

**Mercy Housing, Inc.**

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

**December 31, 2012 and 2011**

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## **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 financial statements of Mercy Housing, Inc., which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 financial statements referred to above present fairly, in all material respects, the financial position of Mercy Housing, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matter*

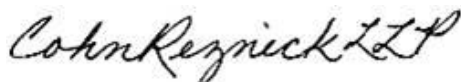
The financial statements of Mercy Housing, Inc. as of December 31, 2011, were audited by other auditors whose report dated April 26, 2012, expressed an unmodified opinion on those statements.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 48 through 263 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 underlying accounting and other records used to prepare the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is also 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 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 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 25, 2013, on our consideration of Mercy Housing, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mercy Housing, Inc.'s internal control over financial reporting and compliance.



Charlotte, North Carolina  
April 25, 2013

**Mercy Housing, Inc.**  
**Consolidated Statements of Financial Position**  
**December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 31,393,731	\$ 25,961,338
Cash, tenant security deposits	6,156,330	5,792,957
Cash, restricted	64,070,249	39,497,610
Investments	2,730,000	2,280,487
Investments, restricted	685,902	478,012
Accounts receivable, net	5,705,771	7,340,764
Pledges receivable, net	676,875	867,399
Grants receivable	9,262,523	11,175,936
Current portion of notes and interest receivable	16,698,134	14,078,800
Prepaid expenses and other assets	8,020,441	6,527,611
Inventory	3,219,948	9,221,611
Assets held for sale	1,862,916	692,149
	<u>150,482,820</u>	<u>123,914,674</u>
Total current assets		
	<u>1,645,480,961</u>	<u>1,516,346,638</u>
Property and equipment, net		
Other long-term assets		
Restricted property reserves	99,310,496	102,435,525
Long-term investments	3,900,000	3,480,000
Long-term investments, restricted	1,435,000	1,560,000
Pledges receivable, net	488,535	926,661
Investments in limited partnerships, net	391,289	17,776
Notes and interest receivable, net	22,326,676	30,573,211
Other assets, net	24,148,483	24,028,822
	<u>152,000,479</u>	<u>163,021,995</u>
Total other long-term assets		
	<u>\$ 1,947,964,260</u>	<u>\$ 1,803,283,307</u>
<b>Total assets</b>		

(continued)

**Mercy Housing, Inc.**

**Consolidated Statements of Financial Position - Continued**

**December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 56,010,168	\$ 48,671,705
Accrued interest	3,486,218	4,707,438
Current portion of notes payable	140,888,177	67,131,043
Deferred revenue and other liabilities	33,583,741	20,264,386
Tenant security deposits	<u>6,068,165</u>	<u>5,777,774</u>
Total current liabilities	<u>240,036,469</u>	<u>146,552,346</u>
Long-term liabilities		
Accrued interest	70,490,062	65,290,739
Notes payable, less current portion, net	925,553,665	892,313,165
Notes payable, less current portion, affiliates	-	415,801
Deferred revenue and other liabilities	<u>36,863,788</u>	<u>40,434,092</u>
Total long-term liabilities	<u>1,032,907,515</u>	<u>998,453,797</u>
<b>Total liabilities</b>	<u>1,272,943,984</u>	<u>1,145,006,143</u>
<b>Commitments</b>	-	-
<b>Net assets</b>		
Unrestricted net assets, controlling	42,119,464	35,576,477
Unrestricted net assets, noncontrolling	<u>402,763,789</u>	<u>390,003,366</u>
Total unrestricted net assets	444,883,253	425,579,843
Temporarily restricted net assets	226,737,023	228,731,615
Permanently restricted net assets	<u>3,400,000</u>	<u>3,965,706</u>
<b>Total net assets</b>	<u>675,020,276</u>	<u>658,277,164</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 1,947,964,260</u></u>	<u><u>\$ 1,803,283,307</u></u>

See notes to financial statements

**Mercy Housing, Inc.**

**Consolidated Statements of Activities**

**Year ended December 31, 2012**

	Programs									
	Property Operations & Management	Resident Services	Housing Development	MLF	Neighborhood Stabilization	Corporate Operations	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
<b>Revenues</b>										
Rent - net of vacancies	\$ 135,108,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,108,810	\$ 135,108,810	\$ -	\$ -
Developer fees	16,483	-	12,725,604	-	-	-	12,742,087	12,742,087	-	-
Services fees	572,051	268,927	(35,391)	-	-	423,473	1,229,060	1,229,060	-	-
Philanthropy	270,023	6,675,412	3,542,086	1,971,503	474,760	1,517,442	14,451,226	10,637,074	3,814,152	-
Capital grants	1,210,039	-	8,494,392	-	-	-	9,704,431	2,305,729	7,398,702	-
Consulting	43,687	219,814	410,525	-	3,835,865	-	4,509,891	4,509,891	-	-
Interest	648,492	4,566	73,094	1,472,783	81,045	133,072	2,413,052	2,413,052	-	-
Other	7,438,385	31,356	1,372,168	413,666	107,295	520,657	9,883,527	9,883,527	-	-
Release of restricted assets	-	-	-	-	-	-	-	13,905,181	(13,339,475)	(565,706)
<b>Total revenues</b>	<b>145,307,970</b>	<b>7,200,075</b>	<b>26,582,478</b>	<b>3,857,952</b>	<b>4,498,965</b>	<b>2,594,644</b>	<b>190,042,084</b>	<b>192,734,411</b>	<b>(2,126,621)</b>	<b>(565,706)</b>
<b>Expenses and losses</b>										
Compensation	43,534,805	8,242,513	6,220,306	854,076	3,104,850	8,364,399	70,320,949	70,320,949	-	-
Administrative	10,070,766	1,289,954	1,301,943	139,319	333,090	2,713,869	15,848,941	15,848,941	-	-
Professional services	4,970,339	512,830	539,823	177,732	182,916	884,379	7,268,019	7,268,019	-	-
Depreciation and amortization	72,225,046	1,308	61,904	-	18,997	135,527	72,442,782	72,442,782	-	-
Grants	500,565	-	645,574	-	488,000	80,000	1,714,139	1,714,139	-	-
Facility	45,845,731	19,826	681,283	880	175,248	749,638	47,472,606	47,472,606	-	-
Interest and fees	28,735,774	229	660,489	832,653	163,766	-	30,392,911	30,392,911	-	-
Bad debts	1,225,642	1,207	6,570	-	-	-	1,233,419	1,233,419	-	-
Provision for impaired assets	219,887	-	278,972	-	-	-	498,859	498,859	-	-
Project expenses	-	-	725,116	-	615	-	725,731	725,731	-	-
Allocation	5,644,792	1,606,940	2,934,818	347,168	1,049,418	(11,583,136)	-	-	-	-
(Gain)/loss on sale of assets	(3,871,229)	-	(5)	-	-	-	(3,871,234)	(3,871,234)	-	-
(Gain)/loss on investment in limited partnership	2,158	-	269,001	-	-	-	271,159	271,159	-	-
<b>Total expenses and losses</b>	<b>209,104,276</b>	<b>11,674,807</b>	<b>14,325,794</b>	<b>2,351,828</b>	<b>5,516,900</b>	<b>1,344,676</b>	<b>244,318,281</b>	<b>244,318,281</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenses</b>										
Consolidated	(63,796,306)	(4,474,732)	12,256,684	1,506,124	(1,017,935)	1,249,968	(54,276,197)	(51,583,870)	(2,126,621)	(565,706)
Attributable to non-controlling interest	(52,982,414)	-	(4,225)	-	-	-	(52,986,639)	(52,986,639)	-	-
<b>Excess (deficiency) of revenues over expenses attributable to Mercy Housing, Inc.</b>	<b>\$ (10,813,892)</b>	<b>\$ (4,474,732)</b>	<b>\$ 12,260,909</b>	<b>\$ 1,506,124</b>	<b>\$ (1,017,935)</b>	<b>\$ 1,249,968</b>	<b>\$ (1,289,558)</b>	<b>\$ 1,402,769</b>	<b>\$ (2,126,621)</b>	<b>\$ (565,706)</b>

(continued)



# Mercy Housing, Inc.

## Consolidated Statements of Activities - Continued

Year ended December 31, 2011

	Programs									
	Property Operations & Management	Resident Services	Housing Development	MLF	Neighborhood Stabilization	Corporate Operations	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues										
Rent - net of vacancies	\$ 123,078,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,078,271	\$ 123,078,271	\$ -	\$ -
Developer fees	-	-	9,937,333	-	-	-	9,937,333	9,937,333	-	-
Services fees	1,224,269	261,631	(70,510)	-	-	403,148	1,818,538	1,818,538	-	-
Philanthropy	333,857	6,838,656	3,508,942	1,563,459	158,720	2,868,773	15,272,407	5,552,493	9,719,914	-
Capital grants	8,142,287	-	18,962,615	-	-	-	27,104,902	2,128,092	24,976,810	-
Consulting	14,347	214,729	598,998	-	3,521,938	(7,749)	4,342,263	4,342,263	-	-
Interest	680,024	761	133,446	1,792,785	5,862	95,592	2,708,470	2,708,470	-	-
Other	4,467,244	40,710	677,221	437,579	531,426	11,918,209	18,072,389	18,072,389	-	-
Release of restricted assets	-	-	-	-	-	-	-	14,120,636	(14,120,636)	-
Total revenues	<u>137,940,299</u>	<u>7,356,487</u>	<u>33,748,045</u>	<u>3,793,823</u>	<u>4,217,946</u>	<u>15,277,973</u>	<u>202,334,573</u>	<u>181,758,485</u>	<u>20,576,088</u>	<u>-</u>
Expenses and losses										
Compensation	39,506,655	7,337,594	6,728,085	812,240	2,734,074	7,724,370	64,843,018	64,843,018	-	-
Administrative	7,201,102	1,170,139	1,269,870	185,767	409,922	2,248,360	12,485,160	12,485,160	-	-
Professional services	4,241,084	587,668	611,878	213,798	245,152	801,796	6,701,376	6,701,376	-	-
Depreciation and amortization	65,752,620	3,966	53,707	-	61,229	253,783	66,125,305	66,125,305	-	-
Grants	(333)	162,658	975,966	-	4,729	303,525	1,446,545	1,446,545	-	-
Facility	40,716,534	6,977	580,609	1,073	158,070	719,718	42,182,981	42,182,981	-	-
Interest and fees	30,133,346	265	547,708	738,360	473	269,146	31,689,298	31,689,298	-	-
Bad debts	1,477,680	34,231	15,263	-	-	-	1,527,174	1,527,174	-	-
Provision for impaired assets	-	-	39,539	1,746,696	-	61,346	1,847,581	1,847,581	-	-
Project expenses	-	-	1,289,147	-	1,462	-	1,290,609	1,290,609	-	-
Allocation	4,904,961	1,755,250	2,667,464	288,336	871,948	(10,487,959)	-	-	-	-
(Gain)/loss on sale of assets	(1,927,704)	-	358,901	-	-	-	(1,568,803)	(1,568,803)	-	-
(Gain)/loss on investment in limited partnership	(328,921)	-	554,916	(105)	-	-	225,890	225,890	-	-
Total expenses and losses	<u>191,677,024</u>	<u>11,058,748</u>	<u>15,693,053</u>	<u>3,986,165</u>	<u>4,487,059</u>	<u>1,894,085</u>	<u>228,796,134</u>	<u>228,796,134</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses										
Consolidated	(53,736,725)	(3,702,261)	18,054,992	(192,342)	(269,113)	13,383,888	(26,461,561)	(47,037,649)	20,576,088	-
Attributable to non-controlling interest	<u>(51,808,751)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,808,751)</u>	<u>(51,808,751)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses attributable to Mercy Housing, Inc.	<u>\$ (1,927,974)</u>	<u>\$ (3,702,261)</u>	<u>\$ 18,054,992</u>	<u>\$ (192,342)</u>	<u>\$ (269,113)</u>	<u>\$ 13,383,888</u>	<u>\$ 25,347,190</u>	<u>\$ 4,771,102</u>	<u>\$ 20,576,088</u>	<u>\$ -</u>

See notes to financial statements

**Mercy Housing, Inc.**  
**Consolidated Statements of Changes In Net Assets**  
**Years ended December 31, 2012 and 2011**

	Unrestricted Net Assets			Temporarily Restricted	Permanently Restricted	
	Controlling	Noncontrolling	Total	Net Assets	Net Assets	Total Net Assets
Balance, January 1, 2011	\$ 25,928,512	\$ 372,697,366	\$ 398,625,878	\$ 187,329,183	\$ 3,965,706	\$ 589,920,767
Contributions	-	73,276,758	73,276,758	-	-	73,276,758
Distributions	-	(280,735)	(280,735)	-	-	(280,735)
Syndication	(7,250)	(766,506)	(773,756)	-	-	(773,756)
Other Transfers	4,884,113	(3,114,766)	1,769,347	20,826,344	-	22,595,691
Excess (deficiency) of revenues over expenses	<u>4,771,102</u>	<u>(51,808,751)</u>	<u>(47,037,649)</u>	<u>20,576,088</u>	<u>-</u>	<u>(26,461,561)</u>
Balance, December 31, 2011	35,576,477	390,003,366	425,579,843	228,731,615	3,965,706	658,277,164
Contributions	-	70,694,213	70,694,213	-	-	70,694,213
Distributions	-	(646,335)	(646,335)	-	-	(646,335)
Syndication	-	(664,953)	(664,953)	-	-	(664,953)
Other Transfers	5,140,218	(3,635,863)	1,504,355	132,029	-	1,636,384
Excess (deficiency) of revenues over expenses	<u>1,402,769</u>	<u>(52,986,639)</u>	<u>(51,583,870)</u>	<u>(2,126,621)</u>	<u>(565,706)</u>	<u>(54,276,197)</u>
Balance, December 31, 2012	<u>\$ 42,119,464</u>	<u>\$ 402,763,789</u>	<u>\$ 444,883,253</u>	<u>\$ 226,737,023</u>	<u>\$ 3,400,000</u>	<u>\$ 675,020,276</u>

See notes to financial statements

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**Mercy Housing, Inc.**

**Consolidated Statements of Cash Flows**

**Years ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Operating activities</b>		
Changes in net assets	\$ (54,276,197)	\$ (26,461,561)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Forgiveness of debt	(454,793)	(8,516,010)
(Gain) loss on sale of assets	(3,871,234)	(1,568,803)
Depreciation and amortization	72,442,782	66,125,305
Provisions for loan losses and impaired assets	498,859	1,847,581
Loss from investments in partnerships	271,159	225,890
(Gain) loss on interest rate swap contracts	400,205	3,241,861
Donations of land and property	(1,775,000)	-
Net changes in current assets and liabilities that provided		
Cash, tenant security deposits	(363,373)	(60,486)
Accounts receivable, net	1,634,786	3,124,960
Grants receivable	1,913,413	1,000,006
Pledges receivable	628,650	1,726,628
Prepaid expenses and other assets	(1,495,223)	(367,238)
Inventory	6,001,663	1,894,278
Assets held for sale	(1,170,767)	137,559
Accounts payable and due to affiliates	10,781,158	4,686,529
Accrued interest payable	3,544,599	7,078,371
Deferred revenue	9,749,250	35,044,412
Tenant security deposits	294,467	349,110
Net cash provided by operating activities	<u>44,754,404</u>	<u>89,508,392</u>
<b>Investing activities</b>		
Net change in restricted cash and reserves	(21,447,610)	(16,564,651)
Net change in investments	(952,403)	5,377,647
Purchases of property and equipment	(195,343,048)	(168,973,067)
Net change in investments in partnerships	(644,672)	(338,123)
Net change in notes receivable	5,128,342	(13,221,544)
Proceeds from sale of property and equipment	<u>-</u>	<u>170,000</u>
Net cash used in investing activities	<u>(213,259,391)</u>	<u>(193,549,738)</u>

