of debt	(2,621,114)	(561,570)
(Gain) loss on sale of assets	(614,494)	1,195,385
Depreciation and amortization	107,237,326	90,986,356
Amortization of debt issuance costs	2,150,974	1,537,658
Provisions for loan losses and impaired assets	54,269	857,589
(Gain) loss from investments in partnerships	379,396	(72,831)
(Gain) loss on interest rate swap contracts	(509,400)	(745,532)
Amortization of prepaid ground lease	129,133	75,607
Net changes in current assets and liabilities that provided (used) cash		
Cash, tenant security deposits	(1,167,340)	(636,530)
Accounts receivable, net	(3,335,913)	(2,905,503)
Grants receivable	298,098	5,649,701
Pledges receivable	(25,793,764)	(1,002,487)
Prepaid expenses and other assets	10,623	252,195
Inventory	-	70,385
Accounts payable	(37,330,521)	(16,113,146)
Accrued interest payable	6,131,156	9,467,790
Deferred revenue	(3,481,382)	(4,800,659)
Tenant security deposits liability	1,120,019	604,389
Net cash provided by operating activities	<u>5,581,225</u>	<u>29,025,658</u>
Investing activities		
Net change in restricted cash and reserves	(50,403,885)	(26,029,725)
Net change in investments	(7,504,662)	(13,712,952)
Sale of stock	134,100	-
Purchases of property and equipment	(214,526,709)	(275,488,517)
Net change in investments in partnerships	26,537	(1,180,833)
Net change in notes receivable	(12,061,323)	3,918,991
Payment of tax credit fees	(1,134,665)	(580,579)
Payments on prepaid land lease	-	(2,744,958)
Net cash used in investing activities	<u>(285,470,607)</u>	<u>(315,818,573)</u>

Mercy Housing, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Financing activities		
Proceeds from notes payable	315,096,670	314,107,361
Principal payments on notes payable	(160,394,617)	(89,190,223)
Debt issuance costs	(6,648,780)	(5,243,336)
Capital contributions from investor partners	137,710,310	85,533,950
Distributions paid to investor limited partners	(808,440)	(568,469)
Syndication costs	(1,652,161)	(2,104,097)
Other changes in net assets		
Net cash provided by financing activities	283,302,982	302,535,186
Net increase in cash and cash equivalents	3,413,600	15,742,271
Cash and cash equivalents at beginning of year	53,514,147	37,771,876
Cash and cash equivalents at end of year	\$ 56,927,747	\$ 53,514,147
Cash paid for interest, net of amounts capitalized of \$4,294,444 and \$2,720,613, respectively	\$ 25,536,622	\$ 18,487,652

Mercy Housing, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Noncash investing and financing activities:		
Net noncash net assets of transferred entities to (from) MHI	\$ (13,779,509)	\$ (13,427,498)
Transfers of net assets of non-controlling interests	2,165,410	(4,132,521)
Property and equipment and other assets transferred to MHI	11,614,099	17,560,019
(Increase) decrease in property and equipment in payables	62,217,441	40,646,929
Increase (decrease) in accounts payable from property equipment purchases (disposals)	(62,217,441)	(40,646,929)
Increase in property and equipment from notes payable	(1,318,260)	(899,722)
Increase in notes payable from property and equipment	1,318,260	899,722
Increase in property and equipment from capitalized amortization	879,295	(882,800)
Capitalized amortization in property and equipment	(879,295)	882,800
Increase in other assets from prepaid expenses	134,586	(390,987)
Decrease in prepaid expenses from other assets	(134,586)	390,987
Increase in accounts payable from financing fees	477,686	-
Increase in financing fees in accounts payable	(477,686)	-
Decrease in notes payable from accrued interest	(325,687)	-
Increase in accrued interest from notes payable	325,687	-
Increase in unrestricted net assets	21,937,923	16,639,566
Release of temporarily and permanently restricted net assets	(21,937,923)	(16,639,566)
Total noncash investing and financing activities	\$ -	\$ -

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

Note 1 - Organization and summary of significant accounting policies

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

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

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

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

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

Principles of consolidation

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

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

Mercy Housing, Inc.
Mercy Loan Fund (MLF)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

Mercy Housing Management Group (MHM)
Mercy Housing Mountain Plains
 Holly Park Community Center, LLC
 Stapleton II Mercy, LLC
 Bluff Mercy, LLC (Bluff Lake)
 Mercy Housing Colorado GP, LLC
 Mercy Housing Colorado III, LTD. (Springfield Court)
 MHMP GP, LLC
 Mercy Housing Colorado VI, LTD. (Merced de las Animas)
 Mercy Housing Colorado VII, LP (Holly Park West)
 MHMP CO GP, Inc.
 Mercy Bond Properties Colorado I (Franconia LLC)
 MHMP 12 Holly Park East and West LP (Holly Park)
 MHMP 12 Holly Park East and West GP
Mercy Housing Midwest
 Mercy House
 Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)
 Mercy Village Joplin, Inc.
 Mercy Housing Midwest Nebraska, LLC
 Northglen, LP
 Mercy Crestview Village Housing, LP
 Western Manor, LP
Mercy Housing Southwest (MHSW)
 Avondale Senior Village
 Camelot Casitas
 Casa de Merced
 Casa de Shanti, Inc.
 Decatur Place
 El Mirage Senior Village
 Mercy Holly Park East
 Mesa Senior Meadows
 Guadalupe Senior Village
 Peoria Place
 Plazas de Merced
 Vista Alegre
 Willow Street Apartments
Mercy Housing California (MHC)
 Affordable Housing Initiatives
 All Hallows Community
 Marin Homes for Independent Living (Camino Alto)
 Cantebria Senior Homes
 Mercy Senior Housing Oxnard (Casa Merced)
 Francis of Assisi Community
 Gault Street Senior Housing
 John W. King Senior Community
 Maria B. Freitas Senior Housing Corporation
 Marin Housing Corporation (Martinelli House)
 Mercy Family Plaza Limited Partnership (Mercy Family Plaza)
 Mercy Gardens
 Notre Dame Senior Housing Corporation
 Oceana Senior Housing Corporation (Oceana Terrace)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Presentation Senior Housing Community
Russell Manor
Tierra Del Sol, Inc.
Garden Park Apartment Community
Mercy Oaks Village
Mercy Commercial California
MPCAL, LLC
MCC 1360 LLC
Central Coast Housing
Mercy Housing California 58, LP (Neary Lagoon Apts.)
Sycamore Street Consolidated
Mercy Housing California Family Properties
Mercy Housing California 51, LP (Bill Sorro Community)
Mercy Housing California Special Needs
Mercy Housing California 57, LP (1500 Page)
Mercy Midtown Inc.
Florin Housing Corporation GP
Mercy Housing California 77, LP (Crossroad Gardens)
Sunnydale Block 6 Housing Partnership, LP
Mercy Housing California Senior Properties (MHCSP)
 Bennett House, LP
 Dorothy Day Community, LP
 Junipero Serra, LP
 Monsignor Lyne, LP
 St. Andrew Community, LP
 Villa Columba Mercy Riverside, LP
Mercy Housing Calwest (MHCW)
 Mercy Housing California XXXIX, LP (Gleason Park)
 Mercy Housing California XL, LP (Arlington Hotel)
 Mercy Housing California XXXVIII, LP (East Leland Courts)
 Mercy Housing California XLII, LP (Boulevard Court)
 Mercy Housing California XLIV, LP (1000 Fourth Street)
 Third and LeConte Associates LP (Bayview Hill Gardens)
 Caroline Severance LLC
 Mercy Housing California XLIII, LP (Caroline Severance Manor)
 7th & H GP, LLC
 Mercy Housing California 47, LP (7th & H Street)
 Madonna Senior Housing LLC
 Mercy Housing California 53, LP (Madonna Residences)
 Mercy Housing California 52, LP (School House Station-Vista Grande)
 1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apts.)
 55 Laguna, LP (Open House Community at 55 Laguna)
 Esparto Family Apartments, LLC
 Mercy Housing California 54, LP (Esperanza Crossing)
 Sunset Lane Apartments LLC
 Mercy Housing California 55, LP (Trailside Terrace)
 Mercy Housing California 56, LP (Jefferson Park Terrace)
 Mercy Housing California II, LP (Columbia Park)
 Coastside Senior Housing Limited Partners, LP
 El Monte Veterans Apartments LLC
 El Monte Veterans Apartments, LP

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1028 Howard Street, LLC
Mercy Housing California 60, LP (Quinn Cottages)
Mercy Housing California XI, LP (Madison Place)
Mercy Eden House LLC
Eden House, L.P.
Crossroad Gardens LLC
Transbay Block 6, LLC
Mercy Housing California 62, LP (280 Beale)
Sunset Valley Duplexes, LLC
Mercy Housing California 63, LP (Sunset Valley Duplexes)
345 Arguello, LP
Land Park Woods, LLC
Mercy Housing California 68, LP (Land Park Woods)
1800 Pine, LP
Transbay Block 7, LLC
Mercy Housing California 64, LP (Transbay Block 7)
Mercy Mather Veterans, LLC
Mercy Housing California 61, LP (Mather Veterans Village)
Mercy Housing California 65, LLC
Mercy Housing California 65, LP (15888 Hesperion)
Plaza Maria, LLC
Mercy Laguna LLC, GP
Laguna Senior Housing, LP (95 Laguna)
JFK Tower, LP
2698 California, LP
Mercy Housing California 66, LP (Colma Veterans Village)
455 Fell, LP (Parcel O)
Mercy Housing California 67, LP (Columbia Park)
St. Mary's Tower
Historic Live Oak (Odd Fellows)
Mercy Housing Camino, LLC
Mercy Housing La Cienega GP, LLC
New Dana Strand IV, LP (Camino Del Mar)
St Mary's Tower, LLC
Mercy Housing California 71, LP (St Mary's Tower)
Francis of Assisi, LLC
Mercy Housing California 69, LP (Francis of Assisi)
Mercy Housing California 59, LP (Casa de la Mission)
0623 Vernon, LLC
Mercy Housing California 48, LP (Roseville)
Esperanza Crossing II, LLC
Mercy Housing California 76, LP (Esperanza Crossing Phase II)
Mercy Transformation, LLC
Sunnydale Parcel Q Housing Partners, LP

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Candlestick Pointe 11a, a California Limited Partnership (Candlestick)
20 North Cottonwood LLC
Mercy New Hope, LP (Woodland/180 West Beamer)
Mercy Housing California 74, LP (Britton Street)
Pico Robertson LLC, GP
Mercy Housing California 73, LP (Pico Robertson)
Baldwin Rose LLC, GP
Baldwin Rose LP
Mercy Properties California
Foster Youth*
The Haven*
Leland House*
Osocales (McIntosh Mobile Homes)*
Richmond Hills*
Sycamore Center (Red Bluff)*
Sierra Vista*
San Juan Housing Corporation
Kennedy Estates Housing Associates, LP (Kennedy Estates)
Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)
Mercy Housing Northwest-Idaho, Inc.
Eagle Senior Village, Inc.
Mercy Southeast Idaho, Inc. (Hamilton Court)
Mercy Moscow, Inc. (Hawthorne)
Independence Hill, Inc.
Boise Senior 202 GP, LLC
Boise Senior 202 Owner, LP (12th Street Senior)
MHNW-ID GP, LLC
Mercy Housing Lakefront (MHLF)
Laverne Courts, LLC
Washington Courts, LLC
Whitmore Apartments, LLC
111th & Wentworth Apartment Corporation
111th and Wentworth Limited Partnership (Wentworth Commons)
Belray Apartments Corporation
Belray Limited Partnership (Belray Apartments)
Harold Washington Apartments Corporation
Magnolia Limited Partnership (Carlton Apartments)
Red Door Limited Partnership (Major Jenkins Apartments)
4707 Malden Limited Partnership (Miriam Apartments)
Roseland Apartments Corporation
Roseland Limited Partnership (Holland Apartments)
South Loop Apartments Corporation
South Loop Limited Partnership (South Loop Apartments)
Winthrop Apartments Corporation
5042 Winthrop Apartments Limited Partnership (Delmar Apartments)
Near North Apartments Corporation, NFP
Near North Limited Partnership (Schiff Residences)
Malden Arms Corp. II, NFP

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

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**Notes to Consolidated Financial Statements
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Malden Limited Partnership II (Malden Arms II)
Englewood Apartments, NFP
901 West 63rd Limited Partnership (Englewood Apartments)
Countryside Seniors, LLC
Countryside Seniors Apartments, LP (Countryside Apartments)
Johnston Center MM, LLC
Johnston Center Re-Use, LLC
HWA-850 Eastwood GP Corp., NFP
HWA-850 Eastwood Limited Partnership
Belvidere Place Corp. I, NFP
Grayslake Senior Housing Limited Partnership
104th Street MM, LLC
104th Street Limited Partnership (Pullman Wheelworks)
MHL Holdings, LLC
MHL Keating MM, LLC
The Keating Building Little Village LLC
2000 Illinois Aurora MM, LLC
2000 Illinois Aurora, LLC
St. Catherine Residence, Inc.
SC Residence MM, LLC
SC Residence, LLC (McAuley Apartments)
Roseland Place Inc., NFP
Roseland Place Limited Partnership
Mercy River West Commons Elgin LLC
Danville Veterans Housing MM, LLC
Danville Veterans Housing, LLC
Greenwich Park Apartments MM, LLC
Greenwich Park Apartments, LLC
Mercy Sterling NFP
New Sterling Park MM, LLC
New Sterling Park, LLC
Kankakee Station Senior Housing MM GP, LLC
Kankakee Station Street Senior Housing, LLC
Roseland Village
Mercy Housing South East
Mercy Place Belmont, Inc.
Mercy Housing Pembroke, Inc. (McFadden Place)
Mercy Housing Georgia Holdings, LLC (1826 Florance Street)
Marshside Village, Inc.
Allegre Point Senior Residences, Inc.
MHSE Adamsville Green Senior Partners, LLC
Adamsville Green Limited Partnership
Dublin Manor, Inc.
McAuley Manor, Inc.
Mercy Manor, Inc.
Riverview - St. Mary's Inc. (St. Mary's Riverview I)
St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)
St. Mary's Villa, Inc.
Sacred Heart Village I, Inc.
Sacred Heart Village II, Inc.
Sacred Heart Village III, Inc.

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**Notes to Consolidated Financial Statements
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St. Theresa Village, Inc.
Siena Springs (Siena Springs I)
Siena Springs II
Charles Meadows Corporation
Charles Crest Corporation (Charles Crest I)
Charles Crest II, Corporation
Savannah Gardens Senior Residences, Inc.
MHSE Mauldin Center Apartments, LLC
Mercy Community Housing Georgia, Inc. (MCHGa)
 Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apartments)
 Mercy Housing Georgia IV, L.P. (Heritage Corner/Heritage Row)
 Mercy Housing Georgia V, L.P. (Chamblee Senior)
 Mercy Housing Georgia VI, L.P. (The Atrium at College Town)
 MCHG Partners, Inc.
 Acquisition Properties Georgia I, LP (Magnolia Village)
 Mercy Housing Georgia X, L.P. (Savannah Gardens I)
 Mercy Lithonia Park View, Inc.
 Mercy Housing Georgia VIII L.P. (Terraces at Park View)
 MPI Highland Place, LLC
 MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)
 Antioch II, LLC
 Antioch Villas, L.P.
 Mercy Housing Georgia XI GP, LLC
 Mercy Housing Georgia XI, LP (Etowah Terrace)
 MHSE Arbors, LLC
 The Arbors at Ellington, Ltd.
 MHSE Savannah Gardens Phase III GP, LLC
 Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)
 MHSE Reynoldstown Senior GP, LLC
 MHSE Reynoldstown Senior, LP
 MHSE Savannah Gardens Phase IV GP, LLC
 MHSE Savannah Gardens Phase V GP, LLC
 Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)
 Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)
 MHSE Renaissance Apartments, LLC
 MHSE Mercy Park GP, LLC
 Mercy Park Chamblee
Mercy Housing Northwest
 Intercommunity Housing Ferndale
 Sterling Senior Housing
 Appian Way Manager LLC
 Appian Way Mercy, LLC (Appian Way Apartments)
 New Tacoma Phase I GP LLC
 New Tacoma Phase I Owner, LP (New Tacoma Phase I)
 New Tacoma Phase II Mercy LLC
 New Tacoma Condominium Association
 Evergreen Vista 1 GP LLC
 Evergreen Vista 1 Owner, LP
 Rainer Vista Block 43 GP, LLC
 Rainer Vista Block 43 Owner, LP (Columbia City Station Apts.)
 Cobble Knoll I Mercy LLC

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**Notes to Consolidated Financial Statements
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Allegre Mercy Redevelopment LLLP
Villa Kathleen Redevelopment LLLP
Impact Family Village GP LLC
Impact Family Village Limited Partnership (Emerald City Commons)
Family Tree & Lincoln Way GP, LLC
Family Tree & Lincoln Way LLLP
MHNW Othello Commercial, LLC
MHNW 9 Othello East GP, LLC
MHNW 9 Othello East, LP (Mercy Othello Plaza East)
MHNW 10 Othello West GP, LLC
MHNW 10 Othello West, LP (Mercy Othello Plaza West)
MHNW 12 Eleanor Apartments GP LLC
MHNW 12 Eleanor Apartments LLLP (Eleanor Apartments)
MHNW 11 Woodlakes LLC
MHNW 11 Woodlakes LLLP
MHNW 13 Building 9 South GP, LLC
MHNW 13 Building 9 South LP
MHNW 14 Building 9 North GP, LLC
MHNW 14 Building 9 North LP
MHNW 16 Family Housing GP LLC
MHNW 16 Family Housing LLLP (Mount Baker)
Mercy Properties Washington
 Mercy Housing Washington VIII, LP (Hillside Gardens)
 Mercy Housing Washington VI, LP (Lincoln Way II)
 Mercy Housing Washington V, LP (Sterling Meadows)
 Mercy Housing Washington VII, LP (Eliza McCabe Townhomes)
 Mercy Housing Washington IX, LP (Evergreen Vista II)
 Mercy Housing Washington X, LLC (Catalina Apartments)
Mercy Housing Ohio, Inc.
Mercy Properties Washington III, LLC (Cobble Knoll I)
Mercy Properties Washington II, LLC (Cobble Knoll II)
Padre Apartments Community
Mercy Properties, Inc. (MPI)
 111 Jones Street Associates, LP (111 Jones Street Apts.)
 Britton Street Associates, LP (Britton Street Apts.)
 Mercy Housing California VII, LP (Casa San Juan)
 Mercy Housing Colorado VIII, LP (Valle de Merced)
 Mercy Housing Colorado I, LTD (Grace)
 Marlton Affordable Housing Associates (Marlton Manor)
 Mercy Housing California V, LP (Mercy Village Folsom)
 Park Terrace Apartments, LP
 Mercy Housing California X, LP (The Rose Hotel)
 San Felipe Homes, LP
 2220 10th Avenue Associates, LP (Santana Apts.)
 Mercy Housing Iowa II, LP (Sherwood Place Apts.)
 Mercy Housing California I, LP (St. Francis Terrace)
 Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)
 Mercy Housing Colorado IX, LLLP (Parkside Apartments)
 Mercy Housing Arizona II, LP (Page Commons)
 Parkside Terrace Apartments, LLC
 Parkside Terraces Limited Partnership

Mercy Housing, Inc.

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Mulberry Court LLC
Mercy Housing South Carolina I, LP (Mulberry Court Apts)
Savannah Rose of Sharon, LLC
Mercy Housing Georgia III, LP (Rose of Sharon)
Mercy Housing South Dakota I, LLC (Driftwood Estates)
Mercy Housing South Dakota II, LLC (Northern Heights)
Mercy Housing Colorado XI, LLC (Pinon Terrace)
Commons on Main GP, LLC
Aromor Mercy, LLC (Aromor Apts)
Mercy Galewood SLF, Inc.
FHD Holdings LLC
Franciscan Homes III, LP
Franciscan Homes IV, LP
Mercy Properties II, Inc.
 Mercy Housing Utah I, LP (Francis Peak View)
 Mercy Housing Idaho V, LP (Sisters Villa)
2101 Telegraph Avenue Housing, Inc.
 2101 Telegraph Avenue Associates, LP (Hamilton Apts.)
McDermott Place
 Bishop's Block, LP
South of Market Mercy Housing
 1101 Howard Street Associates, LP (1101 Howard St. Apts.)
 Mercy Housing California VI, LP (205 Jones Street Apts.)
 1475 167th Avenue Associates, LP (Bermuda Gardens)
 Centro Partners, LP (El Centro Residential)
 Riverside/Leibrandt Partners, LP (La Playa Residential)
 West 28th Street, LP (Montclair/Tolton Court)
 16th & Church Street Associates, LP (Padre Palou)
 Mercy Housing California IX, LP (Sycamore St. Commons)
Visitation Valley Affordable Housing Corporation
 Visitation Valley Family Housing Associates (Heritage Homes)
Mercy Housing West
 Mercy Housing California XIV, LP (10th & Mission Apartments)
 Mercy Housing California XV, LP (Nueva Vista)
 Mercy Housing California XVII, LP (Derek Silva Community)
 Mercy Housing California XXIV, LP (Carter Terrace Apartments)
 Mercy Housing California XVIII, LP (Polk Street Senior Community)
 Mercy Housing California XIII, LP (Linbrook Court)
 Mercy Housing California XX, LP (Mission Creek Sr.)
 Mercy Housing California XVI, LP (Villa Madera)
 Mercy Housing California XII, LP (Villa Amador)
 Village Park Housing Associates (Village Park Apts.)
 Mercy Housing California XXI, LP (White Rock Village)
 Mercy Housing California XIX, LP (Grand & Venice)
 Mercy Housing California XXV, LP (Casa Alegre)
 Pinewood Court Apartments, LP (Terracina Pinewood Court)
 Mercy Housing California XXII, LP (The Dudley)
 Mercy Housing California XXVI, LP (Martin Luther King Village)
 Mercy Housing California XLI, LP (Westbrook Plaza)
 Mercy Housing California XXXIV, LP (Edith Witt Sr Community)
 Mercy Housing California XXVII, LP (Serna Village)

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

Mercy Housing California XXVIII, LP (The Vineyard Townhomes)
Mercy Terrace, LLC
Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)
New Dana Strand Townhomes, LP (New Dana Strand Townhomes)
Mercy Housing California XXXII, LP (Creekview Manor)
Mercy Housing California XXXVI, LP (Kent Gardens)
Mercy Housing California XXXI, LP (Martinelli House)
Mercy Housing California XXXV, LP (Ardenaire Apartments)
Mercy Housing California XXXIII, LP (Casa Verde)
Mercy Housing California XXXVII, LP (Ross Ranch)
Colonia San Martin Associates, LP
Mercy Housing California 50, LP (Vera Haile Senior Housing)
Mercy Housing California 49, LP (McAuley Meadows)
Affordable Housing Corp.
Mercy Housing Washington III, L.P. (Tahoma View)
Mercy Housing Wheaton
Clare of Assisi Homes - Westminster, Inc.
Clare Gardens, Inc.
Francis Heights, Inc.
Villa Maria, Inc.
Paducah Ministries 1, Inc. (Loan Oak Manor)
Princeton Ministries 4, Inc. (Princeton Manor)
Assisi Homes of Illinois, Inc.
Mercy Housing Franciscan Campus, Inc. (Day Spring Villa)
Brandywine, Inc.
Lake Wale Ministries, Inc. (Lake Wales Gardens)
Assisi Homes – Batavia Apartments, Inc.
Assisi Homes – Constitution House, Inc.
Assisi Homes – Colony Park, Inc.
Assisi Homes – Jefferson Court, Inc. (Jefferson Court Apartments)
Assisi Homes – Kenosha, Inc.
Assisi Homes – La Salle Manor, Inc.
Assisi Homes of Gurnee, Inc.
Assisi Homes of Neenah, Inc.
Canticle Place, Inc.
Marian Housing Center, Inc.
Marian Park, Inc.
Alexandria Ministries, Inc. (Alexandria Manor)
Effingham Ministries, Inc. (Colonnade Apartments)
Indianapolis Ministries 1, Inc. (Cedar Commons)
Indianapolis Ministries 2, Inc. (Spruce Manor)
Kokomo Ministries, Inc. (Kokomo Manor)
Moline Ministries 1, Inc. (Highland Manor)
Moline Ministries 2, Inc. (Sanders Apartments)
Pendleton Ministries, Inc. (Edgewood Square Apartments)
Tucson Ministries, Inc. (Western Winds)

Revenue recognition

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

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

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

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

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

Cash and cash equivalents

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

Restricted cash

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

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

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

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

Investments

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

Accounts receivable and bad debts

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. GAAP requires that the allowance

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

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.

Property and equipment

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

Impairment of long-lived assets

In accordance with GAAP, management continually monitors events and changes in circumstances, which could indicate that the carrying value of real estate may not be recoverable. If events or changes in circumstances are present, management assesses the recoverability of real estate by determining whether the carrying value will be recovered through the undiscounted future cash flows expected to be generated from its uses and eventual disposition. If the carrying amount of the real estate exceeds its estimated undiscounted cash flows, the impairment to be recognized is measured by the amount of its carrying value of the real estate that exceeds its fair value. No amount of impairment loss has been recognized for the years ended December 31, 2017 and 2016, respectively. Losses, when recognized, are included in the provision for impaired assets line in the Consolidated Statements of Activities.

Predevelopment project costs

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

Allowance for loan losses

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

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage and notes payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Tax credit fees and related amortization

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

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Amortization expense for the years ended December 31, 2017 and 2016 was \$669,194 and \$583,727, respectively. Estimated amortization expense for each of the ensuing years through December 31, 2022 is as follows:

2018	\$	666,146
2019		662,112
2020		641,525
2021		601,967
2022		534,198

Investment in unconsolidated entities

MHI and its subsidiaries hold investments in limited partnerships and other entities that are not consolidated. The ownership interests range from .005 percent to 50 percent and are not consolidated as they are not controlled by the Company. For the years ended December 31, 2017 and 2016, the investment balance was \$1,752,824 and \$2,158,757, respectively. See Note 7 for additional information.

Basis of presentation and net assets

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

Non-controlling interest in limited partnerships

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

Transfers of net assets

During the year ended December 31, 2017, 22 entities were added and one entity was removed from the consolidated financial statements. During the year ended December 31, 2016, nine entities were added and one entity was removed from the consolidated financial statements. The net effect of the changes to beginning net assets for the years ended December 31, 2017 and 2016 were increases of \$13,779,509 and \$13,427,498, respectively. The following is a summary of the changes for the year ended December 31, 2017:

Addition of entities:	
Roseland Village	\$ (55,073)
Lake Wale Ministries, Inc. (Lake Wales Gardens)	794,785
Assisi Homes - Batavia Apartments, Inc.	(674,338)
Assisi Homes - Constitution House Inc.	648,515
Assisi Homes - Colony Park, Inc.	(4,635,091)
Assisi Homes - Jefferson Court, Inc. (Jefferson Court Apartments)	(1,504,966)
Assisi Homes - Kenosha, Inc.	2,423,334
Assisi Homes - La Salle Manor, Inc.	1,080,006
Assisi Homes of Gurnee, Inc.	3,205,037
Assisi Homes of Neenah, Inc.	999,078
Canticle Place, Inc.	1,940,821
Marian Housing Center, Inc.	(472,548)
Marian Park, Inc.	(5,914,939)
Alexandria Ministries, Inc. (Alexandria Manor)	2,041,768
Effingham Ministries, Inc. (Colonnade Apartments)	1,603,232
Indianapolis Ministries 1, Inc. (Cedar Commons)	404,353
Indianapolis Ministries 2, Inc. (Spruce Manor)	1,407,831
Kokomo Ministries, Inc. (Kokomo Manor)	3,893,392
Moline Ministries 1, Inc. (Highland Manor)	2,090,794
Moline Ministries 2, Inc. (Sanders Apartments)	693,021
Pendleton Ministries, Inc. (Edgewood Square Apartments)	1,716,409
Tucson Ministries	1,974,439
Transfer of entities:	
Mercy Southeast Idaho, Inc. (Hamilton Court)	8,255
Transfer of eliminations	111,394
Total	<u><u>\$ 13,779,509</u></u>

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

The following is a summary of the changes for the year ended December 31, 2016:

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

Strategic health care partnerships

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

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

As of December 31, 2017 and 2016, the Company had recorded pledges receivable of \$700,000 and \$1,600,000 respectively, from Catholic Health Initiatives (CHI), Ascension Health, Dignity Health (DH) and St. Joseph's Health System. As of December 31, 2017, future pledge payments from Strategic Partners are as follows:

For the years ending December 31,	
2018	\$ 400,000
2019	300,000
2020	-
2021	-
2022	<u>-</u>
Total	<u><u>\$ 700,000</u></u>

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

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

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

Developer and consulting fees

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

Tenant subsidy payments

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

Income taxes

MHI and its consolidated nonprofit corporations are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state statutes. MHI did not have any unrelated business income for the years ended December 31, 2017 and 2016. All nonprofit corporations are required to file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and there are no other tax positions which must be considered for disclosure. For the years ended December 31, 2017 and 2016, the Company did not identify any uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

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

- 104th Street MM, LLC
- 111th & Wentworth Apartments Corporation
- Affordable Housing Corporation
- Affordable Housing Initiatives
- Antioch II, LLC
- Belray Apartments Corporation
- Belvidere Place Corporation I, NFP
- Countryside Seniors LLC
- Danville Veterans Housing MM LLC
- Englewood Apartments, NFP
- Esperanza Crossing II, LLC
- Greenwich Park Apartments MM, LLC
- Harold Washington Apartments Corporation
- HWA-850 Eastwood GP Corporation NFP
- Impact Family Village Condominium Association
- Impact Family Village GP, LLC
- Kankakee Station Street Senior Housing MM LLC

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

Malden Arms Corp. II, NFP
McDermott Place
MCHG Partners, Inc.
Mercy Affordable Housing, Inc.
Mercy Commercial California
Mercy Eden House, LLC
Mercy Galewood SLF, Inc.
Mercy Housing Georgia XI GP, LLC
Mercy Lithonia Park View, Inc.
Mercy Sterling NFP
MHL Keating MM, LLC
MHMP 12 Holly Park East and West GP
MHMP CO GP, Inc.
MHSE Adamsville Green Senior Partners, LLC
MHSE Arbors LLC
MHSE Mercy Park GP LLC
MHSE Savannah Gardens IV GP
MHSE Savannah Gardens Phase III GP, LLC
MHSE Savannah Gardens V GP
MPI Highland Place LLC
Near North Apartments Corp., NFP
New Sterling Park MM, LLC
Roseland Apartments Corporation
Savannah Rose of Sharon LLC
South Loop Apartments Corporation
Stapleton II Mercy, LLC
Winthrop Apartments Corporation
New Tacoma Condominium Association

The Company accounts for income taxes related to the taxable corporate subsidiaries under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

The limited partnerships and limited liability companies in which the Company has a partnership interest have elected to be treated as a pass-through entity for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The partnerships' federal tax statuses are based on their legal status as a partnership. Accordingly, the partnerships are not required to take any tax positions in order to qualify as a pass-through entity. The partnerships are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the partnerships have no other tax positions which must be considered for disclosure. Income tax returns filed by the entities are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2014 remain open.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

Fair value

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

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in these financial statements and the accompanying notes. Actual results could differ from those estimates.

Derivative instruments and hedging activities

During the years ended December 31, 2017 and 2016, the Company had eight interest rate swap contracts outstanding that were used to mitigate the economic impact of changes in interest rates. The swaps are designated as cash flow hedges and are being used to offset the risk of changes in cash flows associated with benchmark interest payments on its variable rate mortgage loans. MHI reassesses the hedge on an ongoing basis to determine if it continues to be effective. Changes in the fair value of the interest rate swap contracts are recorded in the Consolidated Statement of Activities. As of December 31, 2017 and 2016, there was no hedge ineffectiveness. The swaps are reported in notes payable at fair value on the Consolidated Statements of Financial Position. See Note 12 for additional information on derivative instruments and hedging activities.

Reclassifications

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

Note 2 - Cash and investments

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

At December 31, 2017 and 2016, cash and investments were as follows:

	2017	2016
Unrestricted Cash - Properties	\$ 43,318,966	\$ 33,754,230
Unrestricted Cash/Investments - MLF	1,052,096	6,952,560
Unrestricted Cash - Board Designated	175,392	9,351,301
Unrestricted ST investments	2,150,000	-
Unrestricted LT investments	7,475,000	-
Unrestricted Cash/Investments - Corporate Operating Entities	12,381,293	11,631,056
Unrestricted Investments - Board Designated, Current	10,657,861	6,370,000
Unrestricted Investments - Board Designated, Non-Current	6,966,179	6,475,000
Total Unrestricted and Designated Cash/Investments	84,176,787	74,534,147
Restricted Cash - Tenant Security Deposits	8,978,915	7,811,575
Restricted Cash/Investments - Corporate Entities (including MLF)	18,583,084	18,785,949
Restricted Cash - Properties	27,223,951	23,823,735
Restricted Cash - LT Restricted Property Reserves, Board Designated	3,048,281	3,220,943
Restricted Cash - LT Restricted Property Reserves	188,677,528	140,022,710
Total cash and investments	\$ 330,688,546	\$ 268,199,059

MHI invests in certificates of deposit which are carried at par value as they are held to maturity. Realized and unrealized gains and losses are recorded in the Consolidated Statements of Activities as unrestricted operating income or loss. Maturity dates range from January 2018 to September 2023. The approximate market value of the investments was \$85,043,427 and \$84,554,574 as of December 31, 2017 and 2016 as follows:

	2017	2016
Certificates of deposit	\$ 72,098,722	\$ 67,374,922
Money market accounts	12,935,327	17,165,850
Equities	9,378	13,802
Total certificates of deposit, money market accounts, and equities	\$ 85,043,427	\$ 84,554,574

MHI recorded investment income of \$1,844,379 and \$1,932,548 during the years ended December 31, 2017 and 2016, respectively.

Note 3 - Pledges

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

As of December 31, 2017, future pledge payments are as follows:

For the year ending December 31,	
2018	\$ 6,310,779
2019	10,645,833
2020	12,500,000
2021	-
2022	-
Total pledges receivable	<u>29,456,612</u>
Allowance and discount	<u>(721,451)</u>
Total pledges receivable, net of allowance and discount	<u>\$ 28,735,161</u>

The amount of pledges written off was \$1,304 and \$1,052 for the years ended December 31, 2017 and 2016, respectively.

Note 4 - Grants receivable

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

The amount due as of December 31, 2017 was \$469,079. Of this, \$231,442 relates to a Local Operating Subsidy Program Grant at Mission Creek Senior.

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

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 7.5 percent. Maturity dates range from 2018 to 2041. At December 31, 2017 and 2016, substantially all of the notes and interest receivable are collateralized by real estate.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

Total allowances at December 31, 2017 and 2016 consisted of the following:

	MLF	MHSW	MHC	CCH	MPI	MHI	Total
Balance at January 1, 2016	\$ 2,103,983	\$ 611,711	\$ 21,976	\$ 80,706	\$ 419,047	\$ 34,147	\$ 3,271,570
Increase/Decrease to allowance charged to:							
Provision for impaired assets	847,969	-	-	-	9,620	-	857,589
Loans charged off	(286,984)	(55,104)	-	-	-	-	(342,088)
Recoveries of loans charged off	(691,500)	-	-	-	-	-	(691,500)
Balance at December 31, 2016	1,973,468	556,607	21,976	80,706	428,667	34,147	3,095,571
Increase/Decrease to allowance charged to:							
Provision for impaired assets	54,269	-	-	-	-	-	54,269
Loans charged off	-	(55,104)	-	-	-	-	(55,104)
Recoveries of loans charged off	-	-	-	-	-	-	-
Balance at December 31, 2017	<u>\$ 2,027,737</u>	<u>\$ 501,503</u>	<u>\$ 21,976</u>	<u>\$ 80,706</u>	<u>\$ 428,667</u>	<u>\$ 34,147</u>	<u>\$ 3,094,736</u>

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

Note 6 - Property and equipment and assets held for sale

Property and equipment

Property and equipment at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Land and land improvements	\$ 331,799,693	\$ 296,221,451
Buildings	2,674,827,427	2,342,976,884
Furniture and equipment	100,907,212	81,302,027
Predevelopment project costs	6,869,507	14,789,642
Construction in progress	190,534,665	192,264,042
Total property and equipment	3,304,938,504	2,927,554,046
Less accumulated depreciation	(920,203,453)	(786,475,934)
Property and equipment, net	<u>\$ 2,384,735,051</u>	<u>\$ 2,141,078,112</u>

For the years ended December 31, 2017 and 2016, depreciation expense was \$106,568,132 and \$90,402,629, respectively.

In 2016, the Company entered into an agreement with Wheaton Franciscan Services Inc. and Franciscan Ministries Inc. (collectively referred to as Franciscan Ministries) for the transfer of ownership of 33 entities comprising 3,601 apartment units (the FMI Transfer). The transfer of each asset is contingent upon the receipt of all required federal and state approvals. In addition, Franciscan Ministries agreed to provide MHI with a \$6,000,000 unrestricted cash gift, subject to the completion of pre-determined activities related to the above transfer. As of December 31, 2017 and 2016, MHI had received \$6,000,000 and \$4,500,000, respectively, of cash related to this unrestricted cash gift.

During 2017, the ownership of twenty-one entities was transferred to the Company. In conjunction with this transfer, property and equipment increased by \$80,046,584 and assumed property mortgages increased by \$76,113,814. During 2016, the ownership of nine entities was transferred to the Company. In conjunction with this transfer, property and equipment increased by \$29,502,468 and assumed property mortgages increased by \$12,807,926. See Note 18 for additional details.

Assets held for sale

In accordance with GAAP, the results of operations for properties classified as held for sale at the end of the current period are required to be classified as held for sale in the current and prior periods. Real estate assets held for sale are measured at the lower of the carrying amount or the fair value less costs to sell. Once an asset is classified as held for sale no further depreciation is recorded. At December 31, 2017, the Company does have any held for sale assets. At December 31, 2016, the Company considered the assets of Mercy Housing Southeast Idaho, Inc. (Hamilton Court) and Franciscan Homes IV, LTD as held for sale. Management believes that the fair value less costs to sell exceeds the carrying amount of these projects, therefore no loss has been charged to operations for 2016.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

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

	<u>2017</u>	<u>2016</u>
Total assets	\$ -	\$ 883,676
Total liabilities	-	5,028,675
Discontinued operations	-	(195,478)

Note 7 - Investments in unconsolidated entities

MHI and its subsidiaries hold investments in limited partnerships and other entities that are not consolidated. As of December 31, 2017 and 2016, MHI is invested in the following non-consolidating entities:

Housing Partnership Equity Trust, LLC
Housing Partnership Network, Inc.
Mercy Loan Fund Sub-CDE 1, LLC
Sunnydale Development Company LLC
Galewood SLF Associates, LP
Brentwood Green Valley Apartments, Inc.
Truckee Riverview Housing Associates

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

Investment in unconsolidated entities as of January 1, 2016	\$ 905,093
Capital contributed	1,340,638
Other transfers	(159,805)
Equity in project earnings (loss)	<u>72,831</u>
Investment in unconsolidated entities as of December 31, 2016	2,158,757
Capital contributed	-
Distributions from cash flow	(26,537)
Equity in project earnings (loss)	<u>(379,396)</u>
Investment in unconsolidated entities as of December 31, 2017	<u><u>\$ 1,752,824</u></u>

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

Note 8 - Notes payable

Notes payable as of December 31, 2017 and 2016 include both secured and unsecured borrowings and consist of the following:

	<u>2017</u>	<u>2016</u>
Unsecured Corporate Operating and Predevelopment Loans:		
US Bank - Revolving loan bearing interest at thirty day LIBOR plus 3.00% as of December 31, 2017 and thirday day LIBOR plus 2.70% as of December 31, 2016, payable monthly. The allowable borrowing under this line is \$7,500,000. The rate at December 31, 2017 and 2016 is 4.57% and 3.47%, respectively. Commitment expires December 31, 2020. ⁽¹⁾	\$ -	\$ -
California Bank & Trust - Revolving predevelopment line of credit agreement with ZB, N.A. dba California Bank & Trust. The agreement provides for borrowing up to \$8,000,000 at thirty day LIBOR plus 2.10%, payable monthly. The rate at December 31, 2017 is 3.66%. The maturity date of the line of credit is December 31, 2019. Initial proceeds from this loan were used to retire the remaining balance of the JP Morgan Chase loan.	5,190,334	-
JP Morgan Chase - Revolving predevelopment loan bearing interest at thirty day LIBOR plus 2.50% payable monthly. For the year ended December 31, 2016, credit line was available to fund predevelopment expenses up to a total of \$2,593,000. The rate as of December 31, 2016 was 3.13%. Commitment was paid and loan was closed in February 2017 and was replaced with the California Bank & Trust credit agreement.	-	2,593,000
Investor Loans to Mercy Loan Fund. Notes bearing interest from 0% to 5% and maturing through 2027. Available balances under these notes were \$13,560,482 and \$10,398,107 as of December 31, 2017 and 2016, respectively.	42,019,843	42,407,081
Other Notes Payable, bearing interest from 0% to 3% and maturing through October 2023. Available balances were \$1,500,000 as of December 31, 2017 and 2016.	<u>17,559,418</u>	<u>18,597,257</u>
Subtotal - Unsecured Corporate Operating and Predevelopment Loans	64,769,595	63,597,338

Mercy Housing, Inc.

Notes to Consolidated Financial Statements
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Loans secured by the respective properties:		
Construction loans, bearing interest from 0% to 4.75%, with both fixed and variable interest rates, to be repaid in full or converted to permanent loans through 2019. Available balances are \$411,095,637 and \$255,001,583 as of December 31, 2017 and 2016, respectively.	462,818,058	375,822,282
Permanent loans, bearing interest from 0% to 9.25%, generally with principal and interest due monthly, to be repaid in full through 2076. All funds available under these notes are fully drawn as of December 31, 2017 and 2016, respectively.	<u>1,173,939,240</u>	<u>1,029,245,691</u>
Total debt	1,701,526,893	1,468,665,311
Less debt issuance costs, net attributable to construction loans	(11,777,764)	(6,572,514)
Less debt issuance costs, net attributable to permanent loans	<u>(20,029,369)</u>	<u>(19,037,940)</u>
Total	1,669,719,760	1,443,054,857
Less current portion	<u>(203,119,864)</u>	<u>(115,854,857)</u>
Non-current portion	<u>\$ 1,466,599,896</u>	<u>\$ 1,327,200,000</u>

- (1) As of December 31, 2017 and 2016, the Company had standby Letters of Credit of \$250,000 and \$3,850,000, respectively, issued under the operating sub-limit. Effective March 31, 2017, the Company entered into an agreement with US Bank to modify and extend the revolving facility. Under the agreement, allowable borrowing was reduced to \$7,500,000 and the rate was increased to one-month LIBOR plus 3.00%. Effective December 31, 2017, the Company entered into an amendment and extended the commitment expiration date to December 31, 2020.

For the years ended December 31, 2017 and 2016, \$38,102,407 and \$30,057,568 of interest expense was incurred and is included in interest and fees on the consolidated statement of activities.

Future minimum principal maturities of notes payable are as follows:

For the year ending December 31, 2018	\$ 203,119,864
2019	58,054,492
2020	31,565,632
2021	28,626,939
2022	48,326,908
Thereafter	<u>1,331,833,058</u>
Total maturities	<u>\$ 1,701,526,893</u>

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

Included in current maturities as of December 31, 2017 and 2016 is construction debt totaling \$189,114,548 and \$88,395,456, respectively, that has committed sources of repayment including proceeds from permanent debt and/or low income housing tax credit equity.

Note 9 - Lease commitments

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

	Office and Leases	Property Leases	Total Leases
For the year ending December 31,			
2018	\$ 1,691,990	\$ 617,643	\$ 2,309,633
2019	867,631	622,613	1,490,244
2020	841,735	638,871	1,480,606
2021	684,872	717,359	1,402,231
2022	526,416	718,692	1,245,108
Thereafter	3,432,712	30,226,295	33,659,007
Total future minimum lease payments	<u>\$ 8,045,356</u>	<u>\$ 33,541,473</u>	<u>\$ 41,586,829</u>

Lease expense for operating leases was approximately \$2,045,274 and \$2,917,594 for the years ended December 31, 2017 and 2016, respectively, and is included in facilities expense. Ground leases at eleven and nine projects, respectively, have been prepaid and are amortizing over the related lives through 2115. Prepaid lease expense as of December 31, 2017 and 2016 was \$16,157,780 and \$15,207,882, respectively, and is included in prepaid expenses and other assets, net on the statements of financial position.

Note 10 - Related party transactions

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

Notes and interest receivable, affiliates

The amounts loaned by the Company primarily represent predevelopment and development loans to consolidated affiliates. These loans are generally collateralized with real estate of the funded property. Many of these loans do not require payments until after the scheduled maturity of the related first mortgages. The loans with subsidiaries are eliminated in consolidation. Interest payments generally are subject to available cash flow. 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.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

Development fee income

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

Other fee income

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

Note 11 - Guarantees

MHI has entered into various agreements with certain limited partnerships or their affiliated general partners whereby the Company guarantees to loan funds to the partnerships in the event that the partnerships incur operating deficits as defined in the respective partnership agreements or fail to meet their current financial obligations. These agreements expire at various times from 2018 through the terms of the underlying partnership or debt agreements. Loans made pursuant to these guarantees are generally interest-free and unsecured. The maximum potential amount of future payments under these guarantees is equal to the amount guaranteed to the partnerships under the tax indemnification agreements discussed below.

MHI has entered into various agreements with certain limited partnerships and limited liability companies or their affiliated general partners or members whereby MHI offers tax indemnification in the event of low-income housing tax credit recapture. MHI's potential liability under these agreements is dependent upon IRS audits and final letters of determination of the limited partnerships' qualified basis in tax credit properties. Similarly, MHI has entered into agreements with state and local governments who have provided loans to certain limited partnerships for the development of affordable housing whereby MHI has guaranteed any recapture of the loans resulting from non-compliance with affordable housing requirements. Management is not aware of any known liability for tax credit or loan recapture. The maximum potential liability under these guarantees as of December 31, 2017 is \$991,568,452 relating to 110 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, 2017, MHI had provided guarantees on 29 acquisition and construction loans of \$619,037,320 of which \$324,953,789 was outstanding. As of December 31, 2016, MHI had provided guarantees on 27 acquisition and construction loans of \$496,671,198 of which \$241,807,657 was outstanding.

The Company has also issued other guarantees in order to secure financing on various projects. As of December 31, 2017, \$6,305,247 was outstanding. MHI has not been required to fund any amounts under these guarantees.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

The Company also guarantees certain surety bonds covering construction and utilities deposits. As of December 31, 2017, \$2,834,973 was outstanding.

Note 12 - Fair value

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

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

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

The net unrealized gain/(loss) on the interest rate swap contracts during 2017 and 2016 of \$509,400 and \$745,532 respectively, is classified within level 2 of the fair value hierarchy. The unrealized gain/(loss) on certificates of deposit during 2017 and 2016 of \$(341,278) and \$134,922, 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, 2017 and 2016.

The following table presents the financial assets and liabilities that the Company measured at fair value on a recurring basis as of December 31, 2017:

	Level 1	Level 2	Level 3	Total
Net interest rate swap-asset/(liability)	\$ -	\$ (2,630,178)	\$ -	\$ (2,630,178)
Certificates of deposit	72,098,722	-	-	72,098,722
Money market accounts	12,935,327	-	-	12,935,327
Equities	9,378	-	-	9,378

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

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

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

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

Note 13 - Employee retirement plan

The Company has a defined contribution employee 403(b) retirement plan covering eligible employees. Generally, employee contributions to the plan consist of a percentage based on eligible employees' compensation. Through December 31, 2017, MHI matched dollar for dollar an employee's contribution up to 2 percent commencing on the employee's second year of service. As of January 1, 2018 MHI matches dollar for dollar an employee's contribution up to 4 percent commencing on the employee's second year of service. Additionally, at the completion of three and seven years of service, MHI makes additional contributions equal to 1 percent and 1 percent, respectively, of the employee's gross earnings regardless of whether or not the employee participates in the plan. Contribution costs of property site staff are passed through to the managed projects. The Company contributed \$1,591,249 and \$1,385,823 for the years ended December 31, 2017 and 2016, respectively.

Note 14 - Insurance

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

Aggregated reserves relating to retained risk were \$5,925,541 and \$3,791,664 as of December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, \$5,229,542 and \$3,075,664, respectively are outstanding and included in accounts payable and accrued expenses. As of December 31, 2017 and 2016, \$1,411,701 and \$276,507, respectively, of these aggregated reserves and accounts payable are payable to affiliated entities. The increase primarily relates to aged claims within the Company's workers compensation program.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

The Company maintains a restricted cash balance to pay future claims related to all areas of retained risk. As of December 31, 2017 and 2016, the Company held \$8,584,652 and \$6,257,204, respectively, in restricted cash to pay future insurance claims.

Note 15 - Special event

MHI hosted a 35th anniversary celebration in October 2017 to promote the Company's activities, recognize its supporters and raise funds. All contributions and associated expenses relating to the event have been shown in the consolidated statements of activities. Contributions of \$1,903,817 during 2017 are included in philanthropy. Expenses related to the event of \$152,135 and are included in administrative expenses.

Note 16 - Commitments and contingencies

Property management agreements

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

Grant and property use restrictions

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

Rental assistance contracts

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

Construction contracts

The Company has entered into construction contracts with various third party contractors to construct and rehabilitate projects in the original amount of \$654,142,309 and \$429,657,688 as of December 31, 2017 and 2016, respectively. During 2017 and 2016, change orders totaled \$38,828,573 and \$24,969,461, respectively. As of December 31, 2017 and 2016, \$39,232,026 and \$40,380,034 remains payable, respectively, which includes retainage payable of \$15,769,158 and \$18,081,243, respectively, and is included in accounts payable and accrued expenses.

Surplus cash and residual receipts

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

Letters of credit

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

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2017 and 2016

Litigation

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

Other

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

Note 17 - Risks and uncertainties

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

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

The Company and its subsidiaries invested assets consisting of Bank Certificates of Deposits (CDs) and money market funds which invest in CDs, commercial paper, US Treasury bills, US Agency bonds, notes, and repurchase agreements. Investment policy and guidelines are established by the Finance Committee of the board of trustees. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments reported in the consolidated statements of financial position as of December 31, 2017. The investment policy and guidelines consider liquidity and risk for each entity and each pool of assets and attempt to diversify asset classes to mitigate risks over the applicable time horizons.

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2017 and 2016**

Note 18 - Subsequent events

Events that occur after the statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Company through April 19, 2018 (the date the consolidated financial statements were available to be issued) and concluded that the following subsequent events have occurred that would require disclosure in the notes to the consolidated financial statements.

In connection with the FMI Transfer discussed in Note 6, the Company expects the transfer of ownership of three additional entities to occur in 2018.

On February 28, 2018, the Company entered into a 13-year lease agreement with LBA Realty Fund 11-WBP IV, LLC for approximately 36,341 square feet of office space in Denver, Colorado. The initial term of the lease is estimated to commence on January 1, 2019. Estimated lease payments are approximately \$1,000,000 annually, which includes a pro rata share of certain real property taxes, operating expenses and common area maintenance expenses. Pursuant to the lease, within 12 months of the expiration of the initial term, the Company has the option to extend the lease for one additional five-year term.

Supplementary Information

Mercy Housing, Inc.

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Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing, Inc.	Mercy Loan Fund	Mercy Housing Management Group	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California	Consolidated Mercy Housing Northwest - Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East
Assets								
Current assets								
Cash and cash equivalents	\$ 22,730,949	\$ 4,922,318	\$ -	\$ 2,422,076	\$ 36,242,232	\$ 48,011	\$ 2,887,836	\$ 1,532,303
Cash, tenant security deposits	-	-	-	346,280	2,493,876	48,293	686,454	631,554
Cash, restricted	10,977,498	1,866,547	-	890,215	20,056,590	117,704	4,891,976	3,133,977
Investments	2,150,000	-	-	-	10,657,861	-	-	-
Investments, restricted	9,378	1,732,504	-	-	-	-	-	-
Accounts receivable, net	3,102,039	59,397	3,066,585	159,162	3,635,915	25,660	2,055,834	881,432
Due from affiliate, net	14,883,707	-	2,708,794	4,900	4,900,104	3,539	27,903	1,999
Pledges receivable, net	441,135	-	-	-	10,146	-	232,015	5,500
Grants receivable	-	-	-	-	62,087	-	175,550	-
Current portion of notes and interest receivable	-	17,727,435	-	-	95,777	-	-	-
Current portion of notes and interest receivable, affiliates	6,558,368	-	-	283,006	313,089	37,204	-	235,113
Prepaid expenses and other assets	2,004,598	26,701	189,140	305,811	2,210,824	28,511	797,021	488,892
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	62,857,672	26,334,902	5,964,519	4,411,450	80,678,501	308,922	11,754,589	6,910,770
Property and equipment								
Land and land improvements	855,000	-	-	9,663,589	113,488,310	1,684,112	32,075,932	31,005,765
Buildings	71,748	-	-	89,576,759	876,334,427	14,193,170	339,620,820	210,117,033
Furniture and equipment	3,831,901	-	11,330	3,052,851	27,467,228	688,823	8,966,222	8,661,208
Predevelopment project costs	-	-	-	-	6,356,078	-	433,639	86,280
Construction in progress	548,628	-	-	3,794,709	165,100,442	-	-	10,403,154
Accumulated depreciation	(3,825,796)	-	(11,330)	(43,989,554)	(183,901,672)	(5,119,271)	(96,597,468)	(73,197,905)
Net property and equipment	1,481,481			62,098,354	1,004,844,813	11,446,834	284,499,145	187,075,535
Other long-term assets								
Restricted property reserves	-	-	-	14,961,884	81,552,225	973,361	21,675,702	10,588,927
Long-term investments	7,475,000	-	-	-	6,966,179	-	-	-
Long-term investments, restricted	-	-	-	-	740,000	-	-	650,000
Due from affiliates	775,972	-	-	-	158,088	-	-	298,949
Pledges receivable, net	312,500	-	-	-	-	-	-	-
Investments in limited partnerships, net	746,538	1,717	-	-	(10,503,894)	-	(2,137,096)	-
Notes and interest receivable, net	8,936,283	39,501,062	-	-	2,446,333	56,604	75,000	-
Notes and interest receivable, affiliates	6,338,461	-	-	8,897,606	6,870,091	70,901	-	88,096
Allowance for impaired assets	-	-	-	(545,883)	-	-	-	-
Other assets, net	-	181,500	-	272,174	15,043,564	33,345	1,355,419	1,236,451
Total other long-term assets	24,584,754	39,684,279		23,585,781	103,272,586	1,134,211	20,969,025	12,862,423
Total assets	\$ 88,923,907	\$ 66,019,181	\$ 5,964,519	\$ 90,095,585	\$ 1,188,795,900	\$ 12,889,967	\$ 317,222,759	\$ 206,848,728

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing, Inc.	Mercy Loan Fund	Mercy Housing Management Group	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California	Consolidated Mercy Housing Northwest - Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 9,810,294	\$ 151,356	\$ 4,321,979	\$ 2,573,129	\$ 44,528,026	\$ 140,535	\$ 7,517,388	\$ 6,449,284
Due to affiliates	4,798,884	-	5,972,525	5,394,633	1,431,299	1,159,019	3,239,546	18,940,506
Accrued interest	133,817	232,485	-	103,119	2,948,076	-	795,219	140,867
Accrued interest, affiliates	37,299	-	-	39,041	-	2,301	-	-
Current portion of notes payable	1,944,631	7,552,500	-	501,077	141,929,980	-	31,799,831	823,614
Current portion of notes payable, affiliates	3,377,276	77,808	-	155,709	4,245,063	5,430	1,574,470	536,344
Deferred revenue and other liabilities	4,810,646	-	768,431	38,882	2,164,732	3,760	158,346	54,841
Tenant security deposits	-	-	-	335,244	2,624,393	46,948	712,980	615,971
Total current liabilities	24,912,847	8,014,149	11,062,935	9,140,834	199,871,569	1,357,993	45,797,780	27,561,427
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	3,000,000	-
Accrued interest	76,462	-	-	703,884	35,703,324	39,115	4,673,919	414,864
Accrued interest, affiliates	-	-	-	24,419	175,770	-	55,571	-
Notes payable, less current portion, net	19,411,608	33,321,261	-	29,454,072	608,434,996	1,120,464	150,354,440	68,787,581
Notes payable, less current portion, affiliates	8,559,277	1,068,274	-	9,665,385	1,718,312	439,988	6,768,955	-
Deferred revenue and other liabilities	342,559	2,000,000	-	14,262	20,279,204	-	1,690,712	796,537
Total long-term liabilities	28,389,906	36,389,535	-	39,862,022	666,311,606	1,599,567	166,543,597	69,998,982
Total liabilities	53,302,753	44,403,684	11,062,935	49,002,856	866,183,175	2,957,560	212,341,377	97,560,409
Net assets								
Unrestricted net assets, controlling	33,196,832	19,909,247	(5,098,416)	22,637,750	250,368,057	4,408,255	88,574,639	71,326,756
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	33,196,832	19,909,247	(5,098,416)	22,637,750	250,368,057	4,408,255	88,574,639	71,326,756
Temporarily restricted net assets	1,669,322	1,706,250	-	17,954,979	70,474,668	5,524,152	15,929,743	37,961,563
Permanently restricted net assets	755,000	-	-	500,000	1,770,000	-	377,000	-
Total net assets	35,621,154	21,615,497	(5,098,416)	41,092,729	322,612,725	9,932,407	104,881,382	109,288,319
Total liabilities and net assets	\$ 88,923,907	\$ 66,019,181	\$ 5,964,519	\$ 90,095,585	\$ 1,188,795,900	\$ 12,889,967	\$ 317,222,759	\$ 206,848,728

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II (Cobble Knoll II)	Padre Apartments Community	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Assets								
Current assets								
Cash and cash equivalents	\$ 6,147,478	\$ -	\$ 318,293	\$ 185,423	\$ 91,858	\$ 19,108,489	\$ (39,709,519)	\$ 56,927,747
Cash, tenant security deposits	634,273	-	177,970	132,768	16,472	3,810,975	-	8,978,915
Cash, restricted	2,842,203	20,000	-	167,211	-	271,036	(1,652,300)	43,582,657
Investments	-	-	-	-	-	-	-	12,807,861
Investments, restricted	-	-	-	-	-	-	(1,732,504)	9,378
Accounts receivable, net	416,468	-	113,275	49,373	1,000	3,600,864	(3,264,684)	13,902,320
Due from affiliate, net	10,085	-	25,046	127	-	291,808	(22,858,012)	-
Pledges receivable, net	5,621,983	-	-	-	-	-	-	6,310,779
Grants receivable	-	-	-	-	-	231,442	-	469,079
Current portion of notes and interest receivable	-	-	-	-	-	-	(3,660,669)	14,162,543
Current portion of notes and interest receivable, affiliates	55,606	-	-	-	-	-	(7,482,386)	-
Prepaid expenses and other assets	452,172	-	53,687	86,731	23,556	2,354,909	(6,324,868)	2,697,685
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	16,180,268	20,000	688,271	621,633	132,886	29,669,523	(86,684,942)	159,848,964
Property and equipment								
Land and land improvements	30,696,975	-	3,423,623	1,766,350	118,488	108,317,757	(1,296,208)	331,799,693
Buildings	206,094,673	-	15,079,344	13,475,464	4,399,790	929,523,430	(23,659,231)	2,674,827,427
Furniture and equipment	6,039,929	-	216,157	180,603	121,217	41,669,743	-	100,907,212
Predevelopment project costs	483,233	-	-	-	-	-	(489,723)	6,869,507
Construction in progress	10,371,682	-	-	-	-	767,524	(451,474)	190,534,665
Accumulated depreciation	(48,480,264)	-	(7,213,773)	(5,967,077)	(2,512,643)	(455,775,931)	6,389,231	(920,203,453)
Net property and equipment	205,206,228		11,505,351	9,455,340	2,126,852	624,502,523	(19,507,405)	2,384,735,051
Other long-term assets								
Restricted property reserves	9,948,879	-	1,257,074	2,016,488	492,931	48,259,701	(1,363)	191,725,809
Long-term investments	-	-	-	-	-	-	-	14,441,179
Long-term investments, restricted	825,000	-	-	-	-	-	-	2,215,000
Due from affiliates	-	-	-	-	-	-	(1,233,009)	-
Pledges receivable, net	22,111,882	-	-	-	-	-	-	22,424,382
Investments in limited partnerships, net	557,274	-	-	-	-	801,721	12,286,564	1,752,824
Notes and interest receivable, net	-	-	-	-	-	1,370,800	(14,310,697)	38,075,385
Notes and interest receivable, affiliates	73,607	-	-	-	-	1,197,412	(23,536,174)	-
Allowance for impaired assets	-	-	-	-	-	-	545,883	-
Other assets, net	838,312	-	-	-	-	2,751,342	-	21,712,107
Total other long-term assets	34,354,954		1,257,074	2,016,488	492,931	54,380,976	(26,248,796)	292,346,686
Total assets	\$ 255,741,450	\$ 20,000	\$ 13,450,696	\$ 12,093,461	\$ 2,752,669	\$ 708,553,022	\$ (132,441,143)	\$ 2,836,930,701

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II (Cobble Knoll II)	Padre Apartments Community	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 5,292,200	\$ 2,293	\$ 644,852	\$ 510,122	\$ 72,997	\$ 10,028,792	\$ (6,831,374)	\$ 85,211,873
Due to affiliates	591,375	2,932,430	81,967	18,315	-	7,818,837	(52,379,336)	-
Accrued interest	171,713	-	44,337	18,006	6,731	772,611	(657)	5,366,324
Accrued interest, affiliates	-	-	-	-	-	33,355	(111,996)	-
Current portion of notes payable	11,926,738	-	518,814	336,712	231,837	5,554,130	-	203,119,864
Current portion of notes payable, affiliates	202,505	-	-	-	-	198,047	(10,372,652)	-
Deferred revenue and other liabilities	66,526	-	16,428	8,351	2,224	586,326	(5,414,548)	3,264,945
Tenant security deposits	615,185	-	174,953	124,600	16,133	3,613,934	-	8,880,341
Total current liabilities	18,866,242	2,934,723	1,481,351	1,016,106	329,922	28,606,032	(75,110,563)	305,843,347
Long-term liabilities								
Due to affiliates	-	-	-	-	-	1,443,221	(4,443,221)	-
Accrued interest	913,474	-	-	-	201,524	64,512,060	-	107,238,626
Accrued interest, affiliates	-	-	-	-	-	6,364,129	(6,619,889)	-
Notes payable, less current portion, net	95,724,930	-	11,395,879	10,545,444	1,342,573	436,431,137	275,511	1,466,599,896
Notes payable, less current portion, affiliates	411,468	-	-	-	-	32,739,650	(61,371,309)	-
Deferred revenue and other liabilities	66,903	-	-	-	1,772	8,349,582	(2,146,513)	31,395,018
Total long-term liabilities	97,116,775	-	11,395,879	10,545,444	1,545,869	549,839,779	(74,305,421)	1,605,233,540
Total liabilities	115,983,017	2,934,723	12,877,230	11,561,550	1,875,791	578,445,811	(149,415,984)	1,911,076,887
Net assets								
Unrestricted net assets, controlling	98,201,265	(2,934,723)	(962,302)	(1,514,479)	876,878	63,902,521	(581,468,654)	61,423,626
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	599,092,048	599,092,048
Total unrestricted net assets	98,201,265	(2,934,723)	(962,302)	(1,514,479)	876,878	63,902,521	17,623,394	660,515,674
Temporarily restricted net assets	41,557,168	20,000	1,535,768	2,046,390	-	66,204,690	(648,553)	261,936,140
Permanently restricted net assets	-	-	-	-	-	-	-	3,402,000
Total net assets	139,758,433	(2,914,723)	573,466	531,911	876,878	130,107,211	16,974,841	925,853,814
Total liabilities and net assets	\$ 255,741,450	\$ 20,000	\$ 13,450,696	\$ 12,093,461	\$ 2,752,669	\$ 708,553,022	\$ (132,441,143)	\$ 2,836,930,701