(continued)

**Mercy Housing, Inc.**

**Consolidated Statements of Cash Flows - Continued**

**Years ended December 31, 2012 and 2011**

	2012	2011
<b>Financing activities</b>		
Proceeds from notes payable	178,633,844	256,610,547
Principal payments on notes payable	(71,372,470)	(211,455,514)
Financing fees	(2,706,919)	(5,474,828)
Capital contributions from investor partners	70,694,213	73,276,758
Distributions paid to investor limited partners	(646,335)	(280,735)
Syndication costs	(664,953)	(773,756)
	<u>173,937,380</u>	<u>111,902,472</u>
Net cash provided by financing activities	173,937,380	111,902,472
Net increase (decrease) in cash and cash equivalents	5,432,393	7,861,126
Cash and cash equivalents at beginning of year	25,961,338	18,100,212
Cash and cash equivalents at end of year	<u>\$ 31,393,731</u>	<u>\$ 25,961,338</u>
Cash paid for interest, net of amounts capitalized of \$2,076,657 and \$3,336,484, respectively	<u>\$ 25,497,432</u>	<u>\$ 20,962,977</u>
<b>Noncash investing and financing activities:</b>		
Net noncash net assets of transferred entities to (from) MHI	\$ 5,272,247	\$ 25,710,457
Transfers of net assets of non-controlling interests	(3,635,863)	(3,114,766)
Property and equipment and other assets transferred (to) from MHI	(1,636,384)	(22,595,691)
Increase in property and equipment in accounts payable	(3,442,695)	(5,115,870)
Increase in accounts payable from property and equipment purchases	3,442,695	5,115,870
Decrease in property and equipment from notes payable	(20,031)	(171,909)
Decrease in notes payable from property and equipment	20,031	171,909
Increase in property and equipment from capitalized amortization	2,175,797	1,149,750
Capitalized amortization in property and equipment	(2,175,797)	(1,149,750)
Increase in accounts payable from financing fees	-	318,543
Increase in financing fees in accounts payable	-	(318,543)
Increase (decrease) in unrestricted net assets	13,905,181	14,120,636
Increase in (release of) temporarily and permanently restricted net assets	<u>(13,905,181)</u>	<u>(14,120,636)</u>
Total noncash investing and financing activities	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements**

**December 31, 2012 and 2011**

**Note 1 - Organization and Summary of Significant Accounting Policies**

Mercy Housing, Inc. (MHI or the Company) is a nonprofit Nebraska corporation formed in 1981 and is co-sponsored by nine congregations of women religious. The purpose of MHI is to manage or direct entities which are organized for the purpose of creating stable, vibrant and healthy communities by developing, financing and operating affordable, program-enriched housing for families, seniors and people with special needs who lack the economic resources to access quality, safe housing opportunities. These activities are considered to comprise the major programs of the Company. Accordingly, the consolidated statements of activities include five separate programs and corporate operations, as follows: property operations and management; resident 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.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of MHI and corporations or investments in limited partnerships or limited liability companies in which MHI has a controlling interest. Additionally, the consolidated financial statements for the years ended December 31, 2012 and 2011 include the accounts of 129 and 115 limited partnerships or limited liability companies, respectively, in

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

which the Company has an ownership interest. These entities are included in the consolidation according to generally accepted accounting principles which require that partnership accounts be consolidated for all limited partnerships or limited liability companies which are deemed to be controlled by the Company. All intercompany transactions have been eliminated in consolidation.

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

Villa Caridad

Dove Family Housing Association (La Costa Paloma)

New Dana Strand Partners I, LP (Harborview Apartments/Garden Apts)

Brentwood Green Valley Apartments

Galewood SLF Associates, LP

Sunnydale Development Company LLC

Adamsville Green LP

Mercy Loan Fund Sub-CDE 1, LLC

Housing Partnership Equity Trust, LLC

180 Properties, LLC

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

Mercy Housing, Inc.

Mercy Loan Fund (MLF)

Mercy Housing Management Group (MHM)

Mercy Portfolio Services

MPS Community I LLC

Mercy Housing Mountain Plains

Holly Park Community Center, LLC

Homes for Greeley

Stapleton II Mercy, LLC

Bluff Mercy, LLC (Bluff Lake)

Mercy Housing Colorado GP, LLC

Mercy Housing Colorado III, LTD. (Springfield Court)

Mercy Housing Colorado IV (Wapiti Meadows)

MHMP GP, LLC

Mercy Housing Colorado VI, LTD. (Merced de las Animas)

MHMP CO. GP, Inc.

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

**Mercy Housing Midwest**

Mercy Crestview Village

Mercy House

Mercy Northglen

Mercy Oakwood Gardens

Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)

Mercy Western Manor

Mercy Village Joplin, Inc. (Mercy Village at St. Johns)

Mercy Housing Midwest Nebraska, LLC

Northglen, LP

Mercy Crestview Village Housing, LP

Western Manor, LP

MHMW NEB LLC

Mercy Housing Nebraska I, LTD (Capital Corners)

**Mercy Housing Southwest**

Avondale Senior Village

Camelot Casitas

Casa de Merced

Casa de Shanti, Inc.

Decatur Place

El Mirage Senior Village

Mercy Holly Park East

Mesa Senior Meadows

Guadalupe Senior Village

Peoria Place

Plazas de Merced

Vista Alegre

Willow Street Apartments

Mercy Properties Arizona (Mercy Court)

**Mercy Housing California**

Affordable Housing Initiatives (AHI)

All Hallows Community

Marin Homes for Independent Living (Camino Alto)

Cantebria Senior Homes

Mercy Senior Housing Oxnard (Casa Merced)

EH/CC Housing Corporation (Eden House)

Francis of Assisi Community

Gault Street Senior Housing

John W. King Senior Community

Maria B. Freitas Senior Housing Corporation

Marin Housing Corporation (Martinelli House)

Mercy Family Plaza Limited Partnership (Mercy Family Plaza)



**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

Mercy Gardens  
Notre Dame Senior Housing Corporation  
Oceana Senior Housing Corporation (Oceana Terrace)  
Presentation Senior Housing Community  
Russell Manor  
Tierra Del Sol, Inc.  
Garden Park Apartment Community  
Mercy Oaks Village  
MHC NSP LLC  
Mercy Commercial California  
Central Coast Housing  
Mercy Housing California 58, LP (Neary Lagoon Apts.)  
Mercy Housing California Senior Properties LLC  
    Bennett House, LP  
    Dorothy Day Community, LP  
    Junipero Serra, LP  
    Monsignor Lyne, LP  
    St. Andrew Community, LP  
    Villa Columba Mercy Riverside LP  
Mercy Housing Calwest  
    Mercy Housing California XXXIX, LP (Gleason Park)  
    Mercy Housing California XL, LP (Arlington Hotel)  
    Mercy Housing California XXXVIII, LP (East Leland Court Family Housing)  
    365 Fulton, LP (Parcel G)  
    Mercy Housing California XLII, LP (Boulevard Court)  
    Mercy Housing California XLIV, LP (1000 Fourth Street)  
    Third and LeConte Housing LP (6600 Third Street)  
    Mercy Housing California XLIII, LP (Caroline Severance Manor)  
    Mercy Housing California 47, LP (7<sup>th</sup> & H Street)  
    7<sup>th</sup> & H GP, LLC  
    Mercy Housing California 51, LP (200 6<sup>th</sup> Street)  
    Madonna Senior Housing, LLC  
    Mercy Housing California 53, LP (Madonna Residences)  
    Mercy Housing California 52, LP (School House-Vista Grande)  
    1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apts.)  
    55 Laguna, LP (55 Laguna Senior Housing)  
    Esparto Family Apartments, LLC  
    Mercy Housing California 54, LP (Esparto Family Apartments)  
    Sunset Lane Apartments LLC  
    Mercy Housing California 55, LP (Sunset Lane Apartments)  
    Mercy Housing California 56, LP (Jefferson Park Terrace)  
    Caroline Severance LLC

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

Mercy Housing California 46, LP (Western & Jefferson)  
Mercy Housing California II, LP (Columbia Park)  
Coastside Senior Housing Limited Partners, LP  
El Monte Veterans  
El Monte Veterans Apts LLC GP  
Mercy Properties California  
Foster Youth\*  
The Haven\*  
Leland House\*  
Osocales (McIntosh Mobile Homes)\*  
Richmond Hills\*  
Sycamore Center (Red Bluff)\*  
Sierra Vista\*  
Walnut Grove\*  
Santa Monica Street\*  
Acacia Meadows\*  
Mercy Housing Northwest-Idaho, Inc.  
Eagle Senior Village, Inc.  
Mercy Southeast Idaho, Inc. (Hamilton Court)  
Mercy Moscow, Inc. (Hawthorne)  
Independence Hill, Inc.  
Mercy Twin Falls, Inc. (Willswood)  
Mercy Housing Idaho NSP LLC (NSPID)  
Boise Senior 202 Owner, LP (12<sup>th</sup> Street Senior)  
Boise Senior 202 GP, LLC  
MHNW-ID GP, LLC  
MHNW-ID, LLC  
Mercy Housing Idaho-II, LP (Comstock Apartments)  
Mercy Housing Idaho-I, LP (Northside Nampa)  
Mercy Housing Lakefront  
Lavergne Courts, LLC  
Washington Courts, LLC  
Whitmore Apartments, LLC  
111<sup>th</sup> & Wentworth Apartment Corporation  
111<sup>th</sup> and Wentworth Limited Partnership (Wentworth Commons)  
Belray Apartment 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)

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

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

Roseland Apartment Corporation  
    Roseland Limited Partnership (Holland Apartments)  
South Loop Apartment Corporation  
    South Loop Limited Partnership (South Loop Apartments)  
Winthrop Apartment Corporation  
    5042 Winthrop Apartments Limited Partnership (Delmar Apartments)  
Near North Apartments Corporation NFP  
    Near North Limited Partnership (Schiff Residences)  
Malden Arms Corporation II NFP  
    Malden Limited Partnership II (Malden Arms II)  
Englewood Apartments, NFP  
    901 West 63<sup>rd</sup> Limited Partnership (Englewood Apartments)  
Countryside Seniors, LLC  
    Countryside Senior 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  
104<sup>th</sup> Street MM, LLC  
    104<sup>th</sup> Street Limited Partnership (Pullman Wheelworks)  
    MHL Holdings, LLC  
Mercy Housing South East  
    Mercy Place Belmont, Inc.  
    Mercy Housing Pembroke, Inc. (McFadden Place)  
    Mercy Housing Georgia Holdings, LLC (1826 Florence St)  
    Marshside Village, Inc.  
    Allegre Point Senior Residences, Inc.  
    MHSE Adamsville Green Senior Partners, LLC  
    Dublin Manor, Inc.  
    McAuley Manor, Inc.  
    Mercy Manor, Inc.  
    Riverview - St. Mary's Inc. (St. Mary's Riverview I)  
    St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)  
    St. Mary's Villa, Inc.  
    Sacred Heart Village I, Inc.  
    Sacred Heart Village II, Inc.  
    Sacred Heart Village III, Inc.  
    St. Theresa Village, Inc.  
    Siena Springs (Siena Springs I)  
    Siena Springs II

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

Charles Meadows Corporation  
Charles Crest Corporation (Charles Crest I)  
Charles Crest II, Corporation  
Savannah Gardens Senior Residences, Inc.  
Mercy Community Housing Georgia, Inc. (MCHGa)  
    Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apartments)  
    Mercy Housing Georgia IV, L.P. (Heritage Corner/Heritage Row)  
    Mercy Housing Georgia V, L.P. (Chamblee Senior Apartments)  
    Mercy Housing Georgia VI, L.P. (the Atrium at College Station)  
    MCHG Partners, Inc.  
        Acquisition Properties Georgia I, LP (Magnolia Village)  
        Reynoldstown Senior Apartments, LP (Reynoldstown)  
        Mercy Housing Georgia X, LP (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)  
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  
    Evergreen Vista 1 GP LLC  
        Evergreen Vista 1 Owner, LP  
    Rainer Vista Block 43 GP, LLC  
        Rainer Vista Block 43 Owner, LP (Columbia City Station Apts.)  
    Cobble Knoll I Mercy LLC  
        Allegre Mercy Redevelopment LLLP  
    Impact Family Village GP LLC  
        Impact Family Village Limited Partnership

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

**Mercy Properties Washington**

- Intercommunity Mercy Washington I, Limited Partnership (Evergreen Vista)
- Intercommunity Mercy Washington II, Limited Partnership (Family Tree)
- 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 Bond Properties Colorado I (Franconia LLC)

**Consolidated General Partners**

**Mercy Properties, Inc. (MPI)**

- 111 Jones Street Associates, LP (111 Jones Street Apartments)

- Britton Street Associates, LP (Britton Street Apts.)

- Mercy Housing California VII, LP (Casa San Juan)

- Somerset Senior Housing, LTD (Casitas de Merced)

- Mercy Housing Colorado VIII, LP (Valle de Merced)

- Mercy Housing Colorado I, LTD (Grace Apartments)

- Mercy Housing California XI, LP (Madison Place)

- Marlton Affordable Housing Associates (Marlton Manor)

- Mason Apartments (Mason School Apartments)

- Mercy Housing California V, LP (Mercy Village Folsom)

- Park Terrace Apartments, LP

- Quinn Cottages, LP (Quinn Cottages)

- Mercy Housing California X, LP (the Rose Hotel)

- San Felipe Homes, LP

- 2220 10<sup>th</sup> Avenue Associates, LP (Santana Apartments)

- Mercy Housing California VIII, LP (School House Station)

- Mercy Housing Iowa II, LP (Sherwood Place Apartments)

- Mercy Housing California I, LP (St. Francis Terrace)

- Mercy Housing Arizona I, LP (Villas de Merced)

- Mercy Housing Georgia II, LLLP (Orchard Grove Apartments)

- Mercy Housing Colorado IX, LLLP (Parkside Apartments)

- Mercy Housing Arizona II, LP (Page Commons)

- Parkside Terrace Apartments, LLC

- Parkside Terraces, LP

**Mulberry Court LLC**

- Mercy Housing South Carolina I, LP (Mulberry Court Apartments)

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

Savannah Rose of Sharon, LLC  
    Mercy Housing Georgia III, LP (Rose of Sharon)  
Mercy Housing South Dakota I, LLC (Driftwood Estates)  
Mercy Housing South Dakota II, LLC (Northern Heights)  
Mercy Housing Colorado XI, LLC (Pinon Terrace)  
Commons on Main GP, LLC  
    Commons on Main, LP  
Aromor Mercy, LLC (Aromor Apartments)  
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 IV, LP (Skyview Terrace)  
    Mercy Housing Idaho V, LP (Sisters Villa)  
2101 Telegraph Avenue Housing, Inc.  
    2101 Telegraph Avenue Associates, LP (Hamilton Apartments)  
Mercy Affordable Housing, Inc. (MAHI)  
McDermott Place  
    Bishops Block  
South of Market Mercy Housing  
    1028 Howard Street Associates, LP (1028 Howard Street Apartments)  
    1101 Howard Street Associates, LP (1101 Howard Street Apartments)  
    Mercy Housing California VI, LP (205 Jones Street Apartments)  
    1475 167<sup>th</sup> Avenue Associates, LP (Bermuda Gardens)  
    Centro Partners, LP (El Centro Residential Suites)  
    Riverside/Leibrandt Partners, LP (La Playa Residential)  
    West 28<sup>th</sup> Street, LP (Montclair Court/Tolton Court)  
    16<sup>th</sup> & Church Street Associates, LP (Padre Palou Community)  
    Mercy Housing California III, LP (Plaza Maria Apartments)  
    Mercy Housing California IX, LP (Sycamore Street Commons)  
    Mercy Housing California IV, LP (Vista Grande Apartments)  
Visitation Valley Affordable Housing  
    Visitation Valley Family Housing Association (Heritage Homes)  
Neary Lagoon, Inc.  
    Neary Lagoon Partners, LP (Neary Lagoon Cooperative)  
Mercy Housing West  
    Mercy Housing California XIV, LP (10<sup>th</sup> & 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, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

Mercy Housing California XVIII, LP (Polk Street Senior Community)  
Mercy Housing California XIII, LP (Linbrook Court)  
Mercy Housing California XX, LP (Mission Creek Senior)  
Mercy Housing California XVI, LP (Villa Madera)  
Mercy Housing California XXIII, LP (St. Vincent's Garden)  
Mercy Housing California XII, LP (Villa Amador)  
Village Park Housing Associates (Village Park Apartments)  
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 XIV, LP (Edith Witt Senior Community)  
Mercy Housing California XXVII, LP (Serna Village)  
Mercy Housing California XXVIII, LP (the Vineyard Townhomes)  
Mercy Terrace, LLC  
Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)  
New Dana Strand Townhomes, LP (New Dana Strand Townhomes)  
Mercy Housing California XXXII, LP (Creekview Manor)  
Mercy Housing California XXXVI, LP (Kent Gardens)  
Mercy Housing California XXXI, LP (Martinelli House)  
Mercy Housing California XXXV, LP (Ardenaire Apartments)  
Mercy Housing California XXXIII, LP (Casa Verde)  
Mercy Housing California XXXVII, LP (Ross Ranch)  
Colonia San Martin Associates, LP  
Mercy Housing California 50, LP (St. Anthony's)  
Coastside Senior Housing Limited Partners, LP  
Mercy Housing California 49, LP (Mercy Auburn Senior Apartments)  
San Juan Housing Corporation  
Kennedy Estates Housing Associates, LP (Kennedy Estates)  
Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)  
Florin Housing Corporation  
Florin Wood Associates, LP (Crossroads Gardens)  
Affordable Housing Corporation  
Mercy Housing Colorado VII, LP (Holly Park West)  
Mercy Housing Washington IV, L.P. (Lincoln Way)  
Mercy Housing Idaho III, LP (New Hope)  
Mercy Housing Colorado V, L.P. (Plaza on Platte)  
Mercy Housing Washington III, L.P. (Tahoma View)

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

**Revenue Recognition**

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

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

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

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

**Cash and Cash Equivalents**

MHI maintains its cash balances in several banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to a certain amount. Cash and cash equivalents for the Company include demand deposits, deposits in money market accounts, deposits in pooled funds (which invest in certificates of deposit, treasury bills and other short-term, low risk instruments), individual certificates of deposits, treasury instruments and government agency notes. For the consolidated statements of cash flows, all unrestricted investment instruments with original maturities of 90 days or less are considered cash equivalents.

**Restricted Cash**

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



## **Mercy Housing, Inc.**

### **Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

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

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

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

#### **Investments**

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

#### **Accounts Receivable and Bad Debts**

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Non-tenant receivables are reported net of an allowance for doubtful accounts.

#### **Inventory**

Inventory consists principally of single-family homes; land under development and improved lots; inventory held-for-sale and rehabilitated homes purchased under the Neighborhood Stabilization Program. Inventory includes land and development costs, direct construction costs, capitalized indirect construction costs, capitalized interest, and real estate taxes. The costs of acquiring and developing land are allocated to the parcels to which these costs relate. Interest and taxes are capitalized during the active development and construction stages. Inventory is stated at the lower of cost or fair value, less cost to sell.

## **Mercy Housing, Inc.**

### **Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

#### **Property and Equipment**

Property and equipment have been stated at cost. The provision for depreciation is computed using the straight-line method based on estimated useful lives of the related assets. Buildings and improvements are depreciated over 27.5 to 40 years, equipment is depreciated over 3 to 7 years, and land improvements are depreciated over 15 years.

#### **Impairment of Long-Lived Assets**

In accordance with generally accepted accounting principles, management continually monitors events and changes in circumstances, which could indicate that the carrying value of real estate may not be recoverable. If events or changes in circumstances are present, management assesses the recoverability of real estate by determining whether the carrying value will be recovered through the undiscounted future cash flows expected to be generated from its uses and eventual disposition. If the carrying amount of the real estate exceeds its estimated undiscounted cash flows, the impairment to be recognized is measured by the amount of its carrying value of the real estate that exceeds its fair value. An impairment loss of \$219,887 and \$0 has been recognized for the years ended December 31, 2012 and 2011, respectively. Losses are included in the Provision for Impaired Assets line in the Consolidated Statements of Activities.

#### **Allowance for Loan Losses**

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

#### **Deferred Fees and Amortization**

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

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

## **Mercy Housing, Inc.**

### **Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

Amortization expense for the years ended December 31, 2012 and 2011 was \$2,755,530 and \$2,002,140, respectively. Estimated amortization expense for each of the ensuing years through December 31, 2017 is as follows:

2013	\$ 2,247,901
2014	2,149,386
2015	1,374,065
2016	1,211,457
2017	1,135,651

#### **Predevelopment Project Costs**

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

#### **Investment in Limited Partnerships**

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

#### **Non-Controlling Interest in Limited Partnerships**

This represents the aggregate balance of Limited Partner or Investor Member equity interests in the non-wholly owned 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.

#### **Basis of Presentation and Net Assets**

MHI conforms to generally accepted accounting principles which require the organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily

# Mercy Housing, Inc.

## Notes to Consolidated Financial Statements - Continued

December 31, 2012 and 2011

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.

### Transfers of net assets

During the years ended December 31, 2012 and 2011, one and fifteen entities, respectively were added to the consolidated financial statements. The net effect of the additions to beginning net assets for the years ended December 31, 2012 and 2011 were increases of \$1,636,384 and \$22,595,691, respectively. In 2011, Catholic Healthcare Partners (CHP), one of the Mercy's Strategic Health Care Partners, assigned their membership interest in fifteen HUD 202 properties (618 units) to Mercy Housing South East, Inc. The properties range in age from seven to nineteen years. Six of the properties are located in Kentucky, six in Ohio and three in Tennessee. The following is a summary of the above net changes:

	2012		2011
Addition of entities		Addition of entities	
Central Coast Housing	\$ (187,869)	Dublin Manor	\$ 1,877,912
		McAuley Manor	1,310,383
		Mercy Manor	1,325,689
		Riverview - St. Mary's	1,834,768
		St. Mary's Villa at Riverview II	1,973,151
		St Mary's Villa	1,845,817
		Sacred Heart Village I	2,010,585
		Sacred Heart Village II	2,677,048
		Sacred Heart Village III	2,471,959
		St. Theresa Village	2,013,876
		Siena Springs	(611,438)
		Siena Springs II	1,825,648
		Charles Meadow Corporation	666,089
		Charles Crest Corporation	(1,017,359)
		Charles Crest II Corporation	1,857,031
Transfer of eliminations	1,833,339	Transfer of eliminations	534,532
Miscellaneous entities	(9,086)	Miscellaneous entities	-
Total	<u>\$ 1,636,384</u>	Total	<u>\$ 22,595,691</u>

### Strategic Health Care Partnerships

MHI has nine Strategic Health Care Partners (Strategic Partners). Six of the Strategic Partners, Dignity Health (formerly Catholic Healthcare West), Catholic Health East, St. Joseph Health System, Bon Secours Health System, Ascension

## **Mercy Housing, Inc.**

### **Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

Health, and Presence Health (formerly Provena Health), have pledged contributions for a period of up to five years in exchange for various contracted services performed on their behalf. The five-year contribution periods end between 2011 and 2014. Two Strategic Partners, Catholic Healthcare Partners (CHP) and Catholic Health Initiatives (CHI), have each provided MHI with \$5 million dollar non-interest bearing loans. Through November 2011, the principal from those loans has been invested in interest bearing accounts and the income generated from these investments was used to support services associated with the Strategic Partners.

In December 2011, CHP forgave their \$5 million loan and the related debt forgiveness is included in Other Revenue in the accompanying Consolidated Statements of Activities. Prior thereto, the funds received from CHP had been recorded as Restricted Cash. Through December 31, 2010, MHI elected to utilize \$2 million of these funds to meet short-term operating cash requirements, with the balance available to be utilized to cover future additional operating cash needs. As of December 31, 2011, funds from the CHP loan are unrestricted.

Also in December 2011, the CHI funds were loaned to a Mercy-controlled property partnership and used for the conversion of construction financing to permanent debt.

#### **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 and did not have any unrelated business income for the years ended December 31, 2012 and 2011. Due to their tax exempt status, MHI and the

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

consolidated nonprofit corporations are not subject to income taxes. MHI and the consolidated nonprofit corporations are required to file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and there are no other tax positions which must be considered for disclosure. During 2009, the Company adopted the accounting guidance pertaining to accounting for uncertainty in income taxes. for the years ended December 31, 2012 and 2011, 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:

- Affordable Housing Initiatives
- Affordable Housing Corporation
- Mercy Affordable Housing, Inc.
- Mercy Commercial California
- 111th & Wentworth Apartments Corporation
- Belray Apartments Corporation
- Englewood Apartments Corporation
- Harold Washington Corporation
- Malden Arms Corporation II
- McDermott Place, Inc.
- MCHG Partners, Inc.
- Mercy Galewood SLF, Inc.
- Mercy Lithonia Park View, Inc.
- Near North Apartments Corporation
- Roseland Apartments Corporation
- South Loop Apartments Corporation
- Winthrop Apartments Corporation
- Savannah Rose of Sharon LLC
- Countryside Seniors LLC
- Antioch II, LLC
- HWA-850 Eastwood GP Corporation NFP
- Belvidere Place Corporation I, NFP
- 104<sup>th</sup> Street MM, LLC
- MHSE Adamsville Green Senior Partners, LLC
- MHSE Savannah Gardens Phase III GP, LLC
- MPI Highland Place LLC
- Stapleton II Mercy, LLC
- MHMP CO GP, Inc.
- Mercy Housing Georgia XI GP, LLC

## **Mercy Housing, Inc.**

### **Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

The above listed entities are taxable entities, however, the taxable income or loss and the temporary differences at each entity and in the aggregate are not significant to the consolidated financial statements.

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 2009 remain open.

#### **Fair Value**

The carrying amounts of the Company's cash and cash equivalents, receivables, payables and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the Company's long-term notes receivable and notes payable is assessed by management based on analysis of underlying investments and historical trends. Impairment reserves are provided as necessary. It is impracticable to estimate the fair value of the Company's financial guarantees because there are no quoted market prices for transactions that are similar in nature. See Note 11.

#### **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, 2012 and 2011, the Company had six interest rate swap contracts outstanding that were used to mitigate the economic impact of changes in interest rates. The swaps are designated as fair value hedges and are

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

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, 2012 and 2011, there was no hedge ineffectiveness. The swaps are reported in Notes Payable at fair value on the Consolidated Statements of Financial Position. See Note 11 for additional information on derivative instruments and hedging activities.

**Reclassifications**

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

**Note 2 - Cash and Investments**

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

At December 31, 2012 and 2011, cash and investments were as follows:

	2012	2011
Unrestricted Cash - Properties	\$ 29,875,106	\$ 26,183,077
Unrestricted Cash/Investments - MLF	1,590,310	828,684
Unrestricted Cash/Investments - Corporate Operating Entities	6,558,315	4,710,064
Total Unrestricted and Designated Cash/Investments	38,023,731	31,721,825
Restricted Cash - Tenant Security Deposits	6,156,330	5,792,957
Restricted Cash/Investments - Corporate Entities (including MLF)	51,508,901	31,485,070
Restricted Cash - Properties	14,682,250	10,050,552
Restricted Cash - LT Restricted Property Reserves	99,310,496	102,435,525
	<u>\$ 209,681,708</u>	<u>\$ 181,485,929</u>

MHI invests in money market mutual funds, certificates of deposit, treasury and government agency instruments. Investments in money market mutual funds and treasury and government agency instruments are carried at fair market value. Certificates of deposit are carried at par value as they are held to maturity. Realized and unrealized gains and losses are recorded in the Consolidated Statements of Activities as unrestricted operating income or loss. Maturity dates range from January 2013 to November 2015.



**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

The approximate market value of the investments was \$37,107,504 and \$44,942,658 as of December 31, 2012 and 2011 as follows:

	<u>2012</u>	<u>2011</u>
Money Market Mutual Funds	\$ 22,109,272	\$ 29,532,042
Certificates of deposit	14,997,330	15,410,616
Equities	<u>902</u>	<u>-</u>
	<u>\$ 37,107,504</u>	<u>\$ 44,942,658</u>
Investment income	<u>\$ 190,584</u>	<u>\$ 343,005</u>

**Note 3 - Pledges**

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

Included in pledges is a non-revocable charitable remainder unitrust in which Mercy Housing California has been named as the charitable beneficiary under the trust agreement. Payments are made to the designated non-charitable beneficiaries during their lifetime based on a fixed payout percentage of 8 percent. Mercy Housing California would receive benefits under the trust agreement upon the death of the non-charitable beneficiaries. For December 31, 2012, pledges receivable related to the charitable remainder trust was \$201,152 based on actuarial calculations using a discount rate of 1.2 percent. For December 31, 2011, pledges receivable were \$201,152 based on actuarial calculations using a discount rate of 1.3 percent. Actuarial calculations are revised annually, and changes in pledge receivables are recorded as operating income or loss.

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

As of December 31, 2012, future pledge payments are as follows:

For the year ending December 31, 2013	\$	676,875
2014		130,016
2015		48,527
2016		46,839
2017		46,389
Thereafter		<u>242,685</u>
Total pledges receivable		1,191,331
Allowance and discount		<u>(25,921)</u>
Total pledges receivable, net of allowance and discount	\$	<u><u>1,165,410</u></u>

The amount of pledges written off was \$11,378 and \$49,588 for the years ended December 31, 2012 and 2011, respectively.

**Note 4 - Grants Receivable**

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

Of the amount due as of December 31, 2012 of \$9,262,523, approximately \$8,289,071 relates to development grants awarded to 7<sup>th</sup> & H GP, LLC, Mercy Housing West, and Savannah Gardens Senior Residences, Inc.

Of the amount due as of December 31, 2011 of \$11,175,936, approximately \$9,462,350 relates to development grants awarded to 7th & H GP, LLC, Boise Senior 202 GP, LLC, HWA-850 Eastwood GP, NFP and Savannah Gardens Senior Residences, Inc.

**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 3.0 percent. Maturity dates range from 2013 to 2051. At December 31, 2012 and 2011, substantially all of the notes and interest receivable are collateralized by real estate.

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

Total allowances for Mercy Loan Fund at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Allowances, beginning of year	\$ 3,493,437	\$ 1,746,741
Increase/Decrease to allowance charged to:		
Expense	-	1,746,696
Recovery	<u>(55,685)</u>	<u>-</u>
Allowances, end of year	<u>\$ 3,437,752</u>	<u>\$ 3,493,437</u>

**Note 6 - Property and Equipment and Assets Held for Sale**

**Property and Equipment**

Property and equipment at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Land and land improvements	\$ 229,967,260	\$ 213,194,187
Buildings	1,734,630,929	1,611,917,479
Furniture and equipment	56,193,569	63,965,557
Predevelopment project costs	4,067,854	5,778,850
Construction in progress	<u>134,251,364</u>	<u>81,588,579</u>
Total property and equipment	2,159,110,976	1,976,444,652
Less accumulated depreciation	<u>(513,630,015)</u>	<u>(460,098,014)</u>
Property and equipment, net	<u>\$ 1,645,480,961</u>	<u>\$ 1,516,346,638</u>

For the years ended December 31, 2012 and 2011, depreciation expense was \$69,687,252 and \$64,123,165, respectively.