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing, Inc.	Mercy Loan Fund	Mercy Housing Management Group	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California	Consolidated Mercy Housing Northwest - Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 12,238,454	\$ 53,309,021	\$ 975,189	\$ 25,113,948	\$ 21,470,949
Developer fees	-	-	-	964,024	14,771,601	-	495,595	231,558
Services fees	3,927,202	-	17,210,930	428,402	2,042,948	-	-	-
Philanthropy	2,034,270	3,602,054	-	1,517,245	4,754,202	42,770	5,455,087	749,308
Capital grants	10,000	-	-	64	4,091,071	-	51,647	-
Consulting	-	-	24,840	101,984	586,056	-	-	-
Interest	1,385,322	3,335,520	-	496,267	985,592	4,711	320,612	218,433
Other	14,181,231	502,488	2,311,464	2,173,913	16,707,254	19,072	1,514,052	1,305,670
Total revenues	21,538,025	7,440,062	19,547,234	17,920,353	97,247,745	1,041,742	32,950,941	23,975,918
Expenses and losses								
Compensation	14,001,100	963,154	10,328,186	4,587,178	23,761,675	315,035	9,730,010	6,291,454
Administrative	7,052,612	90,951	1,325,686	1,971,459	10,343,026	173,280	4,165,328	3,695,468
Professional services	1,400,268	66,973	355,012	362,058	2,138,366	50,608	1,482,404	588,383
Depreciation and amortization	27,715	-	-	3,972,925	33,259,967	674,674	12,955,366	9,076,187
Grants	2,849,095	-	-	5,195,657	212,973	-	1,125,550	159,024
Facility	4,915,113	185	2,722	3,972,896	18,599,653	375,801	12,200,689	8,932,691
Interest and fees	1,420,388	949,904	38,021	1,550,200	15,289,000	61,732	5,231,407	2,999,952
Bad debts	882,509	54,269	330,740	562,528	892,108	10,510	175,211	191,817
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	2,272,927	-	114,805	30,191
Allocation	(12,552,974)	333,911	4,727,158	650,590	3,954,213	15,259	1,401,725	585,853
(Gain) loss on sale of assets	-	-	-	-	(60,101)	-	-	67,329
(Gain) loss on investment in limited partnership	52,229	-	-	-	1,227,940	-	5,971	-
Total expenses and losses	20,048,055	2,459,347	17,107,525	22,825,491	111,891,747	1,676,899	48,588,466	32,618,349
Excess (deficiency) of revenues over expenses	1,489,970	4,980,715	2,439,709	(4,905,138)	(14,644,002)	(635,157)	(15,637,525)	(8,642,431)
Net assets at beginning of year	34,131,184	16,634,782	(7,538,125)	43,521,087	265,445,109	10,559,309	103,567,075	116,507,461
Other transfers to (from) net assets	-	-	-	2,476,780	71,811,618	8,255	16,951,832	1,423,289
Net assets at end of year	\$ 35,621,154	\$ 21,615,497	\$ (5,098,416)	\$ 41,092,729	\$ 322,612,725	\$ 9,932,407	\$ 104,881,382	\$ 109,288,319

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II (Cobble Knoll II)	Padre Apartments Community	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Revenues								
Rent - net of vacancies	\$ 12,175,194	\$ -	\$ 3,014,332	\$ 2,754,268	\$ 773,120	\$ 88,822,456	\$ (162,389)	\$ 220,484,542
Developer fees	1,896,202	-	-	-	-	-	(24,177)	18,334,803
Services fees	14,893	-	-	-	-	75,675	(22,238,334)	1,461,716
Philanthropy	30,420,758	-	-	-	-	325,116	(2,106,000)	46,794,810
Capital grants	-	-	-	-	-	(39,771)	-	4,113,011
Consulting	-	-	-	-	-	-	(22,770)	690,110
Interest	52,033	19,381	16,037	661	5,981	552,668	(3,396,497)	3,996,721
Other	427,317	95,280	87,229	51,646	(44)	10,835,119	(26,559,225)	23,652,466
Total revenues	44,986,397	114,661	3,117,598	2,806,575	779,057	100,571,263	(54,509,392)	319,528,179
Expenses and losses								
Compensation	4,956,905	-	699,191	716,402	132,958	19,069,207	(2,691,348)	92,861,107
Administrative	2,343,405	23,400	405,390	327,677	85,526	9,983,230	(21,583,513)	20,402,925
Professional services	578,995	2,293	47,021	40,120	6,780	4,284,351	(2,202,390)	9,201,242
Depreciation and amortization	7,854,934	-	608,431	541,259	176,786	38,934,991	(845,909)	107,237,326
Grants	18,929	-	27,149	-	-	6,928,854	(15,226,214)	1,291,017
Facility	4,055,569	-	1,129,294	935,844	191,291	30,076,330	(6,650,413)	78,737,665
Interest and fees	2,503,923	55,544	257,366	339,976	148,351	15,433,414	(3,350,638)	42,928,540
Bad debts	95,321	4,947	3,765	7,751	-	395,084	(1,476,987)	2,129,573
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	(368,200)	2,049,723
Allocation	885,834	(1,569)	-	-	-	-	-	-
(Gain) loss on sale of assets	27,141	-	-	-	-	(648,873)	10	(614,494)
(Gain) loss on investment in limited partnership	51,266	-	-	-	-	1,817,418	(2,775,428)	379,396
Total expenses and losses	23,372,222	84,615	3,177,607	2,909,029	741,692	126,274,006	(57,171,030)	356,604,020
Excess (deficiency) of revenues over expenses	21,614,175	30,046	(60,009)	(102,454)	37,365	(25,702,743)	2,661,638	(37,075,841)
Net assets at beginning of year	88,994,569	(2,944,769)	633,475	634,365	839,513	132,287,784	10,627,618	813,900,437
Other transfers to (from) net assets	29,149,689	-	-	-	-	23,522,170	3,685,585	149,029,218
Net assets at end of year	\$ 139,758,433	\$ (2,914,723)	\$ 573,466	\$ 531,911	\$ 876,878	\$ 130,107,211	\$ 16,974,841	\$ 925,853,814

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)	MHMP GP, LLC	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	Mercy Housing Colorado VII, LP (Holly Park West)
Assets									
Current assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 332,951	\$ 14,012	\$ 209,738	\$ 44,872	\$ 129,824	\$ -
Cash, tenant security deposits	-	-	-	15,008	-	23,399	-	24,311	-
Cash, restricted	144,542	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	5,175	-	-	703	(2,550)	15,355	-	1,801	-
Due from affiliate, net	358,034	-	-	-	13,572	-	11,833	675	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	283,006	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	19,007	-	-	15,436	-	13,227	-	10,178	-
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	809,764			364,098	25,034	261,719	56,705	166,789	
Property and equipment									
Land and land improvements	-	-	-	2,148,342	-	857,845	-	1,251,231	-
Buildings	-	-	-	12,167,538	-	4,419,106	-	5,217,214	-
Furniture and equipment	-	-	-	463,958	-	206,852	-	249,626	-
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	(3,083,948)	-	(4,003,174)	-	(4,374,470)	-
Net property and equipment	-			11,695,890		1,480,629		2,343,601	
Other long-term assets									
Restricted property reserves	-	-	-	874,463	-	130,162	-	136,305	-
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	715,960	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	100	-	1,379,935	-	(1,787)	-	(19,991)	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	10,020,365	-	-	-	-	-	-	-	-
Allowance for impaired assets	(545,883)	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	61,319	-	-	-	17,301	-
Total other long-term assets	10,190,542		1,379,935	935,782	(1,787)	130,162	(19,991)	153,606	
Total assets	\$ 11,000,306	\$ -	\$ 1,379,935	\$ 12,995,770	\$ 23,247	\$ 1,872,510	\$ 36,714	\$ 2,663,996	\$ -

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)	MHMP GP, LLC	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	Mercy Housing Colorado VII, LP (Holly Park West)
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ 123,560	\$ -	\$ 1,675	\$ 49,007	\$ 125	\$ 15,173	\$ -	\$ 30,364	\$ -
Due to affiliates	653,258	-	(43,726)	62,398	33,333	13,572	11,834	11,833	-
Accrued interest	-	-	-	11,190	-	9,412	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	11,876	-
Current portion of notes payable	8,303	-	-	44,137	-	42,018	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	54,265	-
Deferred revenue and other liabilities	-	-	-	520	-	376	-	411	-
Tenant security deposits	-	-	-	14,756	-	22,935	-	23,345	-
Total current liabilities	785,121		(42,051)	182,008	33,458	103,486	11,834	132,094	
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	506,379	-	653,715	-	797,762	-
Notes payable, less current portion, net	41,852	-	-	1,607,525	-	1,796,287	-	(1,302)	-
Notes payable, less current portion, affiliates	-	-	-	2,249,000	-	795,653	-	2,430,244	-
Deferred revenue and other liabilities	-	-	-	-	-	3,392	-	- 2,094	-
Total long-term liabilities	41,852			4,362,904		3,249,047		3,228,798	
Total liabilities	826,973		(42,051)	4,544,912	33,458	3,352,533	11,834	3,360,892	
Net assets									
Unrestricted net assets, controlling	5,308,194	-	1,421,986	8,450,858	(10,211)	(1,480,023)	24,880	(696,896)	-
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	5,308,194	-	1,421,986	8,450,858	(10,211)	(1,480,023)	24,880	(696,896)	-
Temporarily restricted net assets	4,365,139	-	-	-	-	-	-	-	-
Permanently restricted net assets	500,000	-	-	-	-	-	-	-	-
Total net assets	10,173,333	-	1,421,986	8,450,858	(10,211)	(1,480,023)	24,880	(696,896)	
Total liabilities and net assets	\$ 11,000,306	\$ -	\$ 1,379,935	\$ 12,995,770	\$ 23,247	\$ 1,872,510	\$ 36,714	\$ 2,663,996	\$ -

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2017

	MHMP CO GP, Inc.	Mercy Bond Properties Colorado I (Franconia LLC)	MHMP 12 Holly Park East and West LP (Holly Park)	MHMP 12 Holly Park East and West GP	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 245,128	\$ 284,924	\$ -	\$ 855,690	\$ 304,937	\$ -	\$ 2,422,076
Cash, tenant security deposits	-	12,362	27,223	-	123,594	120,383	-	346,280
Cash, restricted	-	-	681,106	-	55,334	9,233	-	890,215
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	2,293	29,944	-	28,551	77,890	-	159,162
Due from affiliate, net	-	1,833	-	-	2,381	11	(383,439)	4,900
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	283,006
Prepaid expenses and other assets	-	9,620	22,023	-	105,558	110,762	-	305,811
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	271,236	1,045,220		1,171,108	623,216	(383,439)	4,411,450
Property and equipment								
Land and land improvements	-	622,232	803,398	-	2,444,351	1,536,190	-	9,663,589
Buildings	-	2,425,235	3,298,316	-	32,923,093	29,382,276	(256,019)	89,576,759
Furniture and equipment	-	138,782	-	-	504,936	1,488,697	-	3,052,851
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	4,510,669	-	-	-	(715,960)	3,794,709
Accumulated depreciation	-	(858,671)	(120,594)	-	(12,275,397)	(19,327,285)	53,985	(43,989,554)
Net property and equipment	-	2,327,578	8,491,789		23,596,983	13,079,878	(917,994)	62,098,354
Other long-term assets								
Restricted property reserves	-	182,401	9,262,415	-	2,375,474	2,000,664	-	14,961,884
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	(715,960)	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	(768,370)	-	-	(589,887)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	(1,122,759)	8,897,606
Allowance for impaired assets	-	-	-	-	-	-	-	(545,883)
Other assets, net	-	-	64,380	-	129,174	-	-	272,174
Total other long-term assets	-	182,401	9,326,795	(768,370)	2,504,648	2,000,664	(2,428,606)	23,585,781
Total assets	\$ -	\$ 2,781,215	\$ 18,863,804	\$ (768,370)	\$ 27,272,739	\$ 15,703,758	\$ (3,730,039)	\$ 90,095,585

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2017

	MHMP CO GP, Inc.	Mercy Bond Properties Colorado I (Franconia LLC)	MHMP 12 Holly Park East and West LP (Holly Park)	MHMP 12 Holly Park East and West GP	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,675	\$ 29,601	\$ 1,079,348	\$ -	\$ 614,300	\$ 629,296	\$ (995)	\$ 2,573,129
Due to affiliates	9,338	-	391,872	100	1,770,081	2,922,142	(441,402)	5,394,633
Accrued interest	-	-	51,867	-	30,650	-	-	103,119
Accrued interest, affiliates	-	10,865	-	-	-	20,473	(4,173)	39,041
Current portion of notes payable	-	-	203,738	-	202,881	-	-	501,077
Current portion of notes payable, affiliates	-	40,275	-	-	-	78,190	(17,021)	155,709
Deferred revenue and other liabilities	-	823	13,148	-	8,387	15,217	-	38,882
Tenant security deposits	-	11,701	26,959	-	121,588	113,960	-	335,244
Total current liabilities	11,013	93,265	1,766,932	100	2,747,887	3,779,278	(463,591)	9,140,834
Long-term liabilities								
Due to affiliates	-	-	-	-	-	4,959	(4,959)	-
Accrued interest	-	-	-	-	703,884	-	-	703,884
Accrued interest, affiliates	-	-	-	-	-	-	(1,933,437)	24,419
Notes payable, less current portion, net	-	(14,715)	14,423,716	-	11,758,636	(157,927)	-	29,454,072
Notes payable, less current portion, affiliates	-	2,330,373	-	-	285,001	4,835,385	(3,260,271)	9,665,385
Deferred revenue and other liabilities	-	1,931	715,960	-	1,139	5,706	(715,960)	14,262
Total long-term liabilities	-	2,317,589	15,139,676	-	12,748,660	4,688,123	(5,914,627)	39,862,022
Total liabilities	11,013	2,410,854	16,906,608	100	15,496,547	8,467,401	(6,378,218)	49,002,856
Net assets								
Unrestricted net assets, controlling	(11,013)	272,361	1,957,196	(768,470)	8,732,696	(3,211,987)	2,648,179	22,637,750
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(11,013)	272,361	1,957,196	(768,470)	8,732,696	(3,211,987)	2,648,179	22,637,750
Temporarily restricted net assets	-	98,000	-	-	3,043,496	10,448,344	-	17,954,979
Permanently restricted net assets	-	-	-	-	-	-	-	500,000
Total net assets	(11,013)	370,361	1,957,196	(768,470)	11,776,192	7,236,357	2,648,179	41,092,729
Total liabilities and net assets	\$ -	\$ 2,781,215	\$ 18,863,804	\$ (768,370)	\$ 27,272,739	\$ 15,703,758	\$ (3,730,039)	\$ 90,095,585

**Mercy Housing Mountain Plains
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017**

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)	MHMP GP, LLC	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	Mercy Housing Colorado VII, LP (Holly Park West)
Revenues									
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 911,705	\$ -	\$ 604,105	\$ -	\$ 445,695	\$ 569,478
Developer fees	1,679,984	-	-	-	-	-	-	-	-
Services fees	565,806	-	56,275	-	10,000	-	(13,837)	-	-
Philanthropy	1,039,567	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	714,834	-	-	259	-	50	-	277	30
Other	3,522,547	70,000	-	26,295	-	4,642	-	3,234	272,738
Total revenues	7,522,738	70,000	56,275	938,259	10,000	608,797	(13,837)	449,206	842,246
Expenses and losses									
Compensation	1,191,981	-	-	208,153	-	98,160	-	118,265	101,240
Administrative	175,506	-	55	171,119	12,785	76,869	(13,727)	56,004	49,876
Professional services	119,077	-	-	28,412	623	2,499	623	6,085	2,554
Depreciation and amortization	-	19,189	-	574,677	-	171,891	-	247,535	128,355
Grants	2,752,724	-	-	-	-	-	13,498	-	1,436,337
Facility	408	-	-	261,936	-	122,382	-	109,412	261,404
Interest and fees	1,991	-	-	262,769	-	160,419	-	168,411	86,720
Bad debts	701,534	-	-	1,974	-	-	-	338	6,837
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	437,530	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	29	-	23	-	218	-	-
Total expenses and losses	5,380,751	19,189	84	1,509,040	13,431	632,220	612	706,050	2,073,323
Excess (deficiency) of revenues over expenses	2,141,987	50,811	56,191	(570,781)	(3,431)	(23,423)	(14,449)	(256,844)	(1,231,077)
Net assets at beginning of year	8,031,346	323,679	1,365,795	9,021,639	(6,780)	(1,456,600)	39,329	(440,052)	(373,844)
Other transfers to (from) net assets	-	(374,490)	-	-	-	-	-	-	1,604,921
Net assets at end of year	\$ 10,173,333	\$ -	\$ 1,421,986	\$ 8,450,858	\$ (10,211)	\$ (1,480,023)	\$ 24,880	\$ (696,896)	\$ -

Mercy Housing Mountain Plains
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	MHMP CO GP, Inc.	Mercy Bond Properties Colorado I (Franconia LLC)	MHMP 12 Holly Park East and West LP (Holly Park)	MHMP 12 Holly Park East and West GP	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
Revenues								
Rent - net of vacancies	\$ -	\$ 517,626	\$ 728,638	\$ -	\$ 4,104,021	\$ 4,357,186	\$ -	\$ 12,238,454
Developer fees	-	-	-	-	-	-	(715,960)	964,024
Services fees	-	-	-	-	51,243	50,004	(291,089)	428,402
Philanthropy	-	-	-	-	223,788	253,890	-	1,517,245
Capital grants	-	-	-	-	-	64	-	64
Consulting	-	-	-	-	101,984	-	-	101,984
Interest	-	270	28	-	3,323	8,870	(231,674)	496,267
Other	-	76,653	3,931	-	115,148	257,965	(2,179,240)	2,173,913
Total revenues	-	594,549	732,597	-	4,599,507	4,927,979	(3,417,963)	17,920,353
Expenses and losses								
Compensation	-	98,662	128,945	-	1,171,431	1,470,341	-	4,587,178
Administrative	110	59,618	100,572	-	646,371	690,427	(54,126)	1,971,459
Professional services	-	10,232	42,546	-	66,161	321,897	(238,651)	362,058
Depreciation and amortization	-	111,910	120,594	-	1,336,851	1,271,233	(9,310)	3,972,925
Grants	-	-	-	-	-	2,377,891	(1,384,793)	5,195,657
Facility	-	147,044	232,940	-	1,465,825	1,371,545	-	3,972,896
Interest and fees	-	141,531	212,010	-	452,808	316,717	(253,176)	1,550,200
Bad debts	-	1,015	1,236	-	39,888	18,080	(208,374)	562,528
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	132,991	80,069	-	650,590
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	11	-	-	(281)	-
Total expenses and losses	110	570,012	838,843	11	5,312,326	7,918,200	(2,148,711)	22,825,491
Excess (deficiency) of revenues over expenses	(110)	24,537	(106,246)	(11)	(712,819)	(2,990,221)	(1,269,252)	(4,905,138)
Net assets at beginning of year	(10,903)	370,845	-	-	12,500,643	11,045,437	3,110,553	43,521,087
Other transfers to (from) net assets	-	(25,021)	2,063,442	(768,459)	(11,632)	(818,859)	806,878	2,476,780
Net assets at end of year	\$ (11,013)	\$ 370,361	\$ 1,957,196	\$ (768,470)	\$ 11,776,192	\$ 7,236,357	\$ 2,648,179	\$ 41,092,729

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Midwest	Mercy House	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Village Joplin, Inc.	Mercy Housing Midwest Nebraska, LLC	Northglen, LP	Mercy Crestview Village Housing, LP	Western Manor, LP
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 13,854	\$ 12,317	\$ 18,662	\$ -	\$ 183,283	\$ 513,128	\$ 114,446
Cash, tenant security deposits	-	501	27,854	21,963	-	22,447	35,500	15,329
Cash, restricted	22,796	-	-	250	-	-	29,553	2,735
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	10,572	2,103	5,706	260	-	1,971	5,636	2,303
Due from affiliate, net	-	-	-	-	-	3,605	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	7,402	2,734	28,604	11,503	-	9,193	29,784	16,338
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	40,770	19,192	74,481	52,638		220,499	613,601	151,151
Property and equipment								
Land and land improvements	-	30,770	1,378,986	-	-	540,239	2,126,351	444,808
Buildings	-	471,180	7,694,695	4,718,907	-	4,168,568	11,159,254	5,915,757
Furniture and equipment	18,169	42,168	295,785	33,133	-	28,232	48,299	39,150
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(18,169)	(495,118)	(4,584,379)	(1,801,608)		(1,094,140)	(3,076,300)	(1,474,129)
Net property and equipment	-	49,000	4,785,087	2,950,432		3,642,899	10,257,604	4,925,586
Other long-term assets								
Restricted property reserves	-	36,597	367,577	200,787	-	443,932	844,855	481,726
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	772,470	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	46,567	22,780	59,827
Total other long-term assets	-	36,597	367,577	200,787	772,470	490,499	867,635	541,553
Total assets	\$ 40,770	\$ 104,789	\$ 5,227,145	\$ 3,203,857	\$ 772,470	\$ 4,353,897	\$ 11,738,840	\$ 5,618,290

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Midwest	Mercy House	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Village Joplin, Inc.	Mercy Housing Midwest Nebraska, LLC	Northglen, LP	Mercy Crestview Village Housing, LP	Western Manor, LP
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 35,735	\$ 14,284	\$ 233,745	\$ 22,008	\$ -	\$ 46,135	\$ 195,282	\$ 88,878
Due to affiliates	6,953	364,721	1,250,901	283	7,120	144,493	-	1,224
Accrued interest	-	1,655	18,980	-	-	-	7,696	2,319
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	12,310	124,840	-	-	-	43,653	22,078
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	205	50	-	237	908	6,987
Tenant security deposits	-	-	27,354	21,463	-	21,946	35,899	14,925
Total current liabilities	42,688	392,971	1,656,025	43,804	7,120	212,811	283,438	136,411
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	27,772	-	676,112	-	-	-	-	-
Accrued interest, affiliates	4	-	-	-	-	282,300	1,144,422	323,907
Notes payable, less current portion, net	147,500	208,309	7,633,454	-	-	907,039	1,814,105	1,048,229
Notes payable, less current portion, affiliates	-	-	-	-	-	1,465,000	4,910,051	1,890,000
Deferred revenue and other liabilities	-	-	577	250	-	312	-	-
Total long-term liabilities	175,272	208,309	8,310,143	250		2,654,651	7,868,578	3,262,136
Total liabilities	217,960	601,280	9,966,168	44,054	7,120	2,867,462	8,152,016	3,398,547
Net assets								
Unrestricted net assets, controlling	(199,986)	(496,491)	(4,739,023)	139,103	765,350	1,486,435	3,586,824	2,219,743
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(199,986)	(496,491)	(4,739,023)	139,103	765,350	1,486,435	3,586,824	2,219,743
Temporarily restricted net assets	22,796	-	-	3,020,700	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(177,190)	(496,491)	(4,739,023)	3,159,803	765,350	1,486,435	3,586,824	2,219,743
Total liabilities and net assets	\$ 40,770	\$ 104,789	\$ 5,227,145	\$ 3,203,857	\$ 772,470	\$ 4,353,897	\$ 11,738,840	\$ 5,618,290

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2017

	Eliminations	Consolidated Mercy Housing Midwest
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 855,690
Cash, tenant security deposits	-	123,594
Cash, restricted	-	55,334
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	-	28,551
Due from affiliate, net	(1,224)	2,381
Pledges receivable, net	-	-
Grants receivable	-	-
Current portion of notes and interest receivable	-	-
Current portion of notes and interest receivable, affiliates	-	-
Prepaid expenses and other assets	-	105,558
Inventory	-	-
Assets held for sale	-	-
Total current assets	(1,224)	1,171,108
Property and equipment		
Land and land improvements	(2,076,803)	2,444,351
Buildings	(1,205,268)	32,923,093
Furniture and equipment	-	504,936
Predevelopment project costs	-	-
Construction in progress	-	-
Accumulated depreciation	268,446	(12,275,397)
Net property and equipment	(3,013,625)	23,596,983
Other long-term assets		
Restricted property reserves	-	2,375,474
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	-
Pledges receivable, net	-	-
Investments in limited partnerships, net	(772,470)	-
Notes and interest receivable, net	-	-
Notes and interest receivable, affiliates	-	-
Allowance for impaired assets	-	-
Other assets, net	-	129,174
Total other long-term assets	(772,470)	2,504,648
Total assets	\$ (3,787,319)	\$ 27,272,739

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2017

	Eliminations	Consolidated Mercy Housing Midwest
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ (21,767)	\$ 614,300
Due to affiliates	(5,614)	1,770,081
Accrued interest	-	30,650
Accrued interest, affiliates	-	-
Current portion of notes payable	-	202,881
Current portion of notes payable, affiliates	-	-
Deferred revenue and other liabilities	-	8,387
Tenant security deposits	-	121,588
Total current liabilities	(27,381)	2,747,887
Long-term liabilities		
Due to affiliates	-	-
Accrued interest	-	703,884
Accrued interest, affiliates	(1,750,629)	-
Notes payable, less current portion, net	-	11,758,636
Notes payable, less current portion, affiliates	(7,980,050)	285,001
Deferred revenue and other liabilities	-	1,139
Total long-term liabilities	(9,730,679)	12,748,660
Total liabilities	(9,758,060)	15,496,547
Net assets		
Unrestricted net assets, controlling	5,970,741	8,732,696
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	5,970,741	8,732,696
Temporarily restricted net assets	-	3,043,496
Permanently restricted net assets	-	-
Total net assets	5,970,741	11,776,192
Total liabilities and net assets	\$ (3,787,319)	\$ 27,272,739

Mercy Housing Midwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing Midwest	Mercy House	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Village Joplin, Inc.	Mercy Housing Midwest Nebraska, LLC	Northglen, LP	Mercy Crestview Village Housing, LP	Western Manor, LP
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ 1,307,548	\$ 347,746	\$ -	\$ 444,923	\$ 1,383,473	\$ 620,331
Developer fees	-	-	-	-	-	-	-	-
Services fees	169,335	-	-	-	-	-	-	-
Philanthropy	223,788	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	101,984	-	-	-	-	-	-	-
Interest	335,106	17	18	56	-	169	1,345	447
Other	146,025	230	45,097	6,563	-	13,092	20,861	10,551
Total revenues	976,238	247	1,352,663	354,365		458,184	1,405,679	631,329
Expenses and losses								
Compensation	380,720	347	210,033	129,696	-	81,572	234,501	134,562
Administrative	67,614	964	186,755	77,376	55	62,396	169,874	81,337
Professional services	5,480	6,630	13,384	9,800	623	7,980	75,698	64,658
Depreciation and amortization	-	2,349	301,668	189,944	-	175,388	475,277	236,053
Grants	-	-	-	-	-	-	-	-
Facility	126	28,246	548,939	110,217	-	152,058	438,772	187,467
Interest and fees	3,216	18,359	286,748	600	-	41,433	318,050	118,237
Bad debts	372,587	-	14,389	29	-	2,737	6,751	3,387
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	132,991	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	57	-	-	-
Total expenses and losses	962,734	56,895	1,561,916	517,662	735	523,564	1,718,923	825,701
Excess (deficiency) of revenues over expenses	13,504	(56,648)	(209,253)	(163,297)	(735)	(65,380)	(313,244)	(194,372)
Net assets at beginning of year	(190,694)	(439,843)	(4,529,770)	3,323,100	766,085	1,551,815	3,908,154	2,417,661
Other transfers to (from) net assets	-	-	-	-	-	-	(8,086)	(3,546)
Net assets at end of year	\$ (177,190)	\$ (496,491)	\$ (4,739,023)	\$ 3,159,803	\$ 765,350	\$ 1,486,435	\$ 3,586,824	\$ 2,219,743

Mercy Housing Midwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Eliminations	Consolidated Mercy Housing Midwest
Revenues		
Rent - net of vacancies	\$ -	\$ 4,104,021
Developer fees	-	-
Services fees	(118,092)	51,243
Philanthropy	-	223,788
Capital grants	-	-
Consulting	-	101,984
Interest	(333,835)	3,323
Other	(127,271)	115,148
Total revenues	<u>(579,198)</u>	<u>4,599,507</u>
Expenses and losses		
Compensation	-	1,171,431
Administrative	-	646,371
Professional services	(118,092)	66,161
Depreciation and amortization	(43,828)	1,336,851
Grants	-	-
Facility	-	1,465,825
Interest and fees	(333,835)	452,808
Bad debts	(359,992)	39,888
Provision for impaired assets	-	-
Project expenses	-	-
Allocation	-	132,991
(Gain) loss on sale of assets	-	-
(Gain) loss on investment in limited partnership	(57)	-
Total expenses and losses	<u>(855,804)</u>	<u>5,312,326</u>
Excess (deficiency) of revenues over expenses	276,606	(712,819)
Net assets at beginning of year	5,694,135	12,500,643
Other transfers to (from) net assets	-	(11,632)
Net assets at end of year	<u>\$ 5,970,741</u>	<u>\$ 11,776,192</u>

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa de Merced	Casa de Shanti, Inc.	Decatur Place	El Mirage Senior Village	Mercy Holly Park East
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 13,209	\$ 11,225	\$ 15,104	\$ 26,059	\$ 158,695	\$ 14,331	\$ -
Cash, tenant security deposits	-	10,249	1,549	9,754	6,006	36,939	12,526	-
Cash, restricted	9,233	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	3,100	443	-	268	93	69,694	1,227	-
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	9,815	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	144,816	-	-	-	-	-	-	-
Prepaid expenses and other assets	5,285	9,082	1,838	8,583	5,424	35,045	9,203	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>172,249</u>	<u>32,983</u>	<u>14,612</u>	<u>33,709</u>	<u>37,582</u>	<u>300,373</u>	<u>37,287</u>	
Property and equipment								
Land and land improvements	-	139,772	68,890	119,815	92,256	398,398	77,415	-
Buildings	-	2,491,547	469,458	2,120,949	1,326,280	10,561,896	2,073,781	-
Furniture and equipment	-	110,170	5,570	101,822	65,924	630,200	143,376	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,471,319)	(286,376)	(1,617,058)	(1,084,739)	(6,333,529)	(1,568,645)	-
Net property and equipment	<u>-</u>	<u>1,270,170</u>	<u>257,542</u>	<u>725,528</u>	<u>399,721</u>	<u>5,256,965</u>	<u>725,927</u>	
Other long-term assets								
Restricted property reserves	-	86,711	37,094	100,458	91,670	1,153,303	78,196	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	11,785	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	<u>11,785</u>	<u>86,711</u>	<u>37,094</u>	<u>100,458</u>	<u>91,670</u>	<u>1,153,303</u>	<u>78,196</u>	
Total assets	<u>\$ 184,034</u>	<u>\$ 1,389,864</u>	<u>\$ 309,248</u>	<u>\$ 859,695</u>	<u>\$ 528,973</u>	<u>\$ 6,710,641</u>	<u>\$ 841,410</u>	<u>\$ -</u>

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casas	Casa de Merced	Casa de Shanti, Inc.	Decatur Place	El Mirage Senior Village	Mercy Holly Park East
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 24,848	\$ 18,974	\$ 14,984	\$ 19,892	\$ 38,992	\$ 261,929	\$ 44,278	\$ -
Due to affiliates	2,922,131	19,604	13,036	27,963	68,911	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	20,473	-	-
Current portion of notes payable	-	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	78,190	-	-
Deferred revenue and other liabilities	-	1,153	-	-	-	10,323	433	-
Tenant security deposits	-	9,749	1,049	9,576	5,506	36,328	11,779	-
Total current liabilities	2,946,979	49,480	29,069	57,431	113,409	407,243	56,490	
Long-term liabilities								
Due to affiliates	-	-	-	-	-	4,959	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	(157,927)	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	4,835,385	-	-
Deferred revenue and other liabilities	-	-	-	-	-	5,706	-	-
Total long-term liabilities	-					4,688,123		
Total liabilities	2,946,979	49,480	29,069	57,431	113,409	5,095,366	56,490	
Net assets								
Unrestricted net assets, controlling	(2,791,934)	(113,099)	24,862	(232,043)	(201,113)	1,360,700	(322,095)	-
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(2,791,934)	(113,099)	24,862	(232,043)	(201,113)	1,360,700	(322,095)	-
Temporarily restricted net assets	28,989	1,453,483	255,317	1,034,307	616,677	254,575	1,107,015	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(2,762,945)	1,340,384	280,179	802,264	415,564	1,615,275	784,920	
Total liabilities and net assets	\$ 184,034	\$ 1,389,864	\$ 309,248	\$ 859,695	\$ 528,973	\$ 6,710,641	\$ 841,410	\$ -

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2017

	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments	Eliminations	Consolidated Mercy Housing Southwest
Assets								
Current assets								
Cash and cash equivalents	\$ 8,243	\$ 20,138	\$ 11,069	\$ 11,577	\$ 11,455	\$ 3,832	\$ -	\$ 304,937
Cash, tenant security deposits	10,495	5,090	2,978	5,021	17,305	2,471	-	120,383
Cash, restricted	-	-	-	-	-	-	-	9,233
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	1,651	64	142	3	456	749	-	77,890
Due from affiliate, net	-	-	-	-	-	11	-	11
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	(9,815)	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	(144,816)	-
Prepaid expenses and other assets	8,725	4,140	2,892	5,600	12,270	2,675	-	110,762
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>29,114</u>	<u>29,432</u>	<u>17,081</u>	<u>22,201</u>	<u>41,486</u>	<u>9,738</u>	<u>(154,631)</u>	<u>623,216</u>
Property and equipment								
Land and land improvements	192,606	45,000	72,820	55,045	223,340	50,833	-	1,536,190
Buildings	2,176,298	1,164,694	1,014,413	1,627,617	3,541,071	1,280,311	(466,039)	29,382,276
Furniture and equipment	100,560	49,045	34,583	70,057	145,677	31,713	-	1,488,697
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(1,476,210)</u>	<u>(823,814)</u>	<u>(589,570)</u>	<u>(1,323,035)</u>	<u>(2,167,940)</u>	<u>(874,357)</u>	<u>289,307</u>	<u>(19,327,285)</u>
Net property and equipment	<u>993,254</u>	<u>434,925</u>	<u>532,246</u>	<u>429,684</u>	<u>1,742,148</u>	<u>488,500</u>	<u>(176,732)</u>	<u>13,079,878</u>
Other long-term assets								
Restricted property reserves	95,409	73,526	25,636	71,185	136,800	50,676	-	2,000,664
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	(11,785)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	<u>95,409</u>	<u>73,526</u>	<u>25,636</u>	<u>71,185</u>	<u>136,800</u>	<u>50,676</u>	<u>(11,785)</u>	<u>2,000,664</u>
Total assets	<u>\$ 1,117,777</u>	<u>\$ 537,883</u>	<u>\$ 574,963</u>	<u>\$ 523,070</u>	<u>\$ 1,920,434</u>	<u>\$ 548,914</u>	<u>\$ (343,148)</u>	<u>\$ 15,703,758</u>
	-	-	-	-	-	-	-	-

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2017

	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments	Eliminations	Consolidated Mercy Housing Southwest
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 68,251	\$ 18,753	\$ 26,384	\$ 47,897	\$ 23,523	\$ 20,591	\$ -	\$ 629,296
Due to affiliates	5,000	-	35,402	66,243	-	-	(236,148)	2,922,142
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	20,473
Current portion of notes payable	-	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	20,000	-	-	(20,000)	78,190
Deferred revenue and other liabilities	1,286	308	129	627	958	-	-	15,217
Tenant security deposits	10,177	4,420	2,742	4,385	16,313	1,936	-	113,960
Total current liabilities	84,714	23,481	64,657	139,152	40,794	22,527	(256,148)	3,779,278
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	4,959
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	-	-	(157,927)
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	4,835,385
Deferred revenue and other liabilities	-	-	-	-	-	-	-	5,706
Total long-term liabilities	-	-	-	-	-	-	-	4,688,123
Total liabilities	84,714	23,481	64,657	139,152	40,794	22,527	(256,148)	8,467,401
Net assets								
Unrestricted net assets, controlling	(155,692)	(110,092)	(70,870)	(300,863)	(222,396)	9,648	(87,000)	(3,211,987)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(155,692)	(110,092)	(70,870)	(300,863)	(222,396)	9,648	(87,000)	(3,211,987)
Temporarily restricted net assets	1,188,755	624,494	581,176	684,781	2,102,036	516,739	-	10,448,344
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,033,063	514,402	510,306	383,918	1,879,640	526,387	(87,000)	7,236,357
Total liabilities and net assets	\$ 1,117,777	\$ 537,883	\$ 574,963	\$ 523,070	\$ 1,920,434	\$ 548,914	\$ (343,148)	\$ 15,703,758

Mercy Housing Southwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa de Merced	Casa de Shanti, Inc.	Decatur Place	El Mirage Senior Village	Mercy Holly Park East
Revenues								
Rent - net of vacancies	\$ -	\$ 298,894	\$ 71,204	\$ 283,401	\$ 201,517	\$ 1,593,566	\$ 256,371	\$ 516,678
Developer fees	-	-	-	-	-	-	-	-
Services fees	50,004	-	-	-	-	-	-	-
Philanthropy	253,890	-	-	-	-	-	-	-
Capital grants	64	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	1,099	39	36	55	41	7,331	46	51
Other	-	1,009	410	1,887	1,838	21,170	23,284	196,740
Total revenues	305,057	299,942	71,650	285,343	203,396	1,622,067	279,701	713,469
Expenses and losses								
Compensation	215,583	110,981	21,305	117,540	69,277	327,026	109,352	92,670
Administrative	41,713	43,570	11,280	43,805	32,618	181,670	58,372	73,096
Professional services	3,437	7,380	7,004	7,380	8,230	193,902	12,412	18,666
Depreciation and amortization	-	94,552	20,423	83,174	50,616	450,420	80,642	97,888
Grants	-	-	-	-	-	1,100,000	-	1,277,891
Facility	103	81,997	19,396	78,499	54,704	446,221	91,205	213,045
Interest and fees	58,738	98	-	531	-	257,300	-	50
Bad debts	1,099	-	-	-	-	9,653	-	7,314
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	80,069	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	400,742	338,578	79,408	330,929	215,445	2,966,192	351,983	1,780,620
Excess (deficiency) of revenues over expenses	(95,685)	(38,636)	(7,758)	(45,586)	(12,049)	(1,344,125)	(72,282)	(1,067,151)
Net assets at beginning of year	(2,667,260)	1,379,020	287,937	847,850	427,613	2,959,400	857,202	1,890,452
Other transfers to (from) net assets	-	-	-	-	-	-	-	(823,301)
Net assets at end of year	\$ (2,762,945)	\$ 1,340,384	\$ 280,179	\$ 802,264	\$ 415,564	\$ 1,615,275	\$ 784,920	\$ -

Mercy Housing Southwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments	Eliminations	Consolidated Mercy Housing Southwest
Revenues								
Rent - net of vacancies	\$ 235,771	\$ 138,893	\$ 98,859	\$ 206,432	\$ 329,654	\$ 125,946	\$ -	\$ 4,357,186
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	50,004
Philanthropy	-	-	-	-	-	-	-	253,890
Capital grants	-	-	-	-	-	-	-	64
Consulting	-	-	-	-	-	-	-	-
Interest	50	33	5	30	29	25	-	8,870
Other	1,585	1,355	960	3,613	4,068	46	-	257,965
Total revenues	237,406	140,281	99,824	210,075	333,751	126,017	-	4,927,979
Expenses and losses								
Compensation	112,537	50,126	29,701	67,507	108,187	38,549	-	1,470,341
Administrative	41,974	24,984	20,696	35,983	63,574	17,092	-	690,427
Professional services	7,380	8,230	8,430	8,903	9,580	20,963	-	321,897
Depreciation and amortization	81,002	42,981	37,042	63,061	139,194	47,605	(17,367)	1,271,233
Grants	-	-	-	-	-	-	-	2,377,891
Facility	77,426	36,755	44,469	78,993	104,655	44,077	-	1,371,545
Interest and fees	-	-	-	-	-	-	-	316,717
Bad debts	-	-	-	-	-	14	-	18,080
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	80,069
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	320,319	163,076	140,338	254,447	425,190	168,300	(17,367)	7,918,200
Excess (deficiency) of revenues over expenses	(82,913)	(22,795)	(40,514)	(44,372)	(91,439)	(42,283)	17,367	(2,990,221)
Net assets at beginning of year	1,115,976	537,197	550,820	428,290	1,971,079	568,670	(108,809)	11,045,437
Other transfers to (from) net assets	-	-	-	-	-	-	4,442	(818,859)
Net assets at end of year	\$ 1,033,063	\$ 514,402	\$ 510,306	\$ 383,918	\$ 1,879,640	\$ 526,387	\$ (87,000)	\$ 7,236,357

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Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California	Affordable Housing Initiatives	All Hallows Community	Marin Homes for Independent Living (Camino Alto)	Cantebria Senior Homes	Mercy Senior Housing Oxnard (Casa Merced)	Francis of Assisi Community	Gault Street Senior Housing
Assets								
Current assets								
Cash and cash equivalents	\$ 21,361,920	\$ -	\$ 27,275	\$ 30,968	\$ 5,095	\$ 13,636	\$ 410,139	\$ 15,697
Cash, tenant security deposits	-	-	13,130	7,988	14,914	12,759	-	14,023
Cash, restricted	2,746,829	-	-	-	150	-	1,528,142	10,490
Investments	10,657,861	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	537,227	-	39,918	-	2,365	1,067	-	535
Due from affiliate, net	18,494,140	-	-	-	-	-	843	-
Pledges receivable, net	10,146	-	-	-	-	-	-	-
Grants receivable	62,087	-	-	-	-	-	-	-
Current portion of notes and interest receivable	95,777	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	1,487,812	-	-	-	-	-	-	-
Prepaid expenses and other assets	266,077	-	17,249	18,440	9,103	7,260	-	11,701
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	55,719,876		97,572	57,396	31,627	34,722	1,939,124	52,446
Property and equipment								
Land and land improvements	3,060,518	-	164,430	389,000	20,827	323,400	-	-
Buildings	771,217	-	3,167,654	2,273,478	5,248,809	4,196,592	-	4,664,224
Furniture and equipment	219,117	-	1,026,176	167,226	19,879	92,485	-	66,363
Predevelopment project costs	3,763,904	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(523,042)	-	(2,457,941)	(1,887,507)	(2,417,110)	(2,929,104)	-	(2,326,091)
Net property and equipment	7,291,714		1,900,319	942,197	2,872,405	1,683,373		2,404,496
Other long-term assets								
Restricted property reserves	3,159,767	-	1,250,367	620,030	147,585	170,590	1,643	169,877
Long-term investments	6,966,179	-	-	-	-	-	-	-
Long-term investments, restricted	740,000	-	-	-	-	-	-	-
Due from affiliates	10,070,353	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(1,626,202)	330,669	-	-	-	-	-	-
Notes and interest receivable, net	2,424,333	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	13,848,290	-	-	-	-	-	599,571	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	35,582,720	330,669	1,250,367	620,030	147,585	170,590	601,214	169,877
Total assets	\$ 98,594,310	\$ 330,669	\$ 3,248,258	\$ 1,619,623	\$ 3,051,617	\$ 1,888,685	\$ 2,540,338	\$ 2,626,819
	-	-	-	-	-	-	-	-

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California	Affordable Housing Initiatives	All Hallows Community	Marin Homes for Independent Living (Camino Alto)	Cantebria Senior Homes	Mercy Senior Housing Oxnard (Casa Merced)	Francis of Assisi Community	Gault Street Senior Housing
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 2,402,916	\$ 2,335	\$ 308,049	\$ 153,121	\$ 83,636	\$ 36,753	\$ (11,641)	\$ 26,880
Due to affiliates	255,268	82,097	-	-	6,916	32,000	-	-
Accrued interest	50,087	-	15,019	8,372	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	893,068	-	61,777	30,245	-	-	-	-
Current portion of notes payable, affiliates	4,161,613	-	-	-	-	-	-	-
Deferred revenue and other liabilities	660,665	-	277	1,696	1,306	716	-	2,628
Tenant security deposits	-	-	11,413	7,812	14,816	12,393	-	13,905
Total current liabilities	8,423,617	84,432	396,535	201,246	106,674	81,862	(11,641)	43,413
Long-term liabilities								
Due to affiliates	60,000	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	4,260,000	-	3,286,199	1,690,731	-	-	-	-
Notes payable, less current portion, affiliates	464,136	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,168,068	-	-	-	-	-	-	-
Total long-term liabilities	5,952,204	-	3,286,199	1,690,731	-	-	-	-
Total liabilities	14,375,821	84,432	3,682,734	1,891,977	106,674	81,862	(11,641)	43,413
Net assets								
Unrestricted net assets, controlling	75,818,794	246,237	(434,476)	(272,354)	193,460	(600,702)	2,551,979	(678,394)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	75,818,794	246,237	(434,476)	(272,354)	193,460	(600,702)	2,551,979	(678,394)
Temporarily restricted net assets	6,629,695	-	-	-	2,751,483	2,407,525	-	3,261,800
Permanently restricted net assets	1,770,000	-	-	-	-	-	-	-
Total net assets	84,218,489	246,237	(434,476)	(272,354)	2,944,943	1,806,823	2,551,979	2,583,406
Total liabilities and net assets	\$ 98,594,310	\$ 330,669	\$ 3,248,258	\$ 1,619,623	\$ 3,051,617	\$ 1,888,685	\$ 2,540,338	\$ 2,626,819

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2017

	John W. King Senior Community	Maria B. Freitas Senior Housing Corporation	Marin Housing Corporation (Martinelli House)	Mercy Family Plaza Limited Partnership (Mercy Family Plaza)	Mercy Gardens	Notre Dame Senior Housing Corporation	Oceana Senior Housing Corporation (Oceana Terrace)	Presentation Senior Housing Community
Assets								
Current assets								
Cash and cash equivalents	\$ 103,812	\$ 41,060	\$ 5	\$ 322,030	\$ 5,886	\$ 24,657	\$ 87,047	\$ 5,604
Cash, tenant security deposits	26,521	21,630	-	35,388	5,858	25,289	14,591	38,464
Cash, restricted	11,723	300	-	-	150	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	5,640	1,991	9,277	3,334	5,351
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	35,734	20,493	-	6,879	4,687	21,462	9,974	42,537
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	177,790	83,483		369,937	18,572	80,685	114,946	91,956
Property and equipment								
Land and land improvements	1,042,148	785,749	-	1,037,824	95,609	2,000,000	400,000	1,797,674
Buildings	13,630,922	6,128,930	-	1,392,984	3,916,200	8,540,554	3,730,854	14,099,071
Furniture and equipment	254,154	204,698	-	19,475	79,530	286,388	206,033	441,056
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(8,091,355)	(4,612,838)		(1,950,757)	(2,224,158)	(6,500,244)	(3,071,633)	(9,044,524)
Net property and equipment	6,834,969	2,505,639		499,526	1,867,181	4,326,698	1,265,254	7,293,277
Other long-term assets								
Restricted property reserves	485,319	180,785	-	297,314	208,480	262,004	87,854	1,276,713
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	4,729,907	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	485,319	180,785	4,729,907	297,314	208,480	262,004	87,854	1,276,713
Total assets	\$ 7,498,078	\$ 2,769,907	\$ 4,729,912	\$ 1,166,777	\$ 2,094,233	\$ 4,669,387	\$ 1,468,054	\$ 8,661,946
	-	-	-	-	-	-	-	-

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2017

	John W. King Senior Community	Maria B. Freitas Senior Housing Corporation	Marin Housing Corporation (Martinelli House)	Mercy Family Plaza Limited Partnership (Mercy Family Plaza)	Mercy Gardens	Notre Dame Senior Housing Corporation	Oceana Senior Housing Corporation (Oceana Terrace)	Presentation Senior Housing Community
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 91,969	\$ 74,863	\$ -	\$ 14,425	\$ 216,077	\$ 39,411	\$ 104,714	\$ 101,062
Due to affiliates	10,001	-	-	16,412	8,019	-	-	-
Accrued interest	-	-	-	3,581	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	149,958	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	379	-	-	1,647	383	240	197
Tenant security deposits	26,021	21,380	-	35,268	5,329	25,039	14,341	38,253
Total current liabilities	127,991	96,622		219,644	231,072	64,833	119,295	139,512
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	538,112	-	859,995	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	739,452	1,060,319	-	617,883	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	2,533	-	-	-	2,696	1,716	-
Total long-term liabilities	-	2,533		739,452	1,598,431	2,696	1,479,594	
Total liabilities	127,991	99,155		959,096	1,829,503	67,529	1,598,889	139,512
Net assets								
Unrestricted net assets, controlling	(1,373,400)	(382,171)	4,729,912	207,681	(1,403,022)	(672,505)	(1,664,747)	(598,822)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,373,400)	(382,171)	4,729,912	207,681	(1,403,022)	(672,505)	(1,664,747)	(598,822)
Temporarily restricted net assets	8,743,487	3,052,923	-	-	1,667,752	5,274,363	1,533,912	9,121,256
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	7,370,087	2,670,752	4,729,912	207,681	264,730	4,601,858	(130,835)	8,522,434
Total liabilities and net assets	\$ 7,498,078	\$ 2,769,907	\$ 4,729,912	\$ 1,166,777	\$ 2,094,233	\$ 4,669,387	\$ 1,468,054	\$ 8,661,946

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2017

	Russell Manor	Tierra Del Sol, Inc.	Garden Park Apartment Community	Mercy Oaks Village	Mercy Commercial California	MPCAL, LLC	MCC 1360 LLC	Central Coast Housing
Assets								
Current assets								
Cash and cash equivalents	\$ 13,351	\$ 33,418	\$ 47,811	\$ 35,197	\$ 436,031	\$ 314,214	\$ 467,520	\$ 113,835
Cash, tenant security deposits	20,687	24,160	6,519	21,134	-	-	-	4,898
Cash, restricted	-	10,285	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	21,100	485	4,574	293	8,173	198,377	-	-
Due from affiliate, net	-	133	-	3,846	74,427	-	2,739,409	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	12,437	17,928	11,618	12,133	10,146	7,000	-	2,286
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	67,575	86,409	70,522	72,603	528,777	519,591	3,206,929	121,019
Property and equipment								
Land and land improvements	242,906	1,213,204	561,834	9,960	-	5,845	-	211,256
Buildings	5,620,247	11,786,350	5,230,128	7,825,909	278,354	2,336,820	-	661,257
Furniture and equipment	381,927	31,415	46,690	84,829	-	-	-	13,971
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(4,456,113)	(4,519,735)	(1,965,052)	(3,288,216)	(154,831)	(122,282)	-	(363,612)
Net property and equipment	1,788,967	8,511,234	3,873,600	4,632,482	123,523	2,220,383	-	522,872
Other long-term assets								
Restricted property reserves	427,383	633,271	1,076,564	172,910	422,760	237,508	-	77,759
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	(189,365)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	427,383	633,271	1,076,564	172,910	422,760	237,508	-	(111,606)
Total assets	\$ 2,283,925	\$ 9,230,914	\$ 5,020,686	\$ 4,877,995	\$ 1,075,060	\$ 2,977,482	\$ 3,206,929	\$ 532,285
	-	-	-	-	-	-	-	-

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2017

	Russell Manor	Tierra Del Sol, Inc.	Garden Park Apartment Community	Mercy Oaks Village	Mercy Commercial California	MPCAL, LLC	MCC 1360 LLC	Central Coast Housing
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 53,216	\$ 41,862	\$ 43,188	\$ 31,940	\$ 38,517	\$ 24,859	\$ -	\$ 6,880
Due to affiliates	11,778	1,475,877	146,670	10,000	2,855,216	-	54,166	-
Accrued interest	-	-	-	-	-	167,166	-	98
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-	1,367
Current portion of notes payable, affiliates	-	96,934	-	-	-	-	-	-
Deferred revenue and other liabilities	3,348	937	1,559	389	4,538	654	-	-
Tenant security deposits	20,187	23,764	6,381	20,371	72,077	33,000	-	4,398
Total current liabilities	88,529	1,639,374	197,798	62,700	2,970,348	225,679	54,166	12,743
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	213,035	-	1,071,214	64,765	-	-	-	138,241
Accrued interest, affiliates	-	-	-	-	-	-	-	175,770
Notes payable, less current portion, net	356,515	(20,292)	3,219,929	477,415	-	2,778,432	-	222,477
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	180,000
Deferred revenue and other liabilities	2,404	-	-	-	290,852	-	-	-
Total long-term liabilities	571,954	(20,292)	4,291,143	542,180	290,852	2,778,432	-	716,488
Total liabilities	660,483	1,619,082	4,488,941	604,880	3,261,200	3,004,111	54,166	729,231
Net assets								
Unrestricted net assets, controlling	(1,313,029)	(1,167,759)	(861,245)	(894,474)	(2,186,140)	(26,629)	3,152,763	(282,604)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,313,029)	(1,167,759)	(861,245)	(894,474)	(2,186,140)	(26,629)	3,152,763	(282,604)
Temporarily restricted net assets	2,936,471	8,779,591	1,392,990	5,167,589	-	-	-	85,658
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,623,442	7,611,832	531,745	4,273,115	(2,186,140)	(26,629)	3,152,763	(196,946)
Total liabilities and net assets	\$ 2,283,925	\$ 9,230,914	\$ 5,020,686	\$ 4,877,995	\$ 1,075,060	\$ 2,977,482	\$ 3,206,929	\$ 532,285

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Sycamore Street Consolidated	Mercy Housing California Family Properties	Mercy Housing California 51, LP (Bill Sorro Community)	Mercy Housing California Special Needs	Mercy Housing California 57, LP (1500 Page)	Mercy Midtown Inc.	Florin Housing Corporation GP
Assets								
Current assets								
Cash and cash equivalents	\$ 90,066	\$ 6,133	\$ -	\$ 187,975	\$ -	\$ 48,096	\$ 239,947	\$ -
Cash, tenant security deposits	55,734	49,619	-	65,786	-	6,850	89,264	-
Cash, restricted	811	-	-	234,032	-	140,573	4,968	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	7,169	3,711	-	112,324	-	120,054	57,635	-
Due from affiliate, net	587	-	-	-	15,450	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	24,490	10,017	-	46,074	-	4,394	55,304	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	178,857	69,480		646,191	15,450	319,967	447,118	
Property and equipment								
Land and land improvements	438,540	1,560,000	-	1,168,786	-	548,099	-	-
Buildings	18,754,435	3,776,013	-	37,229,305	-	9,583,608	-	-
Furniture and equipment	384,663	-	-	526,234	-	85,993	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	5,850,030	-
Accumulated depreciation	(3,641,482)	(721,694)	-	(1,180,905)	-	(302,618)	-	-
Net property and equipment	15,936,156	4,614,319		37,743,420		9,915,082	5,850,030	
Other long-term assets								
Restricted property reserves	728,591	322,890	-	-	-	-	150,038	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	1,273,636	-	(13,813)	-	-	(1,637,604)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	55,505	-	-	18,118	-	27,489	-	-
Total other long-term assets	784,096	322,890	1,273,636	18,118	(13,813)	27,489	150,038	(1,637,604)
Total assets	\$ 16,899,109	\$ 5,006,689	\$ 1,273,636	\$ 38,407,229	\$ 1,637	\$ 10,262,538	\$ 6,447,186	\$ (1,637,604)

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Sycamore Street Consolidated	Mercy Housing California Family Properties	Mercy Housing California 51, LP (Bill Sorro Community)	Mercy Housing California Special Needs	Mercy Housing California 57, LP (1500 Page)	Mercy Midtown Inc.	Florin Housing Corporation GP
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 75,822	\$ 57,736	\$ 1,952	\$ 98,337	\$ 3,092	\$ 39,287	\$ 975,882	\$ -
Due to affiliates	35,604	22,541	6,724	450,879	18,382	752,401	206,597	-
Accrued interest	-	5,008	-	25,542	-	8,891	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	71,094	-	10,998,933	-	3,210,886	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	2,249	-	-
Deferred revenue and other liabilities	1,037	554	-	4,590	-	767	3,120	-
Tenant security deposits	55,309	48,076	-	75,536	-	6,566	88,764	-
Total current liabilities	167,772	205,009	8,676	11,653,817	21,474	4,021,047	1,274,363	
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	3,196,225	1,090,875	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	7,247,771	3,983,805	-	15,555,049	-	1,439,239	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	5,106	2,451	-	98,502	-	-	-	-
Total long-term liabilities	10,449,102	5,077,131		15,653,551		1,439,239		
Total liabilities	10,616,874	5,282,140	8,676	27,307,368	21,474	5,460,286	1,274,363	
Net assets								
Unrestricted net assets, controlling	6,282,235	(275,451)	1,264,960	11,100,361	(19,837)	4,802,252	5,172,823	(1,637,604)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	6,282,235	(275,451)	1,264,960	11,100,361	(19,837)	4,802,252	5,172,823	(1,637,604)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	6,282,235	(275,451)	1,264,960	11,100,361	(19,837)	4,802,252	5,172,823	(1,637,604)
Total liabilities and net assets	\$ 16,899,109	\$ 5,006,689	\$ 1,273,636	\$ 38,407,729	\$ 1,637	\$ 10,262,538	\$ 6,447,186	\$ (1,637,604)

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California 77, LP (Crossroad Gardens)	Sunnydale Block 6 Housing Partnership, LP	Consolidated Mercy Housing California Senior Properties	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Assets								
Current assets								
Cash and cash equivalents	\$ 44,458	\$ -	\$ 1,466,745	\$ 9,321,145	\$ 499,993	\$ 421,466	\$ -	\$ 36,242,232
Cash, tenant security deposits	44,053	-	123,420	1,573,235	45,162	132,800	-	2,493,876
Cash, restricted	75,447	89,685	15,054	15,170,548	17,202	201	-	20,056,590
Investments	-	-	-	-	-	-	-	10,657,861
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	13,429	-	45,549	2,660,743	1,495	7,869	(233,770)	3,635,915
Due from affiliate, net	-	-	2,390	322,407	47,481	-	(16,801,009)	4,900,104
Pledges receivable, net	-	-	-	-	-	-	-	10,146
Grants receivable	-	-	-	-	-	-	-	62,087
Current portion of notes and interest receivable	-	-	-	-	-	-	-	95,777
Current portion of notes and interest receivable, affiliates	-	-	-	-	83,380	-	(1,258,103)	313,089
Prepaid expenses and other assets	20,504	105,000	141,647	1,559,432	18,578	43,994	(363,754)	2,210,824
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	197,891	194,685	1,794,805	30,607,510	713,291	606,330	(18,656,636)	80,678,501
Property and equipment								
Land and land improvements	732,280	-	2,122,174	86,428,838	5,484,234	1,643,175	-	113,488,310
Buildings	4,738,932	-	24,242,563	664,367,956	13,530,286	7,924,219	(13,311,644)	876,334,427
Furniture and equipment	59,323	-	1,409,476	17,404,305	165,798	3,790,024	-	27,467,228
Predevelopment project costs	-	265,504	-	2,326,670	-	-	-	6,356,078
Construction in progress	2,745,629	-	-	165,598,457	-	-	(9,093,674)	165,100,442
Accumulated depreciation	(89,540)	-	(9,035,189)	(91,857,227)	(9,379,728)	(8,799,416)	4,012,272	(183,901,672)
Net property and equipment	8,186,624	265,504	18,739,024	844,268,999	9,800,590	4,558,002	(18,393,046)	1,004,844,813
Other long-term assets								
Restricted property reserves	1,397,284	-	4,384,723	61,910,594	654,099	637,523	-	81,552,225
Long-term investments	-	-	-	-	-	-	-	6,966,179
Long-term investments, restricted	-	-	-	-	-	-	-	740,000
Due from affiliates	-	-	-	-	60,000	-	(9,972,265)	158,088
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	(14,965,270)	-	-	6,324,055	(10,503,894)
Notes and interest receivable, net	-	-	-	-	22,000	-	-	2,446,333
Notes and interest receivable, affiliates	-	-	-	1,397,284	-	-	(13,704,961)	6,870,091
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	21,291	-	-	14,921,161	-	-	-	15,043,564
Total other long-term assets	1,418,575	-	4,384,723	63,263,769	736,099	637,523	(17,353,171)	103,272,586
Total assets	\$ 9,803,090	\$ 460,189	\$ 24,918,552	\$ 938,140,278	\$ 11,249,980	\$ 5,801,855	\$ (54,402,853)	\$ 1,188,795,900

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California 77, LP (Crossroad Gardens)	Sunnydale Block 6 Housing Partnership, LP	Consolidated Mercy Housing California Senior Properties	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,127,013	\$ 55,064	\$ 1,109,609	\$ 37,034,403	\$ 148,635	\$ 183,346	\$ (267,184)	\$ 44,528,026
Due to affiliates	12,556	-	12,284	13,663,723	12,968	140,741	(18,868,521)	1,431,299
Accrued interest	15,863	-	326,745	1,773,826	532,700	15,178	-	2,948,076
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	2,061,546	-	647,022	123,613,616	71,177	119,291	-	141,929,980
Current portion of notes payable, affiliates	-	214,663	-	737,123	1,326,269	-	(2,293,788)	4,245,063
Deferred revenue and other liabilities	-	-	25,583	1,937,543	901	3,439	(494,361)	2,164,732
Tenant security deposits	42,571	-	119,583	1,605,556	44,974	131,310	-	2,624,393
Total current liabilities	3,259,549	269,727	2,240,826	180,365,790	2,137,624	593,305	(21,923,854)	199,871,569
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	(60,000)	-
Accrued interest	15,805	176	681,902	25,172,429	528,760	2,131,790	-	35,703,324
Accrued interest, affiliates	-	-	-	677,887	-	-	(677,887)	175,770
Notes payable, less current portion, net	5,587,486	194,685	19,135,951	525,658,136	3,937,059	7,006,755	-	608,434,996
Notes payable, less current portion, affiliates	1,397,284	-	-	16,468,486	-	-	(16,791,594)	1,718,312
Deferred revenue and other liabilities	789,328	-	87,270	26,691,887	7,500	6,331	(8,877,440)	20,279,204
Total long-term liabilities	7,789,903	194,861	19,905,123	594,668,825	4,473,319	9,144,876	(26,406,921)	666,311,606
Total liabilities	11,049,452	464,588	22,145,949	775,034,615	6,610,943	9,738,181	(48,330,775)	866,183,175
Net assets								
Unrestricted net assets, controlling	(1,246,362)	(4,399)	2,772,603	160,029,306	47,221	(3,936,326)	(6,072,078)	250,368,057
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,246,362)	(4,399)	2,772,603	160,029,306	47,221	(3,936,326)	(6,072,078)	250,368,057
Temporarily restricted net assets	-	-	-	3,076,357	4,591,816	-	-	70,474,668
Permanently restricted net assets	-	-	-	-	-	-	-	1,770,000
Total net assets	(1,246,362)	(4,399)	2,772,603	163,105,663	4,639,037	(3,936,326)	(6,072,078)	322,612,725
Total liabilities and net assets	\$ 9,803,090	\$ 460,189	\$ 24,918,552	\$ 938,140,278	\$ 11,249,980	\$ 5,801,855	\$ (54,402,853)	\$ 1,188,795,900