**Assets Held for Sale**

In accordance with accounting principles generally accepted in the United States of America, 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 carrying amount or the fair value less costs to sell. Subsequent to classification of an asset

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

as held for sale, no further depreciation is recorded. At December 31, 2012, the Company considers the assets of the following projects as held for sale: Mercy Housing Nebraska I, LTD (Capital Corners) and Somerset Senior Housing (Casitas de Merced). At December 31, 2011, the Company has entered into a Memo of Understanding with Merced Housing Texas to sell Somerset Senior Housing (Casitas de Merced). 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 2012 or 2011.

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

	<u>2012</u>	<u>2011</u>
Total assets	\$ 2,095,365	\$ 826,847
Total liabilities	1,857,661	946,223
Discontinued operations	(163,116)	(73,793)

**Note 7 - Notes Payable**

Notes payable as of December 31, 2012 and 2011 include both secured and unsecured borrowings and consist of the following:

	<u>2012</u>	<u>2011</u>
Unsecured Corporate Operating and Predevelopment Loans:		
US Bank - Revolving loan bearing interest at thirty day LIBOR plus 2.70%, payable monthly. The allowable borrowing under this line is \$10,000,000. The rate at December 31, 2012 and 2011 is 2.90% and 3.01%, respectively. Commitment expires July 31, 2015. <sup>(1)</sup>	\$ -	\$ 2,420,000
JP Morgan Chase - Revolving predevelopment loan bearing interest at thirty day LIBOR plus 2.50% payable monthly. Credit line is available to fund predevelopment expenses up to a total of \$7,750,000. The rate as of December 31, 2012 and 2011 is 2.70% and 2.81%, respectively. Commitment expires August 1, 2014.	3,589,444	4,826,000

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Investor Loans to Mercy Loan Fund. Notes bearing interest from 0% to 5% and maturing through 2021. With the exception of \$191,784 available to draw as of December 31, 2011, all funds available under these notes are fully drawn as of December 31, 2012 and 2011.	31,057,826	32,331,009
Other Notes Payable, bearing interest from 0% to 3.5% and maturing through 2017. Available balances of \$20,963,716 and \$21,513,750 as of December 31, 2012 and 2011, respectively. <sup>(2)</sup>	<u>19,463,716</u>	<u>21,062,014</u>
Subtotal - Unsecured Corporate Operating and Predevelopment Loans	54,110,986	60,639,023
Loans secured by the respective properties:		
Construction loans, bearing interest from 0% to 7.2%, with both fixed and variable interest rates, to be repaid in full or converted to permanent loans through 2015. Available balances \$465,580,038 and \$407,855,571 as of December 31, 2012 and 2011, respectively.	282,122,385	239,106,423
Permanent loans, bearing interest from 0% to 12%, generally with principal and interest due monthly, to be repaid in full through 2065. All funds available under these notes are fully drawn as of December 31, 2012 and 2011, respectively.	<u>730,208,471</u>	<u>660,114,563</u>
Total	1,066,441,842	959,860,009
Less: current portion	<u>(140,888,177)</u>	<u>(67,131,043)</u>
Non-current portion	<u>\$ 925,553,665</u>	<u>\$ 892,728,966</u>

# Mercy Housing, Inc.

## Notes to Consolidated Financial Statements - Continued

### December 31, 2012 and 2011

- (1) As of December 31, 2012 and 2011, the Company had standby Letters of Credit of \$310,000 and \$510,000, respectively, issued under the operating sub-limit.
- (2) As of December 31, 2012 and 2011, the Company had a standby Letter of Credit of \$48,264 issued by California Bank & Trust, pursuant to a \$1,500,000 revolving line of credit.

Future minimum principal maturities of notes payable are as follows:

For the year ending December 31, 2013	\$ 140,888,177
2014	29,457,770
2015	24,136,597
2016	17,618,787
2017	19,378,716
Thereafter	<u>834,961,795</u>
Total maturities	1,066,441,842
Less current maturities	<u>(140,888,177)</u>
Notes payable, less current portion	<u>\$ 925,553,665</u>

As of December 31, 2012 and 2011, included in current maturities is \$118,260,664 and \$33,660,774, respectively, of short term construction debt that will be repaid by proceeds from permanent debt or low income housing tax credit equity.

### Note 8 - Lease Commitments

The Company leases land, office space and equipment under non-cancelable capital and operating lease agreements that expire through 2110. Future minimum lease payments are as follows:

	Capital Leases	Office and Equipment Leases	Property Land Leases	Total Operating Leases
For the year ending December 31,				
2013	\$ -	\$ 1,280,291	\$ 941,932	\$ 2,222,223
2014	-	1,270,031	941,932	2,211,963
2015	-	1,143,547	941,932	2,085,479
2016	-	1,103,839	941,932	2,045,771
2017	-	1,048,689	941,932	1,990,621
Thereafter	-	<u>1,842,617</u>	<u>45,058,072</u>	<u>46,900,689</u>
Total future minimum lease payments	-	7,689,014	49,767,732	57,456,746
Less: Amount representing interest	-	-	-	-
Present value of minimum lease payments	<u>\$ -</u>	<u>\$ 7,689,014</u>	<u>\$ 49,767,732</u>	<u>\$ 57,456,746</u>

## **Mercy Housing, Inc.**

### **Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

Lease expense for operating leases was approximately \$2,540,787 and \$2,652,605 for the years ended December 31, 2012 and 2011, respectively, and is included in facilities expense.

#### **Note 9 - Related Party Transactions**

The Company has significant related party transactions with affiliates. It provides a considerable amount of funding in connection with the development of projects. It also provides development services, fund raising assistance, property management, resident services and administrative services. In certain cases, the Company pays operating expenses on behalf of and provides management services to affiliates. These costs are reimbursed to 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 affiliates. These loans are generally collateralized with real estate of the funded property. Many of these loans do not require payments until after the scheduled maturity of the related first mortgages. The loans with subsidiaries are eliminated in consolidation. Interest payments generally are subject to available cash flow. In some cases, loans are required to be repaid earlier. This usually occurs in situations where the underlying source of the loan is required to be repaid earlier as well.

#### **Development Fee Income**

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

#### **Other Fee Income**

Substantially all of the property management, data processing, and bookkeeping fee income earned by MHM is related to services provided to 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 subsidiaries are eliminated in consolidation. Such fee income is included in service fees. Due to a change in

## **Mercy Housing, Inc.**

### **Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

accounting pronouncements in the year ended December 31, 2010, the elimination of these fees is allocated to the controlling interest.

#### **Note 10 - Guarantees**

MHI has entered into various agreements with certain limited partnerships or their affiliated general partners whereby MHI guarantees to loan funds to the partnerships in the event that the partnerships incur operating deficits as defined in the respective partnership agreements or fail to meet their current financial obligations. These agreements expire at various times from 2013 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, 2012 is \$766 million relating to 102 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, 2012, MHI had provided guarantees on 33 acquisition and construction loans of \$280,289,467 of which \$170,059,475 was outstanding.

The Company has also issued other guarantees in order to secure financing on various projects. As of December 31, 2012, \$8,651,698 was outstanding. MHI has not been required to fund any amounts under these guarantees.



**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

The Company also guarantees certain surety bonds covering construction and utilities. As of December 31, 2012, \$4,993,874 was outstanding.

**Note 11 - Fair Value**

The accounting standard for fair value measurement and disclosures defines fair value, establishes a framework for measuring fair value, and provides for expanded disclosure about fair value measurements. The accounting standard was applied to the Company's financial assets and liabilities effective January 1, 2009, and to certain non-financial assets and liabilities effective January 1, 2010. Fair value is defined by the accounting standard for fair value measurement and disclosures as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels. The following summarizes the three levels of inputs and hierarchy of fair value the Company uses when measuring fair value:

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

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

The net unrealized gain/(loss) on the interest rate swap contracts during 2012 and 2011 of (\$400,205) and (\$3,241,862), respectively, is classified within level 2 of the fair value hierarchy. The unrealized gain on the money market mutual funds, certificates of deposit and government agency instruments during 2012 and 2011 of \$190,584 and \$343,005, 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, 2012 and 2011.

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

The following table presents the financial assets and liabilities that the Company measured at fair value on a recurring basis as of December 31, 2012.

	Level 1	Level 2	Level 3	Total
Net interest rate swap-asset/(liability)	\$ -	\$ (5,373,895)	\$ -	\$ (5,373,895)
Certificates of deposit	14,997,330	-	-	14,997,330
Equities	902	-	-	902

The following table presents the financial assets and liabilities that the Company measured at fair value on a recurring basis as of December 31, 2011:

	Level 1	Level 2	Level 3	Total
Net interest rate swap-asset/(liability)	\$ -	\$ (4,866,349)	\$ -	\$ (4,866,349)
Certificates of deposit	15,410,616	-	-	15,410,616

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

**Note 12 - Employee Retirement Plan**

The Company has an employee 403(b) retirement plan covering eligible employees. Generally, employee contributions to the plan consist of a percentage based on eligible employees' compensation. MHI matches dollar for dollar an employee's contribution up to 2 percent 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 2 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 \$937,221 and \$874,312 for the years ended December 31, 2012 and 2011, respectively.

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

**Note 13 - Insurance**

Effective January 1, 2012, the Company uses a combination of insurance, self-insured retention and self-insurance for 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.

As of December 31, 2012 and 2011, the Company held \$444,450 and \$0, respectively in restricted cash to pay future health care claims. As of December 31, 2012 and 2011, claims of \$286,631 and \$0, respectively, are outstanding and included in accounts payable and accrued expenses.

Additionally, as of December 31, 2012 and 2011, the Company held \$1,037,448 and \$0, respectively, in restricted cash to pay future deductibles on property insurance claims.

**Note 14 - 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 low-income qualified tenants for the period of the grant or related loan term. MHI and its subsidiaries also receive grants with restrictions other than property use. Failure to comply with the terms of the grant or the loans would result in a requirement to repay a portion or all of the proceeds received.

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

**Rental Assistance Contracts**

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

**Surplus Cash and Residual Receipts**

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

**Letters of Credit**

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

**Litigation**

MHI and its subsidiaries are named in 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 15 - 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.

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

The United States economy is experiencing a budgetary challenge that may continue for an indefinite period, which could adversely affect the Company. Changes in Federal, State and Local programs or regulations could have a material impact on future results. MHI obtains and employs substantial capital from various federal, state and local governmental agencies, including the department of HUD. In addition, MHI obtains funding from private equity groups including national, state and local banks and financial institutions. The current economic environment has produced hardships on these agencies and institutions. Management continues to employ diversification strategies to offset their concentration with any one specific lending institution or government agency. Continuation of the current economic and credit market environment could increase the cost of capital or limit the ability to access capital. Failure to comply with covenants and conditions imposed by the agreements governing the Company's indebtedness could restrict future borrowing or cause debt to become immediately due and payable. Failure to renew existing loans could impact working capital, capital expenditures, acquisitions, debt service or other business needs.

The Company and its subsidiaries invested assets consist 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, 2011. 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 our future results. Property operations and development is subject to warranty and liability claims that can be significant.

**Note 16 - Subsequent Events**

Events that occur after the balance sheet date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the

**Mercy Housing, Inc.**

**Notes to Consolidated Financial Statements - Continued**

**December 31, 2012 and 2011**

accompanying notes. Management evaluated the activity of the Company through April 25, 2013 (the date the consolidated financial statements were available to be issued) and concluded that no subsequent events have occurred that would require disclosure in the notes to the consolidated financial statements.

## **Supplementary Information**

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Mercy Housing, Inc.  
Consolidating Statement of Financial Position  
December 31, 2012

	Mercy Housing, Inc.	Mercy Loan Fund	Mercy Housing Management Group	Mercy Portfolio Services, Inc.	MPS Community I, LLC	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 10,288,775	\$ 5,965,599	\$ -	\$ 11,534	\$ 904,212	\$ 2,457,739	\$ 11,609,646
Cash, tenant security deposits	-	-	-	-	-	334,789	919,393
Cash, restricted	4,832,061	3,188,428	8,026	30,357,416	-	1,687,289	12,328,714
Investments	2,630,000	100,000	-	-	-	-	-
Investments, restricted	902	4,697,166	-	-	-	-	685,000
Accounts receivable, net	768,432	50,979	2,604,243	179,643	47,873	339,600	2,047,241
Due from affiliate, net	2,496,934	-	1,890,666	2,800,231	-	672,803	4,245,214
Pledges receivable, net	308,218	650	-	1,950	-	53,892	14,850
Grants receivable	-	-	-	-	-	310,727	3,892,988
Current portion of notes and interest receivable	22,492	16,886,525	-	-	-	-	99,868
Current portion of notes and interest receivable, affiliates	5,137,693	-	-	466,544	-	262,022	125,482
Prepaid expenses and other assets	278,830	22,741	102,651	39,898	-	345,675	1,708,188
Inventory	-	-	-	-	2,185,752	-	51,109
Assets held for sale	-	-	-	-	-	1,224,401	-
Total current assets	<u>26,764,337</u>	<u>30,912,088</u>	<u>4,605,586</u>	<u>33,857,216</u>	<u>3,137,837</u>	<u>7,688,937</u>	<u>37,727,693</u>
Property and equipment							
Land and land improvements	855,000	-	-	-	-	8,142,605	48,843,844
Buildings	71,748	-	-	-	-	87,600,584	299,481,635
Furniture and equipment	3,715,889	-	216,921	201,425	-	3,403,869	6,869,280
Predevelopment project costs	-	-	-	-	-	-	1,361,744
Construction in progress	-	-	-	-	-	-	111,821,458
Accumulated depreciation	<u>(3,705,620)</u>	<u>-</u>	<u>(216,921)</u>	<u>(176,028)</u>	<u>-</u>	<u>(31,842,455)</u>	<u>(76,864,756)</u>
Net property and equipment	<u>937,017</u>	<u>-</u>	<u>-</u>	<u>25,397</u>	<u>-</u>	<u>67,304,603</u>	<u>391,513,205</u>
Other long-term assets							
Restricted property reserves	-	-	-	-	-	4,664,675	22,285,609
Long-term investments	3,800,000	100,000	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	1,435,000
Due from affiliates	775,972	-	-	-	-	193,982	221,004
Pledges receivable, net	47,176	-	-	-	-	7,515	218,703
Investments in limited partnerships, net.	1,269,150	1,951	-	-	-	10	(3,813,627)
Notes and interest receivable, net	7,372,065	13,474,623	-	-	-	-	4,563,920
Notes and interest receivable, affiliates	6,393,711	-	-	-	-	4,661,936	6,369,170
Allowance for impaired assets	-	-	-	-	-	(545,883)	-
Other assets, net	-	-	-	-	-	1,436,913	4,195,725
Total other long-term assets	<u>19,658,074</u>	<u>13,576,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,419,148</u>	<u>35,475,504</u>
<b>Total assets</b>	<u>\$ 47,359,428</u>	<u>\$ 44,488,662</u>	<u>\$ 4,605,586</u>	<u>\$ 33,882,613</u>	<u>\$ 3,137,837</u>	<u>\$ 85,412,688</u>	<u>\$ 464,716,402</u>

Mercy Housing, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing, Inc.	Mercy Loan Fund	Mercy Housing Management Group	Mercy Portfolio Services, Inc.	MPS Community I, LLC	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 5,547,247	\$ 97,345	\$ 2,827,142	\$ 276,412	\$ 79,153	\$ 2,847,839	\$ 26,976,547
Due to affiliates	21,374	-	6,777,616	803,836	466,722	6,897,043	257,987
Accrued interest	24,173	226,351	-	-	-	94,901	1,105,094
Accrued interest, affiliates	42,891	-	-	-	-	14,438	138,703
Current portion of notes payable	5,398,508	5,697,828	-	824,220	-	7,615,370	59,411,264
Current portion of notes payable, affiliates	5,211,443	74,031	-	-	-	177,101	1,701,510
Deferred revenue and other liabilities	243,301	2	967,834	30,276,483	-	117,233	772,118
Tenant security deposits	-	-	-	-	-	332,784	1,048,026
Total current liabilities	<u>16,488,937</u>	<u>6,095,557</u>	<u>10,572,592</u>	<u>32,180,951</u>	<u>545,875</u>	<u>18,096,709</u>	<u>91,411,249</u>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	61,212	-	-	-	-	582,737	10,380,140
Accrued interest, affiliates	-	-	-	-	-	100,608	238,545
Notes payable, less current portion, net	14,336,396	25,819,323	-	-	-	19,155,169	206,538,425
Notes payable, less current portion, affiliates	8,011,845	1,449,685	-	-	824,220	831,751	4,066,800
Deferred revenue and other liabilities	<u>545,132</u>	<u>2,000,000</u>	<u>-</u>	<u>1,751,152</u>	<u>1,751,152</u>	<u>637</u>	<u>25,266,347</u>
Total long-term liabilities	<u>22,954,585</u>	<u>29,269,008</u>	<u>-</u>	<u>1,751,152</u>	<u>2,575,372</u>	<u>20,670,902</u>	<u>246,490,257</u>
<b>Total liabilities</b>	<u>39,443,522</u>	<u>35,364,565</u>	<u>10,572,592</u>	<u>33,932,103</u>	<u>3,121,247</u>	<u>38,767,611</u>	<u>337,901,506</u>
<b>Net assets</b>							
Unrestricted net assets, controlling	5,658,449	9,065,347	(5,967,006)	(156,592)	16,590	22,396,657	36,474,758
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	<u>5,658,449</u>	<u>9,065,347</u>	<u>(5,967,006)</u>	<u>(156,592)</u>	<u>16,590</u>	<u>22,396,657</u>	<u>36,474,758</u>
Temporarily restricted net assets	1,502,457	58,750	-	107,102	-	23,748,420	88,570,138
Permanently restricted net assets	<u>755,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>1,770,000</u>
<b>Total net assets</b>	<u>7,915,906</u>	<u>9,124,097</u>	<u>(5,967,006)</u>	<u>(49,490)</u>	<u>16,590</u>	<u>46,645,077</u>	<u>126,814,896</u>
<b>Total liabilities and net assets</b>	<u>\$ 47,359,428</u>	<u>\$ 44,488,662</u>	<u>\$ 4,605,586</u>	<u>\$ 33,882,613</u>	<u>\$ 3,137,837</u>	<u>\$ 85,412,688</u>	<u>\$ 464,716,402</u>

Mercy Housing, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Consolidated Mercy Housing Northwest - Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II (Cobble Knoll II)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 192,140	\$ 9,881,231	\$ 1,134,855	\$ 3,397,679	\$ -	\$ 576,776	\$ 272,151
Cash, tenant security deposits	77,287	462,489	554,943	401,879	-	261,414	113,011
Cash, restricted	287,055	2,827,535	5,199,947	1,780,835	240,350	-	480,484
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	47,003	420,204	401,871	180,111	-	50,511	62,048
Due from affiliate, net	836,608	6,560	170,164	301,729	-	51,138	83,976
Pledges receivable, net	1,030	203,149	6,269	86,867	-	-	-
Grants receivable	500	502,314	339,544	16,539	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	20,000	40,000	152,073	-	-	-	-
Prepaid expenses and other assets	62,705	639,669	487,580	196,735	-	98,817	95,140
Inventory	988,581	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>2,512,909</u>	<u>14,983,151</u>	<u>8,447,246</u>	<u>6,362,374</u>	<u>240,350</u>	<u>1,038,656</u>	<u>1,106,810</u>
Property and equipment							
Land and land improvements	2,228,814	19,634,289	22,234,987	19,307,418	-	5,011,135	1,706,474
Buildings	18,586,595	198,678,584	171,442,175	100,559,088	-	19,092,442	12,882,465
Furniture and equipment	683,974	5,103,715	6,246,805	3,776,119	-	309,161	151,937
Predevelopment project costs	34,964	2,992,629	69,906	89,099	-	-	-
Construction in progress	-	2,246,947	199,954	9,106,626	-	11,811	-
Accumulated depreciation	<u>(5,212,505)</u>	<u>(43,252,725)</u>	<u>(34,752,119)</u>	<u>(26,960,589)</u>	<u>-</u>	<u>(6,050,314)</u>	<u>(3,346,828)</u>
Net property and equipment	<u>16,321,842</u>	<u>185,403,439</u>	<u>165,441,708</u>	<u>105,877,761</u>	<u>-</u>	<u>18,374,235</u>	<u>11,394,048</u>
Other long-term assets							
Restricted property reserves	547,260	20,826,956	6,866,760	4,330,920	-	1,931,234	1,706,821
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	310,668	-	-	-	-
Pledges receivable, net	-	23,588	-	191,553	-	-	-
Investments in limited partnerships, net.	-	(1,749,032)	75	1,039,635	-	-	-
Notes and interest receivable, net	138,450	56,072	18,042	-	-	-	-
Notes and interest receivable, affiliates	653,008	-	88,096	228,552	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>121,156</u>	<u>3,971,807</u>	<u>3,799,615</u>	<u>1,852,426</u>	<u>-</u>	<u>262,779</u>	<u>230,244</u>
Total other long-term assets	<u>1,459,874</u>	<u>23,129,391</u>	<u>11,083,256</u>	<u>7,643,086</u>	<u>-</u>	<u>2,194,013</u>	<u>1,937,065</u>
<b>Total assets</b>	<u>\$ 20,294,625</u>	<u>\$ 223,515,981</u>	<u>\$ 184,972,210</u>	<u>\$ 119,883,221</u>	<u>\$ 240,350</u>	<u>\$ 21,606,904</u>	<u>\$ 14,437,923</u>

Mercy Housing, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Consolidated Mercy Housing Northwest - Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II (Cobble Knoll II)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 347,311	\$ 6,786,613	\$ 3,661,157	\$ 2,930,664	\$ 4,166	\$ 571,670	\$ 355,067
Due to affiliates	2,057,148	152,408	8,192,203	99,485	1,198,988	50,710	9,520
Accrued interest	2,115	659,098	121,295	105,516	-	32,762	14,922
Accrued interest, affiliates	1,861	-	-	-	-	-	-
Current portion of notes payable	938,560	34,357,454	13,559,363	6,815,163	-	555,253	252,716
Current portion of notes payable, affiliates	55,372	3,127,204	272,583	405,830	166,082	-	-
Deferred revenue and other liabilities	32,209	276,331	204,326	77,274	-	47,410	33,662
Tenant security deposits	73,967	452,050	481,246	392,406	-	254,755	108,173
Total current liabilities	<u>3,508,543</u>	<u>45,811,158</u>	<u>26,492,173</u>	<u>10,826,338</u>	<u>1,369,236</u>	<u>1,512,560</u>	<u>774,060</u>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	74,397	2,565,058	403,713	251,067	-	-	-
Accrued interest, affiliates	1,392,164	-	-	-	-	-	-
Notes payable, less current portion, net	2,477,331	100,161,568	47,322,001	49,983,488	-	19,433,302	12,232,417
Notes payable, less current portion, affiliates	939,958	-	-	411,468	-	-	-
Deferred revenue and other liabilities	33,412	2,744,295	694,534	356,448	-	-	-
Total long-term liabilities	<u>4,917,262</u>	<u>105,470,921</u>	<u>48,420,248</u>	<u>51,002,471</u>	<u>-</u>	<u>19,433,302</u>	<u>12,232,417</u>
<b>Total liabilities</b>	<u>8,425,805</u>	<u>151,282,079</u>	<u>74,912,421</u>	<u>61,828,809</u>	<u>1,369,236</u>	<u>20,945,862</u>	<u>13,006,477</u>
<b>Net assets</b>							
Unrestricted net assets, controlling	5,160,114	63,475,805	67,893,534	46,384,376	(1,369,236)	(607,154)	(879,290)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	5,160,114	63,475,805	67,893,534	46,384,376	(1,369,236)	(607,154)	(879,290)
Temporarily restricted net assets	6,708,706	8,383,097	42,166,255	11,670,036	240,350	1,268,196	2,310,736
Permanently restricted net assets	-	375,000	-	-	-	-	-
<b>Total net assets</b>	<u>11,868,820</u>	<u>72,233,902</u>	<u>110,059,789</u>	<u>58,054,412</u>	<u>(1,128,886)</u>	<u>661,042</u>	<u>1,431,446</u>
<b>Total liabilities and net assets</b>	<u>\$ 20,294,625</u>	<u>\$ 223,515,981</u>	<u>\$ 184,972,210</u>	<u>\$ 119,883,221</u>	<u>\$ 240,350</u>	<u>\$ 21,606,904</u>	<u>\$ 14,437,923</u>

Mercy Housing, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Bond					Consolidated Mercy
	Padre Apartments Community	Properties Colorado I (Franconia LLC)	Mercy Commercial California	Consolidated General Partners	Eliminations	Housing, Inc.
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 94,840	\$ 165,583	\$ -	\$ 14,436,834	\$ (29,995,863)	\$ 31,393,731
Cash, tenant security deposits	15,812	10,942	-	3,004,371	-	6,156,330
Cash, restricted	-	-	-	852,109	-	64,070,249
Investments	-	-	-	-	-	2,730,000
Investments, restricted	-	-	-	-	(4,697,166)	685,902
Accounts receivable, net	-	2,087	-	1,449,496	(2,945,571)	5,705,771
Due from affiliate, net	-	-	-	49,218	(13,605,241)	-
Pledges receivable, net	-	-	-	-	-	676,875
Grants receivable	-	-	-	4,199,911	-	9,262,523
Current portion of notes and interest receivable	-	-	-	-	(310,751)	16,698,134
Current portion of notes and interest receivable, affiliates	-	-	-	-	(6,203,814)	-
Prepaid expenses and other assets	14,753	10,942	-	5,083,824	(1,167,707)	8,020,441
Inventory	-	-	-	-	(5,494)	3,219,948
Assets held for sale	-	-	-	638,515	-	1,862,916
Total current assets	<u>125,405</u>	<u>189,554</u>	<u>-</u>	<u>29,714,278</u>	<u>(58,931,607)</u>	<u>150,482,820</u>
Property and equipment						
Land and land improvements	118,488	622,232	-	102,057,258	(795,284)	229,967,260
Buildings	4,316,224	1,904,458	-	839,521,478	(19,506,547)	1,734,630,929
Furniture and equipment	66,586	83,182	-	25,364,706	-	56,193,569
Predevelopment project costs	-	-	-	-	(480,488)	4,067,854
Construction in progress	-	-	-	11,332,715	(468,147)	134,251,364
Accumulated depreciation	<u>(1,631,051)</u>	<u>(794,425)</u>	<u>-</u>	<u>(281,187,623)</u>	<u>2,363,944</u>	<u>(513,630,015)</u>
Net property and equipment	<u>2,870,247</u>	<u>1,815,447</u>	<u>-</u>	<u>697,088,534</u>	<u>(18,886,522)</u>	<u>1,645,480,961</u>
Other long-term assets						
Restricted property reserves	514,344	153,660	-	35,482,257	-	99,310,496
Long-term investments	-	-	-	-	-	3,900,000
Long-term investments, restricted	-	-	-	-	-	1,435,000
Due from affiliates	-	-	-	-	(1,501,626)	-
Pledges receivable, net	-	-	-	-	-	488,535
Investments in limited partnerships, net.	-	-	-	(1,527,641)	5,170,768	391,289
Notes and interest receivable, net	-	-	-	285,520	(3,582,016)	22,326,676
Notes and interest receivable, affiliates	-	-	-	1,337,079	(19,731,552)	-
Allowance for impaired assets	-	-	-	-	545,883	-
Other assets, net	<u>33,153</u>	<u>31,356</u>	<u>-</u>	<u>8,224,706</u>	<u>(11,397)</u>	<u>24,148,483</u>
Total other long-term assets	<u>547,497</u>	<u>185,016</u>	<u>-</u>	<u>43,801,921</u>	<u>(19,109,940)</u>	<u>152,000,479</u>
<b>Total assets</b>	<u>\$ 3,543,149</u>	<u>\$ 2,190,017</u>	<u>\$ -</u>	<u>\$ 770,604,733</u>	<u>\$ (96,928,069)</u>	<u>\$ 1,947,964,260</u>

Mercy Housing, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Bond			Consolidated		Consolidated Mercy
	Padre Apartments Community	Properties Colorado I (Franconia LLC)	Mercy Commercial California	General Partners	Eliminations	Housing, Inc.
<b>Liabilities</b>						
Current liabilities						
Accounts payable and accrued expenses	\$ 51,458	\$ 29,834	\$ -	\$ 7,695,711	\$ (5,075,168)	\$ 56,010,168
Due to affiliates	-	159,350	-	10,221,972	(37,366,362)	-
Accrued interest	12,399	12,965	-	1,077,427	(2,800)	3,486,218
Accrued interest, affiliates	-	-	-	8,549	(206,442)	-
Current portion of notes payable	161,520	45,000	-	5,255,958	-	140,888,177
Current portion of notes payable, affiliates	-	-	-	584,143	(11,775,299)	-
Deferred revenue and other liabilities	1,730	2,264	-	1,864,313	(1,332,749)	33,583,741
Tenant security deposits	15,307	10,541	-	2,898,910	-	6,068,165
Total current liabilities	242,414	259,954	-	29,606,983	(55,758,820)	240,036,469
Long-term liabilities						
Due to affiliates	-	-	-	1,292,134	(1,292,134)	-
Accrued interest	157,955	-	-	56,013,783	-	70,490,062
Accrued interest, affiliates	-	-	-	4,932,945	(6,664,262)	-
Notes payable, less current portion, net	2,366,134	1,385,000	-	424,343,111	-	925,553,665
Notes payable, less current portion, affiliates	-	-	-	26,603,399	(43,139,126)	-
Deferred revenue and other liabilities	-	-	-	7,248,136	(5,527,457)	36,863,788
Total long-term liabilities	2,524,089	1,385,000	-	520,433,508	(56,622,979)	1,032,907,515
<b>Total liabilities</b>	2,766,503	1,644,954	-	550,040,491	(112,381,799)	1,272,943,984
<b>Net assets</b>						
Unrestricted net assets, controlling	776,646	322,063	-	180,140,783	(386,666,380)	42,119,464
Unrestricted net assets, noncontrolling	-	-	-	-	402,763,789	402,763,789
Total unrestricted net assets	776,646	322,063	-	180,140,783	16,097,409	444,883,253
Temporarily restricted net assets	-	223,000	-	40,423,459	(643,679)	226,737,023
Permanently restricted net assets	-	-	-	-	-	3,400,000
<b>Total net assets</b>	776,646	545,063	-	220,564,242	15,453,730	675,020,276
<b>Total liabilities and net assets</b>	\$ 3,543,149	\$ 2,190,017	\$ -	\$ 770,604,733	\$ (96,928,069)	\$ 1,947,964,260

Mercy Housing, Inc.  
Consolidating Statement of Activities  
and Changes In Net Assets  
Year Ended December 31, 2012