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California	Affordable Housing Initiatives	All Hallows Community	Marin Homes for Independent Living (Camino Alto)	Cantebria Senior Homes	Mercy Senior Housing Oxnard (Casa Merced)	Francis of Assisi Community	Gault Street Senior Housing
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ 958,610	\$ 381,116	\$ 342,096	\$ 335,874	\$ -	\$ 273,696
Developer fees	19,758,465	-	-	-	-	-	-	-
Services fees	4,449,393	-	-	-	-	-	-	-
Philanthropy	4,754,202	-	-	-	-	-	-	-
Capital grants	3,215,630	-	-	-	-	-	-	-
Consulting	1,996,381	-	-	-	-	-	-	-
Interest	682,911	-	13,385	325	27	45	448	49
Other	3,849,691	-	(100)	2,447	3,824	3,475	660,341	2,860
Total revenues	38,706,673	-	971,895	383,888	345,947	339,394	660,789	276,605
Expenses and losses								
Compensation	10,419,877	-	235,975	92,254	114,459	112,261	(36,001)	97,594
Administrative	1,912,216	992	87,744	40,986	89,566	54,994	(12,212)	49,333
Professional services	637,466	-	8,049	13,077	9,406	47,894	-	7,380
Depreciation and amortization	96,550	-	223,634	62,476	196,718	155,767	-	175,918
Grants	1,747,231	-	-	-	-	-	619,913	-
Facility	381,779	-	167,178	90,608	147,691	94,273	(11,808)	80,533
Interest and fees	46,046	-	183,392	104,071	465	386	180	350
Bad debts	734,856	-	-	-	-	-	24,617	71
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	2,272,927	-	-	-	-	-	-	-
Allocation	3,954,213	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(29,351)	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(217)	(22)	-	-	-	-	-	-
Total expenses and losses	22,173,593	970	905,972	403,472	558,305	465,575	584,689	411,179
Excess (deficiency) of revenues over expenses	16,533,080	(970)	65,923	(19,584)	(212,358)	(126,181)	76,100	(134,574)
Net assets at beginning of year	67,685,409	247,207	(500,399)	(252,770)	3,157,301	1,933,004	2,475,879	2,717,980
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 84,218,489	\$ 246,237	\$ (434,476)	\$ (272,354)	\$ 2,944,943	\$ 1,806,823	\$ 2,551,979	\$ 2,583,406

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	John W. King Senior Community	Maria B. Freitas Senior Housing Corporation	Marin Housing Corporation (Martinelli House)	Mercy Family Plaza Limited Partnership (Mercy Family Plaza)	Mercy Gardens	Notre Dame Senior Housing Corporation	Oceana Senior Housing Corporation (Oceana Terrace)	Presentation Senior Housing Community
Revenues								
Rent - net of vacancies	\$ 963,446	\$ 548,719	\$ -	\$ 674,775	\$ 225,211	\$ 601,850	\$ 364,513	\$ 1,158,424
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	233	1,830	176,819	52	59	118	103	857
Other	15,213	5,020	-	31,148	905	7,817	91,995	9,808
Total revenues	978,892	555,569	176,819	705,975	226,175	609,785	456,611	1,169,089
Expenses and losses								
Compensation	489,275	217,755	-	37,491	84,851	221,008	116,863	508,384
Administrative	124,450	105,800	14,999	68,541	40,733	104,638	65,152	163,148
Professional services	7,450	9,580	-	9,084	18,742	10,793	15,267	12,522
Depreciation and amortization	524,904	219,674	-	176,901	151,950	319,502	146,744	552,101
Grants	-	-	113,424	-	-	-	-	-
Facility	262,951	182,987	-	148,546	102,572	203,648	140,632	337,012
Interest and fees	-	45	-	45,437	31,810	-	36,808	51
Bad debts	18	40	-	-	1,052	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	1,409,048	735,881	128,423	486,000	431,710	859,589	521,466	1,573,218
Excess (deficiency) of revenues over expenses	(430,156)	(180,312)	48,396	219,975	(205,535)	(249,804)	(64,855)	(404,129)
Net assets at beginning of year	7,800,243	2,851,064	4,681,516	17,706	470,265	4,851,662	(65,980)	8,926,563
Other transfers to (from) net assets	-	-	-	(30,900)	-	-	-	-
Net assets at end of year	\$ 7,370,087	\$ 2,670,752	\$ 4,729,912	\$ 207,681	\$ 264,730	\$ 4,601,858	\$ (130,835)	\$ 8,522,434

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Russell Manor	Tierra Del Sol, Inc.	Garden Park Apartment Community	Mercy Oaks Village	Mercy Commercial California	MPCAL, LLC	MCC 1360 LLC	Central Coast Housing
Revenues								
Rent - net of vacancies	\$ 472,168	\$ 582,239	\$ 343,184	\$ 402,941	\$ 917,323	\$ 286,297	\$ -	\$ 57,394
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	19,065	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	3,106	6,087	12,245	48	2,760	2,870	-	41
Other	4,760	6,444	268,723	12,067	167,957	203,459	-	1,346
Total revenues	480,034	594,770	624,152	415,056	1,107,105	492,626	-	58,781
Expenses and losses								
Compensation	157,716	172,583	125,296	127,454	220,476	-	-	26,051
Administrative	88,593	114,586	41,989	75,248	102,637	54,225	820	5,457
Professional services	9,580	10,378	99,044	35,165	5,722	12,700	-	-
Depreciation and amortization	202,708	474,886	191,644	293,641	14,189	65,291	-	16,310
Grants	-	-	-	-	-	-	-	-
Facility	162,174	216,259	149,816	130,541	611,948	48,265	-	14,680
Interest and fees	10,753	3,959	93,273	6,559	-	83,356	-	7,535
Bad debts	44	248	-	-	1,531	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	270,233
Total expenses and losses	631,568	992,899	701,062	668,608	956,503	263,837	820	340,266
Excess (deficiency) of revenues over expenses	(151,534)	(398,129)	(76,910)	(253,552)	150,602	228,789	(820)	(281,485)
Net assets at beginning of year	1,774,976	8,009,961	608,655	4,526,667	(2,336,742)	(255,418)	3,153,583	84,539
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 1,623,442	\$ 7,611,832	\$ 531,745	\$ 4,273,115	\$ (2,186,140)	\$ (26,629)	\$ 3,152,763	\$ (196,946)

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Sycamore Street Consolidated	Mercy Housing California Family Properties	Mercy Housing California 51, LP (Bill Sorro Community)	Mercy Housing California Special Needs	Mercy Housing California 57, LP (1500 Page)	Mercy Midtown Inc.	Florin Housing Corporation GP
Revenues								
Rent - net of vacancies	\$ 884,844	\$ 696,559	\$ -	\$ 694,739	\$ -	\$ 154,587	\$ 1,168,874	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	15,450	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	1,743	189	-	-	-	-	38	-
Other	9,239	289,067	1,300,000	(132,329)	-	40	5,625,370	299,403
Total revenues	895,826	985,815	1,300,000	562,410	15,450	154,627	6,794,282	299,403
Expenses and losses								
Compensation	209,161	171,724	-	129,066	-	31,484	494,324	-
Administrative	154,398	116,402	263	310,313	15,526	82,253	244,202	-
Professional services	84,839	75,904	-	96,249	-	18,148	18,745	-
Depreciation and amortization	787,460	340,561	-	1,181,914	-	293,568	-	-
Grants	-	-	-	-	-	-	-	-
Facility	338,390	233,062	-	219,712	-	40,376	1,079,554	-
Interest and fees	198,222	133,627	-	570,267	-	183,236	97	-
Bad debts	-	818	-	3,013	-	-	310,584	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	195	-	49	-	-	15
Total expenses and losses	1,772,470	1,072,098	458	2,510,534	15,575	649,065	2,147,506	15
Excess (deficiency) of revenues over expenses	(876,644)	(86,283)	1,299,542	(1,948,124)	(125)	(494,438)	4,646,776	299,388
Net assets at beginning of year	7,158,879	(189,168)	(34,582)	1,315,283	(19,712)	240,134	526,047	-
Other transfers to (from) net assets	-	-	-	11,733,202	-	5,056,556	-	(1,936,992)
Net assets at end of year	\$ 6,282,235	\$ (275,451)	\$ 1,264,960	\$ 11,100,361	\$ (19,837)	\$ 4,802,252	\$ 5,172,823	\$ (1,637,604)

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California 77, LP (Crossroad Gardens)	Sunnydale Block 6 Housing Partnership, LP	Consolidated Mercy Housing California Senior Properties	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Revenues								
Rent - net of vacancies	\$ 317,424	\$ -	\$ 7,092,356	\$ 30,450,053	\$ 745,159	\$ 1,362,067	\$ (147,517)	\$ 53,309,021
Developer fees	-	-	-	-	-	-	(4,986,864)	14,771,601
Services fees	-	-	-	28,139	-	-	(2,469,099)	2,042,948
Philanthropy	-	-	-	-	28,000	-	(28,000)	4,754,202
Capital grants	-	-	-	816,953	58,488	-	-	4,091,071
Consulting	-	-	-	-	-	-	(1,410,325)	586,056
Interest	-	-	8,055	203,749	3,914	1,753	(138,267)	985,592
Other	4,400	-	164,852	9,600,757	50,390	33,681	(5,886,816)	16,707,254
Total revenues	321,824	-	7,265,263	41,099,651	885,951	1,397,501	(15,066,888)	97,247,745
Expenses and losses								
Compensation	108,675	-	1,590,483	6,989,532	165,678	329,926	-	23,761,675
Administrative	39,924	-	627,302	5,235,020	79,465	212,640	(169,317)	10,343,026
Professional services	34,780	4,399	75,785	3,118,789	48,144	23,820	(2,440,535)	2,138,366
Depreciation and amortization	89,540	-	1,111,131	24,705,749	512,320	431,994	(455,778)	33,259,967
Grants	-	-	-	1,306,863	-	-	(3,574,458)	212,973
Facility	90,888	-	1,192,171	11,803,463	251,970	467,440	(779,658)	18,599,653
Interest and fees	80,193	-	1,140,859	11,969,184	178,285	313,175	(132,621)	15,289,000
Bad debts	-	-	4,371	59,548	574	6,714	(255,991)	892,108
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	2,272,927
Allocation	-	-	-	-	-	-	-	3,954,213
(Gain) loss on sale of assets	-	-	-	(30,750)	-	-	-	(60,101)
(Gain) loss on investment in limited partnership	-	-	-	1,620,472	-	-	(662,785)	1,227,940
Total expenses and losses	444,000	4,399	5,742,102	66,777,870	1,236,436	1,785,709	(8,471,143)	111,891,747
Excess (deficiency) of revenues over expenses	(122,176)	(4,399)	1,523,161	(25,678,219)	(350,485)	(388,208)	(6,595,745)	(14,644,002)
Net assets at beginning of year	-	-	1,249,442	131,008,433	4,989,522	(3,548,118)	186,078	265,445,109
Other transfers to (from) net assets	(1,124,186)	-	-	57,775,449	-	-	337,589	71,811,618
Net assets at end of year	\$ (1,246,362)	\$ (4,399)	\$ 2,772,603	\$ 163,105,663	\$ 4,639,037	\$ (3,936,326)	\$ (6,072,078)	\$ 322,612,725

Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St. Andrew Community, LP	Villa Columbia Mercy Riverside, LP	Eliminations	Consolidated Mercy Housing California Senior Properties
Assets									
Current assets									
Cash and cash equivalents	\$ -	\$ 176,462	\$ 758,683	\$ 140,868	\$ 190,700	\$ 52,822	\$ 147,210	\$ -	\$ 1,466,745
Cash, tenant security deposits	-	25,992	36,854	9,345	7,278	16,682	27,269	-	123,420
Cash, restricted	-	-	15,054	-	-	-	-	-	15,054
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	16,075	24,131	1,312	2,850	1,181	-	45,549
Due from affiliate, net	-	1,156	-	-	1,234	-	8,303	(8,303)	2,390
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	31,726	48,912	9,372	9,740	18,253	23,644	-	141,647
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	-	235,336	875,578	183,716	210,264	90,607	207,607	(8,303)	1,794,805
Property and equipment									
Land and land improvements	-	370,690	605,180	19,791	210,151	575,836	340,526	-	2,122,174
Buildings	-	4,293,492	8,001,699	2,055,612	2,010,672	3,560,422	4,320,666	-	24,242,563
Furniture and equipment	-	295,220	375,977	87,495	441,261	23,908	185,615	-	1,409,476
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,822,361)	(2,753,532)	(620,546)	(853,420)	(1,313,891)	(1,671,439)	-	(9,035,189)
Net property and equipment	-	3,137,041	6,229,324	1,542,352	1,808,664	2,846,275	3,175,368		18,739,024
Other long-term assets									
Restricted property reserves	-	1,160,444	1,344,325	445,290	331,712	243,864	859,088	-	4,384,723
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	2,758,729	-	-	-	-	-	-	(2,758,729)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-	-
Total other long-term assets	2,758,729	1,160,444	1,344,325	445,290	331,712	243,864	859,088	(2,758,729)	4,384,723
Total assets	\$ 2,758,729	\$ 4,532,821	\$ 8,449,227	\$ 2,171,358	\$ 2,350,640	\$ 3,180,746	\$ 4,242,063	\$ (2,767,032)	\$ 24,918,552
	-	-	-	-	-	-	-	-	-

Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St. Andrew Community, LP	Villa Columbia Mercy Riverside, LP	Eliminations	Consolidated Mercy Housing California Senior Properties
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ 3,092	\$ 275,503	\$ 198,459	\$ 344,436	\$ 162,667	\$ 63,457	\$ 61,995	\$ -	\$ 1,109,609
Due to affiliates	10,897	-	-	-	-	-	9,690	(8,303)	12,284
Accrued interest	-	78,645	111,289	28,617	20,235	36,356	51,603	-	326,745
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	-	130,001	208,333	70,016	53,672	90,000	95,000	-	647,022
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	6,265	749	14,676	-	882	3,011	-	25,583
Tenant security deposits	-	25,475	35,783	8,881	6,946	16,161	26,337	-	119,583
Total current liabilities	13,989	515,889	554,613	466,626	243,520	206,856	247,636	(8,303)	2,240,826
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	681,902	-	-	681,902
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,048,181	6,399,444	1,767,543	1,439,888	2,680,713	2,800,182	-	19,135,951
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	5,375	77,332	-	2,043	2,520	-	87,270
Total long-term liabilities	-	4,048,181	6,404,819	1,844,875	1,439,888	3,364,658	2,802,702	-	19,905,123
Total liabilities	13,989	4,564,070	6,959,432	2,311,501	1,683,408	3,571,514	3,050,338	(8,303)	22,145,949
Net assets									
Unrestricted net assets, controlling	2,744,740	(31,249)	1,489,795	(140,143)	667,232	(390,768)	1,191,725	(2,758,729)	2,772,603
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,744,740	(31,249)	1,489,795	(140,143)	667,232	(390,768)	1,191,725	(2,758,729)	2,772,603
Temporarily restricted net assets	-	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	2,744,740	(31,249)	1,489,795	(140,143)	667,232	(390,768)	1,191,725	(2,758,729)	2,772,603
Total liabilities and net assets	\$ 2,758,729	\$ 4,532,821	\$ 8,449,227	\$ 2,171,358	\$ 2,350,640	\$ 3,180,746	\$ 4,242,063	\$ (2,767,032)	\$ 24,918,552

Mercy Housing California Senior Properties
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St. Andrew Community, LP	Villa Columbia Mercy Riverside, LP	Eliminations	Consolidated Mercy Housing California Senior Properties
Revenues									
Rent - net of vacancies	\$ -	\$ 1,090,845	\$ 2,924,968	\$ 670,089	\$ 767,622	\$ 718,135	\$ 920,697	\$ -	\$ 7,092,356
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	-	362	18	2,271	785	456	4,163	-	8,055
Other	-	12,527	14,162	105,324	20,649	5,033	7,157	-	164,852
Total revenues	-	1,103,734	2,939,148	777,684	789,056	723,624	932,017	-	7,265,263
Expenses and losses									
Compensation	-	213,008	638,087	160,640	132,685	168,128	277,935	-	1,590,483
Administrative	130	106,857	180,617	64,669	57,734	93,949	123,346	-	627,302
Professional services	-	11,645	13,301	14,250	6,630	6,780	23,179	-	75,785
Depreciation and amortization	-	182,821	345,922	97,701	155,208	144,389	185,090	-	1,111,131
Grants	-	-	-	-	-	-	-	-	-
Facility	-	215,341	367,958	118,994	134,294	132,660	222,924	-	1,192,171
Interest and fees	-	259,353	355,714	106,814	79,154	151,384	188,440	-	1,140,859
Bad debts	-	4,091	-	-	-	-	280	-	4,371
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(1,508,058)	-	-	-	-	-	-	1,508,058	-
Total expenses and losses	(1,507,928)	993,116	1,901,599	563,068	565,705	697,290	1,021,194	1,508,058	5,742,102
Excess (deficiency) of revenues over expenses	1,507,928	110,618	1,037,549	214,616	223,351	26,334	(89,177)	(1,508,058)	1,523,161
Net assets at beginning of year	1,236,812	(141,867)	452,246	(354,759)	443,881	(417,102)	1,280,902	(1,250,671)	1,249,442
Other transfers to (from) net assets	-	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 2,744,740	\$ (31,249)	\$ 1,489,795	\$ (140,143)	\$ 667,232	\$ (390,768)	\$ 1,191,725	\$ (2,758,729)	\$ 2,772,603

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Calwest	Mercy Housing California XXXIX, LP (Gleason Park)	Mercy Housing California XL, LP (Arlington Hotel)	Mercy Housing California XXXVIII, LP (East Leland Courts)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1000 Fourth Street)	Third and LeConte Associates LP (Bayview Hill Gardens)	Caroline Severance LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 222,259	\$ 91,834	\$ 28,412	\$ 138,435	\$ 150,503	\$ 672,336	\$ 352,315	\$ -
Cash, tenant security deposits	-	57,077	50,299	60,725	17,929	130,918	17,986	-
Cash, restricted	5,555,650	-	-	-	177,409	69,494	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	1,714	140,511	5,824	7,747	501,870	101,043	-
Due from affiliate, net	520,658	-	-	-	-	-	30,000	26,216
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	16,699	45,616	18,485	15,701	77,782	26,485	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	6,298,567	167,324	264,838	223,469	369,289	1,452,400	527,829	26,216
Property and equipment								
Land and land improvements	-	1,065,441	3,972,090	2,754,496	3,090,021	1,797,403	2,416,056	-
Buildings	-	19,955,626	35,688,937	19,453,560	13,825,757	63,579,125	28,797,905	-
Furniture and equipment	-	180,032	2,020,902	336,064	826,481	2,673,574	991,710	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(5,441,183)	(9,411,038)	(8,037,798)	(4,534,483)	(7,229,016)	(5,724,300)	-
Net property and equipment	-	15,759,916	32,269,991	14,506,322	13,207,776	60,821,086	26,481,371	-
Other long-term assets								
Restricted property reserves	-	1,441,885	2,938,452	493,946	4,144,525	926,166	758,202	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(45,632,668)	-	-	-	-	-	-	(6,079)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	6,684,083	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	84,523	56,744	15,801	63,710	73,450	63,716	-
Total other long-term assets	(38,948,585)	1,526,408	2,995,196	509,747	4,208,235	999,616	821,918	(6,079)
Total assets	\$ (32,650,018)	\$ 17,453,648	\$ 35,530,025	\$ 15,239,538	\$ 17,785,300	\$ 63,273,102	\$ 27,831,118	\$ 20,137

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	Mercy Housing Calwest	Mercy Housing California XXXIX, LP (Gleason Park)	Mercy Housing California XL, LP (Arlington Hotel)	Mercy Housing California XXXVIII, LP (East Leland Courts)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1000 Fourth Street)	Third and LeConte Associates LP (Bayview Hill Gardens)	Caroline Severance LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 3,092	\$ 34,729	\$ 234,646	\$ 42,094	\$ 50,402	\$ 152,842	\$ 226,377	\$ 1,429
Due to affiliates	426,068	24,304	40,811	47,369	82,832	36,603	74,117	36,334
Accrued interest	-	-	-	3,328	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	40,313	-	64,453	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	443,103	880	859,936	323,622	17,556	-
Tenant security deposits	-	56,577	50,049	60,372	17,678	130,399	17,513	-
Total current liabilities	429,160	115,610	768,609	194,356	1,010,848	707,919	335,563	37,763
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	3,654,685	1,672,132	557,764	966,931	1,283,658	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	1,187,838	21,316,819	33,464,407	11,569,344	10,758,837	37,591,258	18,096,511	-
Notes payable, less current portion, affiliates	1,139,500	1,201,238	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	8,745,012	-	7,832,965	15,000	-	-
Total long-term liabilities	2,327,338	22,518,057	45,864,104	13,241,476	19,149,566	38,573,189	19,380,169	-
Total liabilities	2,756,498	22,633,667	46,632,713	13,435,832	20,160,414	39,281,108	19,715,732	37,763
Net assets								
Unrestricted net assets, controlling	(35,962,039)	(5,180,019)	(11,102,688)	1,803,706	(2,375,114)	23,991,994	8,115,386	(17,626)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(35,962,039)	(5,180,019)	(11,102,688)	1,803,706	(2,375,114)	23,991,994	8,115,386	(17,626)
Temporarily restricted net assets	555,523	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(35,406,516)	(5,180,019)	(11,102,688)	1,803,706	(2,375,114)	23,991,994	8,115,386	(17,626)
Total liabilities and net assets	\$ (32,650,018)	\$ 17,453,648	\$ 35,530,025	\$ 15,239,538	\$ 17,785,300	\$ 63,273,102	\$ 27,831,118	\$ 20,137

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	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)	Mercy Housing California 52, LP (School House Station-Vista Grande)	1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apts.)	55 Laguna, LP (Open House Community at 55 Laguna)
Assets								
Current assets								
Cash and cash equivalents	\$ 206,675	\$ -	\$ 73,162	\$ -	\$ 196,021	\$ 261,353	\$ 679,497	\$ 138,196
Cash, tenant security deposits	104,062	-	82,404	-	55,168	78,329	55,863	32,005
Cash, restricted	272,233	-	792,228	-	-	-	933,710	1,026,853
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	19,221	-	95,209	-	17,485	5,704	208,063	49,236
Due from affiliate, net	-	79,637	-	90,000	-	-	-	4,401
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	52,427	-	35,305	-	25,966	22,688	28,692	45,260
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	654,618	79,637	1,078,308	90,000	294,640	368,074	1,905,825	1,295,951
Property and equipment								
Land and land improvements	3,897,034	-	4,434,686	-	5,722	20,714	1,278,420	2,037,195
Buildings	26,976,176	-	35,931,979	-	11,306,373	20,510,880	29,650,931	23,417,352
Furniture and equipment	458,143	-	921,438	-	288,734	181,140	958,726	434,269
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(4,483,826)	-	(7,919,974)	-	(2,540,508)	(2,876,336)	(2,558,985)	(1,201,736)
Net property and equipment	26,847,527	-	33,368,129	-	9,060,321	17,836,398	29,329,092	24,687,080
Other long-term assets								
Restricted property reserves	604,893	-	3,707,872	-	1,739,080	553,420	461,219	308,772
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	14,206,253	-	29,148	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	66,002	-	86,266	-	1,091,364	21,561	35,190	2,287,992
Total other long-term assets	670,895	14,206,253	3,794,138	29,148	2,830,444	574,981	496,409	2,596,764
Total assets	\$ 28,173,040	\$ 14,285,890	\$ 38,240,575	\$ 119,148	\$ 12,185,405	\$ 18,779,453	\$ 31,731,326	\$ 28,579,795

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	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)	Mercy Housing California 52, LP (School House Station-Vista Grande)	1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apts.)	55 Laguna, LP (Open House Community at 55 Laguna)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 82,992	\$ 1,429	\$ 167,300	\$ 1,429	\$ 343,210	\$ 43,395	\$ 211,713	\$ 246,076
Due to affiliates	26,216	108,972	-	104,447	-	163,317	63,616	307,919
Accrued interest	16,571	-	-	-	-	26,664	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	165,185	-	-	-	-	112,289	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	47,445
Deferred revenue and other liabilities	2,718	-	6,526	-	1,864	1,948	190,236	7,929
Tenant security deposits	103,561	-	82,281	-	54,668	78,079	54,224	31,776
Total current liabilities	397,243	110,401	256,107	105,876	399,742	425,692	519,789	641,145
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	2,138,581	-	485,764	-	829,538	541,366	560,154	803,285
Accrued interest, affiliates	-	-	-	-	-	677,887	-	-
Notes payable, less current portion, net	16,966,844	-	10,936,306	-	9,134,371	7,832,749	17,337,651	8,825,880
Notes payable, less current portion, affiliates	-	-	-	-	-	4,452,969	700,000	-
Deferred revenue and other liabilities	238,933	-	-	-	2,068	271,423	15,000	149,871
Total long-term liabilities	19,344,358	-	11,422,070	-	9,965,977	13,776,394	18,612,805	9,779,036
Total liabilities	19,741,601	110,401	11,678,177	105,876	10,365,719	14,202,086	19,132,594	10,420,181
Net assets								
Unrestricted net assets, controlling	8,431,439	11,654,655	26,562,398	13,272	1,819,686	4,577,367	12,598,732	18,159,614
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	8,431,439	11,654,655	26,562,398	13,272	1,819,686	4,577,367	12,598,732	18,159,614
Temporarily restricted net assets	-	2,520,834	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	8,431,439	14,175,489	26,562,398	13,272	1,819,686	4,577,367	12,598,732	18,159,614
Total liabilities and net assets	\$ 28,173,040	\$ 14,285,890	\$ 38,240,575	\$ 119,148	\$ 12,185,405	\$ 18,779,453	\$ 31,731,326	\$ 28,579,795

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	Esparto Family Apartments, LLC	Mercy Housing California 54, LP (Esperanza Crossing)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Trailside Terrace)	Mercy Housing California 56, LP (Jefferson Park Terrace)	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	El Monte Veterans Apartments LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 25,857	\$ 10,854	\$ 17,019	\$ 133,812	\$ -
Cash, tenant security deposits	-	29,352	-	26,503	45,962	-	12,712	-
Cash, restricted	-	32,183	-	51,532	66,000	-	238,742	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	1,316	-	883	2,885	-	6,650	-
Due from affiliate, net	38,959	4,312	9,917	-	-	-	-	9,837
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	6,247	-	12,663	15,140	-	12,479	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	38,959	73,410	9,917	117,438	140,841	17,019	404,395	9,837
Property and equipment								
Land and land improvements	-	2,946,584	-	1,277,737	1,880,926	-	675,178	-
Buildings	-	8,432,461	-	10,301,452	14,974,805	-	13,057,901	-
Furniture and equipment	-	181,490	-	193,052	207,933	-	403,093	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	2,567	-	-	-	-
Accumulated depreciation	-	(1,814,811)	-	(1,486,064)	(2,559,784)	-	(2,404,755)	-
Net property and equipment	-	9,745,724	-	10,288,744	14,503,880	-	11,730,517	-
Other long-term assets								
Restricted property reserves	-	245,432	-	452,137	223,969	-	450,522	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(230)	-	(257)	-	-	-	-	82,442
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	27,297	-	28,553	46,239	-	35,224	-
Total other long-term assets	(230)	272,729	(257)	480,690	270,208	-	485,746	82,442
Total assets	\$ 38,729	\$ 10,091,863	\$ 9,660	\$ 10,886,872	\$ 14,914,929	\$ 17,019	\$ 12,620,658	\$ 92,279

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	Esparto Family Apartments, LLC	Mercy Housing California 54, LP (Esperanza Crossing)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Trailside Terrace)	Mercy Housing California 56, LP (Jefferson Park Terrace)	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	El Monte Veterans Apartments LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,429	\$ 103,597	\$ 1,429	\$ 39,129	\$ 57,193	\$ -	\$ 28,095	\$ 1,429
Due to affiliates	53,335	34,301	24,098	20,542	66,576	-	21,855	20,816
Accrued interest	-	3,134	-	1,323	8,962	-	3,751	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	81,133	-	18,650	30,027	-	45,764	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	597	-	168	89	-	124	-
Tenant security deposits	-	29,606	-	26,003	44,009	-	12,362	-
Total current liabilities	54,764	252,368	25,527	105,815	206,856	-	111,951	22,245
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	508,982	-	556,582	605,393	-	185,384	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,262,499	-	4,532,411	5,758,499	-	4,075,226	-
Notes payable, less current portion, affiliates	-	-	-	-	1,074,176	-	587,838	-
Deferred revenue and other liabilities	-	-	-	-	241,924	-	1,270,600	-
Total long-term liabilities	-	4,771,481	-	5,088,993	7,679,992	-	6,119,048	-
Total liabilities	54,764	5,023,849	25,527	5,194,808	7,886,848	-	6,230,999	22,245
Net assets								
Unrestricted net assets, controlling	(16,035)	5,068,014	(15,867)	5,692,064	7,028,081	17,019	6,389,659	70,034
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(16,035)	5,068,014	(15,867)	5,692,064	7,028,081	17,019	6,389,659	70,034
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(16,035)	5,068,014	(15,867)	5,692,064	7,028,081	17,019	6,389,659	70,034
Total liabilities and net assets	\$ 38,729	\$ 10,091,863	\$ 9,660	\$ 10,886,872	\$ 14,914,929	\$ 17,019	\$ 12,620,658	\$ 92,279

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	El Monte Veterans Apartments, LP	1028 Howard Street, LLC	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)	Mercy Eden House LLC	Eden House, L.P.	Crossroad Gardens LLC	Transbay Block 6, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 122,602	\$ 180,590	\$ 66,057	\$ 51,664	\$ 245,100	\$ 413,576	\$ -	\$ -
Cash, tenant security deposits	32,570	28,062	8,891	31,576	-	81,383	-	-
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	6,706	870	5,575	586	-	36,265	-	-
Due from affiliate, net	30,728	-	-	-	-	10,780	-	85,011
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	11,694	6,689	28,532	12,319	-	25,578	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	204,300	216,211	109,055	96,145	245,100	567,582		85,011
Property and equipment								
Land and land improvements	1,293,775	-	1,103,953	324,803	-	1,036,535	-	-
Buildings	10,044,806	3,526,770	4,347,918	4,091,777	-	11,293,178	-	-
Furniture and equipment	596,258	86,746	273,119	154,890	-	545,379	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(1,604,959)	(818,149)	(963,398)	(3,371,554)	-	(1,470,060)	-	-
Net property and equipment	10,329,880	2,795,367	4,761,592	1,199,916		11,405,032		
Other long-term assets								
Restricted property reserves	611,542	197,374	4,172,902	157,378	-	1,409,124	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	1,627,331	-	-	500,684
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	690,000
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	35,555	-	15,637	-	-	43,419	-	-
Total other long-term assets	647,097	197,374	4,188,539	157,378	1,627,331	1,452,543		1,190,684
Total assets	\$ 11,181,277	\$ 3,208,952	\$ 9,059,186	\$ 1,453,439	\$ 1,872,431	\$ 13,425,157		\$ 1,275,695

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	El Monte Veterans Apartments, LP	1028 Howard Street, LLC	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)	Mercy Eden House LLC	Eden House, L.P.	Crossroad Gardens LLC	Transbay Block 6, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 23,805	\$ 27,036	\$ 48,681	\$ 29,711	\$ 1,429	\$ 77,430	\$ -	\$ 1,429
Due to affiliates	10,123	-	5,740	150,000	-	-	-	91,738
Accrued interest	-	501	-	1,628	-	15,335	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	30,735	-	28,324	-	112,266	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	61	830	1,310	5,834	-	1,237	-	-
Tenant security deposits	29,772	27,559	8,391	31,101	-	81,133	-	-
Total current liabilities	63,761	86,661	64,122	246,598	1,429	287,401		93,167
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	329,189	1,360,393	299,345	1,191,385	-	20,189	-	-
Accrued interest, affiliates	-	-	-	-	-	428,252	-	-
Notes payable, less current portion, net	4,047,855	2,161,886	4,892,001	945,492	-	3,094,782	-	690,000
Notes payable, less current portion, affiliates	-	-	-	-	-	3,100,000	-	-
Deferred revenue and other liabilities	-	-	-	1,500	-	- 6,815	-	-
Total long-term liabilities	4,377,044	3,522,279	5,191,346	2,138,377		6,650,038		690,000
Total liabilities	4,440,805	3,608,940	5,255,468	2,384,975	1,429	6,937,439		783,167
Net assets								
Unrestricted net assets, controlling	6,740,472	(399,988)	3,803,718	(931,536)	1,871,002	6,487,718	-	492,528
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	6,740,472	(399,988)	3,803,718	(931,536)	1,871,002	6,487,718	-	492,528
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	6,740,472	(399,988)	3,803,718	(931,536)	1,871,002	6,487,718	-	492,528
Total liabilities and net assets	\$ 11,181,277	\$ 3,208,952	\$ 9,059,186	\$ 1,453,439	\$ 1,872,431	\$ 13,425,157	\$ -	\$ 1,275,695

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	Mercy Housing California 62, LP (280 Beale)	Sunset Valley Duplexes, LLC	Mercy Housing California 63, LP (Sunset Valley Duplexes)	345 Arguello, LP	Land Park Woods, LLC	Mercy Housing California 68, LP (Land Park Woods)	1800 Pine, LP	Transbay Block 7, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 520,726	\$ -	\$ 165,356	\$ 293,065	\$ -	\$ 160,438	\$ 424,171	\$ -
Cash, tenant security deposits	67,527	-	44,641	16,474	-	57,322	28,547	-
Cash, restricted	123,541	-	-	32,237	-	103,041	240,563	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	104,133	-	727	168,430	-	31,768	426,736	-
Due from affiliate, net	-	8,500	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	18,724	-	13,441	26,318	-	10,965	44,063	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	834,651	8,500	224,165	536,524		363,534	1,164,080	
Property and equipment								
Land and land improvements	934,461	-	10,276,046	75,402	-	2,618,759	365,207	-
Buildings	24,252,144	-	13,212,648	27,766,381	-	9,859,258	32,844,984	-
Furniture and equipment	656,353	-	271,221	268,518	-	442,267	414,406	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(1,789,628)	-	(1,616,521)	(1,088,258)	-	(682,736)	(1,346,767)	-
Net property and equipment	24,053,330		22,143,394	27,022,043		12,237,548	32,277,830	
Other long-term assets								
Restricted property reserves	711,720	-	610,896	1,348,979	-	591,590	1,054,487	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	574,279	-	-	116,897	-	-	(8,945)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	166	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	33,126	-	76,103	930,086	-	27,309	1,645,259	-
Total other long-term assets	744,846	574,445	686,999	2,279,065	116,897	618,899	2,699,746	(8,945)
Total assets	\$ 25,632,827	\$ 582,945	\$ 23,054,558	\$ 29,837,632	\$ 116,897	\$ 13,219,981	\$ 36,141,656	\$ (8,945)

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	Mercy Housing California 62, LP (280 Beale)	Sunset Valley Duplexes, LLC	Mercy Housing California 63, LP (Sunset Valley Duplexes)	345 Arguello, LP	Land Park Woods, LLC	Mercy Housing California 68, LP (Land Park Woods)	1800 Pine, LP	Transbay Block 7, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 261,486	\$ 1,429	\$ 30,464	\$ 219,959	\$ -	\$ 170,397	\$ 146,440	\$ -
Due to affiliates	68,894	99,777	8,500	1,619,732	2,893	238,741	1,619,732	1,734
Accrued interest	2,086	-	-	326,551	-	-	414,550	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	29,447	-	-	16,137,423	-	-	19,745,718	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,186	-	119	18,037	-	6,596	4,764	-
Tenant security deposits	67,277	-	44,391	16,162	-	56,294	28,449	-
Total current liabilities	430,376	101,206	83,474	18,337,864	2,893	472,028	21,959,653	1,734
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	918,715	-	894,680	-	-	1,665,870	-	-
Accrued interest, affiliates	-	-	2,054	-	-	-	-	-
Notes payable, less current portion, net	14,166,915	-	8,850,535	11,787,328	-	4,052,823	13,849,877	-
Notes payable, less current portion, affiliates	690,000	-	61,120	500,000	-	740,000	1,120,000	-
Deferred revenue and other liabilities	15,000	-	-	-	-	-	-	-
Total long-term liabilities	15,790,630	-	9,808,389	12,287,328	-	6,458,693	14,969,877	-
Total liabilities	16,221,006	101,206	9,891,863	30,625,192	2,893	6,930,721	36,929,530	1,734
Net assets								
Unrestricted net assets, controlling	9,411,821	481,739	13,162,695	(787,560)	114,004	6,289,260	(787,874)	(10,679)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	9,411,821	481,739	13,162,695	(787,560)	114,004	6,289,260	(787,874)	(10,679)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	9,411,821	481,739	13,162,695	(787,560)	114,004	6,289,260	(787,874)	(10,679)
Total liabilities and net assets	\$ 25,632,827	\$ 582,945	\$ 23,054,558	\$ 29,837,632	\$ 116,897	\$ 13,219,981	\$ 36,141,656	\$ (8,945)

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	Mercy Housing California 64, LP (Transbay Block 7)	Mercy Mather Veterans, LLC	Mercy Housing California 61, LP (Mather Veterans Village)	Mercy Housing California 65, LLC	Mercy Housing California 65, LP (15888 Hesperion)	Plaza Maria, LLC	Mercy Laguna LLC, GP	Laguna Senior Housing, LP (95 Laguna)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ 130,588	\$ -	\$ 347,235	\$ 122,091	\$ -	\$ -
Cash, tenant security deposits	-	-	8,014	-	62,898	63,194	-	-
Cash, restricted	39,208	-	464,814	-	277,755	-	-	110,910
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	19,261	-	86,862	17,398	-	18,301
Due from affiliate, net	-	-	-	-	-	-	-	123,200
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	35,375	-	21,284	11,141	-	46,649
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	39,208		658,052		796,034	213,824		299,060
Property and equipment								
Land and land improvements	-	-	1,112,787	-	2,991,331	750,000	-	-
Buildings	-	-	14,058,195	-	22,888,839	2,293,358	-	-
Furniture and equipment	5,257	-	434,035	-	431,876	7,108	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	57,569,816	-	-	-	-	-	-	8,370,332
Accumulated depreciation	-	-	(777,839)	-	(755,012)	(790,394)	-	-
Net property and equipment	57,575,073		14,827,178		25,557,034	2,260,072		8,370,332
Other long-term assets								
Restricted property reserves	9,877	-	1,307,166	-	460,503	185,896	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	120,691	-	1,086	-	-	135,140	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	62,014	-	61,912	-	-	4,317,011
Total other long-term assets	9,877	120,691	1,369,180	1,086	522,415	185,896	135,140	4,317,011
Total assets	\$ 57,624,158	\$ 120,691	\$ 16,854,410	\$ 1,086	\$ 26,875,483	\$ 2,659,792	\$ 135,140	\$ 12,986,403

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	Mercy Housing California 64, LP (Transbay Block 7)	Mercy Mather Veterans, LLC	Mercy Housing California 61, LP (Mather Veterans Village)	Mercy Housing California 65, LLC	Mercy Housing California 65, LP (15888 Hesperion)	Plaza Maria, LLC	Mercy Laguna LLC, GP	Laguna Senior Housing, LP (95 Laguna)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 5,973,725	\$ 441	\$ 38,054	\$ -	\$ 105,455	\$ 24,806	\$ -	\$ 1,230,903
Due to affiliates	1,123,284	6,125	20,000	5,583	374,944	-	-	64,435
Accrued interest	55,142	-	-	-	2,384	22,904	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	22,821,477	-	-	-	23,779	-	-	-
Current portion of notes payable, affiliates	15,952	-	-	-	-	-	-	152,142
Deferred revenue and other liabilities	-	-	865	-	39	8,769	-	4,510
Tenant security deposits	-	-	6,866	-	62,473	63,034	-	-
Total current liabilities	29,989,580	6,566	65,785	5,583	569,074	119,513		1,451,990
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	458,337	-	12,150	-	1,102,263	-	-	820,951
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	24,491,265	-	4,870,627	-	14,787,598	6,096,863	-	8,194,018
Notes payable, less current portion, affiliates	1,258,233	-	1,341,552	-	-	-	-	-
Deferred revenue and other liabilities	567,931	-	-	-	-	- 2,140	-	381,028
Total long-term liabilities	26,775,766		6,224,329		15,889,861	6,099,003		9,395,997
Total liabilities	56,765,346	6,566	6,290,114	5,583	16,458,935	6,218,516		10,847,987
Net assets								
Unrestricted net assets, controlling	858,812	114,125	10,564,296	(4,497)	10,416,548	(3,558,724)	135,140	2,138,416
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	858,812	114,125	10,564,296	(4,497)	10,416,548	(3,558,724)	135,140	2,138,416
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	858,812	114,125	10,564,296	(4,497)	10,416,548	(3,558,724)	135,140	2,138,416
Total liabilities and net assets	\$ 57,624,158	\$ 120,691	\$ 16,854,410	\$ 1,086	\$ 26,875,483	\$ 2,659,792	\$ 135,140	\$ 12,986,403

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			Mercy Housing California 66, LP (Colma Veterans Village)	455 Fell, LP (Parcel O)	Mercy Housing California 67, LP (Columbia Park)	St. Mary's Tower	Historic Live Oak (Odd Fellows)	Mercy Housing Camino, LLC
	JFK Tower, LP	2698 California, LP						
Assets								
Current assets								
Cash and cash equivalents	\$ 121,181	\$ 108,709	\$ -	\$ -	\$ 293,129	\$ -	\$ 11,827	\$ -
Cash, tenant security deposits	21,000	8,132	-	-	57,634	-	7,675	-
Cash, restricted	80,636	15,462	35	325,764	13,569	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	119,580	18,783	-	-	40,895	-	472	-
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	87,952	37,461	27,926	-	31,885	-	2,269	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	430,349	188,547	27,961	325,764	437,112	-	22,243	-
Property and equipment								
Land and land improvements	16,755	7,103	3,240,000	12,657	1,302,463	-	84,914	-
Buildings	23,479,031	10,593,063	-	-	15,866,248	-	2,722,144	-
Furniture and equipment	21,607	125,584	-	-	283,439	-	18,132	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	17,566,657	14,860,070	2,545,660	10,046,535	-	-	-	-
Accumulated depreciation	(711,785)	(323,252)	-	-	(1,020,437)	-	(1,025,802)	-
Net property and equipment	40,372,265	25,262,568	5,785,660	10,059,192	16,431,713	-	1,799,388	-
Other long-term assets								
Restricted property reserves	244,463	1,730,539	47,116	1,566,068	342,546	-	45,524	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	1,908,633	853,724	17,536	27,508	48,290	-	-	-
Total other long-term assets	2,153,096	2,584,263	64,652	1,593,576	390,836	-	45,524	-
Total assets	\$ 42,955,710	\$ 28,035,378	\$ 5,878,273	\$ 11,978,532	\$ 17,259,661	\$ -	\$ 1,867,155	\$ -

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	JFK Tower, LP	2698 California, LP	Mercy Housing California 66, LP (Colma Veterans Village)	455 Fell, LP (Parcel O)	Mercy Housing California 67, LP (Columbia Park)	St. Mary's Tower	Historic Live Oak (Odd Fellows)	Mercy Housing Camino, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 2,954,808	\$ 2,463,990	\$ 6,299	\$ 4,190,273	\$ 76,127	\$ -	\$ 86,168	\$ -
Due to affiliates	791,730	1,201,450	131,508	510,897	559,655	-	15,610	2,658
Accrued interest	459,475	247,674	-	-	-	-	34	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	10,244,785	-	-	-	-	3,843	-
Current portion of notes payable, affiliates	-	31,930	36,954	-	-	-	-	-
Deferred revenue and other liabilities	1,499	7,108	-	-	-	-	420	-
Tenant security deposits	13,991	6,080	-	-	60,379	-	6,796	-
Total current liabilities	4,221,503	14,203,017	174,761	4,701,170	696,161		112,871	2,658
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	142,463	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	36,891,078	13,312,591	4,276,503	3,077,994	9,256,216	-	1,234,077	-
Notes payable, less current portion, affiliates	-	-	-	-	4,000,000	-	-	-
Deferred revenue and other liabilities	1,343,365	413,568	271,475	178,402	-	-	-	-
Total long-term liabilities	38,234,443	13,726,159	4,547,978	3,398,859	13,256,216		1,234,077	
Total liabilities	42,455,946	27,929,176	4,722,739	8,100,029	13,952,377		1,346,948	2,658
Net assets								
Unrestricted net assets, controlling	499,764	106,202	1,155,534	3,878,503	3,307,284	-	520,207	(2,658)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	499,764	106,202	1,155,534	3,878,503	3,307,284	-	520,207	(2,658)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	499,764	106,202	1,155,534	3,878,503	3,307,284	-	520,207	(2,658)
Total liabilities and net assets	\$ 42,955,710	\$ 28,035,378	\$ 5,878,273	\$ 11,978,532	\$ 17,259,661	\$ -	\$ 1,867,155	\$ -

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	Mercy Housing La Cienega GP, LLC	New Dana Strand IV, LP (Camino Del Mar)	St Mary's Tower, LLC	Mercy Housing California 71, LP (St Mary's Tower)	Francis of Assisi, LLC	Mercy Housing California 69, LP (Francis of Assisi)	Mercy Housing California 59, LP (Casa de la Mission)	0623 Vernon, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,222,207	\$ -	\$ 633,266	\$ 70	\$ -
Cash, tenant security deposits	-	-	-	39,874	-	30,345	-	-
Cash, restricted	-	78,840	-	187,441	-	1,204,150	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	26,621	-	17,960	-	-
Due from affiliate, net	-	-	-	-	14,295	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	37,211	-	32,361	150,000	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	78,840		1,513,354	14,295	1,918,082	150,070	
Property and equipment								
Land and land improvements	-	3,940,000	-	9,057,485	-	424,554	-	-
Buildings	-	-	-	26,697,063	-	13,679,278	-	-
Furniture and equipment	-	10,000	-	487,122	-	503,765	-	-
Predevelopment project costs	-	-	-	-	-	-	239,706	-
Construction in progress	-	25,192,701	-	-	-	3,867,315	-	-
Accumulated depreciation	-	-	-	(964,114)	-	(370,654)	-	-
Net property and equipment	-	29,142,701		35,277,556		18,104,258	239,706	
Other long-term assets								
Restricted property reserves	-	-	-	155,571	-	-	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	71	-	(9,959,772)	-	(26,717,329)	-	-	1,425,499
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	14,804	-	76,116	-	28,051	-	-
Total other long-term assets	71	14,804	(9,959,772)	231,687	(26,717,329)	28,051		1,425,499
Total assets	\$ 71	\$ 29,236,345	\$ (9,959,772)	\$ 37,022,597	\$ (26,703,034)	\$ 20,050,391	\$ 389,776	\$ 1,425,499

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	Mercy Housing La Cienega GP, LLC	New Dana Strand IV, LP (Camino Del Mar)	St Mary's Tower, LLC	Mercy Housing California 71, LP (St Mary's Tower)	Francis of Assisi, LLC	Mercy Housing California 69, LP (Francis of Assisi)	Mercy Housing California 59, LP (Casa de la Mission)	0623 Vernon, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 5,435,621	\$ -	\$ 1,747,852	\$ -	\$ 2,766,299	\$ 100,088	\$ -
Due to affiliates	1,724	949,169	2,788	993,692	16,174	1,026,264	800	17,618
Accrued interest	-	45,604	-	-	-	94,990	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	16,319,949	-	30,889,358	-	-	-	-
Current portion of notes payable, affiliates	-	45,952	-	298,941	-	-	167	-
Deferred revenue and other liabilities	-	-	-	4,590	-	-	-	-
Tenant security deposits	-	-	-	39,856	-	29,317	-	-
Total current liabilities	1,724	22,796,295	2,788	33,974,289	16,174	3,916,870	101,055	17,618
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	93,936	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	3,498,828	-	(483,704)	-	38,728,466	299,589	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1,081,962	-	2,357,280	-	479,658	-	-
Total long-term liabilities	-	4,674,726	-	1,873,576	-	39,208,124	299,589	-
Total liabilities	1,724	27,471,021	2,788	35,847,865	16,174	43,124,994	400,644	17,618
Net assets								
Unrestricted net assets, controlling	(1,653)	1,765,324	(9,962,560)	1,174,732	(26,719,208)	(23,074,603)	(10,868)	1,407,881
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,653)	1,765,324	(9,962,560)	1,174,732	(26,719,208)	(23,074,603)	(10,868)	1,407,881
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(1,653)	1,765,324	(9,962,560)	1,174,732	(26,719,208)	(23,074,603)	(10,868)	1,407,881
Total liabilities and net assets	\$ 71	\$ 29,236,345	\$ (9,959,772)	\$ 37,022,597	\$ (26,703,034)	\$ 20,050,391	\$ 389,776	\$ 1,425,499

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California 48, LP (Roseville)	Esperanza Crossing II, LLC	Mercy Housing California 76, LP (Esperanza Crossing Phase II)	Mercy Transformation, LLC	Sunnydale Parcel Q Housing Partners, LP	Candlestick Pointe 11a, a California Limited Partnership (Candlestick)	20 North Cottonwood LLC	Mercy New Hope, LP (Woodland/180 West Beamer)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ 11,063	\$ -	\$ 167,512	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	-	20,182	-	-	-	-	-
Cash, restricted	1,160,065	-	1,460,033	-	-	198	-	27,490
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	15,702	-	100,000	-	-	-
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	4,783	-	200,000	150,000	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>1,160,065</u>		<u>1,511,763</u>		<u>467,512</u>	<u>150,198</u>		<u>27,490</u>
Property and equipment								
Land and land improvements	2,200,000	-	1,599,611	-	3,020,077	-	-	-
Buildings	-	-	9,045,196	-	-	-	-	-
Furniture and equipment	-	-	107,928	-	-	-	-	-
Predevelopment project costs	-	-	-	-	1,613,363	473,601	-	-
Construction in progress	10,204,710	-	-	-	-	-	-	6,872,967
Accumulated depreciation	-	-	(68,883)	-	-	-	-	-
Net property and equipment	<u>12,404,710</u>		<u>10,683,852</u>		<u>4,633,440</u>	<u>473,601</u>		<u>6,872,967</u>
Other long-term assets								
Restricted property reserves	-	-	-	-	-	-	-	141,274
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	82	-	-	-	-	50	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	114,766	-	7,902	-	102,000	-	-	127,088
Total other long-term assets	<u>114,766</u>	<u>82</u>	<u>7,902</u>		<u>102,000</u>		<u>50</u>	<u>268,362</u>
Total assets	<u>\$ 13,679,541</u>	<u>\$ 82</u>	<u>\$ 12,203,517</u>	<u>\$ -</u>	<u>\$ 5,202,952</u>	<u>\$ 623,799</u>	<u>\$ 50</u>	<u>\$ 7,168,819</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California 48, LP (Roseville)	Esperanza Crossing II, LLC	Mercy Housing California 76, LP (Esperanza Crossing Phase II)	Mercy Transformation, LLC	Sunnydale Parcel Q Housing Partners, LP	Candlestick Pointe 11a, a California Limited Partnership (Candlestick)	20 North Cottonwood LLC	Mercy New Hope, LP (Woodland/180 West Beamer)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 2,321,374	\$ 100	\$ 1,552,571	\$ -	\$ 402,817	\$ 272,959	\$ -	\$ 1,812,038
Due to affiliates	363,058	807	624,332	-	-	-	51	198,121
Accrued interest	-	-	14,676	-	-	-	-	4,214
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	6,668,698	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	7,219	-	-
Deferred revenue and other liabilities	-	-	28	-	-	-	-	-
Tenant security deposits	-	-	10,496	-	-	-	-	-
Total current liabilities	2,684,432	907	8,870,801		402,817	280,178	51	2,014,373
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	188,423	-	33,931	-	120,361	4,487	-	52,997
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	5,561,544	-	2,747,118	-	4,693,585	349,665	-	4,048,735
Notes payable, less current portion, affiliates	1,948,320	-	-	-	-	-	-	-
Deferred revenue and other liabilities	290,909	-	350,001	-	-	-	-	-
Total long-term liabilities	7,989,196		3,131,050		4,813,946	354,152		4,101,732
Total liabilities	10,673,628	907	12,001,851		5,216,763	634,330	51	6,116,105
Net assets								
Unrestricted net assets, controlling	3,005,913	(825)	201,666	-	(13,811)	(10,531)	- (1)	1,052,714
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	3,005,913	(825)	201,666	-	(13,811)	(10,531)	(1)	1,052,714
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	3,005,913	(825)	201,666	-	(13,811)	(10,531)	- (1)	1,052,714
Total liabilities and net assets	\$ 13,679,541	\$ 82	\$ 12,203,517	\$ -	\$ 5,202,952	\$ 623,799	\$ 50	\$ 7,168,819

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California 74, LP (Britton Street)	Pico Robertson LLC, GP	Mercy Housing California 73, LP (Pico Robertson)	Baldwin Rose LLC, GP	Baldwin Rose LP	Eliminations	Consolidated Mercy Housing Calwest
Assets							
Current assets							
Cash and cash equivalents	\$ 110,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,321,145
Cash, tenant security deposits	-	-	-	-	-	-	1,573,235
Cash, restricted	4,576	-	-	-	4,186	-	15,170,548
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	143,264	-	-	-	88,487	-	2,660,743
Due from affiliate, net	66,616	-	-	-	22,068	(852,728)	322,407
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	27,177	-	-	-	-	-	1,559,432
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	352,015				114,741	(852,728)	30,607,510
Property and equipment							
Land and land improvements	1,711,319	-	10,000	-	2,668,314	700,824	86,428,838
Buildings	5,946,257	-	-	-	-	-	664,367,956
Furniture and equipment	2,514	-	-	-	-	-	17,404,305
Predevelopment project costs	-	-	-	-	-	-	2,326,670
Construction in progress	1,964,357	-	2,267,729	-	4,267,041	-	165,598,457
Accumulated depreciation	(72,428)	-	-	-	-	-	(91,857,227)
Net property and equipment	9,552,019		2,277,729		6,935,355	700,824	844,268,999
Other long-term assets							
Restricted property reserves	25,357,567	-	-	-	-	-	61,910,594
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	(1)	-	50	-	48,540,308	(14,965,270)
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	(5,976,965)	1,397,284
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	20,753	-	140,930	-	101,997	-	14,921,161
Total other long-term assets	25,378,320	(1)	140,930	50	101,997	42,563,343	63,263,769
Total assets	\$ 35,282,354	\$ (1)	\$ 2,418,659	\$ 50	\$ 7,152,093	\$ 42,411,439	\$ 938,140,278

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California 74, LP (Britton Street)	Pico Robertson LLC, GP	Mercy Housing California 73, LP (Pico Robertson)	Baldwin Rose LLC, GP	Baldwin Rose LP	Eliminations	Consolidated Mercy Housing Calwest
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 81,345	\$ -	\$ 4,399	\$ -	\$ 502,144	\$ (231,405)	\$ 37,034,403
Due to affiliates	-	-	-	50	20,000	(1,060,856)	13,663,723
Accrued interest	-	-	-	-	2,345	-	1,773,826
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	123,613,616
Current portion of notes payable, affiliates	100,421	-	-	-	-	-	737,123
Deferred revenue and other liabilities	12,445	-	-	-	-	-	1,937,543
Tenant security deposits	66,582	-	-	-	-	-	1,605,556
Total current liabilities	260,793	-	4,399	50	524,489	(1,292,261)	180,365,790
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	108,802	-	-	-	3,363	-	25,172,429
Accrued interest, affiliates	-	-	-	-	-	(430,306)	677,887
Notes payable, less current portion, net	43,483,957	-	(378,881)	-	4,433,460	-	525,658,136
Notes payable, less current portion, affiliates	-	-	1,430,000	-	-	(8,876,460)	16,468,486
Deferred revenue and other liabilities	- 3,351	-	127,150	-	37,556	-	26,691,887
Total long-term liabilities	43,596,110	-	1,178,269	-	4,474,379	(9,306,766)	594,668,825
Total liabilities	43,856,903	-	1,182,668	50	4,998,868	(10,599,027)	775,034,615
Net assets							
Unrestricted net assets, controlling	(8,574,549)	(1)	1,235,991	-	2,153,225	53,010,466	160,029,306
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(8,574,549)	(1)	1,235,991	-	2,153,225	53,010,466	160,029,306
Temporarily restricted net assets	-	-	-	-	-	-	3,076,357
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(8,574,549)	- (1)	1,235,991	-	2,153,225	53,010,466	163,105,663
Total liabilities and net assets	\$ 35,282,354	\$ (1)	\$ 2,418,659	\$ 50	\$ 7,152,093	\$ 42,411,439	\$ 938,140,278

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing Calwest	Mercy Housing California XXXIX, LP (Gleason Park)	Mercy Housing California XL, LP (Arlington Hotel)	Mercy Housing California XXXVIII, LP (East Leland Courts)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1000 Fourth Street)	Third and LeConte Associates LP (Bayview Hill Gardens)	Caroline Severance LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 650,940	\$ 938,654	\$ 700,359	\$ 294,701	\$ 1,754,423	\$ 409,282	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	378,394	-	-	-	-	-	-	9,616
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	422,013	-	394,940	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	45,079	6,102	39,939	194	55,293	240	5,697	-
Other	5,950,938	59,340	547,770	19,883	140,587	636,196	1,008,650	-
Total revenues	6,374,411	716,382	1,948,376	720,436	885,521	2,390,859	1,423,629	9,616
Expenses and losses								
Compensation	-	175,877	410,028	127,906	302,637	401,836	229,578	-
Administrative	431,847	135,379	279,744	118,305	95,809	327,027	160,179	10,471
Professional services	25,000	106,230	372,650	56,716	92,030	98,735	12,625	-
Depreciation and amortization	-	842,558	1,675,771	892,937	553,939	2,211,043	1,366,700	-
Grants	1,300,464	-	-	-	-	-	-	-
Facility	800	233,114	504,440	235,615	221,894	1,034,883	608,435	-
Interest and fees	-	767	847,089	296,797	90,614	503,090	378,102	-
Bad debts	-	2,644	8,499	1,691	1,183	64	983	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	(24,804)	-	-
(Gain) loss on investment in limited partnership	1,700,096	-	-	-	-	-	-	128
Total expenses and losses	3,458,207	1,496,569	4,098,221	1,729,967	1,358,106	4,551,874	2,756,602	10,599
Excess (deficiency) of revenues over expenses	2,916,204	(780,187)	(2,149,845)	(1,009,531)	(472,585)	(2,161,015)	(1,332,973)	(983)
Net assets at beginning of year	(24,280,843)	(4,399,832)	(8,952,843)	2,830,602	(1,902,529)	26,153,009	9,448,359	(16,643)
Other transfers to (from) net assets	(14,041,877)	-	-	(17,365)	-	-	-	-
Net assets at end of year	\$ (35,406,516)	\$ (5,180,019)	\$ (11,102,688)	\$ 1,803,706	\$ (2,375,114)	\$ 23,991,994	\$ 8,115,386	\$ (17,626)

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)	Mercy Housing California 52, LP (School House Station-Vista Grande)	1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apts.)	55 Laguna, LP (Open House Community at 55 Laguna)
Revenues								
Rent - net of vacancies	\$ 1,153,073	\$ -	\$ 1,027,366	\$ -	\$ 757,962	\$ 1,198,954	\$ 744,873	\$ 527,133
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	16,883	-	15,000	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	235	-	56,524	-	24,089	8	671	-
Other	121,950	-	2,369	-	13,578	147,778	404,177	72,255
Total revenues	1,275,258	16,883	1,086,259	15,000	795,629	1,346,740	1,149,721	599,388
Expenses and losses								
Compensation	139,929	-	382,446	-	319,096	191,798	194,047	120,119
Administrative	155,952	17,738	174,195	15,800	124,636	146,588	143,459	117,286
Professional services	135,097	-	214,695	-	104,450	80,366	100,894	126,501
Depreciation and amortization	1,146,516	-	1,616,264	-	464,009	546,614	895,963	1,128,180
Grants	-	-	-	-	-	-	-	-
Facility	286,556	-	492,210	-	393,179	301,789	547,250	326,887
Interest and fees	686,308	-	92,239	-	147,767	488,113	258,011	609,858
Bad debts	-	-	6,487	-	7,223	50	619	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	(5,942)	-
(Gain) loss on investment in limited partnership	-	189	-	76	-	-	-	-
Total expenses and losses	2,550,358	17,927	2,978,536	15,876	1,560,360	1,755,318	2,134,301	2,428,831
Excess (deficiency) of revenues over expenses	(1,275,100)	(1,044)	(1,892,277)	(876)	(764,731)	(408,578)	(984,580)	(1,829,443)
Net assets at beginning of year	9,687,503	14,176,533	28,454,675	14,148	2,384,585	4,985,945	13,578,312	1,605,852
Other transfers to (from) net assets	19,036	-	-	-	199,832	-	5,000	18,383,205
Net assets at end of year	\$ 8,431,439	\$ 14,175,489	\$ 26,562,398	\$ 13,272	\$ 1,819,686	\$ 4,577,367	\$ 12,598,732	\$ 18,159,614

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Esparto Family Apartments, LLC	Mercy Housing California 54, LP (Esperanza Crossing)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Trailside Terrace)	Mercy Housing California 56, LP (Jefferson Park Terrace)	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	El Monte Veterans Apartments LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 363,393	\$ -	\$ 284,146	\$ 608,598	\$ -	\$ 513,297	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	8,500	-	-	-	-	-	-	25,294
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	61	-	126	1	3	435	-
Other	-	10,622	-	40,161	10,652	18,633	50,546	-
Total revenues	8,500	374,076	-	324,433	619,251	18,636	564,278	25,294
Expenses and losses								
Compensation	-	72,183	-	61,251	147,855	-	101,891	-
Administrative	9,355	73,504	854	56,577	97,549	-	105,886	26,148
Professional services	-	17,485	-	30,000	16,554	-	10,804	-
Depreciation and amortization	-	403,234	-	342,986	621,452	-	604,368	-
Grants	-	-	-	-	-	-	-	-
Facility	-	121,675	-	112,476	189,415	-	164,392	-
Interest and fees	-	162,562	-	146,621	235,872	-	168,459	-
Bad debts	-	-	-	-	9,957	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	48	-	43	-	-	-	-	31
Total expenses and losses	9,403	850,643	897	749,911	1,318,654	-	1,155,800	26,179
Excess (deficiency) of revenues over expenses	(903)	(476,567)	(897)	(425,478)	(699,403)	18,636	(591,522)	(885)
Net assets at beginning of year	(15,132)	5,544,581	(14,970)	6,119,618	7,727,484	(1,617)	6,981,181	70,919
Other transfers to (from) net assets	-	-	-	(2,976)	-	-	-	-
Net assets at end of year	\$ (16,035)	\$ 5,068,014	\$ (15,867)	\$ 5,692,064	\$ 7,028,081	\$ 17,019	\$ 6,389,659	\$ 70,034