	Mercy Housing, Inc.	Mercy Loan Fund	Mercy Housing Management Group	Mercy Portfolio Services, Inc.	MPS Community I, LLC	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,551,055	\$ 20,734,603
Developer fees	-	-	-	-	-	675,381	7,558,455
Services fees	423,474	-	11,153,899	-	-	476,421	3,137,965
Philanthropy	1,492,573	2,065,253	4,281	619,760	-	1,536,730	1,785,967
Capital grants	-	-	-	-	-	3,000	3,345,258
Consulting	-	-	53,077	3,447,551	-	107,141	595,981
Interest	974,251	2,004,884	-	85,245	1	407,165	595,174
Other	606,063	413,666	1,686,517	107,296	-	1,211,156	12,610,292
<b>Total revenues</b>	<b>3,496,361</b>	<b>4,483,803</b>	<b>12,897,774</b>	<b>4,259,852</b>	<b>1</b>	<b>13,968,049</b>	<b>50,363,695</b>
<b>Expenses and losses</b>							
Compensation	9,177,468	854,077	7,892,697	2,998,210	-	3,530,405	12,673,768
Administrative	2,832,945	139,321	1,461,019	310,529	-	2,158,496	4,838,101
Professional services	957,157	177,733	146,863	171,671	-	531,231	889,360
Depreciation and amortization	135,528	-	-	18,998	-	3,515,650	10,930,718
Grants	3,362,497	-	-	470,075	-	204,326	2,108,841
Facility	750,397	881	84,452	175,224	-	3,564,980	6,819,117
Interest and fees	523,184	840,024	101,561	34,077	-	1,587,084	5,218,059
Bad debts	-	-	10	-	-	258,938	387,145
Provision for impaired assets	1,140,164	-	-	-	-	214,699	290,977
Project expenses	-	-	-	-	-	-	14,981
Allocation	(12,175,214)	347,168	3,867,599	937,465	-	848,315	2,530,034
(Gain) loss on sale of assets	-	-	-	-	-	(1,753,735)	(273,793)
(Gain) loss on investment in limited partnership	(157,269)	-	-	-	-	-	3,795,131
<b>Total expenses and losses</b>	<b>6,546,857</b>	<b>2,359,204</b>	<b>13,554,201</b>	<b>5,116,249</b>	<b>-</b>	<b>14,660,389</b>	<b>50,222,439</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(3,050,496)</b>	<b>2,124,599</b>	<b>(656,427)</b>	<b>(856,397)</b>	<b>1</b>	<b>(692,340)</b>	<b>141,256</b>
Net assets at beginning of year	10,966,402	6,999,498	(5,310,579)	806,907	16,589	31,725,750	110,909,017
Other transfers to (from) net assets	-	-	-	-	-	15,611,667	15,764,623
<b>Net assets at end of year</b>	<b>\$ 7,915,906</b>	<b>\$ 9,124,097</b>	<b>\$ (5,967,006)</b>	<b>\$ (49,490)</b>	<b>\$ 16,590</b>	<b>\$ 46,645,077</b>	<b>\$ 126,814,896</b>



Mercy Housing, Inc.  
Consolidating Statement of Activities  
and Changes In Net Assets - Continued  
Year Ended December 31, 2012

	Consolidated Mercy Housing Northwest - Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)	Mercy Properties Washington II (Cobble Knoll II)
<b>Revenues</b>							
Rent - net of vacancies	\$ 1,180,963	\$ 17,146,464	\$ 12,956,479	\$ 6,777,498	\$ -	\$ 4,023,127	\$ 2,945,151
Developer fees	291,987	1,587,748	1,469,941	1,158,575	-	-	-
Services fees	29,167	-	205,410	257,145	-	-	-
Philanthropy	215,454	6,879,249	166,378	830,842	-	-	-
Capital grants	-	282,573	-	-	-	-	-
Consulting	201,001	530	-	265,994	-	-	-
Interest	109,237	78,848	31,529	44,243	54,482	936	802
Other	26,708	691,413	282,922	868,496	900,000	290,966	68,362
<b>Total revenues</b>	<u>2,054,517</u>	<u>26,666,825</u>	<u>15,112,659</u>	<u>10,202,793</u>	<u>954,482</u>	<u>4,315,029</u>	<u>3,014,315</u>
<b>Expenses and losses</b>							
Compensation	739,328	9,925,054	3,983,471	3,256,935	265	748,239	709,889
Administrative	389,672	2,599,422	3,072,057	1,326,669	-	560,267	425,755
Professional services	261,576	881,027	752,723	232,830	4,925	376,204	107,502
Depreciation and amortization	560,851	7,812,575	6,679,434	4,276,457	-	750,050	572,453
Grants	290,830	357,429	1,053,139	222,990	-	-	236,374
Facility	487,172	5,985,894	5,831,493	2,099,619	-	1,491,469	969,775
Interest and fees	240,200	3,407,490	2,923,592	1,224,135	81,607	519,028	436,578
Bad debts	55,180	135,315	368,302	90,535	266,155	5,207	10,435
Provision for impaired assets	12,684	-	15,960	29,809	-	-	-
Project expenses	673	304,561	412,740	-	-	-	-
Allocation	263,630	1,536,764	887,046	929,617	27,576	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	(907,120)
(Gain) loss on investment in limited partnership	-	107,083	25	(159,977)	-	-	-
<b>Total expenses and losses</b>	<u>3,301,796</u>	<u>33,052,614</u>	<u>25,979,982</u>	<u>13,529,619</u>	<u>380,528</u>	<u>4,450,464</u>	<u>2,561,641</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>(1,247,279)</u>	<u>(6,385,789)</u>	<u>(10,867,323)</u>	<u>(3,326,826)</u>	<u>573,954</u>	<u>(135,435)</u>	<u>452,674</u>
Net assets at beginning of year	7,729,529	77,771,333	102,977,860	53,368,805	(1,702,840)	796,477	1,656,447
Other transfers to (from) net assets	5,386,570	848,358	17,949,252	8,012,433	-	-	(677,675)
<b>Net assets at end of year</b>	<u>\$ 11,868,820</u>	<u>\$ 72,233,902</u>	<u>\$ 110,059,789</u>	<u>\$ 58,054,412</u>	<u>\$ (1,128,886)</u>	<u>\$ 661,042</u>	<u>\$ 1,431,446</u>

Mercy Housing, Inc.  
Consolidating Statement of Activities  
and Changes In Net Assets - Continued  
Year Ended December 31, 2012

	Mercy Bond					Consolidated Mercy
	Padre Apartments Community	Properties Colorado I (Franconia LLC)	Mercy Commercial California	Consolidated General Partners	Eliminations	Housing, Inc.
<b>Revenues</b>						
Rent - net of vacancies	\$ 720,381	\$ 510,732	\$ 244,705	\$ 58,531,294	\$ (213,642)	\$ 135,108,810
Developer fees	-	-	-	-	-	12,742,087
Services fees	-	-	-	28,268	(14,482,689)	1,229,060
Philanthropy	-	-	-	88,399	(1,233,660)	14,451,226
Capital grants	-	-	-	6,077,878	(4,278)	9,704,431
Consulting	-	-	-	-	(161,384)	4,509,891
Interest	793	31	-	365,296	(2,339,865)	2,413,052
Other	371,104	3,616	50,876	5,766,394	(16,072,320)	9,883,527
<b>Total revenues</b>	<u>1,092,278</u>	<u>514,379</u>	<u>295,581</u>	<u>70,857,529</u>	<u>(34,507,838)</u>	<u>190,042,084</u>
<b>Expenses and losses</b>						
Compensation	82,380	77,940	-	13,670,823	-	70,320,949
Administrative	59,013	54,466	15,181	9,034,477	(13,428,449)	15,848,941
Professional services	9,287	11,067	1,259	3,888,050	(2,132,446)	7,268,019
Depreciation and amortization	167,175	74,769	2,617	37,302,802	(357,295)	72,442,782
Grants	-	-	-	4,881,019	(11,473,381)	1,714,139
Facility	153,433	105,065	312,803	20,855,890	(2,215,058)	47,472,606
Interest and fees	212,529	80,655	9,346	14,988,001	(2,034,239)	30,392,911
Bad debts	118	725	-	410,164	(754,810)	1,233,419
Provision for impaired assets	-	-	-	250,060	(1,455,494)	498,859
Project expenses	-	-	-	-	(7,224)	725,731
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	(9,769,516)	8,832,930	(3,871,234)
(Gain) loss on investment in limited partnership	-	-	-	1,019,697	(4,333,531)	271,159
<b>Total expenses and losses</b>	<u>683,935</u>	<u>404,687</u>	<u>341,206</u>	<u>96,531,467</u>	<u>(29,358,997)</u>	<u>244,318,281</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>408,343</u>	<u>109,692</u>	<u>(45,625)</u>	<u>(25,673,938)</u>	<u>(5,148,841)</u>	<u>(54,276,197)</u>
Net assets at beginning of year	368,303	435,371	(691,702)	244,758,717	14,695,280	658,277,164
Other transfers to (from) net assets	-	-	737,327	1,479,463	5,907,291	71,019,309
<b>Net assets at end of year</b>	<u>\$ 776,646</u>	<u>\$ 545,063</u>	<u>\$ -</u>	<u>\$ 220,564,242</u>	<u>\$ 15,453,730</u>	<u>\$ 675,020,276</u>

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Mercy Housing Mountain Plains  
Consolidating Statement of Financial Position  
December 31, 2012

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Homes for Greeley	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ -	\$ 4,354	\$ -	\$ 53,000	\$ -	\$ 46,850
Cash, tenant security deposits	-	-	4,750	-	9,410	-	19,121
Cash, restricted	368,096	532	-	-	164,152	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	51,619	-	-	-	159,639	-	2,118
Due from affiliate, net	1,712,292	-	-	-	-	82,493	-
Pledges receivable, net	49,573	-	-	-	-	-	-
Grants receivable	281,314	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	831,493	-	-	-	-	-	-
Prepaid expenses and other assets	16,167	-	-	-	17,213	-	14,883
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>3,310,554</b>	<b>532</b>	<b>9,104</b>	<b>-</b>	<b>403,414</b>	<b>82,493</b>	<b>82,972</b>
Property and equipment							
Land and land improvements	-	226,320	-	-	2,140,326	-	833,782
Buildings	-	378,604	831,978	-	12,754,825	-	4,361,599
Furniture and equipment	47,382	60,479	-	-	463,958	-	192,255
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(47,382)	(124,984)	(84,104)	-	(309,543)	-	(3,160,873)
<b>Net property and equipment</b>	<b>-</b>	<b>540,419</b>	<b>747,874</b>	<b>-</b>	<b>15,049,566</b>	<b>-</b>	<b>2,226,763</b>
Other long-term assets							
Restricted property reserves	-	-	-	-	39,213	-	157,106
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	254,319	-	-	-	-	-	-
Pledges receivable, net	6,915	-	-	-	-	-	-
Investments in limited partnerships, net.	100	-	-	1,380,044	-	(14,258)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	6,661,002	-	-	-	-	-	-
Allowance for impaired assets	(545,883)	-	-	-	-	-	-
Other assets, net	-	-	3,518	-	361,800	-	204,540
<b>Total other long-term assets</b>	<b>6,376,453</b>	<b>-</b>	<b>3,518</b>	<b>1,380,044</b>	<b>401,013</b>	<b>(14,258)</b>	<b>361,646</b>
<b>Total assets</b>	<b>\$ 9,687,007</b>	<b>\$ 540,951</b>	<b>\$ 760,496</b>	<b>\$ 1,380,044</b>	<b>\$ 15,853,993</b>	<b>\$ 68,235</b>	<b>\$ 2,671,381</b>

Mercy Housing Mountain Plains  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Homes for Greeley	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 123,585	\$ 5,555	\$ -	\$ -	\$ 1,203,310	\$ -	\$ 20,263
Due to affiliates	3,895,920	986	530,143	2,147	754,702	79,889	263,402
Accrued interest	-	-	-	-	26,546	-	10,383
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	7,285,024	-	29,942
Current portion of notes payable, affiliates	-	-	-	-	177,101	-	-
Deferred revenue and other liabilities	(1)	-	241	(1)	5,088	-	5,756
Tenant security deposits	-	-	4,750	-	9,108	-	18,252
Total current liabilities	<u>4,019,504</u>	<u>6,541</u>	<u>535,134</u>	<u>2,146</u>	<u>9,460,879</u>	<u>79,889</u>	<u>347,998</u>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	138,154	-	444,037
Notes payable, less current portion, net	84,198	-	-	-	-	-	2,168,836
Notes payable, less current portion, affiliates	-	70,000	21,042	-	2,235,000	-	795,653
Deferred revenue and other liabilities	-	-	-	-	60,337	-	-
Total long-term liabilities	<u>84,198</u>	<u>70,000</u>	<u>21,042</u>	<u>-</u>	<u>2,433,491</u>	<u>-</u>	<u>3,408,526</u>
<b>Total liabilities</b>	<u>4,103,702</u>	<u>76,541</u>	<u>556,176</u>	<u>2,146</u>	<u>11,894,370</u>	<u>79,889</u>	<u>3,756,524</u>
<b>Net assets</b>							
Unrestricted net assets, controlling	(970,379)	464,410	204,320	1,377,898	3,959,623	(11,654)	(1,085,143)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	<u>(970,379)</u>	<u>464,410</u>	<u>204,320</u>	<u>1,377,898</u>	<u>3,959,623</u>	<u>(11,654)</u>	<u>(1,085,143)</u>
Temporarily restricted net assets	6,053,684	-	-	-	-	-	-
Permanently restricted net assets	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total net assets</b>	<u>5,583,305</u>	<u>464,410</u>	<u>204,320</u>	<u>1,377,898</u>	<u>3,959,623</u>	<u>(11,654)</u>	<u>(1,085,143)</u>
<b>Total liabilities and net assets</b>	<u>\$ 9,687,007</u>	<u>\$ 540,951</u>	<u>\$ 760,496</u>	<u>\$ 1,380,044</u>	<u>\$ 15,853,993</u>	<u>\$ 68,235</u>	<u>\$ 2,671,381</u>

Mercy Housing Mountain Plains  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Colorado IV, LTD (Wapiti Meadows)	MHMP GP, LLC	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	MHMP CO GP, Inc.	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 99,966	\$ -	\$ 132,581	\$ 70	\$ 1,560,360	\$ 560,558	\$ -	\$ 2,457,739
Cash, tenant security deposits	14,808	-	24,544	-	153,201	108,955	-	334,789
Cash, restricted	-	-	-	-	1,103,223	51,286	-	1,687,289
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	127	-	2,402	-	92,101	31,594	-	339,600
Due from affiliate, net	-	2,761	-	-	213,012	116,000	(1,453,755)	672,803
Pledges receivable, net	-	-	-	-	3,972	347	-	53,892
Grants receivable	-	-	-	-	-	87,249	(57,836)	310,727
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	2,797	4,875	(577,143)	262,022
Prepaid expenses and other assets	11,821	-	10,848	-	130,615	144,128	-	345,675
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	1,224,401	-	-	1,224,401
Total current assets	<u>126,722</u>	<u>2,761</u>	<u>170,375</u>	<u>70</u>	<u>4,483,682</u>	<u>1,104,992</u>	<u>(2,088,734)</u>	<u>7,688,937</u>
Property and equipment								
Land and land improvements	663,093	-	239,578	-	2,129,174	1,910,332	-	8,142,605
Buildings	4,303,378	-	5,009,112	-	32,314,914	27,906,158	(259,984)	87,600,584
Furniture and equipment	217,178	-	166,527	-	531,110	1,724,980	-	3,403,869
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(3,403,029)</u>	<u>-</u>	<u>(3,180,972)</u>	<u>-</u>	<u>(5,824,199)</u>	<u>(15,715,196)</u>	<u>7,827</u>	<u>(31,842,455)</u>
Net property and equipment	<u>1,780,620</u>	<u>-</u>	<u>2,234,245</u>	<u>-</u>	<u>29,150,999</u>	<u>15,826,274</u>	<u>(252,157)</u>	<u>67,304,603</u>
Other long-term assets								
Restricted property reserves	10,979	-	84,465	-	2,447,658	1,925,254	-	4,664,675
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	(60,337)	193,982
Pledges receivable, net	-	-	-	-	600	-	-	7,515
Investments in limited partnerships, net.	-	(5,131)	-	10	-	-	(1,360,755)	10
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	283,511	(2,282,577)	4,661,936
Allowance for impaired assets	-	-	-	-	-	-	-	(545,883)
Other assets, net	<u>85,548</u>	<u>-</u>	<u>27,491</u>	<u>-</u>	<u>723,925</u>	<u>30,091</u>	<u>-</u>	<u>1,436,913</u>
Total other long-term assets	<u>96,527</u>	<u>(5,131)</u>	<u>111,956</u>	<u>10</u>	<u>3,172,183</u>	<u>2,238,856</u>	<u>(3,703,669)</u>	<u>10,419,148</u>
<b>Total assets</b>	<u>\$ 2,003,869</u>	<u>\$ (2,370)</u>	<u>\$ 2,516,576</u>	<u>\$ 80</u>	<u>\$ 36,806,864</u>	<u>\$ 19,170,122</u>	<u>\$ (6,044,560)</u>	<u>\$ 85,412,688</u>

Mercy Housing Mountain Plains  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Colorado IV, LTD (Wapiti Meadows)	MHMP GP, LLC	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	MHMP CO GP, Inc.	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
<b>Liabilities</b>								
Current liabilities								
Accounts payable and accrued expenses	\$ 38,969	\$ -	\$ 20,968	\$ -	\$ 880,517	\$ 572,377	\$ (17,705)	\$ 2,847,839
Due to affiliates	68,957	27,607	9,005	-	1,852,910	1,710,385	(2,299,010)	6,897,043
Accrued interest	2,597	-	4,020	-	39,132	12,223	-	94,901
Accrued interest, affiliates	14,438	-	10,780	-	1,474	-	(12,254)	14,438
Current portion of notes payable	6,996	-	11,177	-	169,239	112,992	-	7,615,370
Current portion of notes payable, affiliates	-	-	6,682	-	-	-	(6,682)	177,101
Deferred revenue and other liabilities	695	1	2,900	-	81,678	20,875	1	117,233
Tenant security deposits	18,608	-	24,178	-	156,850	101,038	-	332,784
<b>Total current liabilities</b>	<b>151,260</b>	<b>27,608</b>	<b>89,710</b>	<b>-</b>	<b>3,181,800</b>	<b>2,529,890</b>	<b>(2,335,650)</b>	<b>18,096,709</b>
Long-term liabilities								
Due to affiliates	-	-	-	-	-	34,949	(34,949)	-
Accrued interest	-	-	-	-	577,997	4,740	-	582,737
Accrued interest, affiliates	1,237,574	-	605,409	-	-	-	(2,324,566)	100,608
Notes payable, less current portion, net	408,909	-	480,213	-	13,843,833	2,169,180	-	19,155,169
Notes payable, less current portion, affiliates	960,000	-	674,090	-	285,000	-	(4,209,034)	831,751
Deferred revenue and other liabilities	-	-	-	-	112,839	637	(173,176)	637
<b>Total long-term liabilities</b>	<b>2,606,483</b>	<b>-</b>	<b>1,759,712</b>	<b>-</b>	<b>14,819,669</b>	<b>2,209,506</b>	<b>(6,741,725)</b>	<b>20,670,902</b>
<b>Total liabilities</b>	<b>2,757,743</b>	<b>27,608</b>	<b>1,849,422</b>	<b>-</b>	<b>18,001,469</b>	<b>4,739,396</b>	<b>(9,077,375)</b>	<b>38,767,611</b>
<b>Net assets</b>								
Unrestricted net assets, controlling	(753,874)	(29,978)	667,154	80	14,343,157	1,198,228	3,032,815	22,396,657
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>(753,874)</b>	<b>(29,978)</b>	<b>667,154</b>	<b>80</b>	<b>14,343,157</b>	<b>1,198,228</b>	<b>3,032,815</b>	<b>22,396,657</b>
Temporarily restricted net assets	-	-	-	-	4,462,238	13,232,498	-	23,748,420
Permanently restricted net assets	-	-	-	-	-	-	-	500,000
<b>Total net assets</b>	<b>(753,874)</b>	<b>(29,978)</b>	<b>667,154</b>	<b>80</b>	<b>18,805,395</b>	<b>14,430,726</b>	<b>3,032,815</b>	<b>46,645,077</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,003,869</b>	<b>\$ (2,370)</b>	<b>\$ 2,516,576</b>	<b>\$ 80</b>	<b>\$ 36,806,864</b>	<b>\$ 19,170,122</b>	<b>\$ (6,044,560)</b>	<b>\$ 85,412,688</b>

Mercy Housing Mountain Plains  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year ended December 31, 2012

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Homes for Greeley	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ -	\$ 87,371	\$ -	\$ 367,236	\$ -	\$ 490,281
Developer fees	700,716	-	-	-	-	-	-
Services fees	505,509	-	-	-	-	19,739	-
Philanthropy	1,016,645	-	-	-	64,759	-	-
Capital grants	3,000	-	-	-	-	-	-
Consulting	107,141	-	-	-	-	-	-
Interest	603,414	-	-	-	25	-	172
Other	217,703	700	2,653	-	27,164	-	9,803
<b>Total revenues</b>	<b>3,154,128</b>	<b>700</b>	<b>90,024</b>	<b>-</b>	<b>459,184</b>	<b>19,739</b>	<b>500,256</b>
<b>Expenses and losses</b>							
Compensation	787,787	-	-	-	108,974	-	100,541
Administrative	274,941	-	18,301	-	161,824	-	72,160
Professional services	248,759	-	464	1,016	83,589	944	11,581
Depreciation and amortization	1,250	37,495	29,948	-	347,812	-	214,404
Grants	112,141	-	-	-	-	-	-
Facility	1,138	-	45,762	-	88,074	-	114,507
Interest and fees	138,254	-	(66)	76	220,483	35	157,880
Bad debts	40,443	-	-	-	2,386	-	2,467
Provision for impaired assets	365,173	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	465,791	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	55	-	418	-
<b>Total expenses and losses</b>	<b>2,435,677</b>	<b>37,495</b>	<b>94,409</b>	<b>1,147</b>	<b>1,013,142</b>	<b>1,397</b>	<b>673,540</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>718,451</b>	<b>(36,795)</b>	<b>(4,385)</b>	<b>(1,147)</b>	<b>(553,958)</b>	<b>18,342</b>	<b>(173,284)</b>
Net assets at beginning of year	4,864,854	501,205	208,705	1,379,045	1,692,392	61,204	(911,859)
Other transfers to (from) net assets	-	-	-	-	2,821,189	(91,200)	-
<b>Net assets at end of year</b>	<b>\$ 5,583,305</b>	<b>\$ 464,410</b>	<b>\$ 204,320</b>	<b>\$ 1,377,898</b>	<b>\$ 3,959,623</b>	<b>\$ (11,654)</b>	<b>\$ (1,085,143)</b>



Mercy Housing Mountain Plains  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Mercy Housing Colorado IV, LTD (Wapiti Meadows)	MHMP GP, LLC	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	MHMP CO GP, Inc.	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
<b>Revenues</b>								
Rent - net of vacancies	\$ 365,182	\$ -	\$ 205,342	\$ -	\$ 3,553,077	\$ 4,482,566	\$ -	\$ 9,551,055
Developer fees	-	-	-	-	-	-	(25,335)	675,381
Services fees	-	4,502	-	-	152,643	103,693	(309,665)	476,421
Philanthropy	-	-	-	-	92,729	362,597	-	1,536,730
Capital grants	-	-	-	-	-	-	-	3,000
Consulting	-	-	-	-	-	-	-	107,141
Interest	49	-	35	-	2,655	73,823	(273,008)	407,165
Other	11,349	-	3,174	-	247,604	859,588	(168,582)	1,211,156
<b>Total revenues</b>	<u>376,580</u>	<u>4,502</u>	<u>208,551</u>	<u>-</u>	<u>4,048,708</u>	<u>5,882,267</u>	<u>(776,590)</u>	<u>13,968,049</u>
<b>Expenses and losses</b>								
Compensation	102,385	-	37,198	-	930,594	1,462,926	-	3,530,405
Administrative	51,683	4,165	16,258	-	813,455	774,116	(28,407)	2,158,496
Professional services	3,250	311	11,919	20	111,125	339,511	(281,258)	531,231
Depreciation and amortization	165,621	-	78,290	-	1,530,041	1,117,857	(7,068)	3,515,650
Grants	-	-	-	-	30,855	114,901	(53,571)	204,326
Facility	145,010	-	59,399	-	1,433,423	1,677,667	-	3,564,980
Interest and fees	153,030	-	58,473	-	718,313	372,925	(232,319)	1,587,084
Bad debts	425	-	(647)	-	106,026	116,281	(8,443)	258,938
Provision for impaired assets	-	-	-	-	1,271	122,789	(274,534)	214,699
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	178,870	203,654	-	848,315
(Gain) loss on sale of assets	-	-	-	-	35,663	(1,789,398)	-	(1,753,735)
(Gain) loss on investment in limited partnership	-	52	-	-	-	-	(525)	-
<b>Total expenses and losses</b>	<u>621,404</u>	<u>4,528</u>	<u>260,890</u>	<u>20</u>	<u>5,889,636</u>	<u>4,513,229</u>	<u>(886,125)</u>	<u>14,660,389</u>
<b>Excess (deficiency) of revenues over expenses</b>	(244,824)	(26)	(52,339)	(20)	(1,840,928)	1,369,038	109,535	(692,340)
Net assets at beginning of year	(509,050)	-	-	-	8,998,613	13,061,688	2,378,953	31,725,750
Other transfers to (from) net assets	-	(29,952)	719,493	100	11,647,710	-	544,327	15,611,667
<b>Net assets at end of year</b>	<u>\$ (753,874)</u>	<u>\$ (29,978)</u>	<u>\$ 667,154</u>	<u>\$ 80</u>	<u>\$ 18,805,395</u>	<u>\$ 14,430,726</u>	<u>\$ 3,032,815</u>	<u>\$ 46,645,077</u>

Mercy Housing Midwest  
Consolidating Statement of Financial Position  
December 31, 2012

	Mercy Housing Midwest	Mercy Crestview Village	Mercy House	Mercy Northglen	Mercy Oakwood Gardens	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Western Manor
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 210,993	\$ -	\$ 6,379	\$ -	\$ -	\$ 43,545	\$ -
Cash, tenant security deposits	-	-	2,993	-	-	33,355	-
Cash, restricted	890,051	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	5,097	-	2,185	-	-	58,404	-
Due from affiliate, net	217,390	-	-	-	-	-	-
Pledges receivable, net	3,972	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	11,103	-	-	-	-	-	-
Prepaid expenses and other assets	4,887	-	3,841	-	-	34,959	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>1,343,493</u>	<u>-</u>	<u>15,398</u>	<u>-</u>	<u>-</u>	<u>170,263</u>	<u>-</u>
Property and equipment							
Land and land improvements	-	-	30,770	-	-	1,281,713	-
Buildings	-	-	457,056	-	-	7,191,785	-
Furniture and equipment	44,343	-	42,168	-	-	295,785	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(44,204)</u>	<u>-</u>	<u>(424,080)</u>	<u>-</u>	<u>-</u>	<u>(3,145,552)</u>	<u>-</u>
Net property and equipment	<u>139</u>	<u>-</u>	<u>105,914</u>	<u>-</u>	<u>-</u>	<u>5,623,731</u>	<u>-</u>
Other long-term assets							
Restricted property reserves	-	-	22,843	-	-	387,495	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	600	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,340</u>	<u>-</u>
Total other long-term assets	<u>600</u>	<u>-</u>	<u>22,843</u>	<u>-</u>	<u>-</u>	<u>660,835</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 1,344,232</u>	<u>\$ -</u>	<u>\$ 144,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,454,829</u>	<u>\$ -</u>

Mercy Housing Midwest  
Consolidating Statement of Financial Position - Continued  
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	Mercy Housing Midwest	Mercy Crestview Village	Mercy House	Mercy Northglen	Mercy Oakwood Gardens	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Western Manor
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 25,509	\$ -	\$ 7,829	\$ -	\$ -	\$ 177,544	\$ -
Due to affiliates	-	-	-	-	-	442,124	-
Accrued interest	-	-	2,010	-	-	21,438	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	7,862	-	-	94,578	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	3,343	-	-	18,577	-
Tenant security deposits	-	-	2,546	-	-	40,679	-
Total current liabilities	25,509	-	23,590	-	-	794,940	-
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	17,381	-	-	-	-	454,789	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	147,500	-	260,168	-	-	8,409,871	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	164,881	-	260,168	-	-	8,864,660	-
<b>Total liabilities</b>	190,390	-	283,758	-	-	9,659,600	-
<b>Net assets</b>							
Unrestricted net assets, controlling	263,191	-	(139,603)	-	-	(3,204,771)	-
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	263,191	-	(139,603)	-	-	(3,204,771)	-
Temporarily restricted net assets	890,651	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	1,153,842	-	(139,603)	-	-	(3,204,771)	-
<b>Total liabilities and net assets</b>	\$ 1,344,232	\$ -	\$ 144,155	\$ -	\$ -	\$ 6,454,829	\$ -

Mercy Housing Midwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing			Crestview Village			Mercy Housing
	Mercy Village Joplin,	Midwest Nebraska,	Northglen, LP	Housing, LP	Western Manor, LP	MHMMW NEB LLC	Nebraska I, LTD
	Inc.	LLC					(Capital Corners)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 7,911	\$ -	\$ 196,345	\$ 670,538	\$ 417,619	\$ -	\$ 7,030
Cash, tenant security deposits	22,482	-	22,157	45,038	14,572	-	12,604
Cash, restricted	-	-	138,080	21,687	53,405	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	4,640	-	10,026	7,366	432	-	3,951
Due from affiliate, net	-	-	-	11	-	31,076	307
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	13,492	-	11,227	35,204	17,806	-	9,199
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	1,224,401
<b>Total current assets</b>	<b>48,525</b>	<b>-</b>	<b>377,835</b>	<b>779,844</b>	<b>503,834</b>	<b>31,076</b>	<b>1,257,492</b>
Property and equipment							
Land and land improvements	-	-	540,239	1,922,246	431,009	-	-
Buildings	4,718,907	-	4,156,293	11,080,384	5,915,757	-	-
Furniture and equipment	33,133	-	28,232	48,299	39,150	-	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(846,024)	-	(280,375)	(760,801)	(372,469)	-	-
<b>Net property and equipment</b>	<b>3,906,016</b>	<b>-</b>	<b>4,444,389</b>	<b>12,290,128</b>	<b>6,013,447</b>	<b>-</b>	<b>-</b>
Other long-term assets							
Restricted property reserves	176,231	-	462,164	906,874	380,410	-	111,641
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	772,842	-	-	-	(47)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	109,433	189,492	148,446	-	3,214
<b>Total other long-term assets</b>	<b>176,231</b>	<b>772,842</b>	<b>571,597</b>	<b>1,096,366</b>	<b>528,856</b>	<b>(47)</b>	<b>114,855</b>
<b>Total assets</b>	<b>\$ 4,130,772</b>	<b>\$ 772,842</b>	<b>\$ 5,393,821</b>	<b>\$ 14,166,338</b>	<b>\$ 7,046,137</b>	<b>\$ 31,029</b>	<b>\$ 1,372,347</b>