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	El Monte Veterans Apartments, LP	1028 Howard Street, LLC	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)	Mercy Eden House LLC	Eden House, L.P.	Crossroad Gardens LLC	Transbay Block 6, LLC
Revenues								
Rent - net of vacancies	\$ 385,701	\$ 553,326	\$ 187,674	\$ 369,566	\$ -	\$ 1,413,416	\$ 315,338	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	95,392
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	500	57	314	62	-	4,263	3,230	-
Other	7,292	6,204	72,546	100,948	-	19,772	11,653	-
Total revenues	393,493	559,587	260,534	470,576		1,437,451	330,221	95,392
Expenses and losses								
Compensation	112,226	76,860	212,673	93,640	-	201,483	60,457	-
Administrative	109,682	98,827	67,065	51,412	166,852	163,271	65,142	96,247
Professional services	76,447	32,842	17,964	4,399	-	92,922	19,191	-
Depreciation and amortization	479,487	172,978	216,903	146,909	-	430,576	70,801	-
Grants	-	-	-	-	-	-	335,822	-
Facility	140,665	154,912	195,438	155,453	-	417,279	88,855	-
Interest and fees	75,579	69,733	126,753	126,443	-	304,993	109,731	-
Bad debts	1,153	-	410	-	-	1,319	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	17	-	-	102
Total expenses and losses	995,239	606,152	837,206	578,256	166,869	1,611,843	749,999	96,349
Excess (deficiency) of revenues over expenses	(601,746)	(46,565)	(576,672)	(107,680)	(166,869)	(174,392)	(419,778)	(957)
Net assets at beginning of year	7,344,662	(353,423)	4,380,390	(823,856)	2,037,871	6,828,907	(298,940)	493,485
Other transfers to (from) net assets	(2,444)	-	-	-	-	(166,797)	718,718	-
Net assets at end of year	\$ 6,740,472	\$ (399,988)	\$ 3,803,718	\$ (931,536)	\$ 1,871,002	\$ 6,487,718	\$ 718,718	\$ 492,528

**Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017**

	Mercy Housing California 62, LP (280 Beale)	Sunset Valley Duplexes, LLC	Mercy Housing California 63, LP (Sunset Valley Duplexes)	345 Arguello, LP	Land Park Woods, LLC	Mercy Housing California 68, LP (Land Park Woods)	1800 Pine, LP	Transbay Block 7, LLC
Revenues								
Rent - net of vacancies	\$ 875,379	\$ -	\$ 606,471	\$ 866,587	\$ -	\$ 534,610	\$ 1,864,466	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	8,500	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	389	-	4,984	111	-	(1,188)	65	-
Other	41,531	75,000	18,683	23,786	-	7,219	80,155	-
Total revenues	<u>917,299</u>	<u>83,500</u>	<u>630,138</u>	<u>890,484</u>	<u>-</u>	<u>540,641</u>	<u>1,944,686</u>	<u>-</u>
Expenses and losses								
Compensation	171,111	-	113,708	161,307	-	153,410	264,440	-
Administrative	182,195	12,177	120,701	148,799	876	222,121	215,443	800
Professional services	46,281	-	44,173	172,139	934	70,358	237,980	623
Depreciation and amortization	712,804	-	650,762	778,566	-	447,652	900,587	-
Grants	-	-	-	-	-	-	-	-
Facility	349,967	-	209,867	237,898	-	152,577	639,012	-
Interest and fees	475,841	-	159,056	618,271	-	318,026	761,462	-
Bad debts	-	-	166	2,566	-	1,497	3,226	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	67	-	-	82	-	-	2
Total expenses and losses	<u>1,938,199</u>	<u>12,244</u>	<u>1,298,433</u>	<u>2,119,546</u>	<u>1,892</u>	<u>1,365,641</u>	<u>3,022,150</u>	<u>1,425</u>
Excess (deficiency) of revenues over expenses	(1,020,900)	71,256	(668,295)	(1,229,062)	(1,892)	(825,000)	(1,077,464)	(1,425)
Net assets at beginning of year	9,982,635	410,483	13,521,358	441,502	115,896	741,021	292,090	(9,254)
Other transfers to (from) net assets	450,086	-	309,632	-	-	6,373,239	(2,500)	-
Net assets at end of year	<u>\$ 9,411,821</u>	<u>\$ 481,739</u>	<u>\$ 13,162,695</u>	<u>\$ (787,560)</u>	<u>\$ 114,004</u>	<u>\$ 6,289,260</u>	<u>\$ (787,874)</u>	<u>\$ (10,679)</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California 64, LP (Transbay Block 7)	Mercy Mather Veterans, LLC	Mercy Housing California 61, LP (Mather Veterans Village)	Mercy Housing California 65, LLC	Mercy Housing California 65, LP (15888 Hesperion)	Plaza Maria, LLC	Mercy Laguna LLC, GP	Laguna Senior Housing, LP (95 Laguna)
Revenues								
Rent - net of vacancies	\$ -	\$ (441)	\$ 424,514	\$ -	\$ 836,274	\$ 866,616	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	-	-	295	-	-	-
Other	-	9,077	13,691	-	46,048	17,591	-	4,510
Total revenues	<u>-</u>	<u>8,636</u>	<u>438,205</u>	<u>-</u>	<u>882,617</u>	<u>884,207</u>	<u>-</u>	<u>4,510</u>
Expenses and losses								
Compensation	-	-	217,717	-	169,267	88,496	-	-
Administrative	12,344	800	112,444	799	223,919	74,174	-	5,879
Professional services	3,299	623	73,044	623	47,028	7,980	-	4,399
Depreciation and amortization	-	-	459,971	-	676,122	275,363	-	-
Grants	-	-	-	-	-	-	-	-
Facility	-	-	87,476	-	162,704	191,662	-	-
Interest and fees	-	-	132,552	-	541,626	282,336	-	-
Bad debts	-	-	1,194	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	55	-	94	-	-	-	-
Total expenses and losses	<u>15,643</u>	<u>1,478</u>	<u>1,084,398</u>	<u>1,516</u>	<u>1,820,666</u>	<u>920,011</u>	<u>-</u>	<u>10,278</u>
Excess (deficiency) of revenues over expenses	(15,643)	7,158	(646,193)	(1,516)	(938,049)	(35,804)	-	(5,768)
Net assets at beginning of year	874,455	106,967	1,581,046	(2,981)	868,176	(3,022,920)	-	265,027
Other transfers to (from) net assets	-	-	9,629,443	-	10,486,421	(500,000)	135,140	1,879,157
Net assets at end of year	<u>\$ 858,812</u>	<u>\$ 114,125</u>	<u>\$ 10,564,296</u>	<u>\$ (4,497)</u>	<u>\$ 10,416,548</u>	<u>\$ (3,558,724)</u>	<u>\$ 135,140</u>	<u>\$ 2,138,416</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	JFK Tower, LP	2698 California, LP	Mercy Housing California 66, LP (Colma Veterans Village)	455 Fell, LP (Parcel O)	Mercy Housing California 67, LP (Columbia Park)	St. Mary's Tower	Historic Live Oak (Odd Fellows)	Mercy Housing Camino, LLC
Revenues								
Rent - net of vacancies	\$ 930,233	\$ 404,931	\$ -	\$ -	\$ 906,538	\$ -	\$ 88,724	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	538	305	-	-	17	-	33	-
Other	11,737	24,546	-	-	118,905	-	2,031	-
Total revenues	<u>942,508</u>	<u>429,782</u>	<u>-</u>	<u>-</u>	<u>1,025,460</u>	<u>-</u>	<u>90,788</u>	<u>-</u>
Expenses and losses								
Compensation	246,480	185,894	-	-	114,903	-	12,975	-
Administrative	147,176	108,975	5,800	5,812	102,622	-	20,096	1,724
Professional services	122,946	73,520	800	5,199	112,275	-	8,961	623
Depreciation and amortization	589,265	268,080	-	-	803,254	(53,879)	56,148	-
Grants	-	-	-	-	-	32,192	-	-
Facility	719,057	410,840	-	-	208,590	-	47,861	-
Interest and fees	494,928	321,816	-	-	438,134	-	580	-
Bad debts	6,032	396	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	(4)	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>2,325,884</u>	<u>1,369,521</u>	<u>6,600</u>	<u>11,011</u>	<u>1,779,774</u>	<u>(21,687)</u>	<u>146,621</u>	<u>2,347</u>
Excess (deficiency) of revenues over expenses	(1,383,376)	(939,739)	(6,600)	(11,011)	(754,314)	21,687	(55,833)	(2,347)
Net assets at beginning of year	1,883,140	1,046,691	(14,080)	(8,881)	(4,256,521)	32,192	576,040	(311)
Other transfers to (from) net assets	-	(750)	1,176,214	3,898,395	8,318,119	(53,879)	-	-
Net assets at end of year	<u>\$ 499,764</u>	<u>\$ 106,202</u>	<u>\$ 1,155,534</u>	<u>\$ 3,878,503</u>	<u>\$ 3,307,284</u>	<u>\$ -</u>	<u>\$ 520,207</u>	<u>\$ (2,658)</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing La Cienega GP, LLC	New Dana Strand IV, LP (Camino Del Mar)	St Mary's Tower, LLC	Mercy Housing California 71, LP (St Mary's Tower)	Francis of Assisi, LLC	Mercy Housing California 69, LP (Francis of Assisi)	Mercy Housing California 59, LP (Casa de la Mission)	0623 Vernon, LLC
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 2,246,778	\$ -	\$ 3,608,748	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	19,185	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	-	136	-	-	-	-
Other	-	-	-	8,226	-	4,611	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,255,140</u>	<u>19,185</u>	<u>3,613,359</u>	<u>-</u>	<u>-</u>
Expenses and losses								
Compensation	-	-	-	289,578	-	653,663	-	-
Administrative	1,725	-	1,755	242,070	20,964	188,232	70	7,725
Professional services	-	4,399	623	134,584	-	31,704	4,399	-
Depreciation and amortization	-	-	-	827,348	-	342,207	-	-
Grants	-	-	-	-	-	6,400	-	-
Facility	-	-	-	504,404	-	899,307	-	-
Interest and fees	-	-	-	730,558	-	822,076	-	-
Bad debts	-	-	-	-	-	2,189	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	47	-	(67)	-	-	-
Total expenses and losses	<u>1,725</u>	<u>4,399</u>	<u>2,425</u>	<u>2,728,542</u>	<u>20,897</u>	<u>2,945,778</u>	<u>4,469</u>	<u>7,725</u>
Excess (deficiency) of revenues over expenses	(1,725)	(4,399)	(2,425)	(473,402)	(1,712)	667,581	(4,469)	(7,725)
Net assets at beginning of year	72	1,794,723	(10,014,014)	1,017,255	(26,717,496)	(23,742,184)	(4,399)	1,415,606
Other transfers to (from) net assets	-	(25,000)	53,879	630,879	-	-	(2,000)	-
Net assets at end of year	<u>\$ (1,653)</u>	<u>\$ 1,765,324</u>	<u>\$ (9,962,560)</u>	<u>\$ 1,174,732</u>	<u>\$ (26,719,208)</u>	<u>\$ (23,074,603)</u>	<u>\$ (10,868)</u>	<u>\$ 1,407,881</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California 48, LP (Roseville)	Esperanza Crossing II, LLC	Mercy Housing California 76, LP (Esperanza Crossing Phase II)	Mercy Transformation, LLC	Sunnydale Parcel Q Housing Partners, LP	Candlestick Pointe 11a, a California Limited Partnership (Candlestick)	20 North Cottonwood LLC	Mercy New Hope, LP (Woodland/180 West Beamer)
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ 20,976	\$ -	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	20
Other	-	-	775	-	-	-	-	-
Total revenues	-	-	21,751	-	-	-	-	20
Expenses and losses								
Compensation	-	-	-	-	-	-	-	-
Administrative	44	807	60,844	-	235	132	-	9,257
Professional services	4,399	-	11,080	-	5,399	4,399	-	4,399
Depreciation and amortization	-	-	68,883	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Facility	-	-	1,972	-	-	-	-	-
Interest and fees	-	-	53,952	-	-	-	-	-
Bad debts	-	-	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	18	-	-	-	-	1	-
Total expenses and losses	4,443	825	196,731	-	5,634	4,531	1	13,656
Excess (deficiency) of revenues over expenses	(4,443)	(825)	(174,980)	-	(5,634)	(4,531)	(1)	(13,636)
Net assets at beginning of year	1,731,239	-	442,446	-	(8,177)	-	-	-
Other transfers to (from) net assets	1,279,117	-	(65,800)	-	-	(6,000)	-	1,066,350
Net assets at end of year	\$ 3,005,913	\$ (825)	\$ 201,666	\$ -	\$ (13,811)	\$ (10,531)	\$ (1)	\$ 1,052,714

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California 74, LP (Britton Street)	Pico Robertson LLC, GP	Mercy Housing California 73, LP (Pico Robertson)	Baldwin Rose LLC, GP	Baldwin Rose LP	Eliminations	Consolidated Mercy Housing Calwest
Revenues							
Rent - net of vacancies	\$ 216,474	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,450,053
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	(548,625)	28,139
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	816,953
Consulting	-	-	-	-	-	-	-
Interest	-	-	-	-	-	(45,079)	203,749
Other	2,583	-	-	-	-	(384,448)	9,600,757
Total revenues	<u>219,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(978,152)</u>	<u>41,099,651</u>
Expenses and losses							
Compensation	10,767	-	-	-	-	-	6,989,532
Administrative	13,540	-	5,000	-	800	(686,642)	5,235,020
Professional services	25,401	-	5,199	-	4,399	-	3,118,789
Depreciation and amortization	72,428	-	-	-	-	-	24,705,749
Grants	-	-	-	-	-	(368,015)	1,306,863
Facility	52,657	-	-	-	-	-	11,803,463
Interest and fees	2,713	-	-	-	-	(110,244)	11,969,184
Bad debts	-	-	-	-	-	-	59,548
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	(30,750)
(Gain) loss on investment in limited partnership	-	1	-	-	-	(80,558)	1,620,472
Total expenses and losses	<u>177,506</u>	<u>1</u>	<u>10,199</u>	<u>-</u>	<u>5,199</u>	<u>(1,245,459)</u>	<u>66,777,870</u>
Excess (deficiency) of revenues over expenses	41,551	(1)	(10,199)	-	(5,199)	267,307	(25,678,219)
Net assets at beginning of year	-	-	-	-	-	39,881,598	131,008,433
Other transfers to (from) net assets	(8,616,100)	-	1,246,190	-	2,158,424	12,861,561	57,775,449
Net assets at end of year	<u>\$ (8,574,549)</u>	<u>\$ (1)</u>	<u>\$ 1,235,991</u>	<u>\$ -</u>	<u>\$ 2,153,225</u>	<u>\$ 53,010,466</u>	<u>\$ 163,105,663</u>

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales (McIntosh Mobile Homes)	Richmond Hills	Sycamore Center (Red Bluff)	Sierra Vista
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ 57,021	\$ 362,753	\$ 47,766	\$ 16,365	\$ 16,088	\$ -
Cash, tenant security deposits	-	-	13,899	-	27,477	-	3,786	-
Cash, restricted	71	-	-	-	-	17,131	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	338	-	5	1,152	-	-
Due from affiliate, net	-	-	-	34,118	-	-	13,363	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	83,380	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	6,553	-	8,012	2,060	1,953	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	83,451		77,811	396,871	83,260	36,708	35,190	
Property and equipment								
Land and land improvements	3,700,000	-	96,144	658,571	602,623	368,530	58,366	-
Buildings	-	-	649,702	4,394,710	3,656,542	2,194,340	2,634,992	-
Furniture and equipment	-	-	-	105,508	11,660	32,811	15,819	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(399,828)	(3,338,985)	(2,417,605)	(1,730,506)	(1,492,804)	-
Net property and equipment	3,700,000		346,018	1,819,804	1,853,220	865,175	1,216,373	
Other long-term assets								
Restricted property reserves	-	-	58,912	186,195	197,355	43,690	167,947	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	60,000	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	- 22,000	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	82,000		58,912	186,195	197,355	43,690	167,947	
Total assets	\$ 3,865,451	\$ -	\$ 482,741	\$ 2,402,870	\$ 2,133,835	\$ 945,573	\$ 1,419,510	\$ -

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales (McIntosh Mobile Homes)	Richmond Hills	Sycamore Center (Red Bluff)	Sierra Vista
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ -	\$ 27,482	\$ 58,758	\$ 19,020	\$ 5,698	\$ 13,677	\$ -
Due to affiliates	12,968	-	-	-	-	-	-	-
Accrued interest	-	-	-	522,651	8,257	-	1,792	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	48,407	-	22,770	-
Current portion of notes payable, affiliates	1,238,173	-	-	-	-	88,096	-	-
Deferred revenue and other liabilities	-	-	266	-	513	-	122	-
Tenant security deposits	-	-	12,994	-	26,977	5,000	-	-
Total current liabilities	1,251,141		40,742	581,409	103,174	98,794	38,364	
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	528,760	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	60,000	-	-	1,260,000	2,195,565	3	421,494	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	7,500	-
Total long-term liabilities	60,000			1,260,000	2,724,325		428,994	
Total liabilities	1,311,141		40,742	1,841,409	2,827,499	98,794	467,358	
Net assets								
Unrestricted net assets, controlling	2,554,310	-	267,770	(1,447,568)	(1,812,382)	(443,061)	952,152	-
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,554,310	-	267,770	(1,447,568)	(1,812,382)	(443,061)	952,152	-
Temporarily restricted net assets	-	-	174,229	2,009,029	1,118,718	1,289,840	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,554,310	-	441,999	561,461	(693,664)	846,779	952,152	
Total liabilities and net assets	\$ 3,865,451	\$ -	\$ 482,741	\$ 2,402,870	\$ 2,133,835	\$ 945,573	\$ 1,419,510	\$ -

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2017

	Eliminations	Consolidated Mercy Properties California
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 499,993
Cash, tenant security deposits	-	45,162
Cash, restricted	-	17,202
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	-	1,495
Due from affiliate, net	-	47,481
Pledges receivable, net	-	-
Grants receivable	-	-
Current portion of notes and interest receivable	-	-
Current portion of notes and interest receivable, affiliates	-	83,380
Prepaid expenses and other assets	-	18,578
Inventory	-	-
Assets held for sale	-	-
Total current assets	-	713,291
Property and equipment		
Land and land improvements	-	5,484,234
Buildings	-	13,530,286
Furniture and equipment	-	165,798
Predevelopment project costs	-	-
Construction in progress	-	-
Accumulated depreciation	-	(9,379,728)
Net property and equipment	-	9,800,590
Other long-term assets		
Restricted property reserves	-	654,099
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	60,000
Pledges receivable, net	-	-
Investments in limited partnerships, net	-	-
Notes and interest receivable, net	-	22,000
Notes and interest receivable, affiliates	-	-
Allowance for impaired assets	-	-
Other assets, net	-	-
Total other long-term assets	-	736,099
Total assets	\$ -	\$ 11,249,980

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Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2017

	Eliminations	Consolidated Mercy Properties California
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 24,000	\$ 148,635
Due to affiliates	-	12,968
Accrued interest	-	532,700
Accrued interest, affiliates	-	-
Current portion of notes payable	-	71,177
Current portion of notes payable, affiliates	-	1,326,269
Deferred revenue and other liabilities	-	901
Tenant security deposits	-	44,974
Total current liabilities	<u>24,000</u>	<u>2,137,624</u>
Long-term liabilities		
Due to affiliates	-	-
Accrued interest	-	528,760
Accrued interest, affiliates	-	-
Notes payable, less current portion, net	-	3,937,059
Notes payable, less current portion, affiliates	-	-
Deferred revenue and other liabilities	-	7,500
Total long-term liabilities	<u>-</u>	<u>4,473,319</u>
Total liabilities	<u>24,000</u>	<u>6,610,943</u>
Net assets		
Unrestricted net assets, controlling	(24,000)	47,221
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	<u>(24,000)</u>	<u>47,221</u>
Temporarily restricted net assets	-	4,591,816
Permanently restricted net assets	-	-
Total net assets	<u>(24,000)</u>	<u>4,639,037</u>
Total liabilities and net assets	<u>\$ -</u>	<u>\$ 11,249,980</u>

Mercy Properties California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales (McIntosh Mobile Homes)	Richmond Hills	Sycamore Center (Red Bluff)	Sierra Vista
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ 181,081	\$ 20,688	\$ 381,665	\$ 35,989	\$ 125,736	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	12,000	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	28,000	-	-
Capital grants	-	-	-	58,488	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	40	506	92	3,185	91	-
Other	17	10	1,875	5	3,511	5,148	39,824	-
Total revenues	12,017	10	182,996	79,687	385,268	72,322	165,651	-
Expenses and losses								
Compensation	-	-	77,380	-	82,350	-	5,948	-
Administrative	12,001	-	20,407	-	31,549	6,426	9,082	-
Professional services	4,165	-	3,036	2,498	4,880	31,065	2,500	-
Depreciation and amortization	-	-	23,910	178,186	133,805	79,514	96,905	-
Grants	-	-	-	-	-	-	-	-
Facility	-	-	71,038	29,079	76,205	3,652	71,996	-
Interest and fees	-	-	-	37,800	114,002	4,907	21,576	-
Bad debts	-	-	574	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	16,166	-	196,345	247,563	442,791	125,564	208,007	-
Excess (deficiency) of revenues over expenses	(4,149)	10	(13,349)	(167,876)	(57,523)	(53,242)	(42,356)	-
Net assets at beginning of year	2,558,459	(10)	455,348	729,337	(636,141)	900,021	994,508	-
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 2,554,310	\$ -	\$ 441,999	\$ 561,461	\$ (693,664)	\$ 846,779	\$ 952,152	\$ -

Mercy Properties California
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Eliminations	Consolidated Mercy Properties California
Revenues		
Rent - net of vacancies	\$ -	\$ 745,159
Developer fees	-	-
Services fees	(12,000)	-
Philanthropy	-	28,000
Capital grants	-	58,488
Consulting	-	-
Interest	-	3,914
Other	-	50,390
Total revenues	<u>(12,000)</u>	<u>885,951</u>
Expenses and losses		
Compensation	-	165,678
Administrative	-	79,465
Professional services	-	48,144
Depreciation and amortization	-	512,320
Grants	-	-
Facility	-	251,970
Interest and fees	-	178,285
Bad debts	-	574
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>-</u>	<u>1,236,436</u>
Excess (deficiency) of revenues over expenses	(12,000)	(350,485)
Net assets at beginning of year	(12,000)	4,989,522
Other transfers to (from) net assets	-	-
Net assets at end of year	<u>\$ (24,000)</u>	<u>\$ 4,639,037</u>

San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2017

	San Juan Housing Corporation	Kennedy Estates Housing Associates, LP (Kennedy Estates)	Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 390,975	\$ 30,491	\$ -	\$ 421,466
Cash, tenant security deposits	-	68,705	64,095	-	132,800
Cash, restricted	-	201	-	-	201
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	3,882	3,987	-	7,869
Due from affiliate, net	478,812	-	-	(478,812)	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	20,125	23,869	-	43,994
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	478,812	483,888	122,442	(478,812)	606,330
Property and equipment					
Land and land improvements	-	802,372	840,803	-	1,643,175
Buildings	-	5,804,771	2,119,448	-	7,924,219
Furniture and equipment	-	158,541	3,631,483	-	3,790,024
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(4,406,692)	(4,392,724)	-	(8,799,416)
Net property and equipment	-	2,358,992	2,199,010	-	4,558,002
Other long-term assets					
Restricted property reserves	-	407,006	230,517	-	637,523
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(36,108)	-	-	36,108	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	-	-	-	-
Total other long-term assets	(36,108)	407,006	230,517	36,108	637,523
Total assets	\$ 442,704	\$ 3,249,886	\$ 2,551,969	\$ (442,704)	\$ 5,801,855
	-	-	-	-	

San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2017

	San Juan Housing Corporation	Kennedy Estates Housing Associates, LP (Kennedy Estates)	Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 117,401	\$ 42,762	\$ 23,183	\$ -	\$ 183,346
Due to affiliates	140,741	373,129	316,791	(689,920)	140,741
Accrued interest	-	6,764	8,414	-	15,178
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	25,801	93,490	-	119,291
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	2,597	842	-	3,439
Tenant security deposits	-	67,469	63,841	-	131,310
Total current liabilities	258,142	518,522	506,561	(689,920)	593,305
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	546,586	1,585,204	-	2,131,790
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	-	2,525,758	4,480,997	-	7,006,755
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	3,643	2,688	-	6,331
Total long-term liabilities	-	3,075,987	6,068,889	-	9,144,876
Total liabilities	258,142	3,594,509	6,575,450	(689,920)	9,738,181
Net assets					
Unrestricted net assets, controlling	184,562	(344,623)	(4,023,481)	247,216	(3,936,326)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	184,562	(344,623)	(4,023,481)	247,216	(3,936,326)
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	184,562	(344,623)	(4,023,481)	247,216	(3,936,326)
Total liabilities and net assets	\$ 442,704	\$ 3,249,886	\$ 2,551,969	\$ (442,704)	\$ 5,801,855

San Juan Housing Corporation
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	San Juan Housing Corporation	Kennedy Estates Housing Associates, LP (Kennedy Estates)	Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Revenues					
Rent - net of vacancies	\$ -	\$ 731,562	\$ 630,505	\$ -	\$ 1,362,067
Developer fees	-	-	-	-	-
Services fees	53,057	-	-	(53,057)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	219	1,534	-	1,753
Other	-	15,190	18,491	-	33,681
Total revenues	<u>53,057</u>	<u>746,971</u>	<u>650,530</u>	<u>(53,057)</u>	<u>1,397,501</u>
Expenses and losses					
Compensation	-	175,916	154,010	-	329,926
Administrative	53,137	122,645	89,915	(53,057)	212,640
Professional services	-	12,200	11,620	-	23,820
Depreciation and amortization	-	228,855	203,139	-	431,994
Grants	-	-	-	-	-
Facility	-	284,707	182,733	-	467,440
Interest and fees	-	122,236	190,939	-	313,175
Bad debts	-	117	6,597	-	6,714
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	39	-	-	(39)	-
Total expenses and losses	<u>53,176</u>	<u>946,676</u>	<u>838,953</u>	<u>(53,096)</u>	<u>1,785,709</u>
Excess (deficiency) of revenues over expenses	(119)	(199,705)	(188,423)	39	(388,208)
Net assets at beginning of year	184,681	(144,918)	(3,835,058)	247,177	(3,548,118)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ 184,562</u>	<u>\$ (344,623)</u>	<u>\$ (4,023,481)</u>	<u>\$ 247,216</u>	<u>\$ (3,936,326)</u>

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Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Boise Senior 202 GP, LLC	Boise Senior 202 Owner, LP (12th Street Senior)	MHNW-ID GP, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 300	\$ 182	\$ -	\$ 7,830	\$ 5,823	\$ -	\$ 33,876	\$ -
Cash, tenant security deposits	-	5,355	-	23,220	4,531	-	15,187	-
Cash, restricted	117,704	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	1,382	1,118	-	8,260	14	-	16,268	-
Due from affiliate, net	10,013	3,539	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	37,204	-	-	-	-	-	-	-
Prepaid expenses and other assets	971	3,448	-	10,396	2,779	-	10,917	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	167,574	13,642		49,706	13,147		76,248	
Property and equipment								
Land and land improvements	-	122,374	-	334,960	11,670	-	1,215,108	-
Buildings	-	1,343,135	-	1,861,543	1,448,228	-	9,644,176	-
Furniture and equipment	1,943	12,033	-	356,922	7,609	-	310,316	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(1,943)	(693,250)		(1,490,595)	(633,099)		(2,355,445)	
Net property and equipment	-	784,292		1,062,830	834,408		8,814,155	
Other long-term assets								
Restricted property reserves	-	111,946	-	140,864	47,483	-	673,068	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	462	-	-
Notes and interest receivable, net	56,604	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	70,901	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	33,345	-
Total other long-term assets	127,505	111,946		140,864	47,483	462	706,413	
Total assets	\$ 295,079	\$ 909,880	\$ -	\$ 1,253,400	\$ 895,038	\$ 462	\$ 9,596,816	\$ -

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Boise Senior 202 GP, LLC	Boise Senior 202 Owner, LP (12th Street Senior)	MHNW-ID GP, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 7,350	\$ 34,648	\$ -	\$ 30,725	\$ 12,938	\$ 2,542	\$ 49,339	\$ -
Due to affiliates	1,160,005	-	-	-	-	(985)	10,013	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	2,301	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	5,430	-	-	-	-
Deferred revenue and other liabilities	-	-	-	620	1,538	-	1,602	-
Tenant security deposits	-	5,161	-	23,385	3,728	-	14,674	-
Total current liabilities	1,167,355	39,809		62,461	18,204	1,557	75,628	
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	39,115	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	260,000	-	(6,760)	290,000	-	577,224	-
Notes payable, less current portion, affiliates	-	-	-	439,988	-	-	4,297,700	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	-	260,000		433,228	290,000		4,914,039	
Total liabilities	1,167,355	299,809		495,689	308,204	1,557	4,989,667	
Net assets								
Unrestricted net assets, controlling	(982,315)	(246,035)	-	757,711	(246,500)	(3,725,768)	4,607,149	-
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(982,315)	(246,035)	-	757,711	(246,500)	(3,725,768)	4,607,149	-
Temporarily restricted net assets	110,039	856,106	-	-	833,334	3,724,673	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(872,276)	610,071	-	757,711	586,834	(1,095)	4,607,149	
Total liabilities and net assets	\$ 295,079	\$ 909,880	\$ -	\$ 1,253,400	\$ 895,038	\$ 462	\$ 9,596,816	\$ -

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 48,011
Cash, tenant security deposits	-	48,293
Cash, restricted	-	117,704
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	(1,382)	25,660
Due from affiliate, net	(10,013)	3,539
Pledges receivable, net	-	-
Grants receivable	-	-
Current portion of notes and interest receivable	-	-
Current portion of notes and interest receivable, affiliates	-	37,204
Prepaid expenses and other assets	-	28,511
Inventory	-	-
Assets held for sale	-	-
Total current assets	<u>(11,395)</u>	<u>308,922</u>
Property and equipment		
Land and land improvements	-	1,684,112
Buildings	(103,912)	14,193,170
Furniture and equipment	-	688,823
Predevelopment project costs	-	-
Construction in progress	-	-
Accumulated depreciation	<u>55,061</u>	<u>(5,119,271)</u>
Net property and equipment	<u>(48,851)</u>	<u>11,446,834</u>
Other long-term assets		
Restricted property reserves	-	973,361
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	-
Pledges receivable, net	-	-
Investments in limited partnerships, net	(462)	-
Notes and interest receivable, net	-	56,604
Notes and interest receivable, affiliates	-	70,901
Allowance for impaired assets	-	-
Other assets, net	-	33,345
Total other long-term assets	<u>(462)</u>	<u>1,134,211</u>
Total assets	<u>\$ (60,708)</u>	<u>\$ 12,889,967</u>

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,993	\$ 140,535
Due to affiliates	(10,014)	1,159,019
Accrued interest	-	-
Accrued interest, affiliates	-	2,301
Current portion of notes payable	-	-
Current portion of notes payable, affiliates	-	5,430
Deferred revenue and other liabilities	-	3,760
Tenant security deposits	-	46,948
Total current liabilities	(7,021)	1,357,993
Long-term liabilities		
Due to affiliates	-	-
Accrued interest	-	39,115
Accrued interest, affiliates	-	-
Notes payable, less current portion, net	-	1,120,464
Notes payable, less current portion, affiliates	(4,297,700)	439,988
Deferred revenue and other liabilities	-	-
Total long-term liabilities	(4,297,700)	1,599,567
Total liabilities	(4,304,721)	2,957,560
Net assets		
Unrestricted net assets, controlling	4,244,013	4,408,255
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	4,244,013	4,408,255
Temporarily restricted net assets	-	5,524,152
Permanently restricted net assets	-	-
Total net assets	4,244,013	9,932,407
Total liabilities and net assets	\$ (60,708)	\$ 12,889,967

**Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017**

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Boise Senior 202 GP, LLC	Boise Senior 202 Owner, LP (12th Street Senior)	MHNW-ID GP, LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 129,476	\$ -	\$ 341,956	\$ 114,011	\$ -	\$ 389,746	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	63,770	-	-	-	-	4,375	-	-
Philanthropy	42,770	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	4,143	36	-	340	10	-	182	-
Other	6,269	1,208	-	6,346	181	-	5,068	-
Total revenues	116,952	130,720	-	348,642	114,202	4,375	394,996	-
Expenses and losses								
Compensation	43,891	36,563	-	99,209	21,978	-	113,394	-
Administrative	12,213	23,567	-	53,638	19,108	-	64,754	-
Professional services	13,945	22,501	-	8,516	8,643	701	60,071	-
Depreciation and amortization	-	48,534	-	140,273	53,452	-	436,194	-
Grants	-	-	-	-	-	-	-	-
Facility	20	64,635	-	123,016	57,682	-	130,448	-
Interest and fees	24,217	600	-	29,704	350	-	6,861	-
Bad debts	9,265	-	-	1,419	6	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	15,259	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	42	-	-
Total expenses and losses	118,810	196,400	-	455,775	161,219	743	811,722	-
Excess (deficiency) of revenues over expenses	(1,858)	(65,680)	-	(107,133)	(47,017)	3,632	(416,726)	-
Net assets at beginning of year	(870,418)	675,751	(22,077)	864,844	633,851	(4,727)	5,023,875	-
Other transfers to (from) net assets	-	-	22,077	-	-	-	-	-
Net assets at end of year	\$ (872,276)	\$ 610,071	\$ -	\$ 757,711	\$ 586,834	\$ (1,095)	\$ 4,607,149	\$ -

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Revenues		
Rent - net of vacancies	\$ -	\$ 975,189
Developer fees	-	-
Services fees	(68,145)	-
Philanthropy	-	42,770
Capital grants	-	-
Consulting	-	-
Interest	-	4,711
Other	-	19,072
Total revenues	(68,145)	1,041,742
Expenses and losses		
Compensation	-	315,035
Administrative	-	173,280
Professional services	(63,769)	50,608
Depreciation and amortization	(3,779)	674,674
Grants	-	-
Facility	-	375,801
Interest and fees	-	61,732
Bad debts	(180)	10,510
Provision for impaired assets	-	-
Project expenses	-	-
Allocation	-	15,259
(Gain) loss on sale of assets	-	-
(Gain) loss on investment in limited partnership	(42)	-
Total expenses and losses	(67,770)	1,676,899
Excess (deficiency) of revenues over expenses	(375)	(635,157)
Net assets at beginning of year	4,258,210	10,559,309
Other transfers to (from) net assets	(13,822)	8,255
Net assets at end of year	\$ 4,244,013	\$ 9,932,407

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2017

					111th and Wentworth Limited				
	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartments Corporation	Partnership (Wentworth Commons)	Belray Apartments Corporation	Belray Limited Partnership (Belray Apartments)	Harold Washington Apartments Corporation
Assets									
Current assets									
Cash and cash equivalents	\$ -	\$ 277,451	\$ 53,695	\$ 32,373	\$ -	\$ 9,452	\$ -	\$ 337,250	\$ -
Cash, tenant security deposits	-	33,494	22,770	9,637	-	14,313	-	11,104	-
Cash, restricted	624,258	250	250	-	-	-	-	320,383	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	54,543	34,292	5,946	67,605	-	5,761	-	-	-
Due from affiliate, net	4,925,631	63	25	60	-	-	15,990	-	11,394
Pledges receivable, net	229,915	-	-	-	-	-	-	-	-
Grants receivable	175,550	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	1,590,863	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	76,309	42,419	33,974	15,941	-	13,618	-	19,234	-
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	7,677,069	387,969	116,660	125,616		43,144	15,990	687,971	11,394
Property and equipment									
Land and land improvements	174,915	220,491	93,624	54,100	-	823,255	-	182,045	-
Buildings	516,847	7,698,587	6,373,417	2,223,600	-	8,315,818	-	3,481,208	-
Furniture and equipment	64,092	167,405	87,709	39,623	-	517,949	-	115,235	-
Predevelopment project costs	433,639	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	(342,330)	(3,411,634)	(2,178,649)	(1,836,041)		(4,925,368)		(2,792,661)	
Net property and equipment	847,163	4,674,849	4,376,101	1,281,282		4,730,854		985,827	
Other long-term assets									
Restricted property reserves	-	777,255	533,385	90,094	-	254,979	-	475,033	-
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	7,712,403	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	120,613	-	-	-	981,725	-	237,201	-	406,117
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	10,833,106	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-	-
Total other long-term assets	18,666,122	777,255	533,385	90,094	981,725	254,979	237,201	475,033	406,117
Total assets	\$ 27,190,354	\$ 5,840,073	\$ 5,026,146	\$ 1,496,992	\$ 981,725	\$ 5,028,977	\$ 253,191	\$ 2,148,831	\$ 417,511
	-	-	-	-	-	-	-	-	-

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartments Corporation	111th and Wentworth Limited Partnership (Wentworth Commons)	Belray Apartments Corporation	Belray Limited Partnership (Belray Apartments)	Harold Washington Apartments Corporation
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ 656,176	\$ 184,697	\$ 164,971	\$ 85,949	\$ 389	\$ 126,662	\$ -	\$ 76,215	\$ -
Due to affiliates	1,705,654	41,847	-	770	64,142	9,782	82,540	15,990	348,110
Accrued interest	3,750	9,930	9,236	4,336	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	1,000,000	73,107	75,041	32,197	-	-	-	6,000	-
Current portion of notes payable, affiliates	1,574,470	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	5,947	2,660	1,468	-	2,530	-	6,303	-
Tenant security deposits	-	33,244	22,413	8,698	-	14,087	-	11,576	-
Total current liabilities	4,940,050	348,772	274,321	133,418	64,531	153,061	82,540	116,084	348,110
Long-term liabilities									
Due to affiliates	-	-	-	-	982,369	-	300,250	-	504,204
Accrued interest	-	22,141	23,358	-	-	-	-	-	-
Accrued interest, affiliates	-	208,896	117,793	17,610	-	-	-	-	-
Notes payable, less current portion, net	5,973,396	4,864,141	4,282,628	1,140,657	-	(28,904)	-	3,228,290	-
Notes payable, less current portion, affiliates	-	600,739	473,012	304,437	-	6,473,396	-	-	-
Deferred revenue and other liabilities	378,007	5,925	3,862	2,025	-	-	-	-	-
Total long-term liabilities	6,351,403	5,701,842	4,900,653	1,464,729	982,369	6,444,492	300,250	3,228,290	504,204
Total liabilities	11,291,453	6,050,614	5,174,974	1,598,147	1,046,900	6,597,553	382,790	3,344,374	852,314
Net assets									
Unrestricted net assets, controlling	10,767,829	(210,541)	(148,828)	(101,155)	(65,175)	(1,568,576)	(129,599)	(1,195,543)	(434,803)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	10,767,829	(210,541)	(148,828)	(101,155)	(65,175)	(1,568,576)	(129,599)	(1,195,543)	(434,803)
Temporarily restricted net assets	4,756,072	-	-	-	-	-	-	-	-
Permanently restricted net assets	375,000	-	-	-	-	-	-	-	-
Total net assets	15,898,901	(210,541)	(148,828)	(101,155)	(65,175)	(1,568,576)	(129,599)	(1,195,543)	(434,803)
Total liabilities and net assets	\$ 27,190,354	\$ 5,840,073	\$ 5,026,146	\$ 1,496,992	\$ 981,725	\$ 5,028,977	\$ 253,191	\$ 2,148,831	\$ 417,511

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2017

	Magnolia Limited Partnership (Carlton Apartments)	Red Door Limited Partnership (Major Jenkins Apartments)	4707 Malden Limited Partnership (Miriam Apartments)	Roseland Apartments Corporation	Roseland Limited Partnership (Holland Apartments)	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)
Assets									
Current assets									
Cash and cash equivalents	\$ 2,799	\$ 128,494	\$ 4,970	\$ -	\$ 8,179	\$ -	\$ 204,218	\$ -	\$ 6,114
Cash, tenant security deposits	8,778	19,731	6,030	-	10,442	-	953	-	29,626
Cash, restricted	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	8,132	3,612	7,982	-	52,643	-	30,020	-	46,678
Due from affiliate, net	-	-	-	-	-	37,460	-	47,165	24,000
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	17,643	33,610	16,791	-	19,824	-	37,483	-	37,643
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	37,352	185,447	35,773		91,088	37,460	272,674	47,165	144,061
Property and equipment									
Land and land improvements	65,063	180,445	65,000	-	295,356	-	881,175	-	125,000
Buildings	2,581,950	6,164,531	2,403,392	-	8,414,801	-	14,852,652	-	5,927,618
Furniture and equipment	137,546	255,442	62,448	-	425,521	-	478,376	-	355,975
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	(2,343,932)	(5,302,451)	(1,909,075)	-	(5,530,170)	-	(9,833,340)	-	(5,356,288)
Net property and equipment	440,627	1,297,967	621,765		3,605,508		6,378,263		1,052,305
Other long-term assets									
Restricted property reserves	181,599	1,025,741	35,971	-	614,687	-	3,679,055	-	156,627
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	354,114	-	262,744	-	(92,987)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-	-
Total other long-term assets	181,599	1,025,741	35,971	354,114	614,687	262,744	3,679,055	(92,987)	156,627
Total assets	\$ 659,578	\$ 2,509,155	\$ 693,509	\$ 354,114	\$ 4,311,283	\$ 300,204	\$ 10,329,992	\$ (45,822)	\$ 1,352,993
	-	-	-	-	-	-	-	-	-

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2017

	Magnolia Limited Partnership (Carlton Apartments)	Red Door Limited Partnership (Major Jenkins Apartments)	4707 Malden Limited Partnership (Miriam Apartments)	Roseland Apartments Corporation	Roseland Limited Partnership (Holland Apartments)	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ 52,537	\$ 54,892	\$ 46,222	\$ -	\$ 91,818	\$ -	\$ 80,118	\$ -	\$ 118,980
Due to affiliates	97,599	51,394	92,400	94,510	57,067	115,396	37,460	177,886	287,692
Accrued interest	-	-	255	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	55,152	98,772	24,872	-	2,400	-	1,200	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	6,372	10,212	671	-	6,393	-	27,849	-	2,704
Tenant security deposits	8,464	19,694	5,830	-	10,234	-	713	-	28,599
Total current liabilities	220,124	234,964	170,250	94,510	167,912	115,396	147,340	177,886	437,975
Long-term liabilities									
Due to affiliates	-	-	-	354,265	-	263,620	461,302	-	-
Accrued interest	-	-	-	-	-	-	3,170,136	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	457,371	1,838,069	206,288	-	4,327,294	-	8,358,661	-	4,710,915
Notes payable, less current portion, affiliates	-	-	-	-	-	-	1,080,500	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-	-
Total long-term liabilities	457,371	1,838,069	206,288	354,265	4,327,294	263,620	13,070,599	-	4,710,915
Total liabilities	677,495	2,073,033	376,538	448,775	4,495,206	379,016	13,217,939	177,886	5,148,890
Net assets									
Unrestricted net assets, controlling	(17,917)	436,122	316,971	(94,661)	(183,923)	(78,812)	(2,887,947)	(223,708)	(3,795,897)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	(17,917)	436,122	316,971	(94,661)	(183,923)	(78,812)	(2,887,947)	(223,708)	(3,795,897)
Temporarily restricted net assets	-	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	(17,917)	436,122	316,971	(94,661)	(183,923)	(78,812)	(2,887,947)	(223,708)	(3,795,897)
Total liabilities and net assets	\$ 659,578	\$ 2,509,155	\$ 693,509	\$ 354,114	\$ 4,311,283	\$ 300,204	\$ 10,329,992	\$ (45,822)	\$ 1,352,993

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2017

	Near North Apartments Corporation, NFP	Near North Limited Partnership (Schiff Residences)	Malden Arms Corp. II, NFP	Malden Limited Partnership II (Malden Arms II)	Englewood Apartments, NFP	901 West 63rd Limited Partnership (Englewood Apartments)	Countryside Seniors, LLC	Countryside Seniors Apartments, LP (Countryside Apartments)	Johnston Center MM, LLC
Assets									
Current assets									
Cash and cash equivalents	\$ -	\$ 59,843	\$ -	\$ 8,992	\$ -	\$ 21,835	\$ -	\$ 21,452	\$ -
Cash, tenant security deposits	-	12,404	-	23,208	-	11,978	-	49,755	-
Cash, restricted	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	56,740	17,000	12,723	-	82,795	-	955	-
Due from affiliate, net	9,573	-	156,501	-	-	-	30,000	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	25,790	-	21,859	-	17,934	-	18,514	-
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	9,573	154,777	173,501	66,782		134,542	30,000	90,676	
Property and equipment									
Land and land improvements	-	4,283,412	-	670,314	-	1,432,081	-	2,599,688	-
Buildings	-	12,680,751	-	4,474,656	-	15,713,181	-	11,934,688	-
Furniture and equipment	-	488,818	-	229,662	-	368,721	-	234,156	-
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(5,673,975)	-	(1,657,398)	-	(4,692,633)	-	(3,861,185)	-
Net property and equipment	-	11,779,006		3,717,234		12,821,350		10,907,347	
Other long-term assets									
Restricted property reserves	-	971,228	-	1,869,424	-	1,053,512	-	302,487	-
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	5,378,963	-	512,790	-	2,599,531	-	2,515,679	-	(330)
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	512,058	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	9,932	-	38,626	-	60,243	-
Total other long-term assets	5,378,963	971,228	512,790	1,879,356	2,599,531	1,092,138	3,027,737	362,730	(330)
Total assets	\$ 5,388,536	\$ 12,905,011	\$ 686,291	\$ 5,663,372	\$ 2,599,531	\$ 14,048,030	\$ 3,057,737	\$ 11,360,753	\$ (330)
	-	-		-		-		-	

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2017

	Near North Apartments Corporation, NFP	Near North Limited Partnership (Schiff Residences)	Malden Arms Corp. II, NFP	Malden Limited Partnership II (Malden Arms II)	Englewood Apartments, NFP	901 West 63rd Limited Partnership (Englewood Apartments)	Countryside Seniors, LLC	Countryside Seniors Apartments, LP (Countryside Apartments)	Johnston Center MM, LLC
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ -	\$ 83,414	\$ -	\$ 59,007	\$ -	\$ 715,127	\$ -	\$ 138,212	\$ -
Due to affiliates	66,696	25,198	163,804	190,038	16,164	208,244	67,665	105,304	12,729
Accrued interest	-	-	-	-	-	1,439	-	7,176	-
Accrued interest, affiliates	-	-	-	-	-	115,418	-	-	-
Current portion of notes payable	-	26,200	-	1,200	-	43,616	-	19,625	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	10,760	-
Deferred revenue and other liabilities	-	2,642	-	1,695	-	1,079	-	1,405	-
Tenant security deposits	-	12,051	-	22,132	-	11,728	-	49,043	-
Total current liabilities	66,696	149,505	163,804	274,072	16,164	1,096,651	67,665	331,525	12,729
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	327,396	-	-	-	242,869	-
Accrued interest, affiliates	-	692,261	15,749	137,515	-	-	-	58,912	-
Notes payable, less current portion, net	-	3,162,429	-	2,409,729	-	1,680,804	-	4,481,724	-
Notes payable, less current portion, affiliates	-	2,922,000	3,525	576,000	2,000,000	1,250,323	-	611,978	-
Deferred revenue and other liabilities	-	-	-	640,705	-	172,675	-	-	-
Total long-term liabilities	-	6,776,690	19,274	4,091,345	2,000,000	3,103,802	-	5,395,483	-
Total liabilities	66,696	6,926,195	183,078	4,365,417	2,016,164	4,200,453	67,665	5,727,008	12,729
Net assets									
Unrestricted net assets, controlling	5,321,840	5,978,816	503,213	1,297,955	583,367	9,847,577	2,990,072	5,633,745	(13,059)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	5,321,840	5,978,816	503,213	1,297,955	583,367	9,847,577	2,990,072	5,633,745	(13,059)
Temporarily restricted net assets	-	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	5,321,840	5,978,816	503,213	1,297,955	583,367	9,847,577	2,990,072	5,633,745	(13,059)
Total liabilities and net assets	\$ 5,388,536	\$ 12,905,011	\$ 686,291	\$ 5,663,372	\$ 2,599,531	\$ 14,048,030	\$ 3,057,737	\$ 11,360,753	\$ (330)

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	Johnston Center Re-Use, LLC	HWA-850 Eastwood GP Corp., NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corp. I, NFP	Grayslake Senior Housing Limited Partnership	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC	MHL Keating MM, LLC
Assets									
Current assets									
Cash and cash equivalents	\$ 72,798	\$ -	\$ 741,240	\$ -	\$ 25,484	\$ -	\$ 470	\$ 11,643	\$ -
Cash, tenant security deposits	26,206	-	104,483	-	37,210	-	52,115	-	-
Cash, restricted	-	-	850	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	2,771	-	106,535	-	10,333	-	1,389,122	-	-
Due from affiliate, net	2,360	72,604	2,979,523	119,440	-	2,141,446	-	48,600	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	18,219	-	50,393	-	14,166	-	69,245	-	-
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	122,354	72,604	3,983,024	119,440	87,193	2,141,446	1,510,952	60,243	
Property and equipment									
Land and land improvements	492,159	-	4,575,852	-	2,113,338	-	1,821,876	-	-
Buildings	11,714,909	-	54,601,785	-	17,215,500	-	24,830,254	-	-
Furniture and equipment	352,496	-	209,029	-	337,603	-	957,332	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	(3,514,589)	-	(13,668,299)	-	(2,930,358)	-	(3,711,367)	-	-
Net property and equipment	9,044,975		45,718,367		16,736,083		23,898,095		
Other long-term assets									
Restricted property reserves	1,018,212	-	3,175,724	-	514,124	-	2,668,341	-	-
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	7,379,834	-	(318)	-	128,213	-	(10,961,476)	(2,293,725)
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	75,127	-	74,319	-	145,785	-	67,522	-	-
Total other long-term assets	1,093,339	7,379,834	3,250,043	(318)	659,909	128,213	2,735,863	(10,961,476)	(2,293,725)
Total assets	\$ 10,260,668	\$ 7,452,438	\$ 52,951,434	\$ 119,122	\$ 17,483,185	\$ 2,269,659	\$ 28,144,910	\$ (10,901,233)	\$ (2,293,725)

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	Johnston Center Re-Use, LLC	HWA-850 Eastwood GP Corp., NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corp. I, NFP	Grayslake Senior Housing Limited Partnership	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC	MHL Keating MM, LLC
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ 96,676	\$ -	\$ 309,682	\$ -	\$ 310,865	\$ 704,842	\$ 1,230,969	\$ -	\$ -
Due to affiliates	1,202	90,900	3,057,808	130,138	7,341	1,452,522	2,599,281	8,100	7,607
Accrued interest	-	-	549,328	-	4,933	-	23,530	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	565,000	-	11,334	-	153,268	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	472	-	23,012	-	1,809	-	6,905	-	-
Tenant security deposits	26,042	-	109,046	-	36,727	-	50,448	-	-
Total current liabilities	124,392	90,900	4,613,876	130,138	373,009	2,157,364	4,064,401	8,100	7,607
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	144,779	-	-
Accrued interest, affiliates	716,905	-	1,271,197	-	283,495	-	169,123	-	-
Notes payable, less current portion, net	1,805,496	-	29,534,149	-	597,194	-	12,146,903	-	-
Notes payable, less current portion, affiliates	2,403,500	4,381,647	4,263,520	-	250,926	-	1,737,819	-	-
Deferred revenue and other liabilities	34,035	-	4,050,047	-	914,407	-	1,876,286	-	-
Total long-term liabilities	4,959,936	4,381,647	39,118,913	-	2,046,022	-	16,074,910	-	-
Total liabilities	5,084,328	4,472,547	43,732,789	130,138	2,419,031	2,157,364	20,139,311	8,100	7,607
Net assets									
Unrestricted net assets, controlling	5,176,340	1,146,558	9,218,645	(11,016)	15,064,154	112,295	8,005,599	(10,909,333)	(2,301,332)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	5,176,340	1,146,558	9,218,645	(11,016)	15,064,154	112,295	8,005,599	(10,909,333)	(2,301,332)
Temporarily restricted net assets	-	1,833,333	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	5,176,340	2,979,891	9,218,645	(11,016)	15,064,154	112,295	8,005,599	(10,909,333)	(2,301,332)
Total liabilities and net assets	\$ 10,260,668	\$ 7,452,438	\$ 52,951,434	\$ 119,122	\$ 17,483,185	\$ 2,269,659	\$ 28,144,910	\$ (10,901,233)	\$ (2,293,725)

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	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.	SC Residence MM, LLC	SC Residence, LLC (McAuley Apartments)	Roseland Place Inc., NFP	Roseland Place Limited Partnership	Mercy River West Commons Elgin LLC
Assets									
Current assets									
Cash and cash equivalents	\$ -	\$ -	\$ 100,123	\$ 16,947	\$ 11,414	\$ 90,488	\$ -	\$ 104,976	\$ 138,392
Cash, tenant security deposits	-	1	40,270	-	-	14,433	-	16,592	-
Cash, restricted	16,445	-	-	36,303	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	21,126	11,099	-	2,895	-	3,596	10,770
Due from affiliate, net	-	19,574	6,000	16,213	-	-	-	1	-
Pledges receivable, net	-	-	-	2,100	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	14,536	19,397	-	7,319	-	79,924	13,527
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	16,445	19,575	182,055	102,059	11,414	115,135		205,089	162,689
Property and equipment									
Land and land improvements	1,100,000	-	789,660	182,444	-	400,000	-	1,550,234	1,320,574
Buildings	-	-	6,241,716	4,180,526	-	4,364,264	-	14,596,954	6,926,967
Furniture and equipment	-	-	199,886	825,129	-	257,148	-	478,774	107,985
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(758,245)	(3,565,398)	-	(1,720,546)	-	(3,386,145)	(687,925)
Net property and equipment	1,100,000		6,473,017	1,622,701		3,300,866		13,239,817	7,667,601
Other long-term assets									
Restricted property reserves	-	-	676,638	-	-	154,471	-	705,527	33,431
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	305,417	-	600,537	(171)	-	9,243,474	-	-
Notes and interest receivable, net	-	-	-	75,000	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	651,560	662,439	-	1,079,506	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	12,422	-	34,076	-
Total other long-term assets	-	305,417	676,638	1,327,097	662,268	166,893	10,322,980	739,603	33,431
Total assets	\$ 1,116,445	\$ 324,992	\$ 7,331,710	\$ 3,051,857	\$ 673,682	\$ 3,582,894	\$ 10,322,980	\$ 14,184,509	\$ 7,863,721
	-	-	-	-	-	-	-	-	-

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	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.	SC Residence MM, LLC	SC Residence, LLC (McAuley Apartments)	Roseland Place Inc., NFP	Roseland Place Limited Partnership	Mercy River West Commons Elgin LLC
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ 66,626	\$ -	\$ 213,441	\$ 107,999	\$ -	\$ 145,422	\$ -	\$ 99,659	\$ 226,719
Due to affiliates	2,553	2,442	19,574	358,706	-	-	3,640	-	30,830
Accrued interest	-	-	19,174	-	-	3,108	-	-	23,013
Accrued interest, affiliates	-	-	-	-	-	50,461	-	-	-
Current portion of notes payable	-	-	83,238	-	-	27,609	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	7,385	3,759	-	1,433	-	10,792	1,385
Tenant security deposits	8,000	-	37,860	26,944	-	13,529	-	16,156	-
Total current liabilities	77,179	2,442	380,672	497,408	-	241,562	3,640	126,607	281,947
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-
Accrued interest, affiliates	51,968	-	-	-	-	-	-	1,065,303	-
Notes payable, less current portion, net	-	-	4,657,875	-	-	693,020	-	(476,728)	8,442,103
Notes payable, less current portion, affiliates	3,281,023	-	-	-	-	1,378,706	-	1,758,440	-
Deferred revenue and other liabilities	-	-	-	2,012	-	-	-	-	4,967
Total long-term liabilities	3,332,991	-	4,657,875	2,012	-	2,071,726	-	2,347,015	8,447,070
Total liabilities	3,410,170	2,442	5,038,547	499,420	-	2,313,288	3,640	2,473,622	8,729,017
Net assets									
Unrestricted net assets, controlling	(2,293,725)	322,550	2,293,163	2,444,316	673,682	1,269,606	1,339,927	11,710,887	(865,296)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	(2,293,725)	322,550	2,293,163	2,444,316	673,682	1,269,606	1,339,927	11,710,887	(865,296)
Temporarily restricted net assets	-	-	-	106,121	-	-	8,979,413	-	-
Permanently restricted net assets	-	-	-	2,000	-	-	-	-	-
Total net assets	(2,293,725)	322,550	2,293,163	2,552,437	673,682	1,269,606	10,319,340	11,710,887	(865,296)
Total liabilities and net assets	\$ 1,116,445	\$ 324,992	\$ 7,331,710	\$ 3,051,857	\$ 673,682	\$ 3,582,894	\$ 10,322,980	\$ 14,184,509	\$ 7,863,721

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			Greenwich Park				Kankakee Station		
	Danville Veterans	Danville Veterans	Greenwich Park	Greenwich Park	Mercy Sterling	New Sterling Park	New Sterling Park,	Kankakee Station	Kankakee Station
	Housing MM, LLC	Housing, LLC	Apartment MM, LLC	Apartment, LLC	NFP	MM, LLC	LLC	Street Senior Housing MM GP, LLC	Street Senior Housing, LLC
Assets									
Current assets									
Cash and cash equivalents	\$ -	\$ 5,459	\$ -	\$ 115,377	\$ -	\$ -	\$ 234,918	\$ -	\$ 27,483
Cash, tenant security deposits	-	-	-	15,501	-	-	105,520	-	6,300
Cash, restricted	-	118,468	-	8,240	-	-	3,598,908	-	167,621
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	12,548	-	5,622	-	-	112,154	-	14,276
Due from affiliate, net	-	-	-	-	-	-	1,699	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	15,250	-	13,517	-	-	31,090	-	-
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	-	151,725		158,257			4,084,289		215,680
Property and equipment									
Land and land improvements	-	1,467,205	-	1,254,195	-	-	1,876,305	-	1,828,917
Buildings	-	14,397,943	-	11,569,018	-	-	58,084,164	-	12,849,926
Furniture and equipment	-	489,690	-	228,335	-	-	410,607	-	72,930
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(857,733)	-	(559,445)	-	-	(2,555,070)	-	(84,966)
Net property and equipment	-	15,497,105		12,492,103			57,816,006		14,666,807
Other long-term assets									
Restricted property reserves	-	322,079	-	25,302	-	-	95,702	-	138,685
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	319,837	-	7,902	-	22	(354)	-	651,790	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	542,477	-	89,391	-	-	87,906	-	117,593
Total other long-term assets	319,837	864,556	7,902	114,693	22	(354)	183,608	651,790	256,278
Total assets	\$ 319,837	\$ 16,513,386	\$ 7,902	\$ 12,765,053	\$ 22	\$ (354)	\$ 62,083,903	\$ 651,790	\$ 15,138,765

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	Danville Veterans Housing MM, LLC	Danville Veterans Housing, LLC	Greenwich Park Apartments MM, LLC	Greenwich Park Apartments, LLC	Mercy Sterling NFP	New Sterling Park MM, LLC	New Sterling Park, LLC	Kankakee Station Street Senior Housing MM GP, LLC	Kankakee Station Street Senior Housing, LLC
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ -	\$ 200,514	\$ -	\$ 102,874	\$ -	\$ -	\$ 237,324	\$ -	\$ 1,064,384
Due to affiliates	2,033	712,591	1,948	473,052	3,473	2,237	1,676,145	934	126,284
Accrued interest	-	-	-	16,792	-	-	95,414	-	23,805
Accrued interest, affiliates	-	-	-	317	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	29,500,000	-	-
Current portion of notes payable, affiliates	-	144,551	-	-	-	-	970,344	-	386,558
Deferred revenue and other liabilities	-	9,540	-	1,652	-	-	9,706	-	373
Tenant security deposits	-	-	-	15,019	-	-	105,258	-	6,050
Total current liabilities	2,033	1,067,196	1,948	609,706	3,473	2,237	32,594,191	934	1,607,454
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	3,000,000	-	-
Accrued interest	-	-	-	-	-	-	743,240	-	-
Accrued interest, affiliates	-	92,103	-	-	-	-	32,295	-	-
Notes payable, less current portion, net	-	933,928	-	6,458,253	-	-	19,153,326	-	11,709,329
Notes payable, less current portion, affiliates	-	1,311,000	-	126,900	-	-	4,161,697	-	326,422
Deferred revenue and other liabilities	-	738,064	-	587,097	-	-	2,338,004	-	1,022,960
Total long-term liabilities	-	3,075,095	-	7,172,250	-	-	29,428,562	-	13,058,711
Total liabilities	2,033	4,142,291	1,948	7,781,956	3,473	2,237	62,022,753	934	14,666,165
Net assets									
Unrestricted net assets, controlling	317,804	12,371,095	5,954	4,983,097	(3,451)	(2,591)	61,150	650,856	472,600
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	317,804	12,371,095	5,954	4,983,097	(3,451)	(2,591)	61,150	650,856	472,600
Temporarily restricted net assets	-	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	317,804	12,371,095	5,954	4,983,097	(3,451)	(2,591)	61,150	650,856	472,600
Total liabilities and net assets	\$ 319,837	\$ 16,513,386	\$ 7,902	\$ 12,765,053	\$ 22	\$ (354)	\$ 62,083,903	\$ 651,790	\$ 15,138,765

Mercy Housing Lakefront
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	Roseland Village	Eliminations	Consolidated Mercy Housing Lakefront
Assets			
Current assets			
Cash and cash equivalents	\$ 13,507	\$ -	\$ 2,887,836
Cash, tenant security deposits	3,600	-	686,454
Cash, restricted	-	-	4,891,976
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	1,263	(135,703)	2,055,834
Due from affiliate, net	-	(10,637,419)	27,903
Pledges receivable, net	-	-	232,015
Grants receivable	-	-	175,550
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	(1,590,863)	-
Prepaid expenses and other assets	1,852	-	797,021
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	20,222	(12,363,985)	11,754,589
Property and equipment			
Land and land improvements	360,000	(1,202,791)	32,075,932
Buildings	3,842,996	(19,552,399)	339,620,820
Furniture and equipment	10,600	-	8,966,222
Predevelopment project costs	-	-	433,639
Construction in progress	-	-	-
Accumulated depreciation	(879,910)	3,129,658	(96,597,468)
Net property and equipment	3,333,686	(17,625,532)	284,499,145
Other long-term assets			
Restricted property reserves	126,389	-	21,675,702
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	(7,712,403)	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	(20,794,238)	(2,137,096)
Notes and interest receivable, net	-	-	75,000
Notes and interest receivable, affiliates	-	(13,738,669)	-
Allowance for impaired assets	-	-	-
Other assets, net	-	-	1,355,419
Total other long-term assets	126,389	(42,245,310)	20,969,025
Total assets	\$ 3,480,297	\$ (72,234,827)	\$ 317,222,759

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Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2017

	Roseland Village	Eliminations	Consolidated Mercy Housing Lakefront
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 33,864	\$ (369,858)	\$ 7,517,388
Due to affiliates	-	(11,667,876)	3,239,546
Accrued interest	-	-	795,219
Accrued interest, affiliates	-	(166,196)	-
Current portion of notes payable	-	-	31,799,831
Current portion of notes payable, affiliates	-	(1,512,213)	1,574,470
Deferred revenue and other liabilities	193	-	158,346
Tenant security deposits	3,395	-	712,980
Total current liabilities	37,452	(13,716,143)	45,797,780
Long-term liabilities			
Due to affiliates	-	(2,866,010)	3,000,000
Accrued interest	-	-	4,673,919
Accrued interest, affiliates	-	(4,875,554)	55,571
Notes payable, less current portion, net	3,606,100	-	150,354,440
Notes payable, less current portion, affiliates	-	(34,908,555)	6,768,955
Deferred revenue and other liabilities	-	(11,080,366)	1,690,712
Total long-term liabilities	3,606,100	(53,730,485)	166,543,597
Total liabilities	3,643,552	(67,446,628)	212,341,377
Net assets			
Unrestricted net assets, controlling	(418,059)	(4,788,199)	88,574,639
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	(418,059)	(4,788,199)	88,574,639
Temporarily restricted net assets	254,804	-	15,929,743
Permanently restricted net assets	-	-	377,000
Total net assets	(163,255)	(4,788,199)	104,881,382
Total liabilities and net assets	\$ 3,480,297	\$ (72,234,827)	\$ 317,222,759

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartments Corporation	111th and Wentworth Limited Partnership (Wentworth Commons)	Belray Apartments Corporation	Belray Limited Partnership (Belray Apartments)	Harold Washington Apartments Corporation
Revenues									
Rent - net of vacancies	\$ -	\$ 1,973,940	\$ 1,271,509	\$ 777,091	\$ -	\$ 464,946	\$ -	\$ 527,896	\$ -
Developer fees	1,250,105	-	-	-	-	-	-	-	-
Services fees	1,059,645	-	-	-	-	-	4,214	-	11,394
Philanthropy	5,463,084	-	-	-	-	-	-	-	-
Capital grants	50,000	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	774,658	817	1,026	158	-	4,249	-	7,796	-
Other	1,966,113	17,059	6,063	991	-	72,424	-	14,393	-
Total revenues	10,563,605	1,991,816	1,278,598	778,240	-	541,619	4,214	550,085	11,394
Expenses and losses									
Compensation	3,537,792	433,879	300,903	111,436	-	150,565	-	155,072	-
Administrative	592,727	226,067	107,666	61,145	55	66,633	4,269	73,675	11,504
Professional services	535,224	121,791	141,993	59,026	-	18,867	311	20,241	311
Depreciation and amortization	16,570	370,590	249,247	145,452	-	321,578	-	114,852	-
Grants	2,685,262	-	-	-	-	-	-	-	-
Facility	300,989	736,941	568,769	466,121	-	373,313	-	254,851	-
Interest and fees	72,214	210,954	170,235	74,641	-	2,294	-	616	-
Bad debts	1,210,429	7,717	2,572	8,787	-	5,984	-	6,574	-
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	114,805	-	-	-	-	-	-	-	-
Allocation	1,401,725	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	503,933	-	-	-	40	-	758	-	2,150
Total expenses and losses	10,971,670	2,107,939	1,541,385	926,608	95	939,234	5,338	625,881	13,965
Excess (deficiency) of revenues over expenses	(408,065)	(116,123)	(262,787)	(148,368)	(95)	(397,615)	(1,124)	(75,796)	(2,571)
Net assets at beginning of year	16,306,966	(49,587)	9,264	71,043	(65,080)	(1,170,961)	(128,475)	(1,119,747)	(432,232)
Other transfers to (from) net assets	-	(44,831)	104,695	(23,830)	-	-	-	-	-
Net assets at end of year	\$ 15,898,901	\$ (210,541)	\$ (148,828)	\$ (101,155)	\$ (65,175)	\$ (1,568,576)	\$ (129,599)	\$ (1,195,543)	\$ (434,803)

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Magnolia Limited Partnership (Carlton Apartments)	Red Door Limited Partnership (Major Jenkins Apartments)	4707 Malden Limited Partnership (Miriam Apartments)	Roseland Apartments Corporation	Roseland Limited Partnership (Holland Apartments)	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)
Revenues									
Rent - net of vacancies	\$ 564,746	\$ 1,182,167	\$ 489,539	\$ -	\$ 482,257	\$ -	\$ 931,691	\$ -	\$ 774,248
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	37,460	-	11,850	-
Philanthropy	-	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	1,915	16,049	-	-	4,259	-	58,979	-	3,029
Other	3,244	2,203	17,152	-	63,313	-	81,781	-	88,673
Total revenues	569,905	1,200,419	506,691	-	549,829	37,460	1,072,451	11,850	865,950
Expenses and losses									
Compensation	202,530	304,361	154,884	-	160,803	-	280,362	-	318,781
Administrative	87,390	194,995	72,432	56	85,980	37,515	192,874	11,905	182,057
Professional services	16,792	172,775	9,610	311	29,420	311	367,279	311	27,572
Depreciation and amortization	94,499	247,786	82,825	-	317,859	-	548,267	-	217,524
Grants	-	-	-	-	-	-	-	-	-
Facility	233,062	385,017	218,886	-	319,225	-	479,864	-	380,891
Interest and fees	983	1,407	3,740	-	1,896	-	178,088	-	910
Bad debts	-	6,225	1,800	-	4,924	-	16,648	-	9,519
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	370	-	99	-	2,713	-
Total expenses and losses	635,256	1,312,566	544,177	737	920,107	37,925	2,063,382	14,929	1,137,254
Excess (deficiency) of revenues over expenses	(65,351)	(112,147)	(37,486)	(737)	(370,278)	(465)	(990,931)	(3,079)	(271,304)
Net assets at beginning of year	47,434	638,892	354,457	(93,924)	186,355	(78,347)	(1,754,703)	(220,629)	(3,524,593)
Other transfers to (from) net assets	-	(90,623)	-	-	-	-	(142,313)	-	-
Net assets at end of year	\$ (17,917)	\$ 436,122	\$ 316,971	\$ (94,661)	\$ (183,923)	\$ (78,812)	\$ (2,887,947)	\$ (223,708)	\$ (3,795,897)

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Near North Apartments Corporation, NFP	Near North Limited Partnership (Schiff Residences)	Malden Arms Corp. II, NFP	Malden Limited Partnership II (Malden Arms II)	Englewood Apartments, NFP	901 West 63rd Limited Partnership (Englewood Apartments)	Countryside Seniors, LLC	Countryside Seniors Apartments, LP (Countryside Apartments)	Johnston Center MM, LLC
Revenues									
Rent - net of vacancies	\$ -	\$ 861,254	\$ -	\$ 522,320	\$ -	\$ 882,928	\$ -	\$ 564,213	\$ -
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	144,655	-	20,000	-	5,000	-	5,000	-	-
Philanthropy	-	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	-	6,278	-	19,490	-	6,487	-	657	-
Other	-	8,333	-	4,699	-	129,440	-	4,315	-
Total revenues	144,655	875,865	20,000	546,509	5,000	1,018,855	5,000	569,185	-
Expenses and losses									
Compensation	-	196,817	-	180,593	-	250,929	-	130,068	-
Administrative	144,709	195,702	20,055	96,100	55	213,156	5,056	74,183	107
Professional services	311	89,389	311	22,099	623	55,162	623	14,230	623
Depreciation and amortization	-	486,903	-	187,163	-	630,640	-	532,872	-
Grants	-	-	-	-	-	-	-	-	-
Facility	-	477,462	-	239,984	-	391,930	-	236,020	-
Interest and fees	-	61,045	902	59,262	-	65,301	-	132,562	-
Bad debts	-	6,450	-	5,511	-	5,003	-	2,701	-
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	64	-	24	-	59	-	55	-	52
Total expenses and losses	145,084	1,513,768	21,292	790,712	737	1,612,121	5,734	1,122,636	782
Excess (deficiency) of revenues over expenses	(429)	(637,903)	(1,292)	(244,203)	4,263	(593,266)	(734)	(553,451)	(782)
Net assets at beginning of year	5,322,269	6,629,991	504,505	1,542,158	579,104	10,440,843	2,990,806	6,187,196	(12,277)
Other transfers to (from) net assets	-	(13,272)	-	-	-	-	-	-	-
Net assets at end of year	\$ 5,321,840	\$ 5,978,816	\$ 503,213	\$ 1,297,955	\$ 583,367	\$ 9,847,577	\$ 2,990,072	\$ 5,633,745	\$ (13,059)

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Johnston Center Re-Use, LLC	HWA-850 Eastwood GP Corp., NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corp. I, NFP	Grayslake Senior Housing Limited Partnership	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC	MHL Keating MM, LLC
Revenues									
Rent - net of vacancies	\$ 708,602	\$ -	\$ 4,573,264	\$ -	\$ 625,699	\$ -	\$ 2,474,840	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	-	15,000	-	24,941	-	-	-	4,050	-
Philanthropy	-	-	-	-	-	-	-	-	-
Capital grants	1,647	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	385	-	4,774	-	134	-	19,384	-	-
Other	38,753	-	35,558	-	41,837	-	76,247	-	-
Total revenues	749,387	15,000	4,613,596	24,941	667,670		2,570,471	4,050	-
Expenses and losses									
Compensation	174,964	-	802,067	-	118,434	-	557,522	-	-
Administrative	106,444	15,145	324,273	24,996	106,085	55	189,760	4,104	55
Professional services	45,623	623	67,339	623	14,785	-	163,626	623	623
Depreciation and amortization	480,971	-	2,029,858	-	588,314	-	745,555	-	-
Grants	-	-	-	-	-	-	-	142,299	-
Facility	356,219	-	1,354,918	-	338,988	-	1,247,251	-	-
Interest and fees	101,740	-	1,490,537	-	149,838	-	436,973	-	-
Bad debts	721	-	2,187	-	175	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	146	-	65	-	77	-	1,710,339	3,402,649
Total expenses and losses	1,266,682	15,914	6,071,179	25,684	1,316,619	132	3,340,687	1,857,365	3,403,327
Excess (deficiency) of revenues over expenses	(517,295)	(914)	(1,457,583)	(743)	(648,949)	(132)	(770,216)	(1,853,315)	(3,403,327)
Net assets at beginning of year	5,693,635	2,980,805	10,676,228	(10,273)	15,713,103	112,427	8,775,815	(9,056,018)	(7,136)
Other transfers to (from) net assets	-	-	-	-	-	-	-	-	1,109,131
Net assets at end of year	\$ 5,176,340	\$ 2,979,891	\$ 9,218,645	\$ (11,016)	\$ 15,064,154	\$ 112,295	\$ 8,005,599	\$ (10,909,333)	\$ (2,301,332)

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.	SC Residence MM, LLC	SC Residence, LLC (McAuley Apartments)	Roseland Place Inc., NFP	Roseland Place Limited Partnership	Mercy River West Commons Elgin LLC
Revenues									
Rent - net of vacancies	\$ -	\$ -	\$ 1,222,840	\$ 634,690	\$ -	\$ 345,323	\$ -	\$ 805,888	\$ 1,090,537
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	-	13,425	-	-	-	-	-	-	-
Philanthropy	-	-	-	76,564	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	-	-	16	31,181	-	50	-	131	637
Other	18,787	-	24,505	131,879	-	4,014	-	21,676	28,588
Total revenues	18,787	13,425	1,247,361	874,314	-	349,387	-	827,695	1,119,762
Expenses and losses									
Compensation	-	-	154,420	265,858	-	76,202	-	236,141	161,454
Administrative	92	307	126,908	132,372	81	53,733	370	109,667	110,589
Professional services	4,947	623	23,291	12,030	623	8,183	623	11,390	15,198
Depreciation and amortization	-	-	191,308	133,718	-	158,062	-	449,613	194,482
Grants	-	-	-	84,561	-	-	-	-	-
Facility	127,028	-	441,415	395,840	-	130,955	-	329,267	443,259
Interest and fees	107,108	-	241,879	789	-	104,916	-	146,257	306,427
Bad debts	-	-	13,173	13,220	-	4,579	-	28	18,981
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	(2,748)	-	-	19	-	45	-	-
Total expenses and losses	239,175	(1,818)	1,192,394	1,038,388	723	536,630	1,038	1,282,363	1,250,390
Excess (deficiency) of revenues over expenses	(220,388)	15,243	54,967	(164,074)	(723)	(187,243)	(1,038)	(454,668)	(130,628)
Net assets at beginning of year	(2,073,337)	330,877	2,395,326	2,716,511	674,405	1,456,849	10,320,378	12,165,555	(734,668)
Other transfers to (from) net assets	-	(23,570)	(157,130)	-	-	-	-	-	-
Net assets at end of year	\$ (2,293,725)	\$ 322,550	\$ 2,293,163	\$ 2,552,437	\$ 673,682	\$ 1,269,606	\$ 10,319,340	\$ 11,710,887	\$ (865,296)

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Danville Veterans Housing MM, LLC	Danville Veterans Housing, LLC	Greenwich Park Apartments MM, LLC	Greenwich Park Apartments, LLC	Mercy Sterling NFP	New Sterling Park MM, LLC	New Sterling Park, LLC	Kankakee Station Street Senior Housing MM GP, LLC	Kankakee Station Street Senior Housing, LLC
Revenues									
Rent - net of vacancies	\$ -	\$ 450,830	\$ -	\$ 420,533	\$ -	\$ -	\$ 565,268	\$ -	\$ 41,453
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	-	75	-	-	-	-	-	-	-
Other	-	102,788	-	7,568	-	-	199,071	15,309	182
Total revenues	-	553,693	-	428,101	-	-	764,339	15,309	41,635
Expenses and losses									
Compensation	-	155,946	-	52,790	-	-	76,125	-	790
Administrative	54	183,323	-	139,306	55	-	466,534	-	97,463
Professional services	623	27,021	623	9,592	623	623	46,818	623	8,980
Depreciation and amortization	-	709,922	-	544,463	-	-	2,559,968	-	86,959
Grants	-	-	-	-	-	-	-	-	-
Facility	-	316,888	-	180,580	-	-	433,333	-	9,589
Interest and fees	-	424,423	-	407,993	-	-	1,011,136	-	20,446
Bad debts	-	976	-	1,889	-	-	12,568	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	127	-	91	-	-	346	-	19	-
Total expenses and losses	804	1,818,499	714	1,336,613	678	969	4,606,482	642	224,227
Excess (deficiency) of revenues over expenses	(804)	(1,264,806)	(714)	(908,512)	(678)	(969)	(3,842,143)	14,667	(182,592)
Net assets at beginning of year	318,608	2,127,060	6,668	157,969	(2,773)	(1,622)	3,896,733	636,189	639,883
Other transfers to (from) net assets	-	11,508,841	-	5,733,640	-	-	6,560	-	15,309
Net assets at end of year	\$ 317,804	\$ 12,371,095	\$ 5,954	\$ 4,983,097	\$ (3,451)	\$ (2,591)	\$ 61,150	\$ 650,856	\$ 472,600

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Roseland Village	Eliminations	Consolidated Mercy Housing Lakefront
Revenues			
Rent - net of vacancies	\$ 107,138	\$ (1,223,702)	\$ 25,113,948
Developer fees	-	(754,510)	495,595
Services fees	-	(1,356,634)	-
Philanthropy	-	(84,561)	5,455,087
Capital grants	-	-	51,647
Consulting	-	-	-
Interest	20	(642,022)	320,612
Other	183	(1,713,089)	1,514,052
Total revenues	107,341	(5,774,518)	32,950,941
Expenses and losses			
Compensation	27,522	-	9,730,010
Administrative	7,797	(792,308)	4,165,328
Professional services	8,583	(697,994)	1,482,404
Depreciation and amortization	117,585	(600,039)	12,955,366
Grants	-	(1,786,572)	1,125,550
Facility	48,298	(16,464)	12,200,689
Interest and fees	150	(756,255)	5,231,407
Bad debts	-	(1,194,130)	175,211
Provision for impaired assets	-	-	-
Project expenses	-	-	114,805
Allocation	-	-	1,401,725
(Gain) loss on sale of assets	-	-	-
(Gain) loss on investment in limited partnership	-	(5,615,521)	5,971
Total expenses and losses	209,935	(11,459,283)	48,588,466
Excess (deficiency) of revenues over expenses	(102,594)	5,684,765	(15,637,525)
Net assets at beginning of year	-	(9,502,850)	103,567,075
Other transfers to (from) net assets	(60,661)	(970,114)	16,951,832
Net assets at end of year	\$ (163,255)	\$ (4,788,199)	\$ 104,881,382

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing South East	Mercy Place Belmont, Inc.	Mercy Housing Pembroke, Inc. (McFadden Place)	Mercy Housing Georgia Holdings, LLC (1826 Florance Street)	Marshside Village, Inc.	Allegre Point Senior Residences, Inc.	MHSE Adamsville Green Senior Partners, LLC	Adamsville Green Limited Partnership
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 11,670	\$ 38,249	\$ 886	\$ 10,846	\$ 32,559	\$ 10,330	\$ 185,402
Cash, tenant security deposits	-	13,527	9,656	-	12,496	18,084	-	9,041
Cash, restricted	970,368	-	2,573	-	-	37,955	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	513,059	2,237	-	-	-	4,228	-	25,857
Due from affiliate, net	591,775	-	-	-	-	133	40,652	-
Pledges receivable, net	5,500	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	4,960,703	-	-	-	-	-	-	-
Prepaid expenses and other assets	35,377	6,160	3,841	277	4,851	11,810	-	29,734
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	7,076,782	33,594	54,319	1,163	28,193	104,769	50,982	250,034
Property and equipment								
Land and land improvements	-	18,400	49,640	15,789	241,500	317,000	-	2,076,465
Buildings	-	3,290,476	1,786,257	297,827	3,546,525	6,002,156	-	7,593,034
Furniture and equipment	58,966	60,348	14,714	4,596	108,319	112,202	-	1,095,585
Predevelopment project costs	66,882	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(44,225)	(1,582,855)	(867,684)	(135,638)	(1,448,131)	(2,093,593)	-	(2,842,474)
Net property and equipment	81,623	1,786,069	982,927	182,574	2,448,213	4,337,765	-	7,922,610
Other long-term assets								
Restricted property reserves	-	117,568	69,095	-	150,346	71,457	-	616,508
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	650,000	-	-	-	-	-	-	-
Due from affiliates	2,897,507	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(4,399)	-	-	-	-	-	(74,641)	-
Notes and interest receivable, net	18,000	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	5,851,332	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	70,499
Total other long-term assets	9,412,440	117,568	69,095	-	150,346	71,457	(74,641)	687,007
Total assets	\$ 16,570,845	\$ 1,937,231	\$ 1,106,341	\$ 183,737	\$ 2,626,752	\$ 4,513,991	\$ (23,659)	\$ 8,859,651
	-	-	-	-	-	-	-	-

Mercy Housing South East
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	Mercy Housing South East	Mercy Place Belmont, Inc.	Mercy Housing Pembroke, Inc. (McFadden Place)	Mercy Housing Georgia Holdings, LLC (1826 Florance Street)	Marshside Village, Inc.	Allegre Point Senior Residences, Inc.	MHSE Adamsville Green Senior Partners, LLC	Adamsville Green Limited Partnership
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 202,632	\$ 20,556	\$ 18,317	\$ 9,090	\$ 56,953	\$ 79,613	\$ -	\$ 66,391
Due to affiliates	17,604,944	54,563	70,346	-	9,485	-	40,652	48,138
Accrued interest	-	-	-	348	-	-	-	616
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	6,891	-	-	-	42,447
Current portion of notes payable, affiliates	536,344	-	-	125,758	-	-	-	-
Deferred revenue and other liabilities	-	-	19	-	-	1,341	-	-
Tenant security deposits	-	13,330	9,064	-	12,407	17,870	-	8,815
Total current liabilities	18,343,920	88,449	97,746	142,087	78,845	98,824	40,652	166,407
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	106,933	-	(32,693)	-	3,083,146
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	24,145	-	-	-	-	4,020	-	-
Total long-term liabilities	24,145	-	-	106,933	-	(28,673)	-	3,083,146
Total liabilities	18,368,065	88,449	97,746	249,020	78,845	70,151	40,652	3,249,553
Net assets								
Unrestricted net assets, controlling	(8,786,942)	(403,989)	(244,457)	(65,283)	(436,036)	(370,531)	(64,311)	5,610,098
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(8,786,942)	(403,989)	(244,457)	(65,283)	(436,036)	(370,531)	(64,311)	5,610,098
Temporarily restricted net assets	6,989,722	2,252,771	1,253,052	-	2,983,943	4,814,371	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(1,797,220)	1,848,782	1,008,595	(65,283)	2,547,907	4,443,840	(64,311)	5,610,098
Total liabilities and net assets	\$ 16,570,845	\$ 1,937,231	\$ 1,106,341	\$ 183,737	\$ 2,626,752	\$ 4,513,991	\$ (23,659)	\$ 8,859,651

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	McAuley Manor,		Riverview - St.		St. Mary's Villa at		Sacred Heart	
	Inc.		Mary's Inc. (St.		(St. Mary's		Village I, Inc.	
	Dublin Manor, Inc.	Inc.	Mercy Manor, Inc.	Mary's Riverview I)	Riverview II, Inc.	(St. Mary's Riverview II)	St. Mary's Villa, Inc.	Sacred Heart Village II, Inc.
Assets								
Current assets								
Cash and cash equivalents	\$ 26,382	\$ 16,418	\$ 11,124	\$ 754	\$ 2,358	\$ 332	\$ 5,069	\$ 5,105
Cash, tenant security deposits	8,823	9,723	8,551	12,687	9,917	15,305	16,527	19,201
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	274	-	11,545	9,400	7,464	1,914	400
Due from affiliate, net	2,192	-	-	277	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	5,049	5,062	5,639	6,146	6,056	6,418	8,184	7,928
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	42,446	31,477	25,314	31,409	27,731	29,519	31,694	32,634
Property and equipment								
Land and land improvements	80,000	108,170	55,000	75,000	84,000	109,340	135,461	304,262
Buildings	2,211,405	1,699,951	1,754,578	2,458,368	2,572,759	2,613,683	2,812,491	3,181,230
Furniture and equipment	26,135	38,215	43,901	38,257	33,865	48,957	59,232	86,983
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(774,157)	(788,504)	(796,286)	(1,040,615)	(1,011,849)	(1,221,693)	(1,487,769)	(1,380,677)
Net property and equipment	1,543,383	1,057,832	1,057,193	1,531,010	1,678,775	1,550,287	1,519,415	2,191,798
Other long-term assets								
Restricted property reserves	131,125	94,003	73,916	165,306	160,417	191,209	92,133	80,277
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	131,125	94,003	73,916	165,306	160,417	191,209	92,133	80,277
Total assets	\$ 1,716,954	\$ 1,183,312	\$ 1,156,423	\$ 1,727,725	\$ 1,866,923	\$ 1,771,015	\$ 1,643,242	\$ 2,304,709
	-	-	-	-	-	-	-	-

Mercy Housing South East
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	Dublin Manor, Inc.	McAuley Manor, Inc.	Mercy Manor, Inc.	Riverview - St. Mary's Inc. (St. Mary's Riverview I)	St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)	St. Mary's Villa, Inc.	Sacred Heart Village I, Inc.	Sacred Heart Village II, Inc.
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 16,725	\$ 20,410	\$ 18,836	\$ 57,984	\$ 73,615	\$ 76,520	\$ 84,348	\$ 48,894
Due to affiliates	-	128	200	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	176	-	-	716	1,652	694	341	308
Tenant security deposits	8,118	9,742	8,146	11,778	9,952	14,375	16,242	18,701
Total current liabilities	25,019	30,280	27,182	70,478	85,219	91,589	100,931	67,903
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	950	1,159	1,400	-	-
Total long-term liabilities	-	-	-	950	1,159	1,400	-	-
Total liabilities	25,019	30,280	27,182	71,428	86,378	92,989	100,931	67,903
Net assets								
Unrestricted net assets, controlling	306,538	210,633	203,452	409,066	420,758	336,914	314,905	501,374
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	306,538	210,633	203,452	409,066	420,758	336,914	314,905	501,374
Temporarily restricted net assets	1,385,397	942,399	925,789	1,247,231	1,359,787	1,341,112	1,227,406	1,735,432
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,691,935	1,153,032	1,129,241	1,656,297	1,780,545	1,678,026	1,542,311	2,236,806
Total liabilities and net assets	\$ 1,716,954	\$ 1,183,312	\$ 1,156,423	\$ 1,727,725	\$ 1,866,923	\$ 1,771,015	\$ 1,643,242	\$ 2,304,709

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	Sacred Heart Village III, Inc.	St. Theresa Village, Inc.	Siena Springs (Siena Springs I)	Siena Springs II	Charles Meadows Corporation	Charles Crest Corporation (Charles Crest I)	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc
Assets								
Current assets								
Cash and cash equivalents	\$ 4,462	\$ 30,257	\$ 21,012	\$ 50,143	\$ 12,014	\$ 5,563	\$ 19,308	\$ 36,317
Cash, tenant security deposits	13,413	17,714	12,875	9,593	10,181	18,021	17,928	11,306
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	230	1,280	6,121	3,204	-	506	1,342	5,638
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	8,299	6,049	7,652	4,695	4,740	6,481	5,957	5,550
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>26,404</u>	<u>55,300</u>	<u>47,660</u>	<u>67,635</u>	<u>26,935</u>	<u>30,571</u>	<u>44,535</u>	<u>58,811</u>
Property and equipment								
Land and land improvements	200,000	150,904	65,459	45,918	30,834	320,690	96,822	573,978
Buildings	3,123,902	2,936,707	2,193,485	2,299,771	1,263,936	1,095,320	2,955,432	3,145,281
Furniture and equipment	67,164	15,884	103,427	97,078	23,000	618,837	50,967	314,277
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(1,270,901)</u>	<u>(1,474,420)</u>	<u>(1,875,329)</u>	<u>(881,505)</u>	<u>(820,342)</u>	<u>(1,673,153)</u>	<u>(1,736,958)</u>	<u>(902,336)</u>
Net property and equipment	<u>2,120,165</u>	<u>1,629,075</u>	<u>487,042</u>	<u>1,561,262</u>	<u>497,428</u>	<u>361,694</u>	<u>1,365,963</u>	<u>3,131,200</u>
Other long-term assets								
Restricted property reserves	92,941	78,921	210,309	249,884	82,268	59,982	86,923	269,411
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	<u>92,941</u>	<u>78,921</u>	<u>210,309</u>	<u>249,884</u>	<u>82,268</u>	<u>59,982</u>	<u>86,923</u>	<u>269,411</u>
Total assets	<u>\$ 2,239,510</u>	<u>\$ 1,763,296</u>	<u>\$ 745,011</u>	<u>\$ 1,878,781</u>	<u>\$ 606,631</u>	<u>\$ 452,247</u>	<u>\$ 1,497,421</u>	<u>\$ 3,459,422</u>
	-	-	-	-	-	-	-	-

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	Sacred Heart Village III, Inc.	St. Theresa Village, Inc.	Siena Springs (Siena Springs I)	Siena Springs II	Charles Meadows Corporation	Charles Crest Corporation (Charles Crest I)	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 99,973	\$ 128,889	\$ 71,308	\$ 63,973	\$ 54,644	\$ 146,208	\$ 84,056	\$ 21,240
Due to affiliates	-	-	-	-	-	-	-	38,189
Accrued interest	-	-	4,315	-	-	9,702	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	35,611	-	-	58,698	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	588	442	537	1,114	6	921	349	495
Tenant security deposits	12,217	17,214	12,864	9,093	9,781	17,621	15,787	10,806
Total current liabilities	112,778	146,545	124,635	74,180	64,431	233,150	100,192	70,730
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	1,402,886	18,000	-	1,234,923	-	(6,508)
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	300	691	840	-
Total long-term liabilities	-	-	1,402,886	18,000	300	1,235,614	840	(6,508)
Total liabilities	112,778	146,545	1,527,521	92,180	64,731	1,468,764	101,032	64,222
Net assets								
Unrestricted net assets, controlling	270,725	351,067	(782,510)	657,746	76,377	(1,016,517)	263,294	(214,070)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	270,725	351,067	(782,510)	657,746	76,377	(1,016,517)	263,294	(214,070)
Temporarily restricted net assets	1,856,007	1,265,684	-	1,128,855	465,523	-	1,133,095	3,609,270
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,126,732	1,616,751	(782,510)	1,786,601	541,900	(1,016,517)	1,396,389	3,395,200
Total liabilities and net assets	\$ 2,239,510	\$ 1,763,296	\$ 745,011	\$ 1,878,781	\$ 606,631	\$ 452,247	\$ 1,497,421	\$ 3,459,422

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	MHSE Mauldin Center Apartments, LLC	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 995,743	\$ -	\$ 1,532,303
Cash, tenant security deposits	-	356,985	-	631,554
Cash, restricted	-	2,123,081	-	3,133,977
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	289,232	(2,499)	881,432
Due from affiliate, net	-	-	(633,030)	1,999
Pledges receivable, net	-	-	-	5,500
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	(4,725,590)	235,113
Prepaid expenses and other assets	-	296,937	-	488,892
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	-	4,061,978	(5,361,119)	6,910,770
Property and equipment				
Land and land improvements	310,050	25,541,083	-	31,005,765
Buildings	-	157,922,579	(8,639,520)	210,117,033
Furniture and equipment	-	5,540,299	-	8,661,208
Predevelopment project costs	19,398	-	-	86,280
Construction in progress	-	11,019,024	(615,870)	10,403,154
Accumulated depreciation	-	(47,127,657)	2,080,846	(73,197,905)
Net property and equipment	329,448	152,895,328	(7,174,544)	187,075,535
Other long-term assets				
Restricted property reserves	-	7,444,928	-	10,588,927
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	650,000
Due from affiliates	-	-	(2,598,558)	298,949
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	-	-	79,040	-
Notes and interest receivable, net	-	-	(18,000)	-
Notes and interest receivable, affiliates	-	-	(5,763,236)	88,096
Allowance for impaired assets	-	-	-	-
Other assets, net	-	1,165,952	-	1,236,451
Total other long-term assets	-	8,610,880	(8,300,754)	12,862,423
Total assets	\$ 329,448	\$ 165,568,186	\$ (20,836,417)	\$ 206,848,728

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	MHSE Mauldin Center Apartments, LLC	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 9,850	\$ 5,316,441	\$ (398,182)	\$ 6,449,284
Due to affiliates	-	6,471,564	(5,397,703)	18,940,506
Accrued interest	-	125,886	-	140,867
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	679,967	-	823,614
Current portion of notes payable, affiliates	324,922	3,235,244	(3,685,924)	536,344
Deferred revenue and other liabilities	-	45,142	-	54,841
Tenant security deposits	-	352,048	-	615,971
Total current liabilities	<u>334,772</u>	<u>16,226,292</u>	<u>(9,481,809)</u>	<u>27,561,427</u>
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	414,864	-	414,864
Accrued interest, affiliates	-	25,468	(25,468)	-
Notes payable, less current portion, net	(925)	62,999,819	(18,000)	68,787,581
Notes payable, less current portion, affiliates	-	5,797,314	(5,797,314)	-
Deferred revenue and other liabilities	-	9,200,084	(8,437,052)	796,537
Total long-term liabilities	<u>(925)</u>	<u>78,437,549</u>	<u>(14,277,834)</u>	<u>69,998,982</u>
Total liabilities	<u>333,847</u>	<u>94,663,841</u>	<u>(23,759,643)</u>	<u>97,560,409</u>
Net assets				
Unrestricted net assets, controlling	(4,399)	70,859,628	2,923,226	71,326,756
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	<u>(4,399)</u>	<u>70,859,628</u>	<u>2,923,226</u>	<u>71,326,756</u>
Temporarily restricted net assets	-	44,717	-	37,961,563
Permanently restricted net assets	-	-	-	-
Total net assets	<u>(4,399)</u>	<u>70,904,345</u>	<u>2,923,226</u>	<u>109,288,319</u>
Total liabilities and net assets	<u>\$ 329,448</u>	<u>\$ 165,568,186</u>	<u>\$ (20,836,417)</u>	<u>\$ 206,848,728</u>

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing South East	Mercy Place Belmont, Inc.	Mercy Housing Pembroke, Inc. (McFadden Place)	Mercy Housing Georgia Holdings, LLC (1826 Florance Street)	Marshside Village, Inc.	Allegre Point Senior Residences, Inc.	MHSE Adamsville Green Senior Partners, LLC	Adamsville Green Limited Partnership
Revenues								
Rent - net of vacancies	\$ -	\$ 294,685	\$ 242,018	\$ -	\$ 352,252	\$ 410,153	\$ -	\$ 845,246
Developer fees	860,359	-	-	-	-	-	-	-
Services fees	355,956	-	-	-	-	-	127,453	-
Philanthropy	749,308	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	62,728	-	42	-	44	1,055	-	1,075
Other	560,638	3,174	453	-	3,939	4,849	-	5,204
Total revenues	2,588,989	297,859	242,513	-	356,235	416,057	127,453	851,525
Expenses and losses								
Compensation	1,549,227	127,299	66,870	-	149,259	158,649	-	162,741
Administrative	281,677	60,670	52,068	1,565	65,428	92,886	142,034	194,254
Professional services	73,246	7,380	9,428	2,499	7,380	12,123	623	73,419
Depreciation and amortization	8,424	121,714	63,659	11,692	129,344	220,645	-	259,368
Grants	196,635	-	-	-	-	-	2,793	-
Facility	124,373	80,972	80,198	560	131,056	138,316	-	274,549
Interest and fees	291,569	30	1	8,846	-	1,347	-	65,873
Bad debts	472,753	-	148	-	-	399	-	1,487
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	30,191	-	-	-	-	-	-	-
Allocation	585,853	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	4,399	-	-	-	-	-	16	-
Total expenses and losses	3,618,347	398,065	272,372	25,162	482,467	624,365	145,466	1,031,691
Excess (deficiency) of revenues over expenses	(1,029,358)	(100,206)	(29,859)	(25,162)	(126,232)	(208,308)	(18,013)	(180,166)
Net assets at beginning of year	(767,862)	1,948,988	1,038,454	(40,121)	2,674,139	4,652,148	(46,298)	5,819,888
Other transfers to (from) net assets	-	-	-	-	-	-	-	(29,624)
Net assets at end of year	\$ (1,797,220)	\$ 1,848,782	\$ 1,008,595	\$ (65,283)	\$ 2,547,907	\$ 4,443,840	\$ (64,311)	\$ 5,610,098

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Dublin Manor, Inc.	McAuley Manor, Inc.	Mercy Manor, Inc.	Riverview - St. Mary's Inc. (St. Mary's Riverview I)	St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)	St. Mary's Villa, Inc.	Sacred Heart Village I, Inc.	Sacred Heart Village II, Inc.
Revenues								
Rent - net of vacancies	\$ 245,596	\$ 251,922	\$ 211,318	\$ 266,192	\$ 278,291	\$ 322,241	\$ 315,996	\$ 336,211
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	29	16	15	792	746	886	36	20
Other	1,020	2,790	1,956	2,651	2,116	3,703	5,413	5,338
Total revenues	246,645	254,728	213,289	269,635	281,153	326,830	321,445	341,569
Expenses and losses								
Compensation	53,537	66,168	55,132	102,492	91,473	115,673	111,096	98,326
Administrative	43,444	46,702	42,351	44,398	49,150	50,765	72,682	67,716
Professional services	5,445	7,380	7,380	10,033	14,952	7,380	8,096	7,474
Depreciation and amortization	68,690	54,082	60,487	88,802	90,993	78,061	85,495	82,725
Grants	-	-	-	-	-	-	-	-
Facility	100,956	95,023	77,672	104,566	132,052	144,404	145,904	146,454
Interest and fees	604	4	4	82	2	22	600	-
Bad debts	-	35	-	405	46	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	272,676	269,394	243,026	350,778	378,668	396,305	423,873	402,695
Excess (deficiency) of revenues over expenses	(26,031)	(14,666)	(29,737)	(81,143)	(97,515)	(69,475)	(102,428)	(61,126)
Net assets at beginning of year	1,717,966	1,167,698	1,158,978	1,737,440	1,878,060	1,747,501	1,644,739	2,297,932
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 1,691,935	\$ 1,153,032	\$ 1,129,241	\$ 1,656,297	\$ 1,780,545	\$ 1,678,026	\$ 1,542,311	\$ 2,236,806

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Sacred Heart Village III, Inc.	St. Theresa Village, Inc.	Siena Springs (Siena Springs I)	Siena Springs II	Charles Meadows Corporation	Charles Crest Corporation (Charles Crest I)	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc
Revenues								
Rent - net of vacancies	\$ 342,713	\$ 427,874	\$ 445,312	\$ 312,063	\$ 275,687	\$ 459,546	\$ 399,251	\$ 229,486
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	24	98	145	72	15	284	575	252
Other	2,457	3,555	3,902	3,230	3,744	40,569	4,873	1,549
Total revenues	345,194	431,527	449,359	315,365	279,446	500,399	404,699	231,287
Expenses and losses								
Compensation	133,558	139,069	73,277	81,615	108,598	96,998	111,198	25,753
Administrative	71,078	75,380	47,245	43,438	49,066	46,619	59,047	51,649
Professional services	7,691	7,595	9,580	9,580	5,648	5,533	7,568	8,160
Depreciation and amortization	87,058	86,968	61,521	80,503	38,862	33,849	100,665	169,258
Grants	-	-	-	-	-	-	-	-
Facility	156,915	195,317	163,315	129,800	99,834	182,352	179,380	113,509
Interest and fees	37	600	89,924	350	350	118,772	97	226
Bad debts	-	1,751	149	2,705	-	493	91	300
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	67,329	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	456,337	506,680	512,340	347,991	302,358	484,616	458,046	368,855
Excess (deficiency) of revenues over expenses	(111,143)	(75,153)	(62,981)	(32,626)	(22,912)	15,783	(53,347)	(137,568)
Net assets at beginning of year	2,237,875	1,691,904	(719,529)	1,819,227	564,812	(1,032,300)	1,449,736	3,532,768
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 2,126,732	\$ 1,616,751	\$ (782,510)	\$ 1,786,601	\$ 541,900	\$ (1,016,517)	\$ 1,396,389	\$ 3,395,200

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	MHSE Mauldin Center Apartments, LLC	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
Revenues				
Rent - net of vacancies	\$ -	\$ 14,206,896	\$ -	\$ 21,470,949
Developer fees	-	-	(628,801)	231,558
Services fees	-	-	(483,409)	-
Philanthropy	-	-	-	749,308
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	175,915	(26,431)	218,433
Other	-	696,954	(58,407)	1,305,670
Total revenues	<u>-</u>	<u>15,079,765</u>	<u>(1,197,048)</u>	<u>23,975,918</u>
Expenses and losses				
Compensation	-	2,613,446	-	6,291,454
Administrative	-	2,043,494	(99,338)	3,695,468
Professional services	4,399	624,347	(355,956)	588,383
Depreciation and amortization	-	7,299,602	(306,280)	9,076,187
Grants	-	-	(40,404)	159,024
Facility	-	5,935,214	-	8,932,691
Interest and fees	-	2,447,043	(26,431)	2,999,952
Bad debts	-	161,053	(449,998)	191,817
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	30,191
Allocation	-	-	-	585,853
(Gain) loss on sale of assets	-	-	-	67,329
(Gain) loss on investment in limited partnership	-	-	(4,415)	-
Total expenses and losses	<u>4,399</u>	<u>21,124,199</u>	<u>(1,282,822)</u>	<u>32,618,349</u>
Excess (deficiency) of revenues over expenses	(4,399)	(6,044,434)	85,774	(8,642,431)
Net assets at beginning of year	-	75,510,382	2,822,936	116,507,461
Other transfers to (from) net assets	-	1,438,397	14,516	1,423,289
Net assets at end of year	<u>\$ (4,399)</u>	<u>\$ 70,904,345</u>	<u>\$ 2,923,226</u>	<u>\$ 109,288,319</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Corner/ Heritage Row)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)	Mercy Housing Georgia X, L.P. (Savannah Gardens Phase I)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 31,397	\$ 98,218	\$ 69,511	\$ 358,990	\$ -	\$ 1,478	\$ 2,067
Cash, tenant security deposits	-	20,279	19,865	6,176	6,950	-	17,306	30,600
Cash, restricted	-	9,468	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	6,356	7,673	2,289	35,567	-	2,329	8,728
Due from affiliate, net	225,190	-	-	-	-	256,156	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	16,439	12,278	12,961	38,895	-	15,720	15,838
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	225,190	83,939	138,034	90,937	440,402	256,156	36,833	57,233
Property and equipment								
Land and land improvements	-	535,412	979,190	743,196	151,506	-	667,047	2,777,550
Buildings	-	2,061,780	8,173,907	5,441,567	16,160,456	-	6,610,246	10,044,959
Furniture and equipment	-	10,527	98,271	204,852	449,671	-	405,415	855,093
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,343,267)	(3,961,901)	(2,697,736)	(5,852,937)	-	(2,328,299)	(3,552,986)
Net property and equipment	-	1,264,452	5,289,467	3,691,879	10,908,696	-	5,354,409	10,124,616
Other long-term assets								
Restricted property reserves	-	191,848	105,985	147,085	448,104	-	563,246	380,963
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(15,429)	-	-	-	-	(65,086)	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	17,180	26,504	69,178	-	32,124	124,420
Total other long-term assets	(15,429)	191,848	123,165	173,589	517,282	(65,086)	595,370	505,383
Total assets	\$ 209,761	\$ 1,540,239	\$ 5,550,666	\$ 3,956,405	\$ 11,866,380	\$ 191,070	\$ 5,986,612	\$ 10,687,232

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Corner/ Heritage Row)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)	Mercy Housing Georgia X, L.P. (Savannah Gardens Phase I)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 453,346	\$ 295,901	\$ 31,607	\$ 97,334	\$ -	\$ 212,278	\$ 133,186
Due to affiliates	140,521	1,444,328	451,089	100,187	-	239,574	256,156	35,363
Accrued interest	-	1,206	3,962	5,324	12,846	-	1,314	5,771
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	34,396	42,446	17,731	40,836	-	72,068	14,125
Current portion of notes payable, affiliates	-	-	137,223	-	-	-	-	-
Deferred revenue and other liabilities	-	2,317	4,017	-	793	-	1,811	2,753
Tenant security deposits	-	19,477	19,313	5,575	6,450	-	16,977	29,800
Total current liabilities	140,521	1,955,070	953,951	160,424	158,259	239,574	560,604	220,998
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	306,988	-	-	21,687
Accrued interest, affiliates	-	-	-	3,160	-	-	-	-
Notes payable, less current portion, net	-	193,670	840,226	777,721	7,560,071	-	279,463	4,610,217
Notes payable, less current portion, affiliates	-	-	-	56,107	-	-	-	-
Deferred revenue and other liabilities	-	-	761,816	-	-	-	131,403	351,606
Total long-term liabilities	-	193,670	1,602,042	836,988	7,867,059	-	410,866	4,983,510
Total liabilities	140,521	2,148,740	2,555,993	997,412	8,025,318	239,574	971,470	5,204,508
Net assets								
Unrestricted net assets, controlling	24,523	(608,501)	2,994,673	2,958,993	3,841,062	(48,504)	5,015,142	5,482,724
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	24,523	(608,501)	2,994,673	2,958,993	3,841,062	(48,504)	5,015,142	5,482,724
Temporarily restricted net assets	44,717	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	69,240	(608,501)	2,994,673	2,958,993	3,841,062	(48,504)	5,015,142	5,482,724
Total liabilities and net assets	\$ 209,761	\$ 1,540,239	\$ 5,550,666	\$ 3,956,405	\$ 11,866,380	\$ 191,070	\$ 5,986,612	\$ 10,687,232

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Lithonia Park View, Inc.	Mercy Housing Georgia VIII, L.P. (Terraces at Park View)	MPI Highland Place, LLC	MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)	Antioch II, LLC	Antioch Villas, L.P.	Mercy Housing Georgia XI GP, LLC	Mercy Housing Georgia XI, LP (Etowah Terrace)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 76,482	\$ -	\$ 104,138	\$ -	\$ 3,478	\$ -	\$ 29,087
Cash, tenant security deposits	-	17,901	-	67,591	-	20,755	-	15,539
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	33,957	-	24,205	-	93,551	-	14,145
Due from affiliate, net	-	-	-	-	147,500	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	15,358	-	60,803	-	19,443	-	11,195
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	143,698		256,737	147,500	137,227		69,966
Property and equipment								
Land and land improvements	-	2,630,109	-	2,156,146	-	2,689,193	-	1,096,699
Buildings	-	7,514,011	-	37,941,377	-	9,604,449	-	7,988,648
Furniture and equipment	-	186,212	-	820,269	-	609,293	-	132,528
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(3,221,461)		(12,483,545)		(2,522,333)		(1,976,671)
Net property and equipment	-	7,108,871		28,434,247		10,380,602		7,241,204
Other long-term assets								
Restricted property reserves	-	267,300	-	2,768,286	-	604,379	-	188,149
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(59)	-	(1,790)	-	(118)	-	806	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	49,111		162,694		86,828		75,823
Total other long-term assets	(59)	316,411	(1,790)	2,930,980	(118)	691,207	806	263,972
Total assets	\$ (59)	\$ 7,568,980	\$ (1,790)	\$ 31,621,964	\$ 147,382	\$ 11,209,036	\$ 806	\$ 7,575,142

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Lithonia Park View, Inc.	Mercy Housing Georgia VIII, L.P. (Terraces at Park View)	MPI Highland Place, LLC	MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)	Antioch II, LLC	Antioch Villas, L.P.	Mercy Housing Georgia XI GP, LLC	Mercy Housing Georgia XI, LP (Etowah Terrace)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 78,369	\$ -	\$ 820,933	\$ -	\$ 171,000	\$ -	\$ 93,919
Due to affiliates	20,080	-	19,572	2,889,922	165,016	147,500	12,547	40,417
Accrued interest	-	6,496	-	-	-	20,796	-	1,179
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	112,451	-	-	-	51,135	-	44,725
Current portion of notes payable, affiliates	-	-	-	2,899,304	-	24,053	-	-
Deferred revenue and other liabilities	-	1,308	-	18,783	-	4,567	-	1,396
Tenant security deposits	-	17,000	-	67,036	-	19,622	-	14,731
Total current liabilities	20,080	215,624	19,572	6,695,978	165,016	438,673	12,547	196,367
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	5,813	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	2,277,731	-	16,291,520	-	4,791,308	-	1,308,903
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	48,342	-	5,133,953	-	437,571	-	108,456
Total long-term liabilities	-	2,326,073	-	21,425,473	-	5,234,692	-	1,417,359
Total liabilities	20,080	2,541,697	19,572	28,121,451	165,016	5,673,365	12,547	1,613,726
Net assets								
Unrestricted net assets, controlling	(20,139)	5,027,283	(21,362)	3,500,513	(17,634)	5,535,671	(11,741)	5,961,416
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(20,139)	5,027,283	(21,362)	3,500,513	(17,634)	5,535,671	(11,741)	5,961,416
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(20,139)	5,027,283	(21,362)	3,500,513	(17,634)	5,535,671	(11,741)	5,961,416
Total liabilities and net assets	\$ (59)	\$ 7,568,980	\$ (1,790)	\$ 31,621,964	\$ 147,382	\$ 11,209,036	\$ 806	\$ 7,575,142

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2017

			MHSE Savannah Gardens Phase III GP, LLC	Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC	MHSE Savannah Gardens Phase V GP, LLC
	MHSE Arbors, LLC	The Arbors at Ellington, Ltd.						
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 2,386	\$ -	\$ 52,464	\$ -	\$ 46,752	\$ -	\$ 34,246
Cash, tenant security deposits	-	9,848	-	23,900	-	25,389	-	-
Cash, restricted	-	-	-	-	-	35,736	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	47	-	17,947	-	799	-	-
Due from affiliate, net	-	-	34,354	-	-	-	18,000	6,000
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	5,046	-	13,128	-	15,910	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	17,327	34,354	107,439	-	124,586	18,000	40,246
Property and equipment								
Land and land improvements	-	1,538,810	-	1,952,981	-	1,222,654	-	-
Buildings	-	3,537,855	-	8,980,849	-	9,557,675	-	-
Furniture and equipment	-	307,389	-	193,598	-	203,855	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,414,230)	-	(2,175,547)	-	(337,601)	-	-
Net property and equipment	-	3,969,824	-	8,951,881	-	10,646,583	-	-
Other long-term assets								
Restricted property reserves	-	200,586	-	413,780	-	215,228	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	487,034	-	(58,281)	-	1,269,258	-	73,408	(16,029)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	33,186	-	89,444	-	93,103	-	-
Total other long-term assets	487,034	233,772	(58,281)	503,224	1,269,258	308,331	73,408	(16,029)
Total assets	\$ 487,034	\$ 4,220,923	\$ (23,927)	\$ 9,562,544	\$ 1,269,258	\$ 11,079,500	\$ 91,408	\$ 24,217

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	MHSE Arbors, LLC	The Arbors at Ellington, Ltd.	MHSE Savannah Gardens Phase III GP, LLC	Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC	MHSE Savannah Gardens Phase V GP, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 42,429	\$ -	\$ 54,147	\$ -	\$ 47,010	\$ -	\$ -
Due to affiliates	11,975	43,041	46,250	56,676	473,111	-	25,825	31,000
Accrued interest	-	2,005	-	13,186	-	768	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	15,917	-	38,756	-	22,195	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	762	-	1,765	-	1,083	-	-
Tenant security deposits	-	9,848	-	23,700	-	24,515	-	-
Total current liabilities	11,975	114,002	46,250	188,230	473,111	95,571	25,825	31,000
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	47,717	-	6,139	-	6,520	-	-
Accrued interest, affiliates	-	-	-	-	-	25,468	-	-
Notes payable, less current portion, net	-	2,449,526	-	2,763,216	-	433,544	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	5,797,314	-	-
Deferred revenue and other liabilities	-	5,253	-	-	-	262,727	-	-
Total long-term liabilities	-	2,502,496	-	2,769,355	-	6,525,573	-	-
Total liabilities	11,975	2,616,498	46,250	2,957,585	473,111	6,621,144	25,825	31,000
Net assets								
Unrestricted net assets, controlling	475,059	1,604,425	(70,177)	6,604,959	796,147	4,458,356	65,583	(6,783)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	475,059	1,604,425	(70,177)	6,604,959	796,147	4,458,356	65,583	(6,783)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	475,059	1,604,425	(70,177)	6,604,959	796,147	4,458,356	65,583	(6,783)
Total liabilities and net assets	\$ 487,034	\$ 4,220,923	\$ (23,927)	\$ 9,562,544	\$ 1,269,258	\$ 11,079,500	\$ 91,408	\$ 24,217

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments, LLC	MHSE Mercy Park GP, LLC	Mercy Park Chamblee	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Assets							
Current assets							
Cash and cash equivalents	\$ 1,703	\$ 82,558	\$ 429	\$ -	\$ 359	\$ -	\$ 995,743
Cash, tenant security deposits	29,853	20,976	24,057	-	-	-	356,985
Cash, restricted	-	3,518	-	-	2,074,359	-	2,123,081
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	24,172	12,560	702	-	4,205	-	289,232
Due from affiliate, net	-	-	-	-	-	(687,200)	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	19,970	11,594	12,359	-	-	-	296,937
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	75,698	131,206	37,547		2,078,923	(687,200)	4,061,978
Property and equipment							
Land and land improvements	2,560,422	1,788,716	671,483	-	1,379,969	-	25,541,083
Buildings	11,833,285	8,680,776	3,790,739	-	-	-	157,922,579
Furniture and equipment	680,351	357,735	13,496	-	11,744	-	5,540,299
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	11,019,024	-	11,019,024
Accumulated depreciation	(1,841,476)	(996,903)	(420,764)	-	-	-	(47,127,657)
Net property and equipment	13,232,582	9,830,324	4,054,954		12,410,737		152,895,328
Other long-term assets							
Restricted property reserves	382,924	388,072	89,860	-	89,133	-	7,444,928
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	97	-	(1,673,811)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	132,103	105,735	-	-	68,519	-	1,165,952
Total other long-term assets	515,027	493,807	89,860	97	157,652	(1,673,811)	8,610,880
Total assets	\$ 13,823,307	\$ 10,455,337	\$ 4,182,361	\$ 97	\$ 14,647,312	\$ (2,361,011)	\$ 165,568,186

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments, LLC	MHSE Mercy Park GP, LLC	Mercy Park Chamblee	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 195,676	\$ 35,712	\$ 127,971	\$ -	\$ 2,431,623	\$ (6,000)	\$ 5,316,441
Due to affiliates	18,000	4,200	-	165	540,218	(741,169)	6,471,564
Accrued interest	20,251	7,416	8,666	-	14,700	-	125,886
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	50,347	17,283	105,556	-	-	-	679,967
Current portion of notes payable, affiliates	-	-	-	-	174,664	-	3,235,244
Deferred revenue and other liabilities	2,338	1,426	23	-	-	-	45,142
Tenant security deposits	28,268	20,725	23,796	-	5,215	-	352,048
Total current liabilities	314,880	86,762	266,012	165	3,166,420	(747,169)	16,226,292
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	20,000	-	-	-	-	414,864
Accrued interest, affiliates	-	-	-	-	-	(3,160)	25,468
Notes payable, less current portion, net	4,966,916	1,992,204	4,401,431	-	7,062,152	-	62,999,819
Notes payable, less current portion, affiliates	-	-	-	-	-	(56,107)	5,797,314
Deferred revenue and other liabilities	1,343,087	-	-	-	615,870	-	9,200,084
Total long-term liabilities	6,310,003	2,012,204	4,401,431	-	7,678,022	(59,267)	78,437,549
Total liabilities	6,624,883	2,098,966	4,667,443	165	10,844,442	(806,436)	94,663,841
Net assets							
Unrestricted net assets, controlling	7,198,424	8,356,371	(485,082)	(68)	3,802,870	(1,554,575)	70,859,628
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	7,198,424	8,356,371	(485,082)	(68)	3,802,870	(1,554,575)	70,859,628
Temporarily restricted net assets	-	-	-	-	-	-	44,717
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	7,198,424	8,356,371	(485,082)	(68)	3,802,870	(1,554,575)	70,904,345
Total liabilities and net assets	\$ 13,823,307	\$ 10,455,337	\$ 4,182,361	\$ 97	\$ 14,647,312	\$ (2,361,011)	\$ 165,568,186

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Corner/ Heritage Row)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)	Mercy Housing Georgia X, L.P. (Savannah Gardens Phase I)
Revenues								
Rent - net of vacancies	\$ -	\$ 513,584	\$ 418,961	\$ 462,129	\$ 2,069,353	\$ -	\$ 591,609	\$ 769,812
Developer fees	-	-	-	-	-	-	-	-
Services fees	64,500	-	-	-	-	(21,094)	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	186	1,312	53	143	-	5,614	110
Other	-	163,582	26,721	6,590	4,537	-	35,507	105,008
Total revenues	64,500	677,352	446,994	468,772	2,074,033	(21,094)	632,730	874,930
Expenses and losses								
Compensation	-	160,980	125,015	105,769	318,437	-	151,427	126,250
Administrative	64,610	112,800	90,498	67,618	323,490	26,808	123,328	116,388
Professional services	311	20,528	18,582	7,980	197,099	623	9,420	57,738
Depreciation and amortization	-	304,294	336,736	252,994	629,751	-	204,661	598,775
Grants	-	-	-	-	-	-	-	-
Facility	-	229,795	195,231	163,040	789,312	-	278,190	389,904
Interest and fees	-	10,032	49,769	69,293	219,134	-	19,300	92,888
Bad debts	-	15,038	13,306	580	2,311	-	612	22,579
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	275	-	-	-	-	79	-	-
Total expenses and losses	65,196	853,467	829,137	667,274	2,479,534	27,510	786,938	1,404,522
Excess (deficiency) of revenues over expenses	(696)	(176,115)	(382,143)	(198,502)	(405,501)	(48,604)	(154,208)	(529,592)
Net assets at beginning of year	69,936	(432,386)	3,376,816	3,157,495	4,246,563	100	5,169,350	6,012,316
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 69,240	\$ (608,501)	\$ 2,994,673	\$ 2,958,993	\$ 3,841,062	\$ (48,504)	\$ 5,015,142	\$ 5,482,724

**Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017**

	Mercy Lithonia Park View, Inc.	Mercy Housing Georgia VIII, L.P. (Terraces at Park View)	MPI Highland Place, LLC	MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)	Antioch II, LLC	Antioch Villas, L.P.	Mercy Housing Georgia XI GP, LLC	Mercy Housing Georgia XI, LP (Etowah Terrace)
Revenues								
Rent - net of vacancies	\$ -	\$ 719,251	\$ -	\$ 3,516,591	\$ -	\$ 1,013,582	\$ -	\$ 487,003
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	30,000	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	105	-	142,496	-	21	-	54
Other	-	7,001	-	106,288	-	56,746	-	27,322
Total revenues	-	726,357	-	3,765,375	30,000	1,070,349	-	514,379
Expenses and losses								
Compensation	-	137,889	-	552,999	-	131,115	-	130,476
Administrative	65	98,685	55	277,118	30,065	154,905	(175)	73,320
Professional services	623	10,284	623	25,595	623	49,062	623	29,222
Depreciation and amortization	-	380,757	-	1,512,701	-	459,293	-	362,342
Grants	-	-	-	-	-	-	-	-
Facility	-	244,940	-	1,590,129	-	390,558	-	216,245
Interest and fees	-	87,274	-	777,019	-	274,987	-	12,645
Bad debts	-	568	-	63,176	-	1,258	-	3,558
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	10	-	103	-	35	-	31	-
Total expenses and losses	698	960,397	781	4,798,737	30,723	1,461,178	479	827,808
Excess (deficiency) of revenues over expenses	(698)	(234,040)	(781)	(1,033,362)	(723)	(390,829)	(479)	(313,429)
Net assets at beginning of year	(19,441)	5,261,323	(20,581)	4,533,875	(16,911)	5,926,500	(11,262)	6,274,845
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ (20,139)	\$ 5,027,283	\$ (21,362)	\$ 3,500,513	\$ (17,634)	\$ 5,535,671	\$ (11,741)	\$ 5,961,416

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	MHSE Arbors, LLC	The Arbors at Ellington, Ltd.	MHSE Savannah Gardens Phase III GP, LLC	Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC	MHSE Savannah Gardens Phase V GP, LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 252,871	\$ -	\$ 709,568	\$ -	\$ 463,062	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	10,000	-	-	-	6,000	25,321
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	119	-	203	-	63	-	-
Other	-	3,818	-	19,697	-	32,841	-	-
Total revenues	-	256,808	10,000	729,468	-	495,966	6,000	25,321
Expenses and losses								
Compensation	-	44,518	-	96,966	-	127,269	-	-
Administrative	242	33,143	10,065	141,131	55	89,042	6,087	25,376
Professional services	-	6,387	623	42,026	623	19,532	623	623
Depreciation and amortization	-	258,873	-	430,634	-	286,912	-	-
Grants	-	-	-	-	-	-	-	-
Facility	-	116,086	-	303,876	-	149,906	-	-
Interest and fees	-	43,028	-	186,802	-	66,941	-	-
Bad debts	-	-	-	8,387	-	272	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	12	-	48	-	24	-	71	41
Total expenses and losses	254	502,035	10,736	1,209,822	702	739,874	6,781	26,040
Excess (deficiency) of revenues over expenses	(254)	(245,227)	(736)	(480,354)	(702)	(243,908)	(781)	(719)
Net assets at beginning of year	475,313	1,849,652	(69,441)	7,085,313	796,849	4,259,951	66,364	(6,064)
Other transfers to (from) net assets	-	-	-	-	-	442,313	-	-
Net assets at end of year	\$ 475,059	\$ 1,604,425	\$ (70,177)	\$ 6,604,959	\$ 796,147	\$ 4,458,356	\$ 65,583	\$ (6,783)

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments, LLC	MHSE Mercy Park GP, LLC	Mercy Park Chamblee	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Revenues							
Rent - net of vacancies	\$ 853,363	\$ 570,643	\$ 795,514	\$ -	\$ -	\$ -	\$ 14,206,896
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	(114,727)	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	16	24,685	735	-	-	-	175,915
Other	28,513	26,030	60,507	-	3,325	(17,079)	696,954
Total revenues	881,892	621,358	856,756	-	3,325	(131,806)	15,079,765
Expenses and losses							
Compensation	112,500	78,931	204,561	-	8,344	-	2,613,446
Administrative	119,620	94,474	107,815	66	13,501	(156,701)	2,043,494
Professional services	37,840	35,080	47,655	-	4,399	-	624,347
Depreciation and amortization	671,480	467,518	141,881	-	-	-	7,299,602
Grants	-	-	-	-	-	-	-
Facility	371,211	226,910	279,881	-	-	-	5,935,214
Interest and fees	258,358	118,276	161,554	-	24	(281)	2,447,043
Bad debts	21,760	7,648	-	-	-	-	161,053
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	2	-	(731)	-
Total expenses and losses	1,592,769	1,028,837	943,347	68	26,268	(157,713)	21,124,199
Excess (deficiency) of revenues over expenses	(710,877)	(407,479)	(86,591)	(68)	(22,943)	25,907	(6,044,434)
Net assets at beginning of year	7,858,996	8,783,831	(398,491)	-	2,825,733	(1,546,162)	75,510,382
Other transfers to (from) net assets	50,305	(19,981)	-	-	1,000,080	(34,320)	1,438,397
Net assets at end of year	\$ 7,198,424	\$ 8,356,371	\$ (485,082)	\$ (68)	\$ 3,802,870	\$ (1,554,575)	\$ 70,904,345

Mercy Housing Northwest
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	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 3,229,531	\$ 36,003	\$ 10,994	\$ -	\$ 319,898	\$ 117,189	\$ 3,088	\$ 3,948
Cash, tenant security deposits	-	9,311	5,888	-	62,439	-	19,467	13,311
Cash, restricted	511,227	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	16,698	28	9,703	-	-	73	21,174	81,886
Due from affiliate, net	1,564,286	8	-	-	-	34,130	107	1,202
Pledges receivable, net	5,621,983	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	275,110	-	-	-	-	-	-	-
Prepaid expenses and other assets	9,394	4,771	3,288	-	34,999	-	3,914	1,739
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	11,228,229	50,121	29,873		417,336	151,392	47,750	102,086
Property and equipment								
Land and land improvements	-	180,288	303,978	-	1,975,080	-	2,893,659	1,066,635
Buildings	-	2,475,408	2,220,563	-	21,362,957	-	16,073,491	9,179,916
Furniture and equipment	-	67,811	7,629	-	918,890	-	413,401	166,607
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,250,285)	(935,339)	-	(7,853,196)	-	(5,008,717)	(776,761)
Net property and equipment	-	1,473,222	1,596,831		16,402,831		14,371,834	9,636,397
Other long-term assets								
Restricted property reserves	366,538	375,577	28,958	-	532,718	-	609,344	134,082
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	825,000	-	-	-	-	-	-	-
Due from affiliates	3,329,382	-	-	-	-	-	-	-
Pledges receivable, net	22,111,882	-	-	-	-	-	-	-
Investments in limited partnerships, net	1,632,299	-	-	294,280	-	1,493,705	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	8,350,746	-	-	-	-	8,216,406	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	31,068	-	17,711	67,673
Total other long-term assets	36,615,847	375,577	28,958	294,280	563,786	9,710,111	627,055	201,755
Total assets	\$ 47,844,076	\$ 1,898,920	\$ 1,655,662	\$ 294,280	\$ 17,383,953	\$ 9,861,503	\$ 15,046,639	\$ 9,940,238

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	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 288,885	\$ 33,019	\$ 24,006	\$ -	\$ 64,224	\$ -	\$ 71,351	\$ 108,169
Due to affiliates	63,316	-	-	8,470	57,272	33,692	59,962	7,809
Accrued interest	-	1,770	-	-	26,199	-	2,150	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	10,032	22,391	-	-	131,796	-	7,665	-
Current portion of notes payable, affiliates	202,504	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	3,803	157	-	1,002	-	1,186	74
Tenant security deposits	-	9,061	5,310	-	61,816	-	18,964	13,104
Total current liabilities	564,737	70,044	29,473	8,470	342,309	33,692	161,278	129,156
Long-term liabilities								
Due to affiliates	-	-	-	-	26,198	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	1,512,258	-	-	-
Notes payable, less current portion, net	22,031	798,840	-	-	9,253,128	-	5,087,222	2,373,068
Notes payable, less current portion, affiliates	-	-	79,106	-	4,385,089	-	8,216,406	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	77,361
Total long-term liabilities	22,031	798,840	79,106	-	15,176,673	-	13,303,628	2,450,429
Total liabilities	586,768	868,884	108,579	8,470	15,518,982	33,692	13,464,906	2,579,585
Net assets								
Unrestricted net assets, controlling	14,399,099	525,598	(164,767)	285,810	1,864,971	3,603,265	1,581,733	7,360,653
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	14,399,099	525,598	(164,767)	285,810	1,864,971	3,603,265	1,581,733	7,360,653
Temporarily restricted net assets	32,858,209	504,438	1,711,850	-	-	6,224,546	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	47,257,308	1,030,036	1,547,083	285,810	1,864,971	9,827,811	1,581,733	7,360,653
Total liabilities and net assets	\$ 47,844,076	\$ 1,898,920	\$ 1,655,662	\$ 294,280	\$ 17,383,953	\$ 9,861,503	\$ 15,046,639	\$ 9,940,238

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	New Tacoma Condominium Association	Evergreen Vista 1 GP LLC	Evergreen Vista 1 Owner, LP	Rainier Vista Block 43 GP, LLC	Rainier Vista Block 43 Owner, LP (Columbia City Station Apts)	Cobble Knoll I Mercy LLC	Allegre Mercy Redevelopment LLLP	Villa Kathleen Redevelopment LLLP
Assets								
Current assets								
Cash and cash equivalents	\$ 4,517	\$ -	\$ 36,091	\$ -	\$ 160,661	\$ -	\$ 260,451	\$ 224,276
Cash, tenant security deposits	-	-	43,248	-	18,950	-	44,830	44,136
Cash, restricted	-	-	-	-	-	-	-	294
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	149	-	8,470	-	-	-	89,340	5,169
Due from affiliate, net	25,648	-	3,983	44,751	-	119,827	-	19,369
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	12,832	-	13,165	-	7,345	-	9,554	12,794
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	43,146		104,957	44,751	186,956	119,827	404,175	306,038
Property and equipment								
Land and land improvements	-	-	1,068,023	-	2,144,069	-	710,670	1,271,763
Buildings	-	-	11,540,957	-	9,563,579	-	10,440,141	9,039,545
Furniture and equipment	-	-	406,003	-	271,228	-	279,058	345,222
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(3,125,919)	-	(2,259,629)	-	(1,600,346)	(1,152,941)
Net property and equipment	-		9,888,164		9,719,247		9,829,523	9,503,589
Other long-term assets								
Restricted property reserves	-	-	466,353	-	220,642	-	763,872	733,219
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	(2)	-	(111)	-	221,238	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	12,197	-	14,542	-	56,597	80,125
Total other long-term assets	-	(2)	478,550	(111)	235,184	221,238	820,469	813,344
Total assets	\$ 43,146	\$ (2)	\$ 10,471,671	\$ 44,640	\$ 10,141,387	\$ 341,065	\$ 11,054,167	\$ 10,622,971

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	New Tacoma Condominium Association	Evergreen Vista 1 GP LLC	Evergreen Vista 1 Owner, LP	Rainier Vista Block 43 GP, LLC	Rainier Vista Block 43 Owner, LP (Columbia City Station Apts)	Cobble Knoll I Mercy LLC	Allegre Mercy Redevelopment LLLP	Villa Kathleen Redevelopment LLLP
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 26,147	\$ -	\$ 225,975	\$ -	\$ 47,697	\$ -	\$ 51,486	\$ 50,641
Due to affiliates	16,999	6,860	608	48,032	44,751	123,824	67,937	74,821
Accrued interest	-	-	21,089	-	10,398	-	14,630	4,755
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	87,271	-	43,712	-	29,322	26,610
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	1,374	-	1,356	-	2,710	3,835
Tenant security deposits	-	-	42,742	-	18,750	-	42,335	43,005
Total current liabilities	43,146	6,860	379,059	48,032	166,664	123,824	208,420	203,667
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	31,561
Accrued interest, affiliates	-	-	1,033,467	-	-	-	-	-
Notes payable, less current portion, net	-	-	4,315,305	-	8,781,045	-	2,401,775	3,261,237
Notes payable, less current portion, affiliates	-	-	4,110,219	-	-	-	-	-
Deferred revenue and other liabilities	-	-	712,506	-	412,937	-	-	-
Total long-term liabilities	-	-	10,171,497	-	9,193,982	-	2,401,775	3,292,798
Total liabilities	43,146	6,860	10,550,556	48,032	9,360,646	123,824	2,610,195	3,496,465
Net assets								
Unrestricted net assets, controlling	-	(6,862)	(78,885)	(3,392)	780,741	217,241	8,443,972	7,126,506
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	-	(6,862)	(78,885)	(3,392)	780,741	217,241	8,443,972	7,126,506
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	-	(6,862)	(78,885)	(3,392)	780,741	217,241	8,443,972	7,126,506
Total liabilities and net assets	\$ 43,146	\$ (2)	\$ 10,471,671	\$ 44,640	\$ 10,141,387	\$ 341,065	\$ 11,054,167	\$ 10,622,971

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	Impact Family Village GP LLC	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	MHNW Othello Commercial, LLC	MHNW 9 Othello East GP, LLC	MHNW 9 Othello East, LP (Mercy Othello Plaza East)	MHNW 10 Othello West GP, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 153,211	\$ -	\$ 420,794	\$ 143,541	\$ -	\$ 236,061	\$ -
Cash, tenant security deposits	-	21,521	-	94,519	-	-	23,828	-
Cash, restricted	-	1,902	-	-	-	-	5,998	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	14,391	-	61,818	-	-	48,878	-
Due from affiliate, net	33,740	-	-	-	-	8,500	79,331	5,000
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	200,364	-	28,615	2,359	-	22,285	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	33,740	391,389		605,746	145,900	8,500	416,381	5,000
Property and equipment								
Land and land improvements	-	2,649,051	-	239,724	138,164	-	1,906,684	-
Buildings	-	12,839,383	-	30,871,827	1,083,435	-	18,994,648	-
Furniture and equipment	-	369,303	-	304,803	203,926	-	377,426	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,614,210)	-	(4,549,743)	(43,427)	-	(573,544)	-
Net property and equipment	-	13,243,527		26,866,611	1,382,098		20,705,214	
Other long-term assets								
Restricted property reserves	-	266,323	-	1,452,488	-	-	472,040	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	913,669	-	461,530	-	-	(59,730)	-	(43)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	54,928	-	51,552	-	-	29,944	-
Total other long-term assets	913,669	321,251	461,530	1,504,040		(59,730)	501,984	(43)
Total assets	\$ 947,409	\$ 13,956,167	\$ 461,530	\$ 28,976,397	\$ 1,527,998	\$ (51,230)	\$ 21,623,579	\$ 4,957

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	Impact Family Village GP LLC	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	MHNW Othello Commercial, LLC	MHNW 9 Othello East GP, LLC	MHNW 9 Othello East, LP (Mercy Othello Plaza East)	MHNW 10 Othello West GP, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,675	\$ 89,201	\$ -	\$ 143,410	\$ 22,555	\$ -	\$ 84,103	\$ -
Due to affiliates	26,975	-	4,220	-	5,997	11,484	254,423	7,043
Accrued interest	-	-	-	34,611	-	-	99	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	209,621	-	-	62,069	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	21,543	-	3,516	-	-	5,193	-
Tenant security deposits	-	21,059	-	90,127	-	-	23,426	-
Total current liabilities	28,650	131,803	4,220	481,285	28,552	11,484	429,313	7,043
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	297,138	-	87,982	-	-	103,406	-
Accrued interest, affiliates	-	-	-	2,225,268	-	-	-	-
Notes payable, less current portion, net	-	7,560,184	-	11,536,582	475,002	-	11,479,692	-
Notes payable, less current portion, affiliates	-	-	-	10,068,092	-	-	-	-
Deferred revenue and other liabilities	-	170,394	-	9,750	-	-	924,998	-
Total long-term liabilities	-	8,027,716	-	23,927,674	475,002	-	12,508,096	-
Total liabilities	28,650	8,159,519	4,220	24,408,959	503,554	11,484	12,937,409	7,043
Net assets								
Unrestricted net assets, controlling	918,759	5,796,648	457,310	4,567,438	1,024,444	(62,714)	8,686,170	(2,086)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	918,759	5,796,648	457,310	4,567,438	1,024,444	(62,714)	8,686,170	(2,086)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	918,759	5,796,648	457,310	4,567,438	1,024,444	(62,714)	8,686,170	(2,086)
Total liabilities and net assets	\$ 947,409	\$ 13,956,167	\$ 461,530	\$ 28,976,397	\$ 1,527,998	\$ (51,230)	\$ 21,623,579	\$ 4,957

Mercy Housing Northwest
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	MHNW 10 Othello West, LP (Mercy Othello Plaza West)	MHNW 12 Eleanor Apartments GP LLC	MHNW 12 Eleanor Apartments LLLP (Eleanor Apartments)	MHNW 11 Woodlakes LLC	MHNW 11 Woodlakes LLLP	MHNW 13 Building 9 South GP, LLC	MHNW 13 Building 9 South LP	MHNW 14 Building 9 North GP, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 112,783	\$ -	\$ 107,789	\$ -	\$ 330,987	\$ -	\$ -	\$ -
Cash, tenant security deposits	14,768	-	31,254	-	54,440	-	-	-
Cash, restricted	290,110	-	23,487	-	109,502	-	68,416	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	4,150	-	11,573	-	8,051	-	-	-
Due from affiliate, net	-	-	183	-	252	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	12,206	-	16,849	-	9,280	-	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	434,017		191,135		512,512		68,416	
Property and equipment								
Land and land improvements	994,679	-	2,707,411	-	1,642,691	-	22,189	-
Buildings	9,914,583	-	17,391,317	-	10,294,369	-	-	-
Furniture and equipment	196,175	-	259,209	-	250,757	-	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	7,792,771	-
Accumulated depreciation	(331,883)	-	(226,055)	-	(414,285)	-	-	-
Net property and equipment	10,773,554		20,131,882		11,773,532		7,814,960	
Other long-term assets								
Restricted property reserves	147,282	-	-	-	499,517	-	222	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	(35)	-	(165,073)	-	(3)	-	(1)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	102,347	-	147,983	-	106,711	-	-	-
Total other long-term assets	249,629	(35)	147,983	(165,073)	606,228	(3)	222	(1)
Total assets	\$ 11,457,200	\$ (35)	\$ 20,471,000	\$ (165,073)	\$ 12,892,272	\$ (3)	\$ 7,883,598	\$ (1)

Mercy Housing Northwest
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	MHNW 10 Othello West, LP (Mercy Othello Plaza West)	MHNW 12 Eleanor Apartments GP LLC	MHNW 12 Eleanor Apartments LLLP (Eleanor Apartments)	MHNW 11 Woodlakes LLC	MHNW 11 Woodlakes LLLP	MHNW 13 Building 9 South GP, LLC	MHNW 13 Building 9 South LP	MHNW 14 Building 9 North GP, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 62,589	\$ -	\$ 1,286,419	\$ -	\$ 93,433	\$ -	\$ 1,538,814	\$ -
Due to affiliates	176,466	989	1,003,841	934	115,605	-	166,019	-
Accrued interest	-	-	29,693	-	6,536	-	134	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	11,096,454	-	38,465	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	1,359	-	-	-
Deferred revenue and other liabilities	77	-	8,201	-	727	-	-	-
Tenant security deposits	14,601	-	30,840	-	51,012	-	-	-
Total current liabilities	253,733	989	13,455,448	934	307,137		1,704,967	
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	73,128	-	18,935	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	2,212,423	-	4,584,479	-	4,719,082	-	3,846,778	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	459,999	-	-	-	-	-	350,822	-
Total long-term liabilities	2,745,550		4,603,414		4,719,082		4,197,600	
Total liabilities	2,999,283	989	18,058,862	934	5,026,219		5,902,567	
Net assets								
Unrestricted net assets, controlling	8,457,917	(1,924)	2,412,138	(166,007)	7,866,953	(3)	1,981,031	(1)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	8,457,917	(1,024)	2,412,138	(166,007)	7,866,053	(3)	1,981,031	(1)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	8,457,917	(1,024)	2,412,138	(166,007)	7,866,053	-(3)	1,981,031	(1)
Total liabilities and net assets	\$ 11,457,200	\$ (35)	\$ 20,471,000	\$ (165,073)	\$ 12,892,272	\$ (3)	\$ 7,883,598	\$ (1)

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2017

	MHNW 14 Building 9 North LP	MHNW 16 Family Housing GP LLC	MHNW 16 Family Housing LLLP (Mount Baker)	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 235,665	\$ -	\$ 6,147,478
Cash, tenant security deposits	-	-	-	132,363	-	634,273
Cash, restricted	44,140	-	1,787,127	-	-	2,842,203
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	-	22,910	12,007	416,468
Due from affiliate, net	-	-	-	2,509	(1,932,741)	10,085
Pledges receivable, net	-	-	-	-	-	5,621,983
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	(219,504)	55,606
Prepaid expenses and other assets	-	-	-	46,419	-	452,172
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	44,140		1,787,127	439,866	(2,140,238)	16,180,268
Property and equipment						
Land and land improvements	16,535	-	3,349,728	5,942,029	(526,075)	30,696,975
Buildings	-	-	-	32,216,035	(19,405,681)	206,094,673
Furniture and equipment	-	-	-	852,665	349,816	6,039,929
Predevelopment project costs	-	-	483,233	-	-	483,233
Construction in progress	3,181,053	-	-	-	(602,142)	10,371,682
Accumulated depreciation	-	-	-	(19,141,586)	3,377,602	(48,480,264)
Net property and equipment	3,197,588		3,832,961	19,869,143	(16,806,480)	205,206,228
Other long-term assets						
Restricted property reserves	1,667,430	-	-	1,212,274	-	9,948,879
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	825,000
Due from affiliates	-	-	-	-	(3,329,382)	-
Pledges receivable, net	-	-	-	-	-	22,111,882
Investments in limited partnerships, net	-	-	-	-	(4,234,449)	557,274
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	(16,493,545)	73,607
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	47,980	-	-	16,954	-	838,312
Total other long-term assets	1,715,410			1,229,228	(24,057,376)	34,354,954
Total assets	\$ 4,957,138		\$ 5,620,088	\$ 21,538,237	\$ (43,004,094)	\$ 255,741,450

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2017

	MHNW 14 Building 9 North LP	MHNW 16 Family Housing GP LLC	MHNW 16 Family Housing LLLP (Mount Baker)	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 823,539	\$ -	\$ 71,051	\$ 278,221	\$ (194,410)	\$ 5,292,200
Due to affiliates	59,493	-	-	129,594	(1,986,061)	591,375
Accrued interest	-	-	-	19,649	-	171,713
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	-	-	161,330	-	11,926,738
Current portion of notes payable, affiliates	-	-	201,146	-	(202,504)	202,505
Deferred revenue and other liabilities	-	-	-	11,772	-	66,526
Tenant security deposits	-	-	-	129,033	-	615,185
Total current liabilities	883,032		272,197	729,599	(2,382,975)	18,866,242
Long-term liabilities						
Due to affiliates	-	-	-	180,000	(206,198)	-
Accrued interest	-	-	18,118	283,206	-	913,474
Accrued interest, affiliates	-	-	-	86,194	(4,857,187)	-
Notes payable, less current portion, net	366,666	-	3,334,172	9,316,219	-	95,724,930
Notes payable, less current portion, affiliates	1,694,608	-	2,000,000	499,950	(30,642,002)	411,468
Deferred revenue and other liabilities	251,320	-	-	-	(3,303,184)	66,903
Total long-term liabilities	2,312,594		5,352,290	10,365,569	(39,008,571)	97,116,775
Total liabilities	3,195,626		5,624,487	11,095,168	(41,391,546)	115,983,017
Net assets						
Unrestricted net assets, controlling	1,761,512	-	(4,399)	10,184,944	(1,612,548)	98,201,265
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	1,761,512	-	(4,399)	10,184,944	(1,612,548)	98,201,265
Temporarily restricted net assets	-	-	-	258,125	-	41,557,168
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	1,761,512	-	(4,399)	10,443,069	(1,612,548)	139,758,433
Total liabilities and net assets	\$ 4,957,138	\$ -	\$ 5,620,088	\$ 21,538,237	\$ (43,004,094)	\$ 255,741,450

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 297,138	\$ 154,966	\$ -	\$ 1,500,796	\$ -	\$ 482,945	\$ 239,838
Developer fees	2,570,057	-	-	-	-	-	-	-
Services fees	385,450	-	-	-	-	12,293	-	-
Philanthropy	30,420,758	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	1,026,598	626	8	-	131	-	309	61
Other	241,085	3,369	1,973	-	21,726	-	(2,643)	4,204
Total revenues	34,643,948	301,133	156,947	-	1,522,653	12,293	480,611	244,103
Expenses and losses								
Compensation	2,361,412	63,962	53,781	-	263,951	-	129,910	75,491
Administrative	410,304	31,168	26,340	54	142,247	12,348	103,632	76,847
Professional services	220,967	8,527	14,194	623	20,935	199	58,372	35,171
Depreciation and amortization	1,170	95,424	81,817	-	907,732	-	745,340	374,425
Grants	(481,071)	-	-	-	-	140,000	-	-
Facility	100,096	130,180	68,976	-	346,388	-	142,415	74,791
Interest and fees	(4,133)	42,895	-	-	561,580	-	32,154	49,566
Bad debts	1,043,866	-	-	-	5,938	-	2,665	808
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	885,834	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	55,709	-	-	73	-	72	-	-
Total expenses and losses	4,594,154	372,156	245,108	750	2,248,771	152,619	1,214,488	687,099
Excess (deficiency) of revenues over expenses	30,049,794	(71,023)	(88,161)	(750)	(726,118)	(140,326)	(733,877)	(442,996)
Net assets at beginning of year	17,207,514	1,101,059	1,635,244	286,560	2,591,089	9,968,137	2,455,610	7,803,649
Other transfers to (from) net assets	-	-	-	-	-	-	(140,000)	-
Net assets at end of year	\$ 47,257,308	\$ 1,030,036	\$ 1,547,083	\$ 285,810	\$ 1,864,971	\$ 9,827,811	\$ 1,581,733	\$ 7,360,653

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	New Tacoma Condominium Association	Evergreen Vista 1 GP LLC	Evergreen Vista 1 Owner, LP	Rainier Vista Block 43 GP, LLC	Rainier Vista Block 43 Owner, LP (Columbia City Station Apts)	Cobble Knoll I Mercy LLC	Allegre Mercy Redevelopment LLLP	Villa Kathleen Redevelopment LLLP
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ 1,031,406	\$ -	\$ 545,064	\$ -	\$ 645,185	\$ 635,753
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	8,908	-	36,991	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	178	-	51	-	287	274
Other	140,086	-	42,413	-	4,791	-	47,431	6,213
Total revenues	<u>140,086</u>	<u>-</u>	<u>1,073,997</u>	<u>8,908</u>	<u>549,906</u>	<u>36,991</u>	<u>692,903</u>	<u>642,240</u>
Expenses and losses								
Compensation	-	-	198,063	-	98,353	-	163,812	148,093
Administrative	-	55	156,570	8,908	74,740	37,118	93,705	98,189
Professional services	12,000	623	21,445	623	8,330	623	13,530	14,239
Depreciation and amortization	-	-	486,555	-	415,387	-	356,388	354,695
Grants	-	-	-	-	-	-	-	-
Facility	128,086	-	380,012	-	165,338	-	311,533	261,275
Interest and fees	-	-	421,863	-	138,400	-	35,486	70,589
Bad debts	-	-	12,327	-	116	-	-	491
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	60	-	35	-	59	-	-
Total expenses and losses	<u>140,086</u>	<u>738</u>	<u>1,676,835</u>	<u>9,566</u>	<u>900,664</u>	<u>37,800</u>	<u>974,454</u>	<u>947,571</u>
Excess (deficiency) of revenues over expenses	-	(738)	(602,838)	(658)	(350,758)	(809)	(281,551)	(305,331)
Net assets at beginning of year	-	(6,124)	523,953	(2,734)	1,131,499	218,050	8,725,523	7,431,837
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>\$ (6,862)</u>	<u>\$ (78,885)</u>	<u>\$ (3,392)</u>	<u>\$ 780,741</u>	<u>\$ 217,241</u>	<u>\$ 8,443,972</u>	<u>\$ 7,126,506</u>

**Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017**

	Impact Family Village GP LLC	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	MHNW Othello Commercial, LLC	MHNW 9 Othello East GP, LLC	MHNW 9 Othello East, LP (Mercy Othello Plaza East)	MHNW 10 Othello West GP, LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 596,483	\$ -	\$ 2,196,675	\$ 29,600	\$ -	\$ 504,007	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	8,034	-	-	-	-	8,500	-	5,000
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	137	-	2,243	-	-	-	-
Other	-	12,198	-	48,938	-	-	10,441	(500,000)
Total revenues	8,034	608,818	-	2,247,856	29,600	8,500	514,448	(495,000)
Expenses and losses								
Compensation	-	132,966	-	398,810	-	-	62,285	-
Administrative	8,089	76,222	60	220,252	-	8,555	126,216	4,804
Professional services	-	112,042	623	22,872	6,630	623	54,274	873
Depreciation and amortization	-	628,308	-	1,186,463	43,427	-	575,826	-
Grants	-	-	-	-	-	-	-	-
Facility	-	217,536	-	560,657	17,189	-	102,156	-
Interest and fees	-	81,748	-	1,047,615	19,821	-	303,753	-
Bad debts	-	298	-	4,989	-	-	626	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	64	-	119	-	-	71	-	53
Total expenses and losses	8,153	1,249,120	802	3,441,658	87,067	9,249	1,225,136	5,730
Excess (deficiency) of revenues over expenses	(119)	(640,302)	(802)	(1,193,802)	(57,467)	(749)	(710,688)	(500,730)
Net assets at beginning of year	918,878	6,436,950	458,112	5,761,240	-	(61,965)	850,041	498,644
Other transfers to (from) net assets	-	-	-	-	1,081,911	-	8,546,817	-
Net assets at end of year	\$ 918,759	\$ 5,796,648	\$ 457,310	\$ 4,567,438	\$ 1,024,444	\$ (62,714)	\$ 8,686,170	\$ (2,086)

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	MHNW 10 Othello West, LP (Mercy Othello Plaza West)	MHNW 12 Eleanor Apartments GP LLC	MHNW 12 Eleanor Apartments LLLP (Eleanor Apartments)	MHNW 11 Woodlakes LLC	MHNW 11 Woodlakes LLLP	MHNW 13 Building 9 South GP, LLC	MHNW 13 Building 9 South LP	MHNW 14 Building 9 North GP, LLC
Revenues								
Rent - net of vacancies	\$ 217,354	\$ -	\$ 126,964	\$ -	\$ 765,463	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	-	-	99	-	140	-
Other	7,109	-	4,875	27,149	40,762	-	-	-
Total revenues	<u>224,463</u>	<u>-</u>	<u>131,839</u>	<u>27,149</u>	<u>806,324</u>	<u>-</u>	<u>140</u>	<u>-</u>
Expenses and losses								
Compensation	39,714	-	21,921	-	150,962	-	-	-
Administrative	92,673	55	168,709	-	105,232	-	24,710	-
Professional services	32,518	623	9,180	6,852	25,539	-	4,399	-
Depreciation and amortization	338,525	-	228,989	-	335,513	-	-	-
Grants	-	-	-	-	-	-	-	-
Facility	61,319	-	14,326	-	301,114	-	-	-
Interest and fees	160,159	-	29,427	-	300,208	-	-	-
Bad debts	-	-	-	-	1,514	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	27,141	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	34	-	45	-	3	-	1
Total expenses and losses	<u>752,049</u>	<u>712</u>	<u>472,552</u>	<u>6,897</u>	<u>1,220,082</u>	<u>3</u>	<u>29,109</u>	<u>1</u>
Excess (deficiency) of revenues over expenses	(527,586)	(712)	(340,713)	20,252	(413,758)	(3)	(28,969)	(1)
Net assets at beginning of year	1,884,554	(312)	1,051,112	(186,259)	735,895	-	-	-
Other transfers to (from) net assets	<u>7,100,949</u>	<u>-</u>	<u>1,701,739</u>	<u>-</u>	<u>7,543,916</u>	<u>-</u>	<u>2,010,000</u>	<u>-</u>
Net assets at end of year	<u>\$ 8,457,917</u>	<u>\$ (1,024)</u>	<u>\$ 2,412,138</u>	<u>\$ (166,007)</u>	<u>\$ 7,866,053</u>	<u>\$ (3)</u>	<u>\$ 1,981,031</u>	<u>\$ (1)</u>

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	MHNW 14 Building 9 North LP	MHNW 16 Family Housing GP LLC	MHNW 16 Family Housing LLLP (Mount Baker)	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
Revenues						
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 2,270,394	\$ (64,837)	\$ 12,175,194
Developer fees	-	-	-	-	(673,855)	1,896,202
Services fees	-	-	-	-	(450,283)	14,893
Philanthropy	-	-	-	-	-	30,420,758
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	-	-	-	545	(979,654)	52,033
Other	-	-	-	67,015	198,182	427,317
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,337,954</u>	<u>(1,970,447)</u>	<u>44,986,397</u>
Expenses and losses						
Compensation	-	-	-	593,419	-	4,956,905
Administrative	907	-	-	388,091	(153,395)	2,343,405
Professional services	4,399	-	4,399	193,480	(330,732)	578,995
Depreciation and amortization	-	-	-	1,342,242	(643,292)	7,854,934
Grants	-	-	-	-	360,000	18,929
Facility	-	-	-	877,105	(204,923)	4,055,569
Interest and fees	386	-	-	192,060	(979,654)	2,503,923
Bad debts	-	-	-	4,837	(983,154)	95,321
Provision for impaired assets	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	885,834
(Gain) loss on sale of assets	-	-	-	-	-	27,141
(Gain) loss on investment in limited partnership	-	-	-	-	(5,132)	51,266
Total expenses and losses	<u>5,692</u>	<u>-</u>	<u>4,399</u>	<u>3,591,234</u>	<u>(2,940,282)</u>	<u>23,372,222</u>
Excess (deficiency) of revenues over expenses	(5,692)	-	(4,399)	(1,253,280)	969,835	21,614,175
Net assets at beginning of year	-	-	-	11,696,349	(2,119,536)	88,994,569
Other transfers to (from) net assets	<u>1,767,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(462,847)</u>	<u>29,149,689</u>
Net assets at end of year	<u>\$ 1,761,512</u>	<u>\$ -</u>	<u>\$ (4,399)</u>	<u>\$ 10,443,069</u>	<u>\$ (1,612,548)</u>	<u>\$ 139,758,433</u>

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Properties Washington	Mercy Housing Washington VIII, LP (Hillside Gardens)	Mercy Housing Washington VI, LP (Lincoln Way II)	Mercy Housing Washington V, LP (Sterling Meadows)	Mercy Housing Washington VII, LP (Eliza McCabe Townhomes)	Mercy Housing Washington IX, LP (Evergreen Vista II)	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Assets									
Current assets									
Cash and cash equivalents	\$ 21,358	\$ 8,269	\$ 137,757	\$ 23,344	\$ 14,894	\$ -	\$ 30,043	\$ -	\$ 235,665
Cash, tenant security deposits	-	13,235	33,362	29,691	22,441	19,804	13,830	-	132,363
Cash, restricted	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	1,073	150	-	11,485	6,074	4,128	-	22,910
Due from affiliate, net	273,598	1,100	801	-	-	608	-	(273,598)	2,509
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	4,603	9,472	7,558	6,981	9,553	8,252	-	46,419
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	294,956	28,280	181,542	60,593	55,801	36,039	56,253	(273,598)	439,866
Property and equipment									
Land and land improvements	-	384,489	1,599,764	891,759	615,966	1,845,921	766,630	(162,500)	5,942,029
Buildings	-	3,065,590	4,590,803	4,975,262	5,126,507	7,446,553	7,011,320	-	32,216,035
Furniture and equipment	-	113,316	183,969	133,458	185,131	129,998	106,793	-	852,665
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,953,422)	(3,738,853)	(3,360,893)	(3,020,319)	(3,936,657)	(3,131,442)	-	(19,141,586)
Net property and equipment	-	1,609,973	2,635,683	2,639,586	2,907,285	5,485,815	4,753,301	(162,500)	19,869,143
Other long-term assets									
Restricted property reserves	-	57,691	216,792	187,280	132,319	212,762	405,430	-	1,212,274
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	1,975,018	-	-	-	-	-	-	(1,975,018)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	16,954	-	-	16,954
Total other long-term assets	1,975,018	57,691	216,792	187,280	132,319	229,716	405,430	(1,975,018)	1,229,228
Total assets	\$ 2,269,974	\$ 1,695,944	\$ 3,034,017	\$ 2,887,459	\$ 3,095,405	\$ 5,751,570	\$ 5,214,984	\$ (2,411,116)	\$ 21,538,237
	-	-	-	-	-	-	-	-	-

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Properties Washington	Mercy Housing Washington VIII, LP (Hillside Gardens)	Mercy Housing Washington VI, LP (Lincoln Way II)	Mercy Housing Washington V, LP (Sterling Meadows)	Mercy Housing Washington VII, LP (Eliza McCabe Townhomes)	Mercy Housing Washington IX, LP (Evergreen Vista II)	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ -	\$ 39,996	\$ 30,414	\$ 111,383	\$ 24,911	\$ 48,924	\$ 24,198	\$ (1,605)	\$ 278,221
Due to affiliates	90,542	157,377	246,472	-	129,556	29,051	41,545	(564,949)	129,594
Accrued interest	-	-	5,204	5,761	1,610	4,404	2,670	-	19,649
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	-	6,048	32,778	18,187	17,015	40,940	46,362	-	161,330
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1,963	10	935	1,658	905	6,301	-	11,772
Tenant security deposits	-	12,226	32,862	28,972	22,191	19,125	13,657	-	129,033
Total current liabilities	90,542	217,610	347,740	165,238	196,941	143,349	134,733	(566,554)	729,599
Long-term liabilities									
Due to affiliates	180,000	-	-	-	-	-	-	-	180,000
Accrued interest	-	-	283,206	-	-	-	-	-	283,206
Accrued interest, affiliates	-	-	-	-	-	86,194	-	-	86,194
Notes payable, less current portion, net	-	802,915	2,433,939	725,072	1,048,161	2,878,760	1,427,372	-	9,316,219
Notes payable, less current portion, affiliates	-	-	-	-	-	499,950	-	-	499,950
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-	-
Total long-term liabilities	180,000	802,915	2,717,145	725,072	1,048,161	3,464,904	1,427,372	-	10,365,569
Total liabilities	270,542	1,020,525	3,064,885	890,310	1,245,102	3,608,253	1,562,105	(566,554)	11,095,168
Net assets									
Unrestricted net assets, controlling	1,741,307	675,419	(30,868)	1,997,149	1,850,303	2,143,317	3,652,879	(1,844,562)	10,184,944
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	1,741,307	675,419	(30,868)	1,997,149	1,850,303	2,143,317	3,652,879	(1,844,562)	10,184,944
Temporarily restricted net assets	258,125	-	-	-	-	-	-	-	258,125
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	1,999,432	675,419	(30,868)	1,997,149	1,850,303	2,143,317	3,652,879	(1,844,562)	10,443,069
Total liabilities and net assets	\$ 2,269,974	\$ 1,695,944	\$ 3,034,017	\$ 2,887,459	\$ 3,095,405	\$ 5,751,570	\$ 5,214,984	\$ (2,411,116)	\$ 21,538,237

Mercy Properties Washington
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Properties Washington	Mercy Housing Washington VIII, LP (Hillside Gardens)	Mercy Housing Washington VI, LP (Lincoln Way II)	Mercy Housing Washington V, LP (Sterling Meadows)	Mercy Housing Washington VII, LP (Eliza McCabe Townhomes)	Mercy Housing Washington IX, LP (Evergreen Vista II)	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Revenues									
Rent - net of vacancies	\$ -	\$ 198,101	\$ 461,717	\$ 386,379	\$ 316,688	\$ 516,014	\$ 391,495	\$ -	\$ 2,270,394
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	108,649	-	-	-	-	-	-	(108,649)	-
Philanthropy	-	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	-	12	132	71	255	64	11	-	545
Other	-	7,544	5,725	3,697	18,756	23,847	7,446	-	67,015
Total revenues	108,649	205,657	467,574	390,147	335,699	539,925	398,952	(108,649)	2,337,954
Expenses and losses									
Compensation	-	50,517	137,945	119,512	68,394	104,102	112,949	-	593,419
Administrative	83,705	48,386	125,663	75,953	68,706	80,519	74,772	(169,613)	388,091
Professional services	311	6,780	23,054	25,980	7,490	103,085	26,780	-	193,480
Depreciation and amortization	-	128,121	169,682	190,810	200,419	372,502	280,708	-	1,342,242
Grants	-	-	-	-	-	-	-	-	-
Facility	-	118,401	129,691	180,199	141,984	206,547	100,283	-	877,105
Interest and fees	-	1,065	85,206	8,068	20,088	65,623	12,010	-	192,060
Bad debts	-	1,172	-	-	283	3,382	-	-	4,837
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	323	-	-	-	-	-	-	(323)	-
Total expenses and losses	84,339	354,442	671,241	600,522	507,364	935,760	607,502	(169,936)	3,591,234
Excess (deficiency) of revenues over expenses	24,310	(148,785)	(203,667)	(210,375)	(171,665)	(395,835)	(208,550)	61,287	(1,253,280)
Net assets at beginning of year	1,975,122	824,204	172,799	2,207,524	2,021,968	2,539,152	3,861,429	(1,905,849)	11,696,349
Other transfers to (from) net assets	-	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 1,999,432	\$ 675,419	\$ (30,868)	\$ 1,997,149	\$ 1,850,303	\$ 2,143,317	\$ 3,652,879	\$ (1,844,562)	\$ 10,443,069

General Partners
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Properties, Inc.	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue Housing, Inc.	Consolidated McDermott Place	Consolidated South of Market Mercy Housing	Consolidated Visitacion Valley Affordable Housing	Consolidated Mercy Housing West	Consolidated Affordable Housing Corp.
Assets								
Current assets								
Cash and cash equivalents	\$ 3,957,295	\$ 160,454	\$ 94,846	\$ 5,091	\$ 364,350	\$ 706,066	\$ 7,385,462	\$ 14,324
Cash, tenant security deposits	707,864	51,275	27,241	10,431	205,204	112,004	1,564,043	24,358
Cash, restricted	1,460	-	-	-	500	-	268,776	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	490,044	11,641	64,846	2,404	87,542	68,197	702,331	33,455
Due from affiliate, net	95,316	-	-	-	30,093	-	50,437	990
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	231,442	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	427,486	31,376	31,938	7,518	103,254	54,265	1,033,885	6,935
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	5,679,465	254,746	218,871	25,444	790,943	940,532	11,236,376	80,062
Property and equipment								
Land and land improvements	14,191,695	2,267,383	561,839	15,440	4,084,594	-	69,344,717	278,856
Buildings	140,964,018	10,774,309	9,481,856	263,545	28,086,509	26,264,984	573,880,321	3,978,612
Furniture and equipment	5,574,679	273,601	311,072	3,391	800,845	661,704	14,555,835	66,148
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	726,496	-
Accumulated depreciation	(83,485,712)	(6,670,349)	(7,323,331)	(24,004)	(19,506,262)	(17,050,736)	(253,962,533)	(2,820,151)
Net property and equipment	77,244,680	6,644,944	3,031,436	258,372	13,465,686	9,875,952	404,544,836	1,503,465
Other long-term assets								
Restricted property reserves	8,509,987	663,169	756,679	-	1,642,842	1,099,143	23,108,554	141,806
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	385,704	-	-	-	(21,486,541)	-	(7,852,932)	3
Notes and interest receivable, net	-	-	-	-	-	-	285,520	-
Notes and interest receivable, affiliates	-	-	-	-	1,197,412	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	172,620	1,723	-	-	-	-	2,576,999	-
Total other long-term assets	9,068,311	664,892	756,679	-	(18,646,287)	1,099,143	18,118,141	141,809
Total assets	\$ 91,992,456	\$ 7,564,582	\$ 4,006,986	\$ 283,816	\$ (4,389,658)	\$ 11,915,627	\$ 433,899,353	\$ 1,725,336

General Partners
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Properties, Inc.	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue Housing, Inc.	Consolidated McDermott Place	Consolidated South of Market Mercy Housing	Consolidated Visitacion Valley Affordable Housing	Consolidated Mercy Housing West	Consolidated Affordable Housing Corp.
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,665,868	\$ 138,723	\$ 117,378	\$ 32,874	\$ 433,464	\$ 91,933	\$ 2,854,829	\$ 112,135
Due to affiliates	2,478,266	199,067	23,457	574,942	1,413,278	109,644	2,240,195	514,197
Accrued interest	80,992	57,732	-	1,443	11,468	20,709	336,404	1,367
Accrued interest, affiliates	15,931	-	-	-	-	-	-	17,424
Current portion of notes payable	880,261	121,775	-	7,020	172,132	75,844	2,463,729	13,207
Current portion of notes payable, affiliates	70,312	-	-	-	52,735	-	-	75,000
Deferred revenue and other liabilities	153,961	5,513	4,474	214	44,001	15,900	196,560	3,587
Tenant security deposits	625,941	49,710	26,675	9,931	202,266	111,504	1,547,463	23,789
Total current liabilities	5,971,532	572,520	171,984	626,424	2,329,344	425,534	9,639,180	760,706
Long-term liabilities								
Due to affiliates	-	-	-	-	1,443,221	-	-	-
Accrued interest	12,947,763	133,027	3,637,115	310,651	7,514,396	882,494	38,595,510	221,353
Accrued interest, affiliates	3,647,825	54,962	-	-	1,175,648	-	1,200,590	1,771
Notes payable, less current portion, net	39,386,509	5,122,156	3,527,870	1,054,660	15,091,074	5,934,594	280,545,953	1,342,859
Notes payable, less current portion, affiliates	16,752,599	414,246	-	-	545,068	-	9,973,276	54,461
Deferred revenue and other liabilities	1,907,587	4,320	4,999	-	3,903	7,955	6,404,634	1,341
Total long-term liabilities	74,642,283	5,728,711	7,169,984	1,365,311	25,773,310	6,825,043	336,719,963	1,621,785
Total liabilities	80,613,815	6,301,231	7,341,968	1,991,735	28,102,654	7,250,577	346,359,143	2,382,491
Net assets								
Unrestricted net assets, controlling	11,259,485	1,263,351	(3,334,982)	(1,707,919)	(32,492,312)	3,401,550	53,792,015	(657,155)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	11,259,485	1,263,351	(3,334,982)	(1,707,919)	(32,492,312)	3,401,550	53,792,015	(657,155)
Temporarily restricted net assets	119,156	-	-	-	-	1,263,500	33,748,195	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	11,378,641	1,263,351	(3,334,982)	(1,707,919)	(32,492,312)	4,665,050	87,540,210	(657,155)
Total liabilities and net assets	\$ 91,992,456	\$ 7,564,582	\$ 4,006,986	\$ 283,816	\$ (4,389,658)	\$ 11,915,627	\$ 433,899,353	\$ 1,725,336

General Partners
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Housing Wheaton	Eliminations	Consolidated General Partners
Assets			
Current assets			
Cash and cash equivalents	\$ 6,420,601	\$ -	\$ 19,108,489
Cash, tenant security deposits	1,108,555	-	3,810,975
Cash, restricted	300	-	271,036
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	1,558,064	582,340	3,600,864
Due from affiliate, net	119,553	(4,581)	291,808
Pledges receivable, net	-	-	-
Grants receivable	-	-	231,442
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-
Prepaid expenses and other assets	658,252	-	2,354,909
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	9,865,325	577,759	29,669,523
Property and equipment			
Land and land improvements	17,573,233	-	108,317,757
Buildings	135,829,276	-	929,523,430
Furniture and equipment	19,422,468	-	41,669,743
Predevelopment project costs	-	-	-
Construction in progress	41,028	-	767,524
Accumulated depreciation	(64,932,853)	-	(455,775,931)
Net property and equipment	107,933,152		624,502,523
Other long-term assets			
Restricted property reserves	12,337,521	-	48,259,701
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	29,755,487	801,721
Notes and interest receivable, net	1,085,280	-	1,370,800
Notes and interest receivable, affiliates	-	-	1,197,412
Allowance for impaired assets	-	-	-
Other assets, net	-	-	2,751,342
Total other long-term assets	13,422,801	29,755,487	54,380,976
Total assets	\$ 131,221,278	\$ 30,333,246	\$ 708,553,022

General Partners
Consolidating Statement of Financial Position
December 31, 2016

	Consolidated Mercy Housing Wheaton	Eliminations	Consolidated General Partners
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 4,581,588	\$ -	\$ 10,028,792
Due to affiliates	270,372	(4,581)	7,818,837
Accrued interest	262,496	-	772,611
Accrued interest, affiliates	-	-	33,355
Current portion of notes payable	1,820,162	-	5,554,130
Current portion of notes payable, affiliates	-	-	198,047
Deferred revenue and other liabilities	162,116	-	586,326
Tenant security deposits	1,016,655	-	3,613,934
Total current liabilities	8,113,389	(4,581)	28,606,032
Long-term liabilities			
Due to affiliates	-	-	1,443,221
Accrued interest	269,751	-	64,512,060
Accrued interest, affiliates	283,333	-	6,364,129
Notes payable, less current portion, net	84,425,462	-	436,431,137
Notes payable, less current portion, affiliates	5,000,000	-	32,739,650
Deferred revenue and other liabilities	14,843	-	8,349,582
Total long-term liabilities	89,993,389		549,839,779
Total liabilities	98,106,778	(4,581)	578,445,811
Net assets			
Unrestricted net assets, controlling	2,040,661	30,337,827	63,902,521
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	2,040,661	30,337,827	63,902,521
Temporarily restricted net assets	31,073,839	-	66,204,690
Permanently restricted net assets	-	-	-
Total net assets	33,114,500	30,337,827	130,107,211
Total liabilities and net assets	\$ 131,221,278	\$ 30,333,246	\$ 708,553,022

General Partners
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Consolidated Mercy Properties, Inc.	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue Housing, Inc.	Consolidated McDermott Place	Consolidated South of Market Mercy Housing	Consolidated Visitation Valley Affordable Housing	Consolidated Mercy Housing West	Consolidated Affordable Housing Corp.
Revenues								
Rent - net of vacancies	\$ 17,953,757	\$ 1,222,665	\$ 1,039,014	\$ 232,261	\$ 3,071,557	\$ 2,601,582	\$ 32,406,574	\$ 318,964
Developer fees	-	-	-	-	-	-	-	-
Services fees	49,195	-	-	-	20,160	-	9,922	-
Philanthropy	23,919	-	-	-	-	-	53,723	-
Capital grants	32,725	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	74,109	350	10,258	1	2,191	407	461,761	155
Other	6,061,216	20,372	8,781	3,987	1,450,906	141,121	2,274,991	40,952
Total revenues	24,194,921	1,243,387	1,058,053	236,249	4,544,814	2,743,110	35,206,971	360,071
Expenses and losses								
Compensation	3,870,616	209,437	348,514	84,918	670,610	428,378	7,669,150	65,189
Administrative	2,732,430	256,304	135,916	36,131	512,145	219,511	4,257,655	82,200
Professional services	895,494	62,034	106,663	7,131	292,804	190,795	1,861,444	9,561
Depreciation and amortization	5,894,407	480,846	380,070	12,620	943,654	935,109	24,840,518	146,690
Grants	5,581	-	-	-	6,920,273	-	3,000	-
Facility	6,168,110	366,216	441,640	99,529	1,276,925	822,293	10,776,318	183,405
Interest and fees	2,722,112	301,434	176,572	43,062	936,619	325,520	7,688,772	43,959
Bad debts	62,493	79	2,170	1,778	31,903	27,696	201,401	2,029
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(358,761)	-	-	-	-	-	459,320	-
(Gain) loss on investment in limited partnership	-	-	-	-	(11,262,411)	-	513,609	-
Total expenses and losses	21,992,482	1,676,350	1,591,545	285,169	322,522	2,949,302	58,271,187	533,033
Excess (deficiency) of revenues over expenses	2,202,439	(432,963)	(533,492)	(48,920)	4,222,292	(206,192)	(23,064,216)	(172,962)
Net assets at beginning of year	4,647,881	1,696,314	(2,801,490)	(1,658,999)	(35,199,296)	4,871,242	110,642,422	(484,193)
Other transfers to (from) net assets	4,528,321	-	-	-	(1,515,308)	-	(37,996)	-
Net assets at end of year	\$ 11,378,641	\$ 1,263,351	\$ (3,334,982)	\$ (1,707,919)	\$ (32,492,312)	\$ 4,665,050	\$ 87,540,210	\$ (657,155)

General Partners
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Consolidated Mercy Housing Wheaton	Eliminations	Consolidated General Partners
Revenues			
Rent - net of vacancies	\$ 29,976,082	\$ -	\$ 88,822,456
Developer fees	-	-	-
Services fees	-	(3,602)	75,675
Philanthropy	247,474	-	325,116
Capital grants	(72,496)	-	(39,771)
Consulting	-	-	-
Interest	3,436	-	552,668
Other	832,793	-	10,835,119
Total revenues	<u>30,987,289</u>	<u>(3,602)</u>	<u>100,571,263</u>
Expenses and losses			
Compensation	5,722,395	-	19,069,207
Administrative	1,754,540	(3,602)	9,983,230
Professional services	858,425	-	4,284,351
Depreciation and amortization	5,301,077	-	38,934,991
Grants	-	-	6,928,854
Facility	9,941,894	-	30,076,330
Interest and fees	3,195,364	-	15,433,414
Bad debts	65,535	-	395,084
Provision for impaired assets	-	-	-
Project expenses	-	-	-
Allocation	-	-	-
(Gain) loss on sale of assets	(749,432)	-	(648,873)
(Gain) loss on investment in limited partnership	-	12,566,220	1,817,418
Total expenses and losses	<u>26,089,798</u>	<u>12,562,618</u>	<u>126,274,006</u>
Excess (deficiency) of revenues over expenses	4,897,491	(12,566,220)	(25,702,743)
Net assets at beginning of year	14,730,446	35,843,457	132,287,784
Other transfers to (from) net assets	<u>13,486,563</u>	<u>7,060,590</u>	<u>23,522,170</u>
Net assets at end of year	<u>\$ 33,114,500</u>	<u>\$ 30,337,827</u>	<u>\$ 130,107,211</u>

Mercy Properties, Inc.
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	Mercy Properties, Inc.	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing California VII, LP (Casa San Juan)	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado I, LTD (Grace)	Marlton Affordable Housing Associates (Marlton Manor)	Mercy Housing California V, LP (Mercy Village Folsom)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 183,185	\$ 887,114	\$ 98,304	\$ 96,152	\$ 72,529	\$ 1,094,974	\$ 27,731
Cash, tenant security deposits	-	84,166	71,537	58,878	19,339	10,902	44,505	50,035
Cash, restricted	-	-	300	-	-	-	300	200
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	5,385	59,905	1,584	4,834	17,772	26,456	30,165
Due from affiliate, net	1,023,934	3,151	29,672	-	56,457	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	53,734	9,746	11,012	8,786	11,352	55,842	27,144
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	1,023,934	329,621	1,058,274	169,778	185,568	112,555	1,222,077	135,275
Property and equipment								
Land and land improvements	-	5,300	-	991,080	948,056	183,629	27,431	785,272
Buildings	-	10,069,083	-	7,852,075	6,467,914	3,332,229	15,567,703	10,579,090
Furniture and equipment	-	416,006	-	654,371	151,331	51,764	867,245	424,290
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(9,681,973)	2,149	(6,202,765)	(3,635,836)	(1,978,564)	(9,067,222)	(6,014,791)
Net property and equipment	-	808,416	2,149	3,294,761	3,931,465	1,589,058	7,395,157	5,773,861
Other long-term assets								
Restricted property reserves	-	1,108,092	-	661,559	290,434	75,118	1,310,441	368,269
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(612,674)	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	4,463	1,285	16,454	13,170
Total other long-term assets	(612,674)	1,108,092	-	661,559	294,897	76,403	1,326,895	381,439
Total assets	\$ 411,260	\$ 2,246,129	\$ 1,060,423	\$ 4,126,098	\$ 4,411,930	\$ 1,778,016	\$ 9,944,129	\$ 6,290,575
	-	-	-	-	-	-	-	-

Mercy Properties, Inc.
Consolidating Statement of Financial Position
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	Mercy Properties, Inc.	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing California VII, LP (Casa San Juan)	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado I, LTD (Grace)	Marlton Affordable Housing Associates (Marlton Manor)	Mercy Housing California V, LP (Mercy Village Folsom)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 700	\$ 103,098	\$ 31,858	\$ 34,251	\$ 30,219	\$ 51,880	\$ 126,686	\$ 116,906
Due to affiliates	963,486	40,000	385,869	21,911	375,000	-	80,252	101,421
Accrued interest	-	-	-	-	15,212	2,237	3,662	3,635
Accrued interest, affiliates	-	-	-	13,421	-	-	-	-
Current portion of notes payable	-	-	-	-	29,480	4,827	457,533	84,356
Current portion of notes payable, affiliates	-	-	-	49,186	-	-	-	13,580
Deferred revenue and other liabilities	-	3,161	33,293	413	538	35,144	2,089	2,117
Tenant security deposits	-	83,666	-	58,244	19,077	10,001	44,606	50,553
Total current liabilities	964,186	229,925	451,020	177,426	469,526	104,089	714,828	372,568
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	5,175,499	-	-	226,746	-	-	614,727
Accrued interest, affiliates	53,634	-	-	-	500,257	-	-	397,084
Notes payable, less current portion, net	-	6,577,593	-	(61,391)	1,612,000	350,331	155,500	4,057,080
Notes payable, less current portion, affiliates	955,833	-	-	3,018,448	774,312	1,280,884	-	1,361,970
Deferred revenue and other liabilities	-	5,805	-	-	230,882	1,895	378,471	104,404
Total long-term liabilities	1,009,467	11,758,897	-	2,957,057	3,344,197	1,633,110	533,971	6,535,265
Total liabilities	1,973,653	11,988,822	451,020	3,134,483	3,813,723	1,737,199	1,248,799	6,907,833
Net assets								
Unrestricted net assets, controlling	(1,681,549)	(9,742,693)	609,403	991,615	598,207	40,817	8,695,330	(617,258)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,681,549)	(9,742,693)	609,403	991,615	598,207	40,817	8,695,330	(617,258)
Temporarily restricted net assets	119,156	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(1,562,393)	(9,742,693)	609,403	991,615	598,207	40,817	8,695,330	(617,258)
Total liabilities and net assets	\$ 411,260	\$ 2,246,129	\$ 1,060,423	\$ 4,126,098	\$ 4,411,930	\$ 1,778,016	\$ 9,944,129	\$ 6,290,575

Mercy Properties, Inc.
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	Park Terrace Apartments, LP	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)
Assets								
Current assets								
Cash and cash equivalents	\$ 63,181	\$ 74,692	\$ 16,403	\$ 81,526	\$ 33,862	\$ 14,868	\$ 24,072	\$ 135,600
Cash, tenant security deposits	35,996	19,810	11,475	21,919	8,292	28,403	9,173	16,203
Cash, restricted	400	-	-	-	100	160	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	2,274	40,826	191	7,446	40	4,350	881	-
Due from affiliate, net	-	-	-	-	-	-	-	640
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	13,259	35,012	4,140	8,519	5,760	15,372	10,950	13,443
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>115,110</u>	<u>170,340</u>	<u>32,209</u>	<u>119,410</u>	<u>48,054</u>	<u>63,153</u>	<u>45,076</u>	<u>165,886</u>
Property and equipment								
Land and land improvements	832,080	-	145,725	-	562,389	891,045	1,064,406	1,899,306
Buildings	5,084,593	6,317,140	1,866,254	3,338,332	2,432,522	4,905,627	3,666,376	7,569,127
Furniture and equipment	138,151	275,078	21,758	45,451	112,257	218,085	173,936	225,296
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(3,457,412)	(2,560,287)	(1,317,132)	(2,061,634)	(1,765,713)	(5,352,134)	(2,468,710)	(4,276,710)
Net property and equipment	<u>2,597,412</u>	<u>4,031,931</u>	<u>716,605</u>	<u>1,322,149</u>	<u>1,341,455</u>	<u>662,623</u>	<u>2,436,008</u>	<u>5,417,019</u>
Other long-term assets								
Restricted property reserves	431,150	423,350	190,769	412,595	173,908	174,497	150,375	125,381
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	15,969	-
Total other long-term assets	<u>431,150</u>	<u>423,350</u>	<u>190,769</u>	<u>412,595</u>	<u>173,908</u>	<u>174,497</u>	<u>166,344</u>	<u>125,381</u>
Total assets	<u>\$ 3,143,672</u>	<u>\$ 4,625,621</u>	<u>\$ 939,583</u>	<u>\$ 1,854,154</u>	<u>\$ 1,563,417</u>	<u>\$ 900,273</u>	<u>\$ 2,647,428</u>	<u>\$ 5,708,286</u>
	-	-	-	-	-	-	-	-

Mercy Properties, Inc.
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	Park Terrace Apartments, LP	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 39,451	\$ 115,180	\$ 21,206	\$ 19,010	\$ 37,994	\$ 41,011	\$ 65,972	\$ 96,822
Due to affiliates	-	189,340	7,205	5,000	-	80,807	211,798	336,363
Accrued interest	-	-	-	-	-	736	-	10,835
Accrued interest, affiliates	-	-	-	-	2,510	-	-	-
Current portion of notes payable	-	-	-	-	-	24,145	37,142	55,832
Current portion of notes payable, affiliates	-	-	-	-	7,546	-	-	-
Deferred revenue and other liabilities	5,083	34,039	74	418	-	42	370	-
Tenant security deposits	33,762	19,052	10,481	22,552	7,792	28,153	8,800	15,699
Total current liabilities	78,296	357,611	38,966	46,980	55,842	174,894	324,082	515,551
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	152,959	687,536	1,339,535	1,741,364	-	1,895,534	-	-
Accrued interest, affiliates	-	-	-	-	742	-	-	855,646
Notes payable, less current portion, net	940,550	1,113,729	1,900,000	2,667,633	412,127	2,824,848	459,867	1,668,433
Notes payable, less current portion, affiliates	-	-	-	-	664,344	-	386,000	2,283,443
Deferred revenue and other liabilities	2,914	812,841	-	20,000	-	-	335,268	-
Total long-term liabilities	1,096,423	2,614,106	3,239,535	4,428,997	1,077,213	4,720,382	1,181,135	4,807,522
Total liabilities	1,174,719	2,971,717	3,278,501	4,475,977	1,133,055	4,895,276	1,505,217	5,323,073
Net assets								
Unrestricted net assets, controlling	1,968,953	1,653,904	(2,338,918)	(2,621,823)	430,362	(3,995,003)	1,142,211	385,213
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	1,968,953	1,653,904	(2,338,918)	(2,621,823)	430,362	(3,995,003)	1,142,211	385,213
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,968,953	1,653,904	(2,338,918)	(2,621,823)	430,362	(3,995,003)	1,142,211	385,213
Total liabilities and net assets	\$ 3,143,672	\$ 4,625,621	\$ 939,583	\$ 1,854,154	\$ 1,563,417	\$ 900,273	\$ 2,647,428	\$ 5,708,286

Mercy Properties, Inc.
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	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)	Mercy Housing South Dakota I, LLC (Driftwood Estates)
Assets								
Current assets								
Cash and cash equivalents	\$ 75,757	\$ -	\$ 58,247	\$ -	\$ 2,735	\$ -	\$ 427,357	\$ 137,910
Cash, tenant security deposits	17,252	-	37,005	-	5,485	-	100,462	10,718
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	1,009	-	33,212	-	8,974	-	87,576	8,860
Due from affiliate, net	1,018	-	-	-	-	125,320	749	111
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	20,393	-	16,802	-	4,565	-	52,506	7,562
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	115,429		145,266		21,759	125,320	668,650	165,161
Property and equipment								
Land and land improvements	867,962	-	48,604	-	834,890	-	238,724	614,740
Buildings	7,317,421	-	3,573,198	-	3,908,377	-	10,718,272	4,366,657
Furniture and equipment	394,455	-	63,186	-	36,005	-	118,317	266,701
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(4,414,662)		(2,151,414)		(1,752,792)		(4,341,435)	(2,053,394)
Net property and equipment	4,165,176		1,533,574		3,026,480		6,733,878	3,194,704
Other long-term assets								
Restricted property reserves	352,172	-	248,460	-	72,081	-	535,684	359,198
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	(312)	-	49,758	-	(379)	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	8,325				12,945		58,006	
Total other long-term assets	360,497	(312)	248,460	49,758	85,026	(379)	593,690	359,198
Total assets	\$ 4,641,102	\$ (312)	\$ 1,927,300	\$ 49,758	\$ 3,133,265	\$ 124,941	\$ 7,996,218	\$ 3,719,063

Mercy Properties, Inc.
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	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)	Mercy Housing South Dakota I, LLC (Driftwood Estates)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 55,083	\$ -	\$ 59,600	\$ -	\$ 93,105	\$ -	\$ 220,543	\$ 141,028
Due to affiliates	20,000	23,835	46,680	11,004	329,014	189,408	334,134	141,920
Accrued interest	9,657	-	-	-	2,367	-	19,514	5,305
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	45,114	-	2,800	-	21,057	-	69,023	19,310
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	2,682	-	1,182	-	15,028	5,105
Tenant security deposits	16,752	-	36,300	-	5,485	-	100,106	10,218
Total current liabilities	146,606	23,835	148,062	11,004	452,210	189,408	758,348	322,886
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	1,104,736	-
Accrued interest, affiliates	5,079	-	3,723	-	289,507	-	-	190,024
Notes payable, less current portion, net	2,568,024	-	3,461,689	-	525,519	-	5,898,695	837,150
Notes payable, less current portion, affiliates	41,800	-	430,606	-	489,778	-	-	1,271,688
Deferred revenue and other liabilities	-	-	1,837	-	-	-	10,506	-
Total long-term liabilities	2,614,903	-	3,897,855	-	1,295,804	-	7,013,937	2,298,862
Total liabilities	2,761,509	23,835	4,045,917	11,004	1,748,014	189,408	7,772,285	2,621,748
Net assets								
Unrestricted net assets, controlling	1,879,593	(24,147)	(2,118,617)	38,754	1,385,251	(64,467)	223,933	1,097,315
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	1,879,593	(24,147)	(2,118,617)	38,754	1,385,251	(64,467)	223,933	1,097,315
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,879,593	(24,147)	(2,118,617)	38,754	1,385,251	(64,467)	223,933	1,097,315
Total liabilities and net assets	\$ 4,641,102	\$ (312)	\$ 1,927,300	\$ 49,758	\$ 3,133,265	\$ 124,941	\$ 7,996,218	\$ 3,719,063

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	Mercy Housing South Dakota II, LLC (Northern Heights)	Mercy Housing Colorado XI, LLC (Pinon Terrace)	Commons on Main GP, LLC	Aromor Mercy, LLC (Aromor Apts)	Mercy Galewood SLF, Inc.	FHD Holdings LLC	Franciscan Homes III, LP	Franciscan Homes IV, LP
Assets								
Current assets								
Cash and cash equivalents	\$ 159,740	\$ 124,367	\$ -	\$ 64,582	\$ -	\$ 2,407	\$ -	\$ -
Cash, tenant security deposits	18,306	21,363	-	6,640	-	-	-	-
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	2,334	2,767	-	142,620	-	-	-	-
Due from affiliate, net	67	2,235	-	1,215	-	99,917	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	11,715	15,786	-	14,086	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	192,162	166,518		229,143		102,324		
Property and equipment								
Land and land improvements	812,105	1,676,632	-	762,319	-	-	-	-
Buildings	4,520,237	10,159,598	-	7,369,496	-	-	-	-
Furniture and equipment	189,210	170,331	-	561,455	-	-	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(2,148,820)	(3,949,539)	-	(2,841,182)	-	-	-	-
Net property and equipment	3,372,732	8,057,022		5,851,788				
Other long-term assets								
Restricted property reserves	452,726	287,680	-	306,048	-	-	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	342,875	106,214	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	542	24,211	-	17,250	-	-	-	-
Total other long-term assets	453,268	311,891		323,298	342,875	106,214		
Total assets	\$ 4,018,162	\$ 8,535,431	\$ -	\$ 6,404,229	\$ 342,875	\$ 208,538	\$ -	\$ -

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing South Dakota II, LLC (Northern Heights)	Mercy Housing Colorado XI, LLC (Pinon Terrace)	Commons on Main GP, LLC	Aromor Mercy, LLC (Aromor Apts)	Mercy Galewood SLF, Inc.	FHD Holdings LLC	Franciscan Homes III, LP	Franciscan Homes IV, LP
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 80,063	\$ 48,273	\$ -	\$ 35,929	\$ -	\$ -	\$ -	\$ -
Due to affiliates	212,880	15,657	163,138	9,501	635	52,417	-	-
Accrued interest	4,244	3,588	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	15,488	14,154	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	12,452	523	-	208	-	-	-	-
Tenant security deposits	17,508	21,292	-	5,842	-	-	-	-
Total current liabilities	342,635	103,487	163,138	51,480	635	52,417	-	-
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	9,127	-	-	-	-	-	-
Accrued interest, affiliates	35,218	505,483	-	1,026,542	-	-	-	-
Notes payable, less current portion, net	670,274	755,512	-	(8,654)	-	-	-	-
Notes payable, less current portion, affiliates	680,863	1,057,500	-	2,551,500	-	-	-	-
Deferred revenue and other liabilities	-	2,764	-	-	-	-	-	-
Total long-term liabilities	1,386,355	2,330,386	-	3,569,388	-	-	-	-
Total liabilities	1,728,990	2,433,873	163,138	3,620,868	635	52,417	-	-
Net assets								
Unrestricted net assets, controlling	2,289,172	6,101,558	(163,138)	2,783,361	342,240	156,121	-	-
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,289,172	6,101,558	(163,138)	2,783,361	342,240	156,121	-	-
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	2,289,172	6,101,558	(163,138)	2,783,361	342,240	156,121	-	-
Total liabilities and net assets	\$ 4,018,162	\$ 8,535,431	\$ -	\$ 6,404,229	\$ 342,875	\$ 208,538	\$ -	\$ -

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Eliminations	Consolidated Mercy Properties, Inc.
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 3,957,295
Cash, tenant security deposits	-	707,864
Cash, restricted	-	1,460
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	583	490,044
Due from affiliate, net	(1,249,170)	95,316
Pledges receivable, net	-	-
Grants receivable	-	-
Current portion of notes and interest receivable	-	-
Current portion of notes and interest receivable, affiliates	-	-
Prepaid expenses and other assets	-	427,486
Inventory	-	-
Assets held for sale	-	-
Total current assets	<u>(1,248,587)</u>	<u>5,679,465</u>
Property and equipment		
Land and land improvements	-	14,191,695
Buildings	(17,903)	140,964,018
Furniture and equipment	-	5,574,679
Predevelopment project costs	-	-
Construction in progress	-	-
Accumulated depreciation	<u>6,260</u>	<u>(83,485,712)</u>
Net property and equipment	<u>(10,743)</u>	<u>77,244,680</u>
Other long-term assets		
Restricted property reserves	-	8,509,987
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	-
Pledges receivable, net	-	-
Investments in limited partnerships, net	500,222	385,704
Notes and interest receivable, net	-	-
Notes and interest receivable, affiliates	-	-
Allowance for impaired assets	-	-
Other assets, net	-	172,620
Total other long-term assets	<u>500,222</u>	<u>9,068,311</u>
Total assets	<u>\$ (759,108)</u>	<u>\$ 91,992,456</u>

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Eliminations	Consolidated Mercy Properties, Inc.
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ -	\$ 1,665,868
Due to affiliates	(1,870,409)	2,478,266
Accrued interest	-	80,992
Accrued interest, affiliates	-	15,931
Current portion of notes payable	-	880,261
Current portion of notes payable, affiliates	-	70,312
Deferred revenue and other liabilities	-	153,961
Tenant security deposits	-	625,941
Total current liabilities	(1,870,409)	5,971,532
Long-term liabilities		
Due to affiliates	-	-
Accrued interest	-	12,947,763
Accrued interest, affiliates	(206,114)	3,647,825
Notes payable, less current portion, net	-	39,386,509
Notes payable, less current portion, affiliates	(496,370)	16,752,599
Deferred revenue and other liabilities	-	1,907,587
Total long-term liabilities	(702,484)	74,642,283
Total liabilities	(2,572,893)	80,613,815
Net assets		
Unrestricted net assets, controlling	1,813,785	11,259,485
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	1,813,785	11,259,485
Temporarily restricted net assets	-	119,156
Permanently restricted net assets	-	-
Total net assets	1,813,785	11,378,641
Total liabilities and net assets	\$ (759,108)	\$ 91,992,456

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Properties, Inc.	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing California VII, LP (Casa San Juan)	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado I, LTD (Grace)	Marlton Affordable Housing Associates (Marlton Manor)	Mercy Housing California V, LP (Mercy Village Folsom)
Revenues								
Rent - net of vacancies	\$ -	\$ 1,380,451	\$ 2,129,364	\$ 959,533	\$ 414,077	\$ 569,464	\$ 2,738,881	\$ 653,495
Developer fees	-	-	-	-	-	-	-	-
Services fees	368,357	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	32,725	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	9,346	6,018	1,663	27	4	23,537	3,491
Other	-	119,444	49,145	14,824	63,181	49,386	12,415	16,572
Total revenues	368,357	1,509,241	2,184,527	976,020	477,285	651,579	2,774,833	673,558
Expenses and losses								
Compensation	-	453,196	273,186	111,871	86,385	149,847	663,895	133,230
Administrative	491,525	153,281	244,103	118,923	83,170	92,435	349,671	88,920
Professional services	25	108,442	115,297	141,768	7,886	32,914	37,896	42,611
Depreciation and amortization	-	286,205	529,987	344,898	273,874	158,829	638,135	405,362
Grants	5,583	-	-	-	-	-	-	(2)
Facility	-	466,081	633,008	254,131	142,837	182,027	708,594	251,819
Interest and fees	-	201,670	391,120	164,459	110,357	30,067	66,590	165,191
Bad debts	-	-	7,821	-	559	-	7,073	1,530
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(5,898)	-	-	-	-	-	-	-
Total expenses and losses	491,235	1,668,875	2,194,522	1,136,050	705,068	646,119	2,471,854	1,088,661
Excess (deficiency) of revenues over expenses	(122,878)	(159,634)	(9,995)	(160,030)	(227,783)	5,460	302,979	(415,103)
Net assets at beginning of year	(1,439,515)	(9,583,059)	(4,029,038)	1,167,928	825,990	35,357	8,694,862	(202,155)
Other transfers to (from) net assets	-	-	4,648,436	(16,283)	-	-	(302,511)	-
Net assets at end of year	\$ (1,562,393)	\$ (9,742,693)	\$ 609,403	\$ 991,615	\$ 598,207	\$ 40,817	\$ 8,695,330	\$ (617,258)

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Park Terrace Apartments, LP	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)
Revenues								
Rent - net of vacancies	\$ 499,652	\$ 919,531	\$ 210,465	\$ 341,649	\$ 241,627	\$ 382,288	\$ 359,717	\$ 583,411
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	23,919	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	2,330	5,904	56	5,982	313	228	1,919	29
Other	10,385	11,969	7,708	20,018	6,583	9,610	11,567	34,822
Total revenues	512,367	961,323	218,229	367,649	248,523	392,126	373,203	618,262
Expenses and losses								
Compensation	147,087	386,632	41,084	89,627	43,180	91,279	85,607	57,728
Administrative	106,443	146,189	38,907	46,306	31,773	55,510	62,436	125,948
Professional services	40,670	94,174	9,401	31,418	7,125	6,960	9,111	12,371
Depreciation and amortization	191,252	119,462	35,015	85,444	91,476	182,596	174,898	342,043
Grants	-	-	-	-	-	-	-	-
Facility	220,074	351,881	101,207	171,380	89,116	162,902	186,529	169,875
Interest and fees	9,709	33,818	57,000	80,372	36,583	97,370	687	217,512
Bad debts	1,449	3,207	-	-	97	472	4,520	3,810
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	716,684	1,135,363	282,614	504,547	299,350	597,089	523,788	929,287
Excess (deficiency) of revenues over expenses	(204,317)	(174,040)	(64,385)	(136,898)	(50,827)	(204,963)	(150,585)	(311,025)
Net assets at beginning of year	2,173,270	1,827,944	(2,274,533)	(2,484,925)	481,189	(3,790,040)	1,292,796	696,238
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 1,968,953	\$ 1,653,904	\$ (2,338,918)	\$ (2,621,823)	\$ 430,362	\$ (3,995,003)	\$ 1,142,211	\$ 385,213

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Mercy Housing Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)	Mercy Housing South Dakota I, LLC (Driftwood Estates)
Revenues							
Rent - net of vacancies	\$ 719,522	\$ -	\$ 516,635	\$ -	\$ 282,692	\$ -	\$ 639,597
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	15,000	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	111	-	56	-	7,297	1,642	209
Other	9,250	-	9,261	-	4,626	36,277	13,396
Total revenues	728,883	-	525,952	-	294,615	1,673,257	653,202
Expenses and losses							
Compensation	155,853	-	131,046	-	63,626	-	84,985
Administrative	126,987	110	65,450	112	45,925	15,120	86,179
Professional services	59,184	623	16,190	623	9,447	311	29,894
Depreciation and amortization	350,681	-	79,179	-	172,796	-	159,312
Grants	-	-	-	-	-	-	-
Facility	211,844	-	223,973	-	132,077	-	266,892
Interest and fees	127,561	-	10,412	-	66,146	-	161,426
Bad debts	-	-	5,678	-	12,811	-	4,113
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	6	-	21	-	20	-
Total expenses and losses	1,032,110	739	531,928	756	502,828	15,451	792,801
Excess (deficiency) of revenues over expenses	(303,227)	(739)	(5,976)	(756)	(208,213)	(451)	(139,599)
Net assets at beginning of year	2,185,870	(23,408)	(2,112,641)	39,510	1,593,464	(64,016)	1,236,914
Other transfers to (from) net assets	(3,050)	-	-	-	-	-	-
Net assets at end of year	\$ 1,879,593	\$ (24,147)	\$ (2,118,617)	\$ 38,754	\$ 1,385,251	\$ (64,467)	\$ 1,097,315

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing South Dakota II, LLC (Northern Heights)	Mercy Housing Colorado XI, LLC (Pinon Terrace)	Commons on Main GP, LLC	Aromor Mercy, LLC (Aromor Apts)	Mercy Galewood SLF, Inc.	FHD Holdings LLC	Franciscan Homes III, LP	Franciscan Homes IV, LP
Revenues								
Rent - net of vacancies	\$ 676,437	\$ 557,147	\$ -	\$ 535,841	\$ -	\$ -	\$ 1,468	\$ 5,475
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	49,195	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	161	122	-	3,664	-	-	-	-
Other	10,738	8,498	-	7,711	-	-	2,205,984	4,061,985
Total revenues	687,336	565,767	-	547,216	49,195	-	2,207,452	4,067,460
Expenses and losses								
Compensation	99,854	111,313	-	170,926	-	-	-	-
Administrative	126,690	104,684	56	97,707	49,250	109	3,334	10,532
Professional services	39,950	11,931	623	10,103	623	623	(6,384)	-
Depreciation and amortization	184,168	370,774	-	281,957	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Facility	262,918	165,185	(51)	205,745	-	-	2,425	3,681
Interest and fees	87,547	131,291	-	113,156	-	-	-	27,643
Bad debts	890	142	-	1,961	-	403,437	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	(46,374)	-	-	(215,069)	(97,318)
(Gain) loss on investment in limited partnership	-	-	-	-	-	(19,975)	-	-
Total expenses and losses	802,017	895,320	628	835,181	49,873	384,194	(215,694)	(55,462)
Excess (deficiency) of revenues over expenses	(114,681)	(329,553)	(628)	(287,965)	(678)	(384,194)	2,423,146	4,122,922
Net assets at beginning of year	2,403,853	6,431,111	(162,510)	3,071,326	342,918	540,315	(2,423,146)	(4,122,922)
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 2,289,172	\$ 6,101,558	\$ (163,138)	\$ 2,783,361	\$ 342,240	\$ 156,121	\$ -	\$ -

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Eliminations	Consolidated Mercy Properties, Inc.
Revenues		
Rent - net of vacancies	\$ -	\$ 17,953,757
Developer fees	-	-
Services fees	(383,357)	49,195
Philanthropy	-	23,919
Capital grants	-	32,725
Consulting	-	-
Interest	-	74,109
Other	(744,139)	6,061,216
Total revenues	(1,127,496)	24,194,921
Expenses and losses		
Compensation	-	3,870,616
Administrative	(446,268)	2,732,430
Professional services	-	895,494
Depreciation and amortization	(618)	5,894,407
Grants	-	5,581
Facility	-	6,168,110
Interest and fees	(20,591)	2,722,112
Bad debts	(403,437)	62,493
Provision for impaired assets	-	-
Project expenses	-	-
Allocation	-	-
(Gain) loss on sale of assets	-	(358,761)
(Gain) loss on investment in limited partnership	25,826	-
Total expenses and losses	(845,088)	21,992,482
Excess (deficiency) of revenues over expenses	(282,408)	2,202,439
Net assets at beginning of year	1,894,464	4,647,881
Other transfers to (from) net assets	201,729	4,528,321
Net assets at end of year	\$ 1,813,785	\$ 11,378,641

Mercy Properties II, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Properties II, Inc.	Mercy Housing Utah I, LP (Francis Peak View)	Mercy Housing Idaho V, LP (Sisters Villa)	Eliminations	Consolidated Mercy Properties II, Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 98,022	\$ 62,432	\$ -	\$ 160,454
Cash, tenant security deposits	-	34,073	17,202	-	51,275
Cash, restricted	-	-	-	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	11,641	-	-	11,641
Due from affiliate, net	58,379	-	-	(58,379)	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	22,842	8,534	-	31,376
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>58,379</u>	<u>166,578</u>	<u>88,168</u>	<u>(58,379)</u>	<u>254,746</u>
Property and equipment					
Land and land improvements	-	1,258,093	1,009,290	-	2,267,383
Buildings	-	6,865,414	3,908,895	-	10,774,309
Furniture and equipment	-	224,957	48,644	-	273,601
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(4,458,265)	(2,212,084)	-	(6,670,349)
Net property and equipment	<u>-</u>	<u>3,890,199</u>	<u>2,754,745</u>	<u>-</u>	<u>6,644,944</u>
Other long-term assets					
Restricted property reserves	-	461,066	202,103	-	663,169
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(269)	-	-	269	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	-	1,723	-	1,723
Total other long-term assets	<u>(269)</u>	<u>461,066</u>	<u>203,826</u>	<u>269</u>	<u>664,892</u>
Total assets	<u>\$ 58,110</u>	<u>\$ 4,517,843</u>	<u>\$ 3,046,739</u>	<u>\$ (58,110)</u>	<u>\$ 7,564,582</u>

Mercy Properties II, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Properties II, Inc.	Mercy Housing Utah I, LP (Francis Peak View)	Mercy Housing Idaho V, LP (Sisters Villa)	Eliminations	Consolidated Mercy Properties II, Inc.
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 60,767	\$ 77,956	\$ -	\$ 138,723
Due to affiliates	120,270	41,776	122,359	(85,338)	199,067
Accrued interest	-	51,847	5,885	-	57,732
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	96,473	25,302	-	121,775
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	5,513	-	-	5,513
Tenant security deposits	-	33,160	16,550	-	49,710
Total current liabilities	120,270	289,536	248,052	(85,338)	572,520
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	8,000	125,027	-	133,027
Accrued interest, affiliates	-	-	54,962	-	54,962
Notes payable, less current portion, net	-	3,519,794	1,602,362	-	5,122,156
Notes payable, less current portion, affiliates	-	-	414,246	-	414,246
Deferred revenue and other liabilities	-	4,320	-	-	4,320
Total long-term liabilities	-	3,532,114	2,196,597	-	5,728,711
Total liabilities	120,270	3,821,650	2,444,649	(85,338)	6,301,231
Net assets					
Unrestricted net assets, controlling	(62,160)	696,193	602,090	27,228	1,263,351
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	(62,160)	696,193	602,090	27,228	1,263,351
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(62,160)	696,193	602,090	27,228	1,263,351
Total liabilities and net assets	\$ 58,110	\$ 4,517,843	\$ 3,046,739	\$ (58,110)	\$ 7,564,582

Mercy Properties II, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Properties II, Inc.	Mercy Housing Utah I, LP (Francis Peak View)	Mercy Housing Idaho V, LP (Sisters Villa)	Eliminations	Consolidated Mercy Properties II, Inc.
Revenues					
Rent - net of vacancies	\$ -	\$ 858,691	\$ 363,974	\$ -	\$ 1,222,665
Developer fees	-	-	-	-	-
Services fees	17,550	-	-	(17,550)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	293	57	-	350
Other	-	16,988	3,384	-	20,372
Total revenues	<u>17,550</u>	<u>875,972</u>	<u>367,415</u>	<u>(17,550)</u>	<u>1,243,387</u>
Expenses and losses					
Compensation	-	133,607	75,830	-	209,437
Administrative	17,660	211,357	62,511	(35,224)	256,304
Professional services	311	53,043	8,680	-	62,034
Depreciation and amortization	-	324,451	156,395	-	480,846
Grants	-	-	-	-	-
Facility	-	233,720	132,496	-	366,216
Interest and fees	-	187,273	114,161	-	301,434
Bad debts	-	79	-	-	79
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	45	-	-	(45)	-
Total expenses and losses	<u>18,016</u>	<u>1,143,530</u>	<u>550,073</u>	<u>(35,269)</u>	<u>1,676,350</u>
Excess (deficiency) of revenues over expenses	(466)	(267,558)	(182,658)	17,719	(432,963)
Net assets at beginning of year	(61,694)	963,751	784,748	9,509	1,696,314
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (62,160)</u>	<u>\$ 696,193</u>	<u>\$ 602,090</u>	<u>\$ 27,228</u>	<u>\$ 1,263,351</u>

2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2017

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP (Hamilton Apts.)	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
Assets				
Current assets				
Cash and cash equivalents	\$ 1,769	\$ 93,077	\$ -	\$ 94,846
Cash, tenant security deposits	-	27,241	-	27,241
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	64,846	-	64,846
Due from affiliate, net	15,000	-	(15,000)	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	31,938	-	31,938
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>16,769</u>	<u>217,102</u>	<u>(15,000)</u>	<u>218,871</u>
Property and equipment				
Land and land improvements	-	561,839	-	561,839
Buildings	-	9,481,856	-	9,481,856
Furniture and equipment	-	311,072	-	311,072
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(7,323,331)	-	(7,323,331)
Net property and equipment	<u>-</u>	<u>3,031,436</u>	<u>-</u>	<u>3,031,436</u>
Other long-term assets				
Restricted property reserves	-	756,679	-	756,679
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	(111,340)	-	111,340	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	304,891	-	(304,891)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	-	-	-
Total other long-term assets	<u>193,551</u>	<u>756,679</u>	<u>(193,551)</u>	<u>756,679</u>
Total assets	<u>\$ 210,320</u>	<u>\$ 4,005,217</u>	<u>\$ (208,551)</u>	<u>\$ 4,006,986</u>
	-	-	-	

**2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2017**

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP (Hamilton Apts.)	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 700	\$ 116,678	\$ -	\$ 117,378
Due to affiliates	15,001	23,456	(15,000)	23,457
Accrued interest	-	-	-	-
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	4,474	-	4,474
Tenant security deposits	-	26,675	-	26,675
Total current liabilities	15,701	171,283	(15,000)	171,984
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	3,637,115	-	3,637,115
Accrued interest, affiliates	-	221,806	(221,806)	-
Notes payable, less current portion, net	-	3,527,870	-	3,527,870
Notes payable, less current portion, affiliates	-	424,120	(424,120)	-
Deferred revenue and other liabilities	-	4,999	-	4,999
Total long-term liabilities	-	7,815,910	(645,926)	7,169,984
Total liabilities	15,701	7,987,193	(660,926)	7,341,968
Net assets				
Unrestricted net assets, controlling	194,619	(3,981,976)	452,375	(3,334,982)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	194,619	(3,981,976)	452,375	(3,334,982)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	194,619	(3,981,976)	452,375	(3,334,982)
Total liabilities and net assets	\$ 210,320	\$ 4,005,217	\$ (208,551)	\$ 4,006,986

**2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017**

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP (Hamilton Apts.)	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
Revenues				
Rent - net of vacancies	\$ -	\$ 1,039,014	\$ -	\$ 1,039,014
Developer fees	-	-	-	-
Services fees	5,000	-	(5,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	10,258	-	10,258
Other	-	8,781	-	8,781
Total revenues	<u>5,000</u>	<u>1,058,053</u>	<u>(5,000)</u>	<u>1,058,053</u>
Expenses and losses				
Compensation	-	348,514	-	348,514
Administrative	5,055	135,860	(4,999)	135,916
Professional services	-	106,663	-	106,663
Depreciation and amortization	-	380,070	-	380,070
Grants	-	-	-	-
Facility	-	441,640	-	441,640
Interest and fees	-	191,099	(14,527)	176,572
Bad debts	-	2,170	-	2,170
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	5,480	-	(5,480)	-
Total expenses and losses	<u>10,535</u>	<u>1,606,016</u>	<u>(25,006)</u>	<u>1,591,545</u>
Excess (deficiency) of revenues over expenses	(5,535)	(547,963)	20,006	(533,492)
Net assets at beginning of year	200,154	(3,434,013)	432,369	(2,801,490)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 194,619</u>	<u>\$ (3,981,976)</u>	<u>\$ 452,375</u>	<u>\$ (3,334,982)</u>

McDermott Place
Consolidating Statement of Financial Position
December 31, 2017

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 5,091	\$ -	\$ 5,091
Cash, tenant security deposits	-	10,431	-	10,431
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	2,404	-	2,404
Due from affiliate, net	54,360	-	(54,360)	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	7,518	-	7,518
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>54,360</u>	<u>25,444</u>	<u>(54,360)</u>	<u>25,444</u>
Property and equipment				
Land and land improvements	-	15,440	-	15,440
Buildings	-	263,545	-	263,545
Furniture and equipment	-	3,391	-	3,391
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(24,004)	-	(24,004)
Net property and equipment	<u>-</u>	<u>258,372</u>	<u>-</u>	<u>258,372</u>
Other long-term assets				
Restricted property reserves	-	-	-	-
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	(986,903)	-	986,903	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	-	-	-
Total other long-term assets	<u>(986,903)</u>	<u>-</u>	<u>986,903</u>	<u>-</u>
Total assets	<u>\$ (932,543)</u>	<u>\$ 283,816</u>	<u>\$ 932,543</u>	<u>\$ 283,816</u>
	-	-	-	-

McDermott Place
Consolidating Statement of Financial Position
December 31, 2017

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 32,874	\$ -	\$ 32,874
Due to affiliates	114,504	560,542	(100,104)	574,942
Accrued interest	-	1,443	-	1,443
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	7,020	-	7,020
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	214	-	214
Tenant security deposits	-	9,931	-	9,931
Total current liabilities	114,504	612,024	(100,104)	626,424
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	310,651	-	310,651
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	1,054,660	-	1,054,660
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	1,365,311	-	1,365,311
Total liabilities	114,504	1,977,335	(100,104)	1,991,735
Net assets				
Unrestricted net assets, controlling	(1,047,047)	(1,693,519)	1,032,647	(1,707,919)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(1,047,047)	(1,693,519)	1,032,647	(1,707,919)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	(1,047,047)	(1,693,519)	1,032,647	(1,707,919)
Total liabilities and net assets	\$ (932,543)	\$ 283,816	\$ 932,543	\$ 283,816

McDermott Place
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Revenues				
Rent - net of vacancies	\$ -	\$ 232,261	\$ -	\$ 232,261
Developer fees	-	-	-	-
Services fees	6,304	-	(6,304)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	1	-	1
Other	-	3,987	-	3,987
Total revenues	6,304	236,249	(6,304)	236,249
Expenses and losses				
Compensation	-	84,918	-	84,918
Administrative	6,414	36,021	(6,304)	36,131
Professional services	311	6,820	-	7,131
Depreciation and amortization	-	12,620	-	12,620
Grants	-	-	-	-
Facility	-	99,529	-	99,529
Interest and fees	-	43,062	-	43,062
Bad debts	-	1,778	-	1,778
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	5	-	(5)	-
Total expenses and losses	6,730	284,748	(6,309)	285,169
Excess (deficiency) of revenues over expenses	(426)	(48,499)	5	(48,920)
Net assets at beginning of year	(1,046,621)	(1,645,020)	1,032,642	(1,658,999)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	\$ (1,047,047)	\$ (1,693,519)	\$ 1,032,647	\$ (1,707,919)

South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2017

	South of Market Mercy Housing	1101 Howard Street Associates, LP (1101 Howard St Apts.)	Mercy Housing California VI, LP (205 Jones Street Apts.)	1475 167th Avenue Associates, LP (Bermuda Gardens)	Centro Partners, LP (El Centro Residential)	Riverside/Leibrandt Partners, LP (La Playa Residential)	West 28th Street, LP (Montclair/Tolton Court)	16th & Church Street Associates, LP (Padre Palou)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 142,500	\$ 20,330	\$ 43,896	\$ 60,572	\$ 48,214	\$ 12,313	\$ 36,525
Cash, tenant security deposits	-	29,091	31,687	57,399	39,333	14,105	20,243	13,346
Cash, restricted	-	-	-	500	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	2,470	17,168	62,474	3,468	81	138	1,743
Due from affiliate, net	101,435	-	-	26,491	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	9,729	10,895	32,299	35,175	2,399	4,669	8,088
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	101,435	183,790	80,080	223,059	138,548	64,799	37,363	59,702
Property and equipment								
Land and land improvements	-	807,358	233,860	835,000	913,787	568,985	720,004	5,600
Buildings	-	5,339,086	3,745,006	5,153,718	4,744,110	1,946,483	4,600,592	2,557,514
Furniture and equipment	-	125,921	158,601	84,253	158,281	21,527	149,964	102,298
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(3,312,772)	(3,033,434)	(3,733,976)	(2,958,994)	(1,186,623)	(3,098,760)	(2,181,703)
Net property and equipment	-	2,959,593	1,104,033	2,338,995	2,857,184	1,350,372	2,371,800	483,709
Other long-term assets								
Restricted property reserves	-	214,697	188,995	294,960	233,321	217,280	240,184	253,405
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(20,174,683)	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	1,197,412	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-
Total other long-term assets	(18,977,271)	214,697	188,995	294,960	233,321	217,280	240,184	253,405
Total assets	\$ (18,875,836)	\$ 3,358,080	\$ 1,373,108	\$ 2,857,014	\$ 3,229,053	\$ 1,632,451	\$ 2,649,347	\$ 796,816
	-	-	-	-	-	-	-	-

South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2017

	South of Market Mercy Housing	1101 Howard Street Associates, LP (1101 Howard St Apts.)	Mercy Housing California VI, LP (205 Jones Street Apts.)	1475 167th Avenue Associates, LP (Bermuda Gardens)	Centro Partners, LP (El Centro Residential)	Riverside/Leibrandt Partners, LP (La Playa Residential)	West 28th Street, LP (Montclair/Tolton Court)	16th & Church Street Associates, LP (Padre Palou)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 586	\$ 29,580	\$ 40,802	\$ 193,646	\$ 84,448	\$ 10,775	\$ 55,066	\$ 18,561
Due to affiliates	538,839	14,999	15,132	858,752	-	121,857	24,414	46,457
Accrued interest	-	674	886	9,908	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	36,244	26,347	109,541	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	52,735	-	-	-	-
Deferred revenue and other liabilities	-	-	9,361	27,770	6,759	9	97	5
Tenant security deposits	-	28,842	31,392	57,299	38,302	13,605	19,945	12,881
Total current liabilities	539,425	110,339	123,920	1,309,651	129,509	146,246	99,522	77,904
Long-term liabilities								
Due to affiliates	775,972	-	-	-	-	-	-	667,249
Accrued interest	-	1,462,295	1,092,133	1,010,611	2,482,231	695,470	-	771,656
Accrued interest, affiliates	-	-	-	-	-	-	-	1,175,648
Notes payable, less current portion, net	-	2,501,887	1,977,945	3,961,590	2,912,425	923,243	1,701,822	1,112,162
Notes payable, less current portion, affiliates	-	-	-	-	312,729	232,339	-	-
Deferred revenue and other liabilities	-	-	2,043	-	1,860	-	-	-
Total long-term liabilities	775,972	3,964,182	3,072,121	4,972,201	5,709,245	1,851,052	1,701,822	3,726,715
Total liabilities	1,315,397	4,074,521	3,196,041	6,281,852	5,838,754	1,997,298	1,801,344	3,804,619
Net assets								
Unrestricted net assets, controlling	(20,191,233)	(716,441)	(1,822,933)	(3,424,838)	(2,609,701)	(364,847)	848,003	(3,007,803)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(20,191,233)	(716,441)	(1,822,933)	(3,424,838)	(2,609,701)	(364,847)	848,003	(3,007,803)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(20,191,233)	(716,441)	(1,822,933)	(3,424,838)	(2,609,701)	(364,847)	848,003	(3,007,803)
Total liabilities and net assets	\$ (18,875,836)	\$ 3,358,080	\$ 1,373,108	\$ 2,857,014	\$ 3,229,053	\$ 1,632,451	\$ 2,649,347	\$ 796,816

**South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2017**

	Mercy Housing California IX, LP (Sycamore St. Commons)	Eliminations	Consolidated South of Market Mercy Housing
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ 364,350
Cash, tenant security deposits	-	-	205,204
Cash, restricted	-	-	500
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	-	-	87,542
Due from affiliate, net	-	(97,833)	30,093
Pledges receivable, net	-	-	-
Grants receivable	-	-	-
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-
Prepaid expenses and other assets	-	-	103,254
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	-	(97,833)	790,943
Property and equipment			
Land and land improvements	-	-	4,084,594
Buildings	-	-	28,086,509
Furniture and equipment	-	-	800,845
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	-	-	(19,506,262)
Net property and equipment	-	-	13,465,686
Other long-term assets			
Restricted property reserves	-	-	1,642,842
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	(1,311,858)	(21,486,541)
Notes and interest receivable, net	-	-	-
Notes and interest receivable, affiliates	-	-	1,197,412
Allowance for impaired assets	-	-	-
Other assets, net	-	-	-
Total other long-term assets	-	(1,311,858)	(18,646,287)
Total assets	\$ -	\$ (1,409,691)	\$ (4,389,658)
	-	-	-

**South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2017**

	Mercy Housing California IX, LP (Sycamore St. Commons)	Eliminations	Consolidated South of Market Mercy Housing
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ -	\$ -	\$ 433,464
Due to affiliates	-	(207,172)	1,413,278
Accrued interest	-	-	11,468
Accrued interest, affiliates	-	-	-
Current portion of notes payable	-	-	172,132
Current portion of notes payable, affiliates	-	-	52,735
Deferred revenue and other liabilities	-	-	44,001
Tenant security deposits	-	-	202,266
Total current liabilities	-	(207,172)	2,329,344
Long-term liabilities			
Due to affiliates	-	-	1,443,221
Accrued interest	-	-	7,514,396
Accrued interest, affiliates	-	-	1,175,648
Notes payable, less current portion, net	-	-	15,091,074
Notes payable, less current portion, affiliates	-	-	545,068
Deferred revenue and other liabilities	-	-	3,903
Total long-term liabilities	-	-	25,773,310
Total liabilities	-	(207,172)	28,102,654
Net assets			
Unrestricted net assets, controlling	-	(1,202,519)	(32,492,312)
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	-	(1,202,519)	(32,492,312)
Temporarily restricted net assets	-	-	-
Permanently restricted net assets	-	-	-
Total net assets	-	(1,202,519)	(32,492,312)
Total liabilities and net assets	\$ -	\$ (1,409,691)	\$ (4,389,658)

**South of Market Mercy Housing
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017**

	South of Market Mercy Housing	1101 Howard Street Associates, LP (1101 Howard St Apts.)	Mercy Housing California VI, LP (205 Jones Street Apts.)	1475 167th Avenue Associates, LP (Bermuda Gardens)	Centro Partners, LP (El Centro Residential)	Riverside/Leibbrandt Partners, LP (La Playa Residential)	West 28th Street, LP (Montclair/Tolton Court)	16th & Church Street Associates, LP (Padre Palou)
Revenues								
Rent - net of vacancies	\$ -	\$ 537,892	\$ 507,626	\$ 855,064	\$ 484,624	\$ 123,220	\$ 282,920	\$ 280,211
Developer fees	-	-	-	-	-	-	-	-
Services fees	87,160	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	131	97	1,576	83	102	62	140
Other	1,344,662	37,150	10,744	12,165	25,993	1,906	10,449	5,337
Total revenues	1,431,822	575,173	518,467	868,805	510,700	125,228	293,431	285,688
Expenses and losses								
Compensation	-	77,466	127,538	142,941	151,937	19,458	99,856	51,414
Administrative	106,457	73,274	93,047	119,603	76,363	15,364	43,589	41,305
Professional services	52,908	37,692	35,521	78,509	67,629	6,780	6,780	6,985
Depreciation and amortization	-	173,783	153,988	187,958	127,340	48,131	172,272	80,182
Grants	6,920,273	-	-	-	-	-	-	-
Facility	-	158,305	213,376	403,770	181,065	40,927	139,197	140,285
Interest and fees	-	75,952	59,946	214,612	113,448	40,598	-	167,113
Bad debts	-	-	14,762	16,199	946	(4)	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(11,255,150)	-	-	-	-	-	-	-
Total expenses and losses	(4,175,512)	596,472	698,178	1,163,592	718,728	171,254	461,694	487,284
Excess (deficiency) of revenues over expenses	5,607,334	(21,299)	(179,711)	(294,787)	(208,028)	(46,026)	(168,263)	(201,596)
Net assets at beginning of year	(24,331,718)	(647,400)	(1,642,922)	(3,130,051)	(2,401,673)	(317,627)	1,016,266	(2,806,207)
Other transfers to (from) net assets	(1,466,849)	(47,742)	(300)	-	-	(1,194)	-	-
Net assets at end of year	\$ (20,191,233)	\$ (716,441)	\$ (1,822,933)	\$ (3,424,838)	\$ (2,609,701)	\$ (364,847)	\$ 848,003	\$ (3,007,803)

**South of Market Mercy Housing
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017**

	Mercy Housing California IX, LP (Sycamore St. Commons)	Eliminations	Consolidated South of Market Mercy Housing
Revenues			
Rent - net of vacancies	\$ -	\$ -	\$ 3,071,557
Developer fees	-	-	-
Services fees	-	(67,000)	20,160
Philanthropy	-	-	-
Capital grants	-	-	-
Consulting	-	-	-
Interest	-	-	2,191
Other	2,500	-	1,450,906
Total revenues	<u>2,500</u>	<u>(67,000)</u>	<u>4,544,814</u>
Expenses and losses			
Compensation	-	-	670,610
Administrative	-	(56,857)	512,145
Professional services	-	-	292,804
Depreciation and amortization	-	-	943,654
Grants	-	-	6,920,273
Facility	-	-	1,276,925
Interest and fees	264,950	-	936,619
Bad debts	-	-	31,903
Provision for impaired assets	-	-	-
Project expenses	-	-	-
Allocation	-	-	-
(Gain) loss on sale of assets	-	-	-
(Gain) loss on investment in limited partnership	-	(7,261)	(11,262,411)
Total expenses and losses	<u>264,950</u>	<u>(64,118)</u>	<u>322,522</u>
Excess (deficiency) of revenues over expenses	(262,450)	(2,882)	4,222,292
Net assets at beginning of year	262,450	(1,200,414)	(35,199,296)
Other transfers to (from) net assets	-	777	(1,515,308)
Net assets at end of year	<u>\$ -</u>	<u>\$ (1,202,519)</u>	<u>\$ (32,492,312)</u>

Visitacion Valley Affordable Housing Corporation
Consolidating Statement of Financial Position
December 31, 2017

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing Corporation
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 706,066	\$ -	\$ 706,066
Cash, tenant security deposits	-	112,004	-	112,004
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	68,197	-	68,197
Due from affiliate, net	48,750	-	(48,750)	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	54,265	-	54,265
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>48,750</u>	<u>940,532</u>	<u>(48,750)</u>	<u>940,532</u>
Property and equipment				
Land and land improvements	-	-	-	-
Buildings	-	26,264,984	-	26,264,984
Furniture and equipment	-	661,704	-	661,704
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(17,050,736)	-	(17,050,736)
Net property and equipment	<u>-</u>	<u>9,875,952</u>	<u>-</u>	<u>9,875,952</u>
Other long-term assets				
Restricted property reserves	-	1,099,143	-	1,099,143
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	3,121,377	-	(3,121,377)	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	-	-	-
Total other long-term assets	<u>3,121,377</u>	<u>1,099,143</u>	<u>(3,121,377)</u>	<u>1,099,143</u>
Total assets	<u>\$ 3,170,127</u>	<u>\$ 11,915,627</u>	<u>\$ (3,170,127)</u>	<u>\$ 11,915,627</u>
	-	-	-	

Visitacion Valley Affordable Housing Corporation
Consolidating Statement of Financial Position
December 31, 2017

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing Corporation
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 700	\$ 91,233	\$ -	\$ 91,933
Due to affiliates	109,644	60,000	(60,000)	109,644
Accrued interest	-	20,709	-	20,709
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	75,844	-	75,844
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	15,900	-	15,900
Tenant security deposits	-	111,504	-	111,504
Total current liabilities	110,344	375,190	(60,000)	425,534
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	882,494	-	882,494
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	5,934,594	-	5,934,594
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	7,955	-	7,955
Total long-term liabilities	-	6,825,043	-	6,825,043
Total liabilities	110,344	7,200,233	(60,000)	7,250,577
Net assets				
Unrestricted net assets, controlling	1,796,283	4,715,394	(3,110,127)	3,401,550
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	1,796,283	4,715,394	(3,110,127)	3,401,550
Temporarily restricted net assets	1,263,500	-	-	1,263,500
Permanently restricted net assets	-	-	-	-
Total net assets	3,059,783	4,715,394	(3,110,127)	4,665,050
Total liabilities and net assets	\$ 3,170,127	\$ 11,915,627	\$ (3,170,127)	\$ 11,915,627

Visitacion Valley Affordable Housing Corporation
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing Corporation
Revenues				
Rent - net of vacancies	\$ -	\$ 2,601,582	\$ -	\$ 2,601,582
Developer fees	-	-	-	-
Services fees	15,000	-	(15,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	407	-	407
Other	-	141,121	-	141,121
Total revenues	<u>15,000</u>	<u>2,743,110</u>	<u>(15,000)</u>	<u>2,743,110</u>
Expenses and losses				
Compensation	-	428,378	-	428,378
Administrative	15,055	219,456	(15,000)	219,511
Professional services	-	190,795	-	190,795
Depreciation and amortization	-	935,109	-	935,109
Grants	-	-	-	-
Facility	-	822,293	-	822,293
Interest and fees	-	325,520	-	325,520
Bad debts	-	27,696	-	27,696
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	103	-	(103)	-
Total expenses and losses	<u>15,158</u>	<u>2,949,247</u>	<u>(15,103)</u>	<u>2,949,302</u>
Excess (deficiency) of revenues over expenses	(158)	(206,137)	103	(206,192)
Net assets at beginning of year	3,059,941	4,921,531	(3,110,230)	4,871,242
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 3,059,783</u>	<u>\$ 4,715,394</u>	<u>\$ (3,110,127)</u>	<u>\$ 4,665,050</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing West	Mercy Housing California XIV, LP (10th & Mission Apartments)	Mercy Housing California XV, LP (Nueva Vista)	Mercy Housing California XVII, LP (Derek Silva Community)	Mercy Housing California XXIV, LP (Carter Terrace Apartments)	Mercy Housing California XVIII, LP (Polk Street Senior Community)	Mercy Housing California XIII, LP (Linbrook Court)	Mercy Housing California XX, LP (Mission Creek Sr.)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 76,637	\$ 8,832	\$ 163,610	\$ 538,995	\$ 531,185	\$ 267,489	\$ 1,435,720
Cash, tenant security deposits	-	120,565	38,194	19,511	109,137	21,059	34,874	65,379
Cash, restricted	-	-	300	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	243,853	3,756	67,511	3,937	7,983	1,040	62,325
Due from affiliate, net	2,147,127	2,479	-	-	-	-	-	14,738
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	231,442
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	81,368	19,415	29,935	47,619	52,427	15,228	78,795
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	2,147,127	524,902	70,497	280,567	699,688	612,654	318,631	1,888,399
Property and equipment								
Land and land improvements	-	1,323,633	917,754	135,399	7,088,220	1,028,700	1,804,059	28,240
Buildings	-	63,254,021	10,996,836	14,662,715	21,364,583	16,059,884	10,233,219	39,748,618
Furniture and equipment	-	1,488,404	324,083	46,784	1,612,122	229,931	266,801	1,004,135
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(21,121,349)	(6,725,054)	(7,961,111)	(14,678,175)	(8,023,353)	(6,183,385)	(18,023,832)
Net property and equipment	-	44,944,709	5,513,619	6,883,787	15,386,750	9,295,162	6,120,694	22,757,161
Other long-term assets								
Restricted property reserves	422,205	1,394,645	446,699	840,425	1,078,479	1,029,556	295,498	2,163,160
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	189,900	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	6,979,222	-	-	-	-	-	-	-
Notes and interest receivable, net	285,520	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	24,239,989	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	38,316	2,213	-	-	9,158	626	18,214
Total other long-term assets	32,116,836	1,432,961	448,912	840,425	1,078,479	1,038,714	296,124	2,181,374
Total assets	\$ 34,263,963	\$ 46,902,572	\$ 6,033,028	\$ 8,004,779	\$ 17,164,917	\$ 10,946,530	\$ 6,735,449	\$ 26,826,934

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing West	Mercy Housing California XIV, LP (10th & Mission Apartments)	Mercy Housing California XV, LP (Nueva Vista)	Mercy Housing California XVII, LP (Derek Silva Community)	Mercy Housing California XXIV, LP (Carter Terrace Apartments)	Mercy Housing California XVIII, LP (Polk Street Senior Community)	Mercy Housing California XIII, LP (Linbrook Court)	Mercy Housing California XX, LP (Mission Creek Sr.)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 584	\$ 102,177	\$ 39,709	\$ 64,810	\$ 94,515	\$ 122,460	\$ 35,288	\$ 184,226
Due to affiliates	1,292,833	29,682	32,987	140,244	24,951	61,699	40,000	19,602
Accrued interest	-	-	2,864	3,052	15,473	4,595	10,333	5,032
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	62,958	300,000	100,000	500,000	66,795	325,000
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	4,211	392	887	1,784	20,164	915	2,993
Tenant security deposits	-	120,474	37,694	19,010	108,887	20,552	34,834	63,979
Total current liabilities	1,293,417	256,544	176,604	528,003	345,610	729,470	188,165	600,832
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	1,878,332	-	896,582	4,536,943	4,746,218	485,168	1,833,028
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	900,000	37,671,305	3,590,462	7,149,847	16,041,816	8,485,228	3,802,702	20,776,433
Notes payable, less current portion, affiliates	5,870,473	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	51,478	1,996	1,630,556	-	855,621	-	20,000
Total long-term liabilities	6,770,473	39,601,115	3,592,458	9,676,985	20,578,759	14,087,067	4,287,870	22,629,461
Total liabilities	8,063,890	39,857,659	3,769,062	10,204,988	20,924,369	14,816,537	4,476,035	23,230,293
Net assets								
Unrestricted net assets, controlling	(7,548,122)	7,044,913	2,263,966	(2,200,209)	(3,759,452)	(3,870,007)	2,259,414	3,596,641
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(7,548,122)	7,044,913	2,263,966	(2,200,209)	(3,759,452)	(3,870,007)	2,259,414	3,596,641
Temporarily restricted net assets	33,748,195	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	26,200,073	7,044,913	2,263,966	(2,200,209)	(3,759,452)	(3,870,007)	2,259,414	3,596,641
Total liabilities and net assets	\$ 34,263,963	\$ 46,902,572	\$ 6,033,028	\$ 8,004,779	\$ 17,164,917	\$ 10,946,530	\$ 6,735,449	\$ 26,826,934

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California XVI, LP (Villa Madera)	Mercy Housing California XII, LP (Villa Amador)	Village Park Housing Associates (Village Park Apts.)	Mercy Housing California XXI, LP (White Rock Village)	Mercy Housing California XIX, LP (Grand & Venice)	Mercy Housing California XXV, LP (Casa Alegre)	Pinewood Court Apartments, LP (Terracina Pinewood Court)	Mercy Housing California XXII, LP (The Dudley)
Assets								
Current assets								
Cash and cash equivalents	\$ 112,075	\$ 172,817	\$ 87,021	\$ 440,679	\$ 169,706	\$ 152,656	\$ 26,430	\$ 163,570
Cash, tenant security deposits	60,934	83,199	39,064	148,029	48,089	20,592	42,399	18,503
Cash, restricted	-	2,866	-	-	-	-	-	18,483
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	693	3,018	13,776	17,161	16,181	1,740	338	81,320
Due from affiliate, net	60	-	-	847	35,262	-	868	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	11,645	29,238	13,362	47,056	47,981	10,502	14,445	84,039
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	185,407	291,138	153,223	653,772	317,219	185,490	84,480	365,915
Property and equipment								
Land and land improvements	2,223,946	6,280,035	227,152	5,538,373	176,286	873,574	2,014,938	121,460
Buildings	12,063,290	26,984,865	4,513,871	24,184,615	20,003,378	3,449,179	7,077,794	6,453,644
Furniture and equipment	195,460	674,962	75,244	369,798	170,359	47,308	113,910	242,594
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	726,496
Accumulated depreciation	(6,750,146)	(13,419,338)	(3,842,993)	(11,190,689)	(9,153,172)	(2,228,519)	(4,635,085)	(3,725,433)
Net property and equipment	7,732,550	20,520,524	973,274	18,902,097	11,196,851	2,141,542	4,571,557	3,818,761
Other long-term assets								
Restricted property reserves	466,178	630,723	195,275	453,884	297,814	198,025	173,586	311,260
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	7,231	18,663	-	14,729	1,814,673	580	11,406	21,631
Total other long-term assets	473,409	649,386	195,275	468,613	2,112,487	198,605	184,992	332,891
Total assets	\$ 8,391,366	\$ 21,461,048	\$ 1,321,772	\$ 20,024,482	\$ 13,626,557	\$ 2,525,637	\$ 4,841,029	\$ 4,517,567

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California XVI, LP (Villa Madera)	Mercy Housing California XII, LP (Villa Amador)	Village Park Housing Associates (Village Park Apts.)	Mercy Housing California XXI, LP (White Rock Village)	Mercy Housing California XIX, LP (Grand & Venice)	Mercy Housing California XXV, LP (Casa Alegre)	Pinewood Court Apartments, LP (Terracina Pinewood Court)	Mercy Housing California XXII, LP (The Dudley)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 34,686	\$ 94,089	\$ 32,438	\$ 58,714	\$ 203,223	\$ 20,049	\$ 98,782	\$ 211,731
Due to affiliates	402,826	8,090	176,325	353,405	21,865	99,161	180,886	358,202
Accrued interest	27,117	50,309	1,535	64,272	4,643	-	8,663	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	107,245	52,590	29,313	137,158	20,681	-	44,919	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,264	3,867	2	10,383	2,699	67	388	22,191
Tenant security deposits	58,867	82,949	38,564	147,121	48,268	19,343	40,571	17,786
Total current liabilities	632,005	291,894	278,177	771,053	301,379	138,620	374,209	609,910
Long-term liabilities								
Due to affiliates	-	189,900	-	-	-	-	-	-
Accrued interest	982,375	3,311,800	1,487,081	1,742,088	2,304,249	346,209	401,956	1,668,224
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	7,695,468	16,292,381	2,238,257	17,963,917	6,914,374	895,608	2,744,337	4,539,679
Notes payable, less current portion, affiliates	284,000	-	-	-	-	-	573,485	354,149
Deferred revenue and other liabilities	492,145	5,220	-	393,169	1,833,116	-	1,890	158,739
Total long-term liabilities	9,453,988	19,799,301	3,725,338	20,099,174	11,051,739	1,241,817	3,721,668	6,720,791
Total liabilities	10,085,993	20,091,195	4,003,515	20,870,227	11,353,118	1,380,437	4,095,877	7,330,701
Net assets								
Unrestricted net assets, controlling	(1,694,627)	1,369,853	(2,681,743)	(845,745)	2,273,439	1,145,200	745,152	(2,813,134)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,694,627)	1,369,853	(2,681,743)	(845,745)	2,273,439	1,145,200	745,152	(2,813,134)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(1,694,627)	1,369,853	(2,681,743)	(845,745)	2,273,439	1,145,200	745,152	(2,813,134)
Total liabilities and net assets	\$ 8,391,366	\$ 21,461,048	\$ 1,321,772	\$ 20,024,482	\$ 13,626,557	\$ 2,525,637	\$ 4,841,029	\$ 4,517,567

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California XXVI, LP (Martin Luther King Village)	Mercy Housing California XLI, LP (Westbrook Plaza)	Mercy Housing California XXXIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)	Mercy Housing California XXVIII, LP (The Vineyard Townhomes)	Mercy Terrace, LLC	Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)	New Dana Strand Townhomes, LP (New Dana Strand Townhomes)
Assets								
Current assets								
Cash and cash equivalents	\$ 30,730	\$ 282,532	\$ 126,731	\$ 254,779	\$ 225,787	\$ 1,388,103	\$ 5,585	\$ 2,170
Cash, tenant security deposits	15,970	59,477	36,134	45,848	71,391	58,965	36,218	73,573
Cash, restricted	-	-	10,009	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	33,693	955	2,301	4,440	303	(25,299)	272	67,269
Due from affiliate, net	804	-	1,451	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	22,580	36,345	45,955	18,458	17,528	58,675	13,921	56,351
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	103,777	379,309	222,581	323,525	315,009	1,480,444	55,996	199,363
Property and equipment								
Land and land improvements	2,826,793	693,387	1,781,588	1,796,392	2,275,562	131,824	2,930,938	5,022,013
Buildings	10,762,928	24,646,715	41,730,452	14,470,825	14,511,418	21,427,739	13,144,949	33,388,657
Furniture and equipment	388,833	257,442	938,544	221,102	192,137	906,182	155,101	1,100,465
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(5,376,286)	(7,026,005)	(13,055,662)	(7,678,312)	(6,962,724)	(10,054,157)	(7,385,472)	(16,567,025)
Net property and equipment	8,601,368	18,571,539	31,394,922	8,810,007	10,016,393	12,411,588	8,845,516	22,944,110
Other long-term assets								
Restricted property reserves	765,306	313,759	1,623,022	480,334	305,499	2,036,166	126,119	633,488
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	15,858	45,477	33,083	20,088	26,654	-	5,076	282,456
Total other long-term assets	781,164	359,236	1,656,105	500,422	332,153	2,036,166	131,195	915,944
Total assets	\$ 9,486,309	\$ 19,310,084	\$ 33,273,608	\$ 9,633,954	\$ 10,663,555	\$ 15,928,198	\$ 9,032,707	\$ 24,059,417

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California XXVI, LP (Martin Luther King Village)	Mercy Housing California XLI, LP (Westbrook Plaza)	Mercy Housing California XXXIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)	Mercy Housing California XXVIII, LP (The Vineyard Townhomes)	Mercy Terrace, LLC	Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)	New Dana Strand Townhomes, LP (New Dana Strand Townhomes)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 109,186	\$ 53,838	\$ 109,470	\$ 93,049	\$ 33,956	\$ 104,733	\$ 98,163	\$ 131,955
Due to affiliates	160,150	51,668	74,500	125,855	175,250	735,644	71,417	111,360
Accrued interest	24,999	1,105	-	-	18,481	3,652	2,745	6,843
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	33,193	-	-	72,207	400,000	48,093	59,382
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	996	1,037	52,699	907	1,156	2,089	243	31,340
Tenant security deposits	15,736	59,076	35,232	45,598	71,187	58,717	35,022	72,420
Total current liabilities	311,067	199,917	271,901	265,409	372,237	1,304,835	255,683	413,300
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	1,814,247	1,541,330	-	451,428	-	-	2,268,604	2,120,798
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	8,418,613	6,967,172	16,755,019	1,274,969	3,275,795	11,000,794	7,589,720	20,555,708
Notes payable, less current portion, affiliates	398,568	-	12,626,500	-	-	-	-	-
Deferred revenue and other liabilities	4,350	3,205	-	-	299,150	8,493	252,925	-
Total long-term liabilities	10,635,778	8,511,707	29,381,519	1,726,397	3,574,945	11,009,287	10,111,249	22,676,506
Total liabilities	10,946,845	8,711,624	29,653,420	1,991,806	3,947,182	12,314,122	10,366,932	23,089,806
Net assets								
Unrestricted net assets, controlling	(1,460,536)	10,598,460	3,620,188	7,642,148	6,716,373	3,614,076	(1,334,225)	969,611
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,460,536)	10,598,460	3,620,188	7,642,148	6,716,373	3,614,076	(1,334,225)	969,611
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(1,460,536)	10,598,460	3,620,188	7,642,148	6,716,373	3,614,076	(1,334,225)	969,611
Total liabilities and net assets	\$ 9,486,309	\$ 19,310,084	\$ 33,273,608	\$ 9,633,954	\$ 10,663,555	\$ 15,928,198	\$ 9,032,707	\$ 24,059,417

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California XXXII, LP (Creekview Manor)	Mercy Housing California XXXVI, LP (Kent Gardens)	Mercy Housing California XXXI, LP (Martinelli House)	Mercy Housing California XXXV, LP (Ardenaire Apartments)	Mercy Housing California XXXIII, LP (Casa Verde)	Mercy Housing California XXXVII, LP (Ross Ranch)	Colonia San Martin Associates, LP	Mercy Housing California 50, LP (Vera Haile Senior Housing)
Assets								
Current assets								
Cash and cash equivalents	\$ 50,348	\$ 32,425	\$ 120,593	\$ 14,088	\$ 376,949	\$ -	\$ 24,960	\$ 59,178
Cash, tenant security deposits	84,687	28,480	38,783	25,486	36,939	-	22,689	32,101
Cash, restricted	-	-	-	-	-	-	-	38,363
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	357	2,340	25,187	4,629	33,422	-	25,316	1,124
Due from affiliate, net	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	28,856	24,600	22,099	14,983	15,118	-	16,769	45,035
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	164,248	87,845	206,662	59,186	462,428		89,734	175,801
Property and equipment								
Land and land improvements	8,345,785	2,966,427	388,345	1,009,826	812,667	-	3,437,212	3,173,363
Buildings	16,594,629	14,764,491	9,654,397	9,642,639	10,548,538	-	9,607,884	35,885,615
Furniture and equipment	634,488	456,450	414,180	223,746	380,510	-	275,770	479,520
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(10,653,685)	(6,513,910)	(4,098,045)	(3,698,193)	(4,569,080)		(5,135,440)	(4,702,440)
Net property and equipment	14,921,217	11,673,458	6,358,877	7,178,018	7,172,635		8,185,426	34,836,058
Other long-term assets								
Restricted property reserves	466,670	1,261,943	594,591	685,115	711,356	-	1,032,688	983,469
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	37,724	16,141	11,685	10,577	24,502		24,089	42,975
Total other long-term assets	504,394	1,278,084	606,276	695,692	735,858		1,056,777	1,026,444
Total assets	\$ 15,589,859	\$ 13,039,387	\$ 7,171,815	\$ 7,932,896	\$ 8,370,921	\$ -	\$ 9,331,937	\$ 36,038,303

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California XXXII, LP (Creekview Manor)	Mercy Housing California XXXVI, LP (Kent Gardens)	Mercy Housing California XXXI, LP (Martinelli House)	Mercy Housing California XXXV, LP (Ardenaire Apartments)	Mercy Housing California XXXIII, LP (Casa Verde)	Mercy Housing California XXXVII, LP (Ross Ranch)	Colonia San Martin Associates, LP	Mercy Housing California 50, LP (Vera Haile Senior Housing)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 42,940	\$ 359,885	\$ 46,654	\$ 61,745	\$ 77,073	\$ -	\$ 36,921	\$ 71,345
Due to affiliates	105,317	19,001	-	-	15,000	-	10,500	48,483
Accrued interest	11,590	44,386	10,007	14,708	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	39,982	-	64,213	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	6,066	678	5,866	377	5,060	-	392	14,221
Tenant security deposits	84,865	27,980	38,644	25,236	36,922	-	22,312	31,876
Total current liabilities	290,760	451,930	165,384	102,066	134,055		70,125	165,925
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	612,111	-	-	1,052,387	-	-	459,306	1,263,190
Accrued interest, affiliates	-	-	1,200,590	-	-	-	-	-
Notes payable, less current portion, net	4,538,117	1,418,871	2,445,337	6,923,996	-	-	2,987,458	23,720,674
Notes payable, less current portion, affiliates	-	10,355,200	3,529,317	-	-	-	-	900,000
Deferred revenue and other liabilities	7,418	-	1,918	177,166	-	-	-	-
Total long-term liabilities	5,157,646	11,774,071	7,177,162	8,153,549			3,446,764	25,883,864
Total liabilities	5,448,406	12,226,001	7,342,546	8,255,615	134,055		3,516,889	26,049,789
Net assets								
Unrestricted net assets, controlling	10,141,453	813,386	(170,731)	(322,719)	8,236,866	-	5,815,048	9,988,514
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	10,141,453	813,386	(170,731)	(322,719)	8,236,866	-	5,815,048	9,988,514
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	10,141,453	813,386	(170,731)	(322,719)	8,236,866	-	5,815,048	9,988,514
Total liabilities and net assets	\$ 15,589,859	\$ 13,039,387	\$ 7,171,815	\$ 7,932,896	\$ 8,370,921	\$ -	\$ 9,331,937	\$ 36,038,303

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California 49, LP (McAuley Meadows)	Eliminations	Consolidated Mercy Housing West
Assets			
Current assets			
Cash and cash equivalents	\$ 43,082	\$ -	\$ 7,385,462
Cash, tenant security deposits	27,774	-	1,564,043
Cash, restricted	198,755	-	268,776
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	1,390	-	702,331
Due from affiliate, net	8,666	(2,161,865)	50,437
Pledges receivable, net	-	-	-
Grants receivable	-	-	231,442
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-
Prepaid expenses and other assets	13,557	-	1,033,885
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	<u>293,224</u>	<u>(2,161,865)</u>	<u>11,236,376</u>
Property and equipment			
Land and land improvements	1,970,826	-	69,344,717
Buildings	12,048,833	-	573,880,321
Furniture and equipment	669,470	-	14,555,835
Predevelopment project costs	-	-	-
Construction in progress	-	-	726,496
Accumulated depreciation	<u>(2,824,463)</u>	<u>-</u>	<u>(253,962,533)</u>
Net property and equipment	<u>11,864,666</u>	<u>-</u>	<u>404,544,836</u>
Other long-term assets			
Restricted property reserves	691,617	-	23,108,554
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	(189,900)	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	(14,832,154)	(7,852,932)
Notes and interest receivable, net	-	-	285,520
Notes and interest receivable, affiliates	-	(24,239,989)	-
Allowance for impaired assets	-	-	-
Other assets, net	<u>23,174</u>	<u>-</u>	<u>2,576,999</u>
Total other long-term assets	<u>714,791</u>	<u>(39,262,043)</u>	<u>18,118,141</u>
Total assets	<u>\$ 12,872,681</u>	<u>\$ (41,423,908)</u>	<u>\$ 433,899,353</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing California 49, LP (McAuley Meadows)	Eliminations	Consolidated Mercy Housing West
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 26,435	\$ -	\$ 2,854,829
Due to affiliates	8,462	(2,715,170)	2,240,195
Accrued interest	-	-	336,404
Accrued interest, affiliates	-	-	-
Current portion of notes payable	-	-	2,463,729
Current portion of notes payable, affiliates	-	-	-
Deferred revenue and other liabilities	1,226	-	196,560
Tenant security deposits	27,741	-	1,547,463
Total current liabilities	63,864	(2,715,170)	9,639,180
Long-term liabilities			
Due to affiliates	-	(189,900)	-
Accrued interest	391,856	-	38,595,510
Accrued interest, affiliates	-	-	1,200,590
Notes payable, less current portion, net	4,971,896	-	280,545,953
Notes payable, less current portion, affiliates	6,073,600	(30,992,016)	9,973,276
Deferred revenue and other liabilities	206,079	-	6,404,634
Total long-term liabilities	11,643,431	(31,181,916)	336,719,963
Total liabilities	11,707,295	(33,897,086)	346,359,143
Net assets			
Unrestricted net assets, controlling	1,165,386	(7,526,822)	53,792,015
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	1,165,386	(7,526,822)	53,792,015
Temporarily restricted net assets	-	-	33,748,195
Permanently restricted net assets	-	-	-
Total net assets	1,165,386	(7,526,822)	87,540,210
Total liabilities and net assets	\$ 12,872,681	\$ (41,423,908)	\$ 433,899,353

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing West	Mercy Housing California XIV, LP (10th & Mission Apartments)	Mercy Housing California XV, LP (Nueva Vista)	Mercy Housing California XVII, LP (Derek Silva Community)	Mercy Housing California XXIV, LP (Carter Terrace Apartments)	Mercy Housing California XVIII, LP (Polk Street Senior Community)	Mercy Housing California XIII, LP (Linbrook Court)	Mercy Housing California XX, LP (Mission Creek Sr.)
Revenues								
Rent - net of vacancies	\$ -	\$ 1,481,496	\$ 610,168	\$ 1,509,883	\$ 2,226,082	\$ 2,030,994	\$ 840,115	\$ 2,935,114
Developer fees	-	-	-	-	-	-	-	-
Services fees	936,542	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	9,733	(9,154)	24,448	120,637	48,215	63	190,455
Other	-	518,880	32,564	86,407	14,296	31,385	6,507	649,466
Total revenues	<u>936,542</u>	<u>2,010,109</u>	<u>633,578</u>	<u>1,620,738</u>	<u>2,361,015</u>	<u>2,110,594</u>	<u>846,685</u>	<u>3,775,035</u>
Expenses and losses								
Compensation	-	510,029	133,922	397,017	338,201	386,299	130,829	838,445
Administrative	812,091	221,841	98,766	124,261	288,898	201,971	109,496	300,633
Professional services	-	97,901	81,384	75,738	109,783	86,052	97,997	40,592
Depreciation and amortization	-	2,391,524	461,715	547,298	1,039,576	673,098	423,416	1,469,037
Grants	3,000	-	-	-	-	-	-	-
Facility	-	868,225	187,546	528,398	574,154	361,471	179,377	713,924
Interest and fees	-	548,588	37,206	160,470	650,773	405,806	207,405	619,057
Bad debts	-	6,544	-	-	-	48	-	377
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	516,831	-	-	-	-	-	-	-
Total expenses and losses	<u>1,331,922</u>	<u>4,644,652</u>	<u>1,000,539</u>	<u>1,833,182</u>	<u>3,001,385</u>	<u>2,114,745</u>	<u>1,148,520</u>	<u>3,982,065</u>
Excess (deficiency) of revenues over expenses	(395,380)	(2,634,543)	(366,961)	(212,444)	(640,370)	(4,151)	(301,835)	(207,030)
Net assets at beginning of year	26,595,453	9,679,456	2,630,927	(1,987,765)	(3,105,260)	(3,865,856)	2,561,249	3,803,671
Other transfers to (from) net assets	-	-	-	-	(13,822)	-	-	-
Net assets at end of year	<u>\$ 26,200,073</u>	<u>\$ 7,044,913</u>	<u>\$ 2,263,966</u>	<u>\$ (2,200,209)</u>	<u>\$ (3,759,452)</u>	<u>\$ (3,870,007)</u>	<u>\$ 2,259,414</u>	<u>\$ 3,596,641</u>

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California XVI, LP (Villa Madera)	Mercy Housing California XII, LP (Villa Amador)	Village Park Housing Associates (Village Park Apts.)	Mercy Housing California XXI, LP (White Rock Village)	Mercy Housing California XIX, LP (Grand & Venice)	Mercy Housing California XXV, LP (Casa Alegre)	Pinewood Court Apartments, LP (Terracina Pinewood Court)	Mercy Housing California XXII, LP (The Dudley)
Revenues								
Rent - net of vacancies	\$ 866,058	\$ 1,097,163	\$ 409,140	\$ 1,831,977	\$ 740,503	\$ 277,137	\$ 478,220	\$ 1,037,897
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	3,654	3,562	56	2,670	46	37	19	82
Other	21,661	13,067	2,627	18,284	148,380	3,511	20,065	11,491
Total revenues	891,373	1,113,792	411,823	1,852,931	888,929	280,685	498,304	1,049,470
Expenses and losses								
Compensation	100,573	144,947	94,939	255,749	147,869	49,665	118,839	332,023
Administrative	126,674	134,284	65,418	205,219	113,177	57,625	40,992	111,857
Professional services	11,301	77,262	6,960	14,380	16,272	49,403	9,300	58,830
Depreciation and amortization	508,549	1,383,173	120,146	1,005,776	745,118	160,834	364,660	283,225
Grants	-	-	-	-	-	-	-	-
Facility	192,848	395,613	133,783	450,614	467,036	92,845	198,930	297,474
Interest and fees	265,921	603,898	79,694	670,078	237,870	24,974	159,309	116,713
Bad debts	2,905	592	-	6,233	-	-	-	1,577
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	459,320
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	1,208,771	2,739,769	500,940	2,608,049	1,727,342	435,346	892,030	1,661,019
Excess (deficiency) of revenues over expenses	(317,398)	(1,625,977)	(89,117)	(755,118)	(838,413)	(154,661)	(393,726)	(611,549)
Net assets at beginning of year	(1,377,229)	3,016,930	(2,592,626)	(90,627)	3,111,852	1,299,861	1,138,878	(2,201,585)
Other transfers to (from) net assets	-	(21,100)	-	-	-	-	-	-
Net assets at end of year	\$ (1,694,627)	\$ 1,369,853	\$ (2,681,743)	\$ (845,745)	\$ 2,273,439	\$ 1,145,200	\$ 745,152	\$ (2,813,134)

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California XXVI, LP (Martin Luther King Village)	Mercy Housing California XLI, LP (Westbrook Plaza)	Mercy Housing California XXXIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)	Mercy Housing California XXVIII, LP (The Vineyard Townhomes)	Mercy Terrace, LLC	Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)	New Dana Strand Townhomes, LP (New Dana Strand Townhomes)
Revenues								
Rent - net of vacancies	\$ 582,074	\$ 794,357	\$ 1,175,296	\$ 766,577	\$ 811,206	\$ 3,495,700	\$ 453,307	\$ 1,154,934
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	15,258	13,638	679	2,810	18	5,886	1,180	4,719
Other	2,179	30,737	105,513	15,211	21,991	9,440	9,739	19,143
Total revenues	599,511	838,732	1,281,488	784,598	833,215	3,511,026	464,226	1,178,796
Expenses and losses								
Compensation	324,242	144,882	440,429	197,266	119,064	822,056	90,614	231,685
Administrative	104,036	130,117	199,925	136,950	122,329	300,039	68,406	216,143
Professional services	25,117	61,389	84,623	84,603	88,152	18,581	8,980	64,591
Depreciation and amortization	568,859	980,788	1,723,442	658,816	686,412	884,826	648,888	1,573,344
Grants	-	-	-	-	-	-	-	-
Facility	294,266	287,344	455,003	289,484	199,063	1,228,141	195,800	427,222
Interest and fees	237,211	236,426	1,805	37,718	229,336	304,758	251,687	364,594
Bad debts	2,404	-	-	2,501	6,940	-	-	168,733
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	1,556,135	1,840,946	2,905,227	1,407,338	1,451,296	3,558,401	1,264,375	3,046,312
Excess (deficiency) of revenues over expenses	(956,624)	(1,002,214)	(1,623,739)	(622,740)	(618,081)	(47,375)	(800,149)	(1,867,516)
Net assets at beginning of year	(539,048)	11,600,674	5,243,927	8,264,888	7,334,454	3,661,451	(534,076)	2,764,444
Other transfers to (from) net assets	35,136	-	-	-	-	-	-	72,683
Net assets at end of year	\$ (1,460,536)	\$ 10,598,460	\$ 3,620,188	\$ 7,642,148	\$ 6,716,373	\$ 3,614,076	\$ (1,334,225)	\$ 969,611

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California XXXII, LP (Creekview Manor)	Mercy Housing California XXXVI, LP (Kent Gardens)	Mercy Housing California XXXI, LP (Martinelli House)	Mercy Housing California XXXV, LP (Ardenaire Apartments)	Mercy Housing California XXXIII, LP (Casa Verde)	Mercy Housing California XXXVII, LP (Ross Ranch)	Colonia San Martin Associates, LP	Mercy Housing California 50, LP (Vera Haile Senior Housing)
Revenues								
Rent - net of vacancies	\$ 876,255	\$ 638,147	\$ 785,582	\$ 333,821	\$ 503,020	\$ -	\$ 264,207	\$ 954,320
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	53,723	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	140	14,610	8,450	7,191	195	-	15,552	(29,380)
Other	10,981	10,680	2,647	88,248	106,467	-	157,400	101,027
Total revenues	887,376	663,437	850,402	429,260	609,682	-	437,159	1,025,967
Expenses and losses								
Compensation	235,794	168,083	184,728	96,616	151,150	-	141,348	250,465
Administrative	146,064	156,394	108,220	54,712	115,937	-	68,777	164,571
Professional services	50,679	129,654	9,180	65,711	68,827	-	48,324	139,170
Depreciation and amortization	1,007,900	646,327	400,112	364,170	442,100	-	537,100	1,434,343
Grants	-	-	-	-	-	-	-	-
Facility	248,445	182,967	248,662	172,790	134,480	-	157,045	480,862
Interest and fees	207,550	47,335	304,068	149,057	264	-	52,100	338,661
Bad debts	714	234	-	1,572	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	1,897,146	1,330,994	1,254,970	904,628	912,758	-	1,004,694	2,808,072
Excess (deficiency) of revenues over expenses	(1,009,770)	(667,557)	(404,568)	(475,368)	(303,076)	-	(567,535)	(1,782,105)
Net assets at beginning of year	11,151,223	1,480,943	233,837	152,649	8,539,942	-	6,385,658	11,770,619
Other transfers to (from) net assets	-	-	-	-	-	-	(3,075)	-
Net assets at end of year	\$ 10,141,453	\$ 813,386	\$ (170,731)	\$ (322,719)	\$ 8,236,866	\$ -	\$ 5,815,048	\$ 9,988,514

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Mercy Housing California 49, LP (McAuley Meadows)	Eliminations	Consolidated Mercy Housing West
Revenues			
Rent - net of vacancies	\$ 445,824	\$ -	\$ 32,406,574
Developer fees	-	-	-
Services fees	-	(926,620)	9,922
Philanthropy	-	-	53,723
Capital grants	-	-	-
Consulting	-	-	-
Interest	6,292	-	461,761
Other	4,997	-	2,274,991
Total revenues	<u>457,113</u>	<u>(926,620)</u>	<u>35,206,971</u>
Expenses and losses			
Compensation	91,382	-	7,669,150
Administrative	88,345	(936,513)	4,257,655
Professional services	80,708	-	1,861,444
Depreciation and amortization	705,946	-	24,840,518
Grants	-	-	3,000
Facility	132,506	-	10,776,318
Interest and fees	138,440	-	7,688,772
Bad debts	27	-	201,401
Provision for impaired assets	-	-	-
Project expenses	-	-	-
Allocation	-	-	-
(Gain) loss on sale of assets	-	-	459,320
(Gain) loss on investment in limited partnership	-	(3,222)	513,609
Total expenses and losses	<u>1,237,354</u>	<u>(939,735)</u>	<u>58,271,187</u>
Excess (deficiency) of revenues over expenses	(780,241)	13,115	(23,064,216)
Net assets at beginning of year	1,945,627	(7,432,119)	110,642,422
Other transfers to (from) net assets	-	(107,818)	(37,996)
Net assets at end of year	<u>\$ 1,165,386</u>	<u>\$ (7,526,822)</u>	<u>\$ 87,540,210</u>

Affordable Housing Corp.
Consolidating Statement of Financial Position
December 31, 2017

	Affordable Housing Corp.	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 14,324	\$ -	\$ 14,324
Cash, tenant security deposits	-	24,358	-	24,358
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	33,455	-	33,455
Due from affiliate, net	65,143	990	(65,143)	990
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	6,935	-	6,935
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	65,143	80,062	(65,143)	80,062
Property and equipment				
Land and land improvements	-	278,856	-	278,856
Buildings	-	3,978,612	-	3,978,612
Furniture and equipment	-	66,148	-	66,148
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(2,820,151)	-	(2,820,151)
Net property and equipment	-	1,503,465	-	1,503,465
Other long-term assets				
Restricted property reserves	-	141,806	-	141,806
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	(507)	-	510	3
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	-	-	-
Total other long-term assets	(507)	141,806	510	141,809
Total assets	\$ 64,636	\$ 1,725,333	\$ (64,633)	\$ 1,725,336
	-	-	-	

Affordable Housing Corp.
Consolidating Statement of Financial Position
December 31, 2017

	Affordable Housing Corp.	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 112,135	\$ -	\$ 112,135
Due to affiliates	330,793	254,318	(70,914)	514,197
Accrued interest	-	1,367	-	1,367
Accrued interest, affiliates	-	17,424	-	17,424
Current portion of notes payable	-	13,207	-	13,207
Current portion of notes payable, affiliates	-	75,000	-	75,000
Deferred revenue and other liabilities	-	3,587	-	3,587
Tenant security deposits	-	23,789	-	23,789
Total current liabilities	330,793	500,827	(70,914)	760,706
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	221,353	-	221,353
Accrued interest, affiliates	-	1,771	-	1,771
Notes payable, less current portion, net	-	1,342,859	-	1,342,859
Notes payable, less current portion, affiliates	-	54,461	-	54,461
Deferred revenue and other liabilities	-	1,341	-	1,341
Total long-term liabilities	-	1,621,785	-	1,621,785
Total liabilities	330,793	2,122,612	(70,914)	2,382,491
Net assets				
Unrestricted net assets, controlling	(266,157)	(397,279)	6,281	(657,155)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(266,157)	(397,279)	6,281	(657,155)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	(266,157)	(397,279)	6,281	(657,155)
Total liabilities and net assets	\$ 64,636	\$ 1,725,333	\$ (64,633)	\$ 1,725,336

Affordable Housing Corp.
Consolidating Statement of Activities
and Changes in Net Assets
For the Year Ended December 31, 2017

	Affordable Housing Corp.	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Revenues				
Rent - net of vacancies	\$ -	\$ 318,964	\$ -	\$ 318,964
Developer fees	-	-	-	-
Services fees	10,128	-	(10,128)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	155	-	155
Other	-	40,952	-	40,952
Total revenues	<u>10,128</u>	<u>360,071</u>	<u>(10,128)</u>	<u>360,071</u>
Expenses and losses				
Compensation	-	65,189	-	65,189
Administrative	10,403	81,925	(10,128)	82,200
Professional services	336	9,225	-	9,561
Depreciation and amortization	-	146,690	-	146,690
Grants	-	-	-	-
Facility	-	183,405	-	183,405
Interest and fees	-	43,959	-	43,959
Bad debts	-	2,029	-	2,029
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	9	-	(9)	-
Total expenses and losses	<u>10,748</u>	<u>532,422</u>	<u>(10,137)</u>	<u>533,033</u>
Excess (deficiency) of revenues over expenses	(620)	(172,351)	9	(172,962)
Net assets at beginning of year	(265,537)	(224,928)	6,272	(484,193)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ (266,157)</u>	<u>\$ (397,279)</u>	<u>\$ 6,281</u>	<u>\$ (657,155)</u>

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Wheaton	Clare of Assisi Homes - Westminister, Inc.	Clare Gardens, Inc.	Francis Heights, Inc.	Villa Maria, Inc.	Paducah Ministries 1, Inc. (Lone Oak Manor)	Princeton Ministries 4, Inc. (Princeton Manor)	Assisi Homes of Illinois, Inc.	Mercy Housing Franciscan Campus, Inc. (Day Spring Villa)
Assets									
Current assets									
Cash and cash equivalents	\$ -	\$ 10,978	\$ 633,226	\$ 22,789	\$ 10,157	\$ 4,888	\$ 137,293	\$ 29,512	\$ 35,688
Cash, tenant security deposits	-	19,508	30,699	150,805	13,034	10,845	7,654	56,111	-
Cash, restricted	-	-	200	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	354	593,318	390,122	-	1,444	2,255	2,708	183,198
Due from affiliate, net	-	1,440	5,272	13,384	-	2,335	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	8,835	27,022	39,172	7,312	15,536	5,022	10,250	4,008
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	-	41,115	1,289,737	616,272	30,503	35,048	152,224	98,581	222,894
Property and equipment									
Land and land improvements	-	254,511	165,548	427,384	176,031	433,294	204,337	574,110	1,485,087
Buildings	-	4,421,187	6,524,757	11,509,571	3,163,898	3,263,586	2,226,736	3,221,425	3,543,416
Furniture and equipment	-	353,050	1,352,459	2,904,333	223,202	17,918	3,068	502,028	-
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,729,756)	(4,439,275)	(7,230,475)	(1,799,687)	(147,813)	(97,747)	(2,513,233)	(165,794)
Net property and equipment	-	2,298,992	3,603,489	7,610,813	1,763,444	3,566,985	2,336,394	1,784,330	4,862,709
Other long-term assets									
Restricted property reserves	-	251,599	294,607	1,533,309	133,227	119,413	58,080	463,543	-
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-	-
Total other long-term assets	-	251,599	294,607	1,533,309	133,227	119,413	58,080	463,543	-
Total assets	\$ -	\$ 2,591,706	\$ 5,187,833	\$ 9,760,394	\$ 1,927,174	\$ 3,721,446	\$ 2,546,698	\$ 2,346,454	\$ 5,085,603
	-	-	-	-	-	-	-	-	-

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2017

	Mercy Housing Wheaton	Clare of Assisi Homes - Westminister, Inc.	Clare Gardens, Inc.	Francis Heights, Inc.	Villa Maria, Inc.	Paducah Ministries 1, Inc. (Lone Oak Manor)	Princeton Ministries 4, Inc. (Princeton Manor)	Assisi Homes of Illinois, Inc.	Mercy Housing Franciscan Campus, Inc. (Day Spring Villa)
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ -	\$ 33,486	\$ 650,706	\$ 278,885	\$ 23,934	\$ 40,477	\$ 16,416	\$ 164,213	\$ 184,420
Due to affiliates	-	-	-	-	-	-	1,865	-	37,686
Accrued interest	-	-	27,684	685	-	2,772	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	111,579	9,169	-	72,361	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	15	1,546	7,194	-	413	-	19,379	-
Tenant security deposits	-	19,388	30,199	150,405	12,933	10,360	7,467	53,895	-
Total current liabilities	-	52,889	821,714	446,338	36,867	126,383	25,748	237,487	222,106
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	255,374	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-	283,333
Notes payable, less current portion, net	-	27,000	7,065,685	1,954,478	-	1,137,426	(6,347)	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-	5,000,000
Deferred revenue and other liabilities	-	-	6,375	8,425	-	-	-	-	-
Total long-term liabilities	-	27,000	7,072,060	2,218,277	-	1,137,426	(6,347)	-	5,283,333
Total liabilities	-	79,889	7,893,774	2,664,615	36,867	1,263,809	19,401	237,487	5,505,439
Net assets									
Unrestricted net assets, controlling	=	141,209	(2,705,941)	6,685,187	92,613	41,444	131,665	2,108,967	(419,836)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	-	141,209	(2,705,941)	6,685,187	92,613	41,444	131,665	2,108,967	(419,836)
Temporarily restricted net assets	-	2,370,608	-	- 410,592	1,797,694	2,416,193	2,395,632	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	-	2,511,817	(2,705,941)	7,095,779	1,890,307	2,457,637	2,527,297	2,108,967	(419,836)
Total liabilities and net assets	\$ -	\$ 2,591,706	\$ 5,187,833	\$ 9,760,394	\$ 1,927,174	\$ 3,721,446	\$ 2,546,698	\$ 2,346,454	\$ 5,085,603

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2017

	Brandywine, Inc.	Lake Wale Ministries, Inc. (Lake Wales Gardens)	Assisi Homes - Batavia Apartments, Inc.	Assisi Homes - Constitution House, Inc.	Assisi Homes - Colony Park, Inc.	Assisi Homes - Jefferson Court, Inc. (Jefferson Court Apartments)	Assisi Homes - Kenosha, Inc.	Assisi Homes - La Salle Manor, Inc.	Assisi Homes of Gurnee, Inc.
Assets									
Current assets									
Cash and cash equivalents	\$ 20,886	\$ 13,634	\$ 928,516	\$ 1,143,665	\$ 1,514,138	\$ 664,879	\$ 24,311	\$ 75,682	\$ 37,361
Cash, tenant security deposits	16,582	13,826	96,587	104,570	125,339	65,403	18,786	11,088	19,432
Cash, restricted	-	-	-	-	-	-	100	-	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	785	37,901	10,800	23,655	4,008	189,909	267	3,486	1,499
Due from affiliate, net	2,129	42	-	-	1,475	34,226	19,325	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	7,083	13,185	83,484	31,116	106,067	70,735	8,364	6,362	9,942
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	47,465	78,588	1,119,387	1,303,006	1,751,027	1,025,152	71,153	96,618	68,234
Property and equipment									
Land and land improvements	152,256	327,044	3,288,007	2,047,243	1,841,059	615,000	386,189	310,967	572,966
Buildings	1,116,538	2,572,113	12,628,963	14,466,914	12,979,311	13,058,189	3,310,131	1,833,885	4,319,020
Furniture and equipment	9,445	29,468	2,572,095	2,337,902	1,943,306	2,178,587	469,902	291,289	608,537
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	41,028
Accumulated depreciation	(52,373)	(88,043)	(8,995,969)	(7,688,495)	(6,389,837)	(8,886,669)	(2,167,014)	(499,879)	(2,762,103)
Net property and equipment	1,225,866	2,840,582	9,493,096	11,163,564	10,373,839	6,965,107	1,999,208	1,936,262	2,779,448
Other long-term assets									
Restricted property reserves	283,713	370,595	843,326	966,966	946,063	1,270,270	381,360	402,854	322,054
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-	-
Total other long-term assets	283,713	370,595	843,326	966,966	946,063	1,270,270	381,360	402,854	322,054
Total assets	\$ 1,557,044	\$ 3,289,765	\$ 11,455,809	\$ 13,433,536	\$ 13,070,929	\$ 9,260,529	\$ 2,451,721	\$ 2,435,734	\$ 3,169,736
	-	-	-	-	-	-	-	-	-

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2017

	Brandywine, Inc.	Lake Wale Ministries, Inc. (Lake Wales Gardens)	Assisi Homes - Batavia Apartments, Inc.	Assisi Homes - Constitution House, Inc.	Assisi Homes - Colony Park, Inc.	Assisi Homes - Jefferson Court, Inc. (Jefferson Court Apartments)	Assisi Homes - Kenosha, Inc.	Assisi Homes - La Salle Manor, Inc.	Assisi Homes of Gurnee, Inc.
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ 96,104	\$ 77,382	\$ 536,632	\$ 196,979	\$ 536,898	\$ 217,673	\$ 86,489	\$ 105,111	\$ 44,996
Due to affiliates	-	-	28,363	27,500	27,500	39,477	3,218	-	-
Accrued interest	2,151	8,875	25,118	35,678	44,476	34,686	-	3,299	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	57,599	35,242	252,648	205,467	258,312	161,050	-	17,755	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	11	891	47,422	9,449	10,382	5,789	156	777	-
Tenant security deposits	16,326	12,527	96,087	104,288	124,981	65,003	17,507	10,206	18,193
Total current liabilities	172,191	134,917	986,270	579,361	1,002,549	523,678	107,370	137,148	63,189
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	14,377	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	1,017,668	2,331,474	10,866,053	11,755,769	14,788,372	9,463,800	-	1,229,222	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	43	-	-	-	-	-	-	-
Total long-term liabilities	1,017,668	2,331,517	10,866,053	11,755,769	14,788,372	9,463,800		1,243,599	
Total liabilities	1,189,859	2,466,434	11,852,323	12,335,130	15,790,921	9,987,478	107,370	1,380,747	63,189
Net assets									
Unrestricted net assets, controlling	367,185	823,331	(432,003)	(5,607,328)	(8,189,354)	(726,949)	572,038	1,049,003	599,378
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	367,185	823,331	(432,003)	(5,607,328)	(8,189,354)	(726,949)	572,038	1,049,003	599,378
Temporarily restricted net assets	-	-	35,489	6,705,734	5,469,362	-	1,772,313	- 5,984	2,507,169
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	367,185	823,331	(396,514)	1,098,406	(2,719,992)	(726,949)	2,344,351	1,054,987	3,106,547
Total liabilities and net assets	\$ 1,557,044	\$ 3,289,765	\$ 11,455,809	\$ 13,433,536	\$ 13,070,929	\$ 9,260,529	\$ 2,451,721	\$ 2,435,734	\$ 3,169,736

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2017

	Assisi Homes of Neenah, Inc.	Canticle Place, Inc.	Marian Housing Center, Inc.	Marian Park, Inc.	Alexandria Ministries, Inc. (Alexandria Manor)	Effingham Ministries, Inc. (Colonnade Apartments)	Indianapolis Ministries 1, Inc. (Cedar Commons)	Indianapolis Ministries 2, Inc. (Spruce Manor)	Kokomo Ministries, Inc. (Kokomo Manor)
Assets									
Current assets									
Cash and cash equivalents	\$ 31,272	\$ 19,283	\$ 26,316	\$ 98,018	\$ 63,761	\$ 124,466	\$ 105,426	\$ 167,262	\$ 242,182
Cash, tenant security deposits	12,660	3,833	13,393	75,251	8,819	16,546	25,772	109,378	20,527
Cash, restricted	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	656	40,943	2,748	22,102	3,518	(353)	7,979	14,695	7,373
Due from affiliate, net	-	329	8,016	-	3,350	1,163	12,003	6,318	4,842
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	5,964	3,627	14,963	54,104	7,574	10,925	18,664	17,878	18,211
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	50,552	68,015	65,436	249,475	87,022	152,747	169,844	315,531	293,135
Property and equipment									
Land and land improvements	127,078	177,236	69,949	1,505,845	61,467	163,630	240,048	116,977	365,159
Buildings	1,573,322	1,121,413	1,549,780	4,663,667	2,002,921	1,368,486	1,795,356	1,940,582	5,346,575
Furniture and equipment	284,734	144,452	398,583	2,730,273	37,913	-	9,674	-	12,693
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	(1,221,623)	(757,670)	(1,436,743)	(3,987,039)	(90,008)	(53,590)	(77,240)	(82,229)	(247,327)
Net property and equipment	763,511	685,431	581,569	4,912,746	2,012,293	1,478,526	1,967,838	1,975,330	5,477,100
Other long-term assets									
Restricted property reserves	170,587	70,598	122,614	613,562	72,381	150,363	483,043	434,068	341,476
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	1,085,280	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	-	-
Total other long-term assets	170,587	1,155,878	122,614	613,562	72,381	150,363	483,043	434,068	341,476
Total assets	\$ 984,650	\$ 1,909,324	\$ 769,619	\$ 5,775,783	\$ 2,171,696	\$ 1,781,636	\$ 2,620,725	\$ 2,724,929	\$ 6,111,711
	-	-	-	-	-	-	-	-	-

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2017

	Assisi Homes of Neeenah, Inc.	Canticle Place, Inc.	Marian Housing Center, Inc.	Marian Park, Inc.	Alexandria Ministries, Inc. (Alexandria Manor)	Effingham Ministries, Inc. (Colonnade Apartments)	Indianapolis Ministries 1, Inc. (Cedar Commons)	Indianapolis Ministries 2, Inc. (Spruce Manor)	Kokomo Ministries, Inc. (Kokomo Manor)
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ 43,687	\$ 28,761	\$ 50,083	\$ 530,263	\$ 48,956	\$ 89,977	\$ 79,601	\$ 65,089	\$ 103,425
Due to affiliates	4,182	-	3,003	27,500	-	7,871	28,253	14,763	5,487
Accrued interest	-	-	6,586	40,041	-	-	7,770	3,470	3,953
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	49,377	174,658	-	-	47,641	28,191	122,831
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	177	71	28,625	125	2,403	1,913	8,394	7,678
Tenant security deposits	12,424	3,333	12,070	75,448	7,606	15,682	25,372	37,749	20,136
Total current liabilities	60,293	32,271	121,190	876,535	56,687	115,933	190,550	157,656	263,510
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	(523)	-	1,166,630	10,745,739	-	-	1,957,400	1,082,089	1,853,890
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-	-
Total long-term liabilities	(523)		1,166,630	10,745,739			1,957,400	1,082,089	1,853,890
Total liabilities	59,770	32,271	1,287,820	11,622,274	56,687	115,933	2,147,950	1,239,745	2,117,400
Net assets									
Unrestricted net assets, controlling	75,240	(23,309)	(518,201)	(5,846,491)	35,715	1,665,703	115,002	1,485,184	3,994,311
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	75,240	(23,309)	(518,201)	(5,846,491)	35,715	1,665,703	115,002	1,485,184	3,994,311
Temporarily restricted net assets	849,640	1,900,362	-	-	2,079,294	-	357,773	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	924,880	1,877,053	(518,201)	(5,846,491)	2,115,009	1,665,703	472,775	1,485,184	3,994,311
Total liabilities and net assets	\$ 984,650	\$ 1,909,324	\$ 769,619	\$ 5,775,783	\$ 2,171,696	\$ 1,781,636	\$ 2,620,725	\$ 2,724,929	\$ 6,111,711

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2017

	Moline Ministries 1, Inc. (Highland Manor)	Moline Ministries 2, Inc (Sanders Apartments)	Pendleton Ministries, Inc. (Edgewood Square Apartments)	Tuscon Ministries, Inc. (Western Winds)	Eliminations	Consolidated Mercy Housing Wheaton
Assets						
Current assets						
Cash and cash equivalents	\$ 54,962	\$ 7,290	\$ 81,361	\$ 91,399	\$ -	\$ 6,420,601
Cash, tenant security deposits	17,155	11,282	9,425	24,245	-	1,108,555
Cash, restricted	-	-	-	-	-	300
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	3,055	1,025	7,190	1,424	-	1,558,064
Due from affiliate, net	472	1,103	2,808	52	(531)	119,553
Pledges receivable, net	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-
Prepaid expenses and other assets	10,975	6,310	12,201	23,361	-	658,252
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	<u>86,619</u>	<u>27,010</u>	<u>112,985</u>	<u>140,481</u>	<u>(531)</u>	<u>9,865,325</u>
Property and equipment						
Land and land improvements	525,534	107,578	78,230	773,469	-	17,573,233
Buildings	3,175,592	1,153,595	1,505,513	4,472,834	-	135,829,276
Furniture and equipment	-	-	-	7,557	-	19,422,468
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	41,028
Accumulated depreciation	<u>(117,415)</u>	<u>(42,899)</u>	<u>(38,464)</u>	<u>(126,444)</u>		<u>(64,932,853)</u>
Net property and equipment	<u>3,583,711</u>	<u>1,218,274</u>	<u>1,545,279</u>	<u>5,127,416</u>		<u>107,933,152</u>
Other long-term assets						
Restricted property reserves	666,025	73,215	153,222	345,388	-	12,337,521
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	1,085,280
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-
Total other long-term assets	<u>666,025</u>	<u>73,215</u>	<u>153,222</u>	<u>345,388</u>		<u>13,422,801</u>
Total assets	<u>\$ 4,336,355</u>	<u>\$ 1,318,499</u>	<u>\$ 1,811,486</u>	<u>\$ 5,613,285</u>	<u>\$ (531)</u>	<u>\$ 131,221,278</u>
	-	-	-	-	-	-

Mercy Housing Wheaton
Consolidating Statement of Financial Position
December 31, 2017

	Moline Ministries 1, Inc. (Highland Manor)	Moline Ministries 2, Inc (Sanders Apartments)	Pendleton Ministries, Inc. (Edgewood Square Apartments)	Tuscon Ministries, Inc. (Western Winds)	Eliminations	Consolidated Mercy Housing Wheaton
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 108,087	\$ 46,580	\$ 52,858	\$ 43,420	\$ -	\$ 4,581,588
Due to affiliates	13,721	472	-	42	(531)	270,372
Accrued interest	4,323	2,803	-	8,126	-	262,496
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	113,957	28,513	-	73,812	-	1,820,162
Current portion of notes payable, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	3,849	2,208	2,861	388	-	162,116
Tenant security deposits	14,838	11,202	9,045	21,985	-	1,016,655
Total current liabilities	<u>258,775</u>	<u>91,778</u>	<u>64,764</u>	<u>147,773</u>	<u>(531)</u>	<u>8,113,389</u>
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	269,751
Accrued interest, affiliates	-	-	-	-	-	283,333
Notes payable, less current portion, net	1,961,146	556,417	-	3,472,074	-	84,425,462
Notes payable, less current portion, affiliates	-	-	-	-	-	5,000,000
Deferred revenue and other liabilities	-	-	-	-	-	14,843
Total long-term liabilities	<u>1,961,146</u>	<u>556,417</u>	<u>-</u>	<u>3,472,074</u>	<u>-</u>	<u>89,993,389</u>
Total liabilities	<u>2,219,921</u>	<u>648,195</u>	<u>64,764</u>	<u>3,619,847</u>	<u>(531)</u>	<u>98,106,778</u>
Net assets						
Unrestricted net assets, controlling	2,116,434	670,304	1,746,722	1,993,438	-	2,040,661
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	<u>2,116,434</u>	<u>670,304</u>	<u>1,746,722</u>	<u>1,993,438</u>	<u>-</u>	<u>2,040,661</u>
Temporarily restricted net assets	-	-	-	-	-	31,073,839
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	<u>2,116,434</u>	<u>670,304</u>	<u>1,746,722</u>	<u>1,993,438</u>	<u>-</u>	<u>33,114,500</u>
Total liabilities and net assets	<u>\$ 4,336,355</u>	<u>\$ 1,318,499</u>	<u>\$ 1,811,486</u>	<u>\$ 5,613,285</u>	<u>\$ (531)</u>	<u>\$ 131,221,278</u>

Mercy Housing Wheaton
Consolidating Statement of Activities
and Changes in Net Assets
For the Year ended December 31, 2017

	Mercy Housing Wheaton	Clare of Assisi Homes - Westminister, Inc.	Clare Gardens, Inc.	Francis Heights, Inc.	Villa Maria, Inc.	Paducah Ministries 1, Inc. (Lone Oak Manor)	Princeton Ministries 4, Inc. (Princeton Manor)	Assisi Homes of Illinois, Inc.	Mercy Housing Franciscan Campus, Inc. (Day Spring Villa)
Revenues									
Rent - net of vacancies	\$ -	\$ 455,059	\$ 2,056,955	\$ 3,121,748	\$ 344,989	\$ 515,740	\$ 338,390	\$ 684,236	\$ 31,667
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	106,118	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	-	29	35	351	15	56	54	44	-
Other	-	3,046	5,797	78,503	1,950	4,548	2,767	15,643	29,694
Total revenues	-	458,134	2,062,787	3,306,720	346,954	520,344	341,211	699,923	61,361
Expenses and losses									
Compensation	-	123,953	351,680	483,003	87,807	102,517	47,344	144,329	-
Administrative	-	72,706	(75,495)	551,902	51,029	75,029	37,636	80,742	3,388
Professional services	-	27,352	149,560	102,965	24,646	13,880	10,880	2,043	5,000
Depreciation and amortization	-	174,685	310,310	627,809	127,780	85,023	54,819	126,570	132,800
Grants	-	-	-	-	-	-	-	-	-
Facility	-	151,013	423,148	1,099,133	114,780	203,020	112,825	407,783	8,004
Interest and fees	-	-	341,033	31,061	-	34,161	53	-	200,000
Bad debts	-	28	1,495	2,221	-	-	-	4,340	-
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	(585,594)	(159,960)	-	-	-	-	(3,878)
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-	-
Total expenses and losses	-	549,737	916,137	2,738,134	406,042	513,630	263,557	765,807	345,314
Excess (deficiency) of revenues over expenses	-	(91,603)	1,146,650	568,586	(59,088)	6,714	77,654	(65,884)	(283,953)
Net assets at beginning of year	-	2,603,420	(3,624,194)	6,527,166	1,949,395	2,450,923	2,449,643	2,174,851	(135,883)
Other transfers to (from) net assets	-	-	(228,397)	27	-	-	-	-	-
Net assets at end of year	\$ -	\$ 2,511,817	\$ (2,705,941)	\$ 7,095,779	\$ 1,890,307	\$ 2,457,637	\$ 2,527,297	\$ 2,108,967	\$ (419,836)

Mercy Housing Wheaton
Consolidating Statement of Activities
and Changes in Net Assets
For the Year ended December 31, 2017

	Brandywine, Inc.	Lake Wale Ministries, Inc. (Lake Wales Gardens)	Assisi Homes - Batavia Apartments, Inc.	Assisi Homes - Constitution House, Inc.	Assisi Homes - Colony Park, Inc.	Assisi Homes - Jefferson Court, Inc. (Jefferson Court Apartments)	Assisi Homes - Kenosha, Inc.	Assisi Homes - La Salle Manor, Inc.	Assisi Homes of Gurnee, Inc.
Revenues									
Rent - net of vacancies	\$ 463,014	\$ 826,936	\$ 3,047,603	\$ 2,801,181	\$ 3,417,336	\$ 2,331,190	\$ 402,277	\$ 450,953	\$ 452,028
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	116,993	(6,916)	-	-	-	-
Capital grants	-	-	-	(74,291)	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	53	56	307	139	226	591	(229)	97	36
Other	2,197	14,113	96,880	209,114	61,717	31,834	3,996	8,123	15,898
Total revenues	<u>465,264</u>	<u>841,105</u>	<u>3,144,790</u>	<u>3,053,136</u>	<u>3,472,363</u>	<u>2,363,615</u>	<u>406,044</u>	<u>459,173</u>	<u>467,962</u>
Expenses and losses									
Compensation	119,159	142,822	485,099	409,451	481,810	495,537	119,415	103,552	161,006
Administrative	47,195	129,058	442,982	363,582	(832,589)	(389,260)	56,150	67,337	94,666
Professional services	4,495	6,490	17,658	23,562	33,961	8,351	5,271	2,547	5,271
Depreciation and amortization	29,225	69,755	583,154	629,212	421,170	496,036	159,059	92,343	172,207
Grants	-	-	-	-	-	-	-	-	-
Facility	206,702	354,190	1,031,446	730,402	945,781	568,902	145,107	177,673	133,104
Interest and fees	26,428	107,182	289,272	445,032	504,459	405,890	25	40,740	38
Bad debts	-	3,062	17,355	2,004	2,672	142	-	-	160
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>433,204</u>	<u>812,559</u>	<u>2,866,966</u>	<u>2,603,245</u>	<u>1,557,264</u>	<u>1,585,598</u>	<u>485,027</u>	<u>484,192</u>	<u>566,452</u>
Excess (deficiency) of revenues over expenses	32,060	28,546	277,824	449,891	1,915,099	778,017	(78,983)	(25,019)	(98,490)
Net assets at beginning of year	335,125	-	-	-	-	-	-	-	-
Other transfers to (from) net assets	-	794,785	(674,338)	648,515	(4,635,891)	(1,504,966)	2,423,334	1,080,006	3,205,037
Net assets at end of year	<u>\$ 367,185</u>	<u>\$ 823,331</u>	<u>\$ (396,514)</u>	<u>\$ 1,098,406</u>	<u>\$ (2,719,992)</u>	<u>\$ (726,949)</u>	<u>\$ 2,344,351</u>	<u>\$ 1,054,987</u>	<u>\$ 3,106,547</u>

Mercy Housing Wheaton
Consolidating Statement of Activities
and Changes in Net Assets
For the Year ended December 31, 2017

	Assisi Homes of Neenah, Inc.	Canticle Place, Inc.	Marian Housing Center, Inc.	Marian Park, Inc.	Alexandria Ministries, Inc. (Alexandria Manor)	Effingham Ministries, Inc. (Colonnade Apartments)	Indianapolis Ministries 1, Inc. (Cedar Commons)	Indianapolis Ministries 2, Inc. (Spruce Manor)	Kokomo Ministries, Inc. (Kokomo Manor)
Revenues									
Rent - net of vacancies	\$ 283,266	\$ 124,476	\$ 322,358	\$ 2,403,263	\$ 373,147	\$ 566,963	\$ 563,328	\$ 933,282	\$ 907,544
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-	-
Philanthropy	-	-	31,279	-	-	-	-	-	-
Capital grants	-	-	1,795	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	18	8	45	167	70	244	208	151	155
Other	5,318	2,151	24,048	146,829	4,039	7,310	4,518	18,012	7,841
Total revenues	288,602	126,635	379,525	2,550,259	377,256	574,517	568,054	951,445	915,540
Expenses and losses									
Compensation	161,993	33,614	121,554	522,696	104,004	111,578	112,302	178,772	166,820
Administrative	52,669	17,241	48,324	103,169	44,717	112,706	90,790	137,145	78,731
Professional services	5,967	4,629	4,423	336,455	7,157	7,887	6,875	7,363	7,781
Depreciation and amortization	73,203	50,638	50,210	289,298	33,715	35,486	39,348	44,525	135,494
Grants	-	-	-	-	-	-	-	-	-
Facility	68,849	84,246	152,574	816,049	110,861	241,114	164,108	466,445	377,779
Interest and fees	119	35	48,093	411,669	-	-	86,209	38,568	44,693
Bad debts	-	-	-	2,475	3,561	3,275	-	1,274	3,323
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-	-
Total expenses and losses	362,800	190,403	425,178	2,481,811	304,015	512,046	499,632	874,092	814,621
Excess (deficiency) of revenues over expenses	(74,198)	(63,768)	(45,653)	68,448	73,241	62,471	68,422	77,353	100,919
Net assets at beginning of year	-	-	-	-	-	-	-	-	-
Other transfers to (from) net assets	999,078	1,940,821	(472,548)	(5,914,939)	2,041,768	1,603,232	404,353	1,407,831	3,893,392
Net assets at end of year	\$ 924,880	\$ 1,877,053	\$ (518,201)	\$ (5,846,491)	\$ 2,115,009	\$ 1,665,703	\$ 472,775	\$ 1,485,184	\$ 3,994,311

Mercy Housing Wheaton
Consolidating Statement of Activities
and Changes in Net Assets
For the Year ended December 31, 2017

	Moline Ministries 1, Inc. (Highland Manor)	Moline Ministries 2, Inc (Sanders Apartments)	Pendleton Ministries, Inc. (Edgewood Square Apartments)	Tuscon Ministries, Inc. (Western Winds)	Eliminations	Consolidated Mercy Housing Wheaton
Revenues						
Rent - net of vacancies	\$ 614,804	\$ 239,894	\$ 418,395	\$ 484,060	\$ -	\$ 29,976,082
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	247,474
Capital grants	-	-	-	-	-	(72,496)
Consulting	-	-	-	-	-	-
Interest	220	8	207	75	-	3,436
Other	7,377	11,681	7,006	843	-	832,793
Total revenues	<u>622,401</u>	<u>251,583</u>	<u>425,608</u>	<u>484,978</u>	<u>-</u>	<u>30,987,289</u>
Expenses and losses						
Compensation	100,801	49,260	116,683	83,834	-	5,722,395
Administrative	101,644	51,088	71,359	68,899	-	1,754,540
Professional services	7,635	6,875	5,615	5,831	-	858,425
Depreciation and amortization	71,952	25,161	38,464	121,626	-	5,301,077
Grants	-	-	-	-	-	-
Facility	264,165	105,927	151,883	124,881	-	9,941,894
Interest and fees	48,329	31,367	-	60,908	-	3,195,364
Bad debts	2,235	4,622	11,291	-	-	65,535
Provision for impaired assets	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	(749,432)
(Gain) loss on investment in limited partnership	-	-	-	-	-	-
Total expenses and losses	<u>596,761</u>	<u>274,300</u>	<u>395,295</u>	<u>465,979</u>	<u>-</u>	<u>26,089,798</u>
Excess (deficiency) of revenues over expenses	25,640	(22,717)	30,313	18,999	-	4,897,491
Net assets at beginning of year	-	-	-	-	-	14,730,446
Other transfers to (from) net assets	2,090,794	693,021	1,716,409	1,974,439	-	13,486,563
Net assets at end of year	<u>\$ 2,116,434</u>	<u>\$ 670,304</u>	<u>\$ 1,746,722</u>	<u>\$ 1,993,438</u>	<u>\$ -</u>	<u>\$ 33,114,500</u>

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2017

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Agriculture (USDA)</u>				
Direct				
Intermediary Relending Program	10.767		\$ 790,336	\$ -
Rural Rental Assistance Payments	10.427		2,546,776	
Rural Rental Housing Loans	10.415		24,168,976	
Supplemental Nutrition Assistance Program	10.551		1,278	
			27,507,366	-
Subtotal USDA				
<u>United States Department of Energy</u>				
Pass Through				
King County Weatherization	81.042			750,000
			-	750,000
Subtotal United States Department of Energy				
<u>United States Department of Health and Human Services</u>				
Pass Through				
ACA – State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	002810005		11,332
Amador-Toulumne Community Action Agency / CDBG Technical Assistance Program	93.757	2016-00000179		12,000
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243	00-HM-430 / 00-HM-430-731		376,915
Teen Afterschool Prevention (TAP)	93.558			52,732
			-	452,979
Subtotal United States Department of Health and Human Services				
<u>United States Department of Housing & Urban Development (HUD)</u>				
Direct				
HUD Community Development Block Grant Entitlement Grant	14.218	95-F765446-00	26,806	
HUD Community Development Block Grant Entitlement Grant	14.218		3,501	
HOME Investment Partnership Program	14.239		1,196,467	
Continuum of Care Program	14.267		150,869	
Continuum of Care Program	14.267	SC-103530	10,400	
Grant Capital Advance Section 202	14.157		185,132,494	
Grant Capital Advance Section 202	14.195		21,113	
Grant Capital Advance Section 202	14.195		19,187,718	
Grant Capital Advance Section 202	14.197		7,700,000	
Grant Capital Advance Section 202	14.258		1,400,000	
HOME Investment Partnership Program	14.239		953,717	
Housing Assistance Payments (HAP) Section 8	14.195		1,688,454	
Housing Assistance Payments (HAP) Section 8	14.195		1,259,480	
Housing Assistance Payments (HAP) Section 8	14.195		18,908,512	
Interest Reduction Payments Section 236	14.103		85,374	
Mortgage Insurance for the Purchase Section 223 (a) (7)	14.155		84,060,974	
Multifamily Services Coordinator Grant	14.191		1,513,531	
Preservation of Affordable Housing	14.187		11,414,014	
Project Rental Assistance Contract (PRAC) Section 202	14.157		10,194,693	
Project Rental Assistance Contract (PRAC) Section 811	14.181		693,851	
Supportive Housing for Persons with Disabilities-Capital Advance Section 811	14.181		8,242,823	
Supportive Housing for the Elderly Direct Loan Section 202	14.157		6,479,282	
Supportive Housing Program-Capital Advance	14.157		5,449,100	
Supportive Housing Program-Capital Advance	14.235		7,551,766	
Pass Through				
ACA – State Innovation Models: Funding for Model Design and Model Testing Assistance	14.218			16,433
Amador-Toulumne Community Action Agency / CDBG Technical Assistance Program	14.227			63,932
Amador-Toulumne Community Action Agency / CDBG Technical Assistance Program	14.239	00-HM-430 / 00-HM-430-731		300,000
Califotnia/TCAP	14.258			24,705,821
Boise Housing Authority / HOME Investment Partnership Program / HAP Section 8	14.195			15,865
California Housing Finance Agency (CHFA) / County of Alameda Housing and Community Development / HOME Investment Partnership Program	14.239			2,912,230
California Housing Finance Agency (CHFA) / Risk Sharing Loans	14.188	92-012-N		1,956,438
California Housing Finance Agency (CHFA) / Risk Sharing Loans	14.188	97-033N; 97022-N		1,716,312
California State Department of Housing and Community Development / HOME Investment Partnership Program	14.239	02-HOME-0633		1,371,859
California State Department of Housing and Community Development / HOME Investment Partnership Program	14.239			4,415,279
Chicago Housing Authority / HAP Section 8	14.195			693,115
City and County of San Francisco / HOME Investment Partnership Program	14.239			3,491,951
City and County of Denver / CDBG State Program	14.228			275,000
City and County of Denver / HOME Investment Partnership Program	14.239			277,240
City and County of San Francisco / CDBG State Program	14.218	95-F765446-00		9,543,469
City and County of San Francisco / CDBG State Program	14.228			4,142,575
City and County of San Francisco / HOME Program Loan Agreement	14.239			8,868,942

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2017

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
United States Department of Housing & Urban Development (HUD)				
City and County of San Francisco / Mayor's Office of Housing / CDBG State Program	14.228	95-F765446-00		3,715,507
City and County of San Francisco / Mayor's Office of Housing / HAP Program Section 8	14.195			1,276,974
City and County of San Francisco / Mayor's Office of Housing / HOME Investment Partnership Program	14.239			650,351
City and County of San Francisco Housing Opportunities for Persons with Aids	14.241			800,000
City and County of San Francisco/HOME Investment Partnership Program	14.239			15,673,772
City of Bakersfield / HOME Investment Partnership Program	14.239	98-284		230,000
City of Bellingham / HOME Investment Partnership Program / HAP Section 8	14.239	00-HM-430 / 00-HM-430-731		7,080
City of Bellingham / HOME Investment Partnership Program / HAP Section 8	14.239			200,450
City of Chicago / Chicago Department of Housing / CDBG Entitlement Grant	14.218			105,558
City of Chicago / Department of Housing / CDBG Multi-family Loan State Program	14.228			2,320
City of Chicago / Department of Housing / CDBG State Program / HAP Section 8	14.195			250,615
City of Chicago / Department of Housing / CDBG State Program Entitlement / HAP Section 8	14.195			390,967
City of Chicago / Department of Housing / HOME Investment Partnership Program	14.239			17,895,190
City of Chicago / Department of Housing / HOME Investment Partnership Program / HAP Section 8	14.195			1,027,173
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	II0102L5T101407		253,254
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	IL0102L5T101508		8,805
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	IL0131L5T101407		103,316
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	IL0131L5T101508		91,114
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	IL0166L5T101407		53,643
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	IL0166L5T101508		32,302
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	IL0188L5T101508		134,331
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	IL0206L5T101306		388,128
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	WI0056L5I011508		141,519
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	WI0113L5I011403		16,680
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235	WI0113L5I011504		17,161
City of Chicago / Department of Human Services (DHS) / HUD Shelter Plus Care	14.238	24443/PO 24443-4		610,617
City of Chicago / Department of Human Services (DHS) / HUD Shelter Plus Care	14.238	24443/PO 24443-5		126,462
City of Chicago / Department of Human Services (DHS) / HUD Shelter Plus Care	14.238	24444/PO 24444-4		153,663
City of Chicago / Department of Human Services (DHS) / HUD Shelter Plus Care	14.238	24444/PO 24444-5		220,927
City of Chicago / Department of Human Services (DHS) / HUD Shelter Plus Care	14.238	24445/PO 24445-4		123,263
City of Chicago / Department of Human Services (DHS) / HUD Shelter Plus Care	14.238	24445/PO 24445-5		63,800
City of Chicago, Illinois / Department of Housing / CDBG Multi-family Loan State Program / HAP Section 8	14.195			292,498
City of Chicago, Illinois / Department of Housing / CDBG State Program / SNAP Program "Strategic Neighborhood Action Program"	14.228			3,469,591
City of Chicago/ AIDS Foundation of Chicago / Substance Abuse and Mental Health Services Projects of Regional and National Significance	14.235	3LF018		3,117
City of Chicago/ AIDS Foundation of Chicago / Substance Abuse and Mental Health Services Projects of Regional and National Significance	14.235	3LF049		127,321
City of Chicago/Dept of Community Development/HOME	14.239			6,211,488
City of Cincinnati / HOME Investment Partnership Program	14.239	65X0131; 65X015		453,863
City of Cincinnati / HOME Investment Partnership Program	14.239			81,239
City of Council Bluffs / HOME Investment Partnership Program / HAP Section 8	14.195			84,828
City of Daly / HOME Investment Partnership Program	14.239			491,643
City of Daly / HOME Investment Partnership Program / HAP Section 8	14.195			92,615
City of Daly City / CDBG State Loan Program	14.228			536,202
City of Dubuque, Iowa / CDBG State Program	14.228	258-93		528,701
City of Eagle, Idaho County / Idaho Community Development Block Grant	14.228			466,101
City of Encinitas / CDBG State Program	14.228			614,000
City of Folsom / CDBG State Program	14.228			92,940
City of Glendale / HOME Investment Partnership Program	14.239			149,240
City of Greenville (Community Development Department) / Forgivable Loan	14.235			262,406
City of Los Angeles / CDBG State Program	14.228	95-2167; C-93360		956,048
City of Los Angeles / CDBG State Programs and HOME Investment Partnership Program / HAP Section 8	14.195			9,958

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2017

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Housing & Urban Development (HUD)</u>				
City of Los Angeles / HOME Investment Partnership Program	14.239	95.1452; C92700		662,254
City of Los Angeles/HOME Investment Partnership Program	14.239			518,300
City of Santa Cruz / CDBG Revolving Loan Fund	14.228			340,287
City of Santa Cruz / CDBG State Program	14.228	CA027HG701		221,100
City of Santa Cruz / CDBG State Program	14.228			153,197
City of Santa Cruz / HOME Investment Partnership Program	14.239	M-92-SG-19-0100-400-27-04		600,000
City of Santa Cruz / HOME Investment Partnership Program	14.239			2,393,637
City of Seattle/HOME Investment Program	14.239			2,830,921
City of South Lake Tahoe / HOME Investment Partnership Program	14.239	96-HOME-0222; 97-HOME-0280		2,946,393
City of Stockton / HOME Investment Partnership Program	14.239			5,162,691
City of Yolo/CDBG	14.228			792,076
City of Yolo/HOME	14.239			3,320,456
City of Yuba City / HOME Investment Partnership Program	14.239	98-HOME-0341		1,100,446
City of Yuba City / HOME Investment Partnership Program / HAP Section 8	14.195			173,109
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program	14.239			579,356
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program / HAP Section 8	14.195			482,556
Community Development Block Grant / State's Program	14.228			200,000
Community Development Commission of the City of Oxnard / CDBG Section 108 Loan Guarantee	14.248	96-164218		720,846
Community Housing Services Agency / CDBG State Program	14.228			452,458
Community Housing Services Agency / HOME Investment Partnership Program	14.239			243,200
Community Housing Services Agency/CDBG	14.228			1,494,980
County of Alameda / CDBG Section 108 Loan Guarantee	14.248	00-HM-430 / 00-HM-430-731		153,628
County of Alameda / CDBG State Program	14.228			462,097
County of Alameda / HOME Investment Partnership Program	14.239			798,781
County of Contra Costa / CDBG Section 108 Loan Guarantee	14.241			680,000
County of Contra Costa / CDBG Section 108 Loan Guarantee	14.248			1,397,174
County of Contra Costa / HOME Investment Partnership Program	14.239	07-52-HM		1,872,634
County of Contra Costa / HOME Investment Partnership Program	14.239			2,597,278
County of Contra Costa / Housing Opportunities for Persons with AIDS HOPWA Grant / HAP Section 8	14.195			254,764
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			822,409
County of Riverside / HOME Investment Partnership Program	14.239	File No: 4HM-02-003		1,038,000
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			1,566,621
County of San Mateo / CDBG State Loan Program	14.228			176,797
County of San Mateo / HOME Investment Partnership Program	14.239			362,997
County of San Mateo / Section 108 Loan Guarantee	14.248			1,080,307
County of San Mateo/HOME Investment Partnership Program	14.239			2,245,830
Davis County Housing Authority / CDBG States Program	14.195			573,583
Davis County Housing Authority / CDBG States Program	14.228			334,672
Department of Housing and Community Development of the State of California / HOME Grant CHDO	14.239	96-HOME-0223		1,329,489
Georgia Housing and Finance Authority / HOME Investment Partnership Program	14.239			2,455,098
Georgia Housing and Finance Authority/HOME Investment Program	14.239			6,923,395
El Monte Housing Authority	14.239			1,272,155
HOME Investment Partnership Program	14.239	00-HM-430 / 00-HM-430-731		3,433,286
HOME Investment Partnership Program	14.239	00-HM-430 / 00-HM-430-731		442,869
HOME Investment Partnership Program	14.239	11-HOME6952		2,993,170
HOME Investment Partnership Program	14.239			9,636
HOME Investment Partnership Program	14.239			913,900
HOME Investment Partnership Program	14.239			1,161,690
HOME Investment Partnership Program	14.239			1,835,425
HOME Investment Partnership Program	14.239			1,404,000
HOME Investment Partnership Program	14.239			1,683,190
HOME Investment Partnership Program	14.239			318,116
Housing Authority of the City of Atlanta, Georgia / Hope VI	14.866			5,917,142
Housing Authority of the City of Los Angeles, California / HOME Investment Partnership Program	14.239			6,729,758
Housing Authority of the County of Dekalb Georgia/HOME Investment Partnership Program	14.239			870,158
Housing Authority of the County of Santa Cruz / HAP / Section 8	14.195			179,611
Idaho Housing Agency / HOME Investment Partnership Program	14.239			443,416
Idaho Housing and Finance Association / HOME Investments Partnership Program	14.239			1,112,488
Illinois Housing Development Authority / Section 8 New Construction and Substantial Rehabilitation	14.182			882,259
Illinois Housing Development Authority / Section 8 New Construction and Substantial Rehabilitation	14.195			904,438
Illinois Housing Development Authority / HOME Investment Partnership Program	14.239			6,111,279
Illinois Housing Development Authority / HOME Investment Partnership Program / Multifamily Program / HAP Section 8	14.195			354,627
Iowa Department of Economic Development / HOME Investment Partnership Program	14.239	M-92-SG-19-0100-400-27-04		332,542
King County Dept of Community and Human Services / HOME Investment Program	14.239			1,677,233

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2017

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<u>United States Department of Housing & Urban Development (HUD)</u>				
None	14.218	34145/PO 31453		240,324
None	14.218			20,933
None	14.228			70,191
None	14.239			7,080
Enterprise Community Partners, Inc. HUD 202 Supportive Housing	14.252			28,284
Omaha Housing Authority of the City of Omaha / Housing Assistance payment (HAP) Section 8	14.195			477,052
Omaha Housing Authority of the City of Omaha / Multi-family Assisted Housing Reform and Affordability Act	14.197	103-11014-PUR/CON-EC-FAM		4,512,584
Pierce County / CDBG State Program	14.228			75,000
Pierce County Community Development / HOME Investment Partnership Program	14.239			54,461
Redevelopment Agency / City and County of San Francisco / CDBG State Program	14.228			357,660
Redevelopment Agency of Sacramento/HOME Investment Program	14.239			8,200,000
Redevelopment Agency of the City and County of San Francisco / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			5,226,422
Redevelopment Agency of the City and County of San Francisco / Housing Assistance Payment (HAP) Section 8	14.195			1,501,075
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program	14.239			10,460,298
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program / HAP Section 8	14.195			32,147
Sacramento Housing and Redevelopment Agency / Rural California Housing Corporation / HOME Investment Partnership Program	14.239			852,910
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement	14.241			618,054
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement / HAP Section 8	14.195			1,182,672
Section 4 Capacity Building for Community Development and Affordable Housing	14.252			102,571
Snohomish County / HOME Investment Partnership Program	14.218	B-16-UC-53-0003		6,910
Snohomish County / HOME Investment Partnership Program	14.239			2,295,131
State of Arizona / Department of Commerce / HOME Investment Partnership Program	14.239			150,000
State of California / Department of Housing & Community Development / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241	91-HRL-PH-002		837,774
State of Ohio / Division of Community Development / City of Cincinnati / HOME Ownership Program	14.239			252,000
State of Washington / Department of Community, Trade and Economic Development / HOME Investment Partnership Program	14.239			1,358,099
State of Washington/ Department of Commerce/ Housing Division/ HOME Contracts	14.239			1,532,983
State of Washington Department of Community Trade and Economic	14.157	127-EE038		404,636
Tacoma Community Development Authority / CDBG State Program	14.195			241,484
Tacoma Community Development Authority / CDBG State Program	14.228			457,500
Tacoma Community Redevelopment Agency / HOME Investment Partnership Program	14.239			565,000
Tacoma Community Redevelopment Authority / CDBG Loan Agreement	14.228			600,000
Tacoma Community Redevelopment Authority / CDBG State Program	14.228			400,000
Tacoma Community Redevelopment Authority / CDBG State Program / HAP Section 8	14.195			154,795
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program	14.195			161,124
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program	14.239			833,291
Wisconsin Housing and Economic Development Authority / Tax Credit Assistance Program	14.258	468-0323-100-8 & 468-0210-1		1,825,586
Wisconsin Housing and Economic Development Authority / Tax Credit Assistance Program/ HAP Section 8	14.195			547,899
Subtotal HUD			373,324,939	269,949,787
<u>United States Department of Treasury</u>				
Direct				
CDFI Program	21.02		2,750,000	
Subtotal United States Department of Treasury			2,750,000	-
Total Expenditures of Direct and Indirect Federal Awards			\$ 403,582,305	\$ 271,152,766
Total Expenditures of Federal Awards				\$ 674,735,071

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2017

Summary by CFDA Number:

			<u>Federal Expenditures</u>
USDA Rural Rental Housing Loans	10.415	\$	24,168,976
USDA Rural Rental Assistance Payments	10.427		2,546,776
Supplemental Nutrition Assistance Program	10.551		1,278
USDA Intermediary Relending Program	10.767		790,336
HUD Interest Reduction Payments Section 236	14.103		85,374
HUD Mortgage Insurance for the Purchase Section 223(a)(7)	14.155		84,060,974
HUD Supportive Housing for the Elderly Direct Loan Section/Capital Advance Section 202/HUD Project Rental Assistance contract (PRAC) Section 202	14.157		207,660,205
HUD Supportive Housing for Persons with Disabilities Capital Advance Section 811/HUD Project Rental Assistance Contract (PRAC) Section 811	14.181		8,936,674
Preservation of Affordable Housing	14.187		11,414,014
HUD Housing Finance Agencies (HFA) Risk Sharing Loans	14.188		3,672,750
HUD Multi-Family Services Coordinator Grant	14.191		1,513,531
HUD Section 8 New Construction and Substantial Rehabilitation	14.182	\$	882,259
HUD Housing Assistance Payments (HAP) Section 8	14.195		52,420,821
Subtotal Section 8 Project-Based Cluster			53,303,080
HUD Multi-Family Assisted Housing Reform & Affordability Act	14.197		12,212,584
HUD Community Development Block Grant Entitlement Grant	14.218		9,963,934
HUD Comm. Dev. Block Grant/Technical Assistance Program	14.227		63,932
HUD Community Development Block Grant/State's Program	14.228		21,387,000
HUD Supportive Housing Program - Capital Advance/Office of Community Planning & Development - Supportive Housing Program/Forgivable Loan	14.235		9,184,863
HUD Shelter Plus Care	14.238		1,298,732
HUD HOME Investment Partnership Program/HOME Grant CHDO	14.239		170,230,580
HUD Housing Opportunities for Persons with AIDS HOPWA Grant	14.241		10,793,871
HUD Community Development Block Section 108 Loan Guarantee	14.248		3,351,955
HUD Capacity Building For Affordable Housing And Community Development Grants	14.252		130,855
HUD Tax Credit Assistance Program (Recovery Act Funded)	14.258		27,931,407
Continuum of Care	14.267		161,269
Revitalization of Severely Distressed Public Housing (Hope VI)	14.866		5,917,142
Department of Treasury	21.02		2,750,000
Department of Energy Weatherization Assistance Program (WAP)	81.042		750,000
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243		376,915
Department of Health and Human Services for Children and Families	93.558		52,732
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624		11,332
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757		12,000
		\$	<u>674,735,071</u>

See Notes to Schedule of Expenditures of Federal Awards.

Mercy Housing, Inc.

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2017

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mercy Housing, Inc., under programs of the federal government for the year ended December 31, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mercy Housing, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mercy Housing, Inc.

Note 2 - Summary of significant accounting policies

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

Note 3 - Loan and capital advance program

Mercy Housing, Inc. has received direct loans and capital grant advances under multiple federal programs as listed below. The loan balances outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule. Mercy Housing, Inc. received additional loans during the year. The balance of the loans outstanding at December 31, 2017 consists of:

CFDA Number	Program Name	Outstanding Balance at December 31, 2017
10.415	USDA Rural Rental Housing Loans	\$ 23,489,102
10.767	USDA Intermediary Relending Program	\$ 712,900
14.103	HUD Interest Reduction Payments Section 236	\$ 83,253
14.155	HUD Mortgage Insurance for the Purchase Section 223(a)(7)	\$ 94,600,847
14.157	HUD Supportive Housing for the Elderly Direct Loan Section/Capital Advance Section 202/HUD Project Rental Assistance contract (PRAC) Section 202	\$ 198,545,682
14.181	HUD Supportive Housing for Persons with Disabilities Capital Advance Section 811/HUD Project Rental Assistance Contract (PRAC) Section 811	\$ 8,242,823
14.182	HUD Section 8 New Construction and Substantial Rehabilitation	\$ 916,096
14.187	Preservation of Affordable Housing	\$ 11,414,014
14.188	HUD Housing Finance Agencies (HFA) Risk Sharing Loans	\$ 3,481,598
14.218	HUD Community Development Block Grant Entitlement Grant	\$ 11,601,266
14.227	HUD Comm. Dev. Block Grant/Technical Assistance Program	\$ 63,932
14.228	HUD Community Development Block Grant/State's Program	\$ 17,772,089
14.235	HUD Supportive Housing Program - Capital Advance/Office of Community Planning & Development - Supportive Housing Program/Forgivable Loan	\$ 9,119,940
14.239	HUD HOME Investment Partnership Program/HOME Grant CHDO	\$ 163,260,725
14.241	HUD Housing Opportunities for Persons with AIDS HOPWA Grant	\$ 10,780,408
14.248	HUD Community Development Block Section 108 Loan Guarantee	\$ 3,418,646

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

To the Board of Directors
Mercy Housing, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Mercy Housing, Inc., which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon April 19, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mercy Housing, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Charlotte, North Carolina
April 19, 2018

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

To the Board of Directors
Mercy Housing, Inc.

Report on Compliance for Each Major Federal Program

We have audited Mercy Housing, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mercy Housing, Inc.'s major federal programs for the year ended December 31, 2017. Mercy Housing, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Mercy Housing, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

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

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

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

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

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

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

Charlotte, North Carolina
April 19, 2018

Mercy Housing, Inc.

**Schedule of Findings and Questioned Costs
December 31, 2017**

Summary of auditor's results

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

Section 8 Project Based Cluster	14.195 and 14.182
Rural Rental Housing Loans	10.415
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155
Preservation of Affordable Housing	14.187
Community Development Block Grants	14.248
Tax Credit Assistance Program	14.258
Demolition and Revitalization of Severely Distressed Public Housing	14.866
Rural Rental Assistance Payments	10.427
Intermediary Relending Program	10.767
Multifamily Services Coordinator Grant	14.191
8. The threshold for distinguishing Type A and B programs was \$3,000,000.
9. Mercy Housing, Inc. was determined to be a low-risk auditee.

Mercy Housing, Inc.

**Schedule of Findings and Questioned Costs
December 31, 2017**

A. Findings - Financial Statements Audit

None.

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

None.

C. Status of Prior Year Findings and Questioned Costs

None.

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