Mercy Housing Midwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Village Joplin, Inc.	Mercy Housing Midwest Nebraska, LLC	Northglen, LP	Crestview Village Housing, LP	Western Manor, LP	MHMMW NEB LLC	Mercy Housing Nebraska I, LTD (Capital Corners)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 47,659	\$ -	\$ 193,037	\$ 173,617	\$ 226,996	\$ -	\$ 28,326
Due to affiliates	16,393	2,461	374,893	832,437	202,224	311	100,442
Accrued interest	-	-	-	9,272	3,258	-	3,154
Accrued interest, affiliates	-	-	-	-	1,474	-	-
Current portion of notes payable	-	-	-	31,379	10,999	-	24,421
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	579	-	8,427	22,854	24,611	1	3,284
Tenant security deposits	21,982	-	21,656	44,036	13,847	-	12,104
Total current liabilities	86,613	2,461	598,013	1,113,595	483,409	312	171,731
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	105,827
Accrued interest, affiliates	-	-	90,748	450,130	174,023	-	-
Notes payable, less current portion, net	-	-	926,956	2,109,701	1,311,077	-	678,560
Notes payable, less current portion, affiliates	-	-	1,465,000	4,910,051	1,890,000	-	-
Deferred revenue and other liabilities	-	-	44,049	24,386	44,404	-	-
Total long-term liabilities	-	-	2,526,753	7,494,268	3,419,504	-	784,387
<b>Total liabilities</b>	86,613	2,461	3,124,766	8,607,863	3,902,913	312	956,118
<b>Net assets</b>							
Unrestricted net assets, controlling	472,572	770,381	2,269,055	5,558,475	3,143,224	30,717	416,229
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	472,572	770,381	2,269,055	5,558,475	3,143,224	30,717	416,229
Temporarily restricted net assets	3,571,587	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	4,044,159	770,381	2,269,055	5,558,475	3,143,224	30,717	416,229
<b>Total liabilities and net assets</b>	\$ 4,130,772	\$ 772,842	\$ 5,393,821	\$ 14,166,338	\$ 7,046,137	\$ 31,029	\$ 1,372,347

Mercy Housing Midwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Mercy Housing Midwest
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ 1,560,360
Cash, tenant security deposits	-	153,201
Cash, restricted	-	1,103,223
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	-	92,101
Due from affiliate, net	(35,772)	213,012
Pledges receivable, net	-	3,972
Grants receivable	-	-
Current portion of notes and interest receivable	-	-
Current portion of notes and interest receivable, affiliates	(8,306)	2,797
Prepaid expenses and other assets	-	130,615
Inventory	-	-
Assets held for sale	-	1,224,401
	<u>(44,078)</u>	<u>4,483,682</u>
Total current assets		
	<u>(44,078)</u>	<u>4,483,682</u>
Property and equipment		
Land and land improvements	(2,076,803)	2,129,174
Buildings	(1,205,268)	32,314,914
Furniture and equipment	-	531,110
Predevelopment project costs	-	-
Construction in progress	-	-
Accumulated depreciation	49,306	(5,824,199)
	<u>(3,232,765)</u>	<u>29,150,999</u>
Net property and equipment		
	<u>(3,232,765)</u>	<u>29,150,999</u>
Other long-term assets		
Restricted property reserves	-	2,447,658
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	-
Pledges receivable, net	-	600
Investments in limited partnerships, net	(772,795)	-
Notes and interest receivable, net	-	-
Notes and interest receivable, affiliates	-	-
Allowance for impaired assets	-	-
Other assets, net	-	723,925
	<u>(772,795)</u>	<u>3,172,183</u>
Total other long-term assets		
	<u>(772,795)</u>	<u>3,172,183</u>
<b>Total assets</b>	<u>\$ (4,049,638)</u>	<u>\$ 36,806,864</u>

Mercy Housing Midwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Mercy Housing Midwest
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ -	\$ 880,517
Due to affiliates	(118,375)	1,852,910
Accrued interest	-	39,132
Accrued interest, affiliates	-	1,474
Current portion of notes payable	-	169,239
Current portion of notes payable, affiliates	-	-
Deferred revenue and other liabilities	2	81,678
Tenant security deposits	-	156,850
Total current liabilities	(118,373)	3,181,800
Long-term liabilities		
Due to affiliates	-	-
Accrued interest	-	577,997
Accrued interest, affiliates	(714,901)	-
Notes payable, less current portion, net	-	13,843,833
Notes payable, less current portion, affiliates	(7,980,051)	285,000
Deferred revenue and other liabilities	-	112,839
Total long-term liabilities	(8,694,952)	14,819,669
<b>Total liabilities</b>	(8,813,325)	18,001,469
<b>Net assets</b>		
Unrestricted net assets, controlling	4,763,687	14,343,157
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	4,763,687	14,343,157
Temporarily restricted net assets	-	4,462,238
Permanently restricted net assets	-	-
<b>Total net assets</b>	4,763,687	18,805,395
<b>Total liabilities and net assets</b>	<u>\$ (4,049,638)</u>	<u>\$ 36,806,864</u>

Mercy Housing Midwest  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year ended December 31, 2012

	Mercy Housing Midwest	Mercy Crestview Village	Mercy House	Mercy Northglen	Mercy Oakwood Gardens	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Western Manor
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ -	\$ 108,743	\$ -	\$ -	\$ 1,144,825	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	152,643	-	-	-	-	-	-
Philanthropy	92,729	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	342,511	27	13	-	11	184	-
Other	128,324	14,835	756	40,065	286,468	28,503	25,934
<b>Total revenues</b>	<u>716,207</u>	<u>14,862</u>	<u>109,512</u>	<u>40,065</u>	<u>286,479</u>	<u>1,173,512</u>	<u>25,934</u>
<b>Expenses and losses</b>							
Compensation	276,334	-	11,244	-	-	178,982	2,366
Administrative	106,649	(340)	17,176	(32)	(139)	215,671	(467)
Professional services	5,913	-	6,865	-	-	22,286	-
Depreciation and amortization	2,825	-	19,454	-	-	292,201	-
Grants	30,855	-	-	-	-	-	-
Facility	7,845	(100)	31,623	(227)	-	535,238	-
Interest and fees	(1,146)	-	24,482	-	-	308,642	-
Bad debts	55,515	-	-	-	-	39,916	-
Provision for impaired assets	337,071	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	178,870	-	-	-	-	-	-
(Gain) loss on sale of assets	-	(613)	-	(1,083)	(14,584)	-	7,126
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>1,000,731</u>	<u>(1,053)</u>	<u>110,844</u>	<u>(1,342)</u>	<u>(14,723)</u>	<u>1,592,936</u>	<u>9,025</u>
<b>Excess (deficiency) of revenues over expenses</b>	(284,524)	15,915	(1,332)	41,407	301,202	(419,424)	16,909
Net assets at beginning of year	1,438,366	(15,915)	(138,271)	(41,407)	(301,202)	(2,785,347)	(16,909)
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ 1,153,842</u>	<u>\$ -</u>	<u>\$ (139,603)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,204,771)</u>	<u>\$ -</u>



Mercy Housing Midwest  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Mercy Village Joplin, Inc.	Mercy Housing Midwest Nebraska, LLC	Northglen, LP	Crestview Village Housing, LP	Western Manor, LP	MHMMW NEB LLC	Mercy Housing Nebraska I, LTD (Capital Corners)
<b>Revenues</b>							
Rent - net of vacancies	\$ 219,847	\$ -	\$ 360,551	\$ 1,136,639	\$ 498,088	\$ -	\$ 91,584
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	3,234	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	84	-	72	744	217	-	32
Other	76,756	-	8,368	4,002	11,440	-	1,576
<b>Total revenues</b>	<u>296,687</u>	<u>-</u>	<u>368,991</u>	<u>1,141,385</u>	<u>509,745</u>	<u>3,234</u>	<u>93,192</u>
<b>Expenses and losses</b>							
Compensation	90,734	-	70,550	177,393	110,160	-	12,831
Administrative	54,186	1	114,268	178,438	118,372	-	12,908
Professional services	10,765	1,006	19,571	19,888	25,722	311	(1,202)
Depreciation and amortization	193,357	-	205,338	522,860	282,703	-	55,106
Grants	-	-	-	-	-	-	-
Facility	113,090	-	171,146	363,589	177,690	-	40,729
Interest and fees	-	92	108,640	400,552	196,179	-	22,112
Bad debts	-	-	12,018	3,925	7,240	-	327
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	50,248
(Gain) loss on investment in limited partnership	-	127	-	-	-	10	-
<b>Total expenses and losses</b>	<u>462,132</u>	<u>1,226</u>	<u>701,531</u>	<u>1,666,645</u>	<u>918,066</u>	<u>321</u>	<u>193,059</u>
<b>Excess (deficiency) of revenues over expenses</b>	(165,445)	(1,226)	(332,540)	(525,260)	(408,321)	2,913	(99,867)
Net assets at beginning of year	4,209,604	774,620	(109,641)	665,917	625,599	-	-
Other transfers to (from) net assets	-	(3,013)	2,711,236	5,417,818	2,925,946	27,804	516,096
<b>Net assets at end of year</b>	<u>\$ 4,044,159</u>	<u>\$ 770,381</u>	<u>\$ 2,269,055</u>	<u>\$ 5,558,475</u>	<u>\$ 3,143,224</u>	<u>\$ 30,717</u>	<u>\$ 416,229</u>

Mercy Housing Midwest  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Eliminations	Consolidated Mercy Housing Midwest
<b>Revenues</b>		
Rent - net of vacancies	\$ (7,200)	\$ 3,553,077
Developer fees	-	-
Services fees	(3,234)	152,643
Philanthropy	-	92,729
Capital grants	-	-
Consulting	-	-
Interest	(341,240)	2,655
Other	(379,423)	247,604
<b>Total revenues</b>	<u>(731,097)</u>	<u>4,048,708</u>
<b>Expenses and losses</b>		
Compensation	-	930,594
Administrative	(3,236)	813,455
Professional services	-	111,125
Depreciation and amortization	(43,803)	1,530,041
Grants	-	30,855
Facility	(7,200)	1,433,423
Interest and fees	(341,240)	718,313
Bad debts	(12,915)	106,026
Provision for impaired assets	(335,800)	1,271
Project expenses	-	-
Allocation	-	178,870
(Gain) loss on sale of assets	(5,431)	35,663
(Gain) loss on investment in limited partnership	(137)	-
<b>Total expenses and losses</b>	<u>(749,762)</u>	<u>5,889,636</u>
<b>Excess (deficiency) of revenues over expenses</b>	18,665	(1,840,928)
Net assets at beginning of year	4,693,199	8,998,613
Other transfers to (from) net assets	51,823	11,647,710
<b>Net assets at end of year</b>	<u>\$ 4,763,687</u>	<u>\$ 18,805,395</u>

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Mercy Housing Southwest  
Consolidating Statement of Financial Position  
December 31, 2012

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa de Merced	Casa de Shanti, Inc.	Decatur Place	El Mirage Senior Village
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 1,900	\$ 10,976	\$ 11,552	\$ 13,873	\$ 12,207	\$ 351,418	\$ 42,028
Cash, tenant security deposits	-	8,594	1,723	9,085	5,600	17,207	11,765
Cash, restricted	51,286	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	2,724	11	558	-	1,310	8,539	479
Due from affiliate, net	127,723	-	-	-	-	-	-
Pledges receivable, net	347	-	-	-	-	-	-
Grants receivable	87,249	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	151,666	-	-	-	-	-	-
Prepaid expenses and other assets	4,681	9,996	2,114	9,834	5,959	42,780	9,880
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>427,576</u>	<u>29,577</u>	<u>15,947</u>	<u>32,792</u>	<u>25,076</u>	<u>419,944</u>	<u>64,152</u>
Property and equipment							
Land and land improvements	-	129,200	51,954	101,945	85,256	345,979	77,415
Buildings	-	2,403,688	460,058	2,003,674	1,281,187	7,257,315	2,057,268
Furniture and equipment	-	110,170	5,570	101,822	65,924	622,899	143,376
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,015,530)	(193,414)	(1,218,159)	(843,831)	(4,864,460)	(1,170,606)
Net property and equipment	<u>-</u>	<u>1,627,528</u>	<u>324,168</u>	<u>989,282</u>	<u>588,536</u>	<u>3,361,733</u>	<u>1,107,453</u>
Other long-term assets							
Restricted property reserves	-	72,531	9,021	134,262	41,580	826,673	56,976
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	283,511	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	29,576	-
Total other long-term assets	<u>295,296</u>	<u>72,531</u>	<u>9,021</u>	<u>134,262</u>	<u>41,580</u>	<u>856,249</u>	<u>56,976</u>
<b>Total assets</b>	<u>\$ 722,872</u>	<u>\$ 1,729,636</u>	<u>\$ 349,136</u>	<u>\$ 1,156,336</u>	<u>\$ 655,192</u>	<u>\$ 4,637,926</u>	<u>\$ 1,228,581</u>

Mercy Housing Southwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa de Merced	Casa de Shanti, Inc.	Decatur Place	El Mirage Senior Village
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 35,147	\$ 45,279	\$ 8,665	\$ 30,819	\$ 13,948	\$ 179,616	\$ 34,694
Due to affiliates	1,710,364	20,967	15,000	49,441	68,910	-	8,323
Accrued interest	2,500	-	-	-	-	9,284	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	43,678	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1	328	224	185	4,125	6,142	251
Tenant security deposits	-	8,239	1,223	8,445	5,101	16,097	11,031
Total current liabilities	1,748,012	74,813	25,112	88,890	92,084	254,817	54,299
Long-term liabilities							
Due to affiliates	-	-	-	-	-	34,949	-
Accrued interest	-	-	-	-	-	4,740	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	500,000	-	-	-	-	1,663,185	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	637	-	-
Total long-term liabilities	500,000	-	-	-	637	1,702,874	-
<b>Total liabilities</b>	<b>2,248,012</b>	<b>74,813</b>	<b>25,112</b>	<b>88,890</b>	<b>92,721</b>	<b>1,957,691</b>	<b>54,299</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	(1,651,131)	(93,285)	11,970	(240,436)	(232,093)	2,330,685	(209,071)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(1,651,131)	(93,285)	11,970	(240,436)	(232,093)	2,330,685	(209,071)
Temporarily restricted net assets	125,991	1,748,108	312,054	1,307,882	794,564	349,550	1,383,353
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>(1,525,140)</b>	<b>1,654,823</b>	<b>324,024</b>	<b>1,067,446</b>	<b>562,471</b>	<b>2,680,235</b>	<b>1,174,282</b>
<b>Total liabilities and net assets</b>	<b>\$ 722,872</b>	<b>\$ 1,729,636</b>	<b>\$ 349,136</b>	<b>\$ 1,156,336</b>	<b>\$ 655,192</b>	<b>\$ 4,637,926</b>	<b>\$ 1,228,581</b>

Mercy Housing Southwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Holly Park East	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 64,739	\$ 100	\$ 9,153	\$ 10,562	\$ 6,194	\$ 22,594	\$ 3,262
Cash, tenant security deposits	11,098	11,552	5,037	2,540	5,773	16,528	2,453
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	9,284	-	742	5,846	925	1,176	-
Due from affiliate, net	-	1,790	-	-	-	8,323	-
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	18,036	9,438	4,928	3,512	6,144	13,900	2,926
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>103,157</b>	<b>22,880</b>	<b>19,860</b>	<b>22,460</b>	<b>19,036</b>	<b>62,521</b>	<b>8,641</b>
Property and equipment							
Land and land improvements	508,108	192,606	45,000	72,820	37,750	211,466	50,833
Buildings	2,381,248	2,157,387	1,148,031	1,008,813	1,568,266	3,453,533	1,209,077
Furniture and equipment	256,226	100,560	49,045	34,583	70,057	139,336	25,412
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(1,380,243)	(1,072,052)	(611,674)	(405,464)	(1,019,264)	(1,492,882)	(642,154)
<b>Net property and equipment</b>	<b>1,765,339</b>	<b>1,378,501</b>	<b>630,402</b>	<b>710,752</b>	<b>656,809</b>	<b>2,311,453</b>	<b>643,168</b>
Other long-term assets							
Restricted property reserves	351,591	133,533	43,073	13,604	49,199	112,887	80,324
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	515	-	-	-	-	-	-
<b>Total other long-term assets</b>	<b>352,106</b>	<b>133,533</b>	<b>43,073</b>	<b>13,604</b>	<b>49,199</b>	<b>112,887</b>	<b>80,324</b>
<b>Total assets</b>	<b>\$ 2,220,602</b>	<b>\$ 1,534,914</b>	<b>\$ 693,335</b>	<b>\$ 746,816</b>	<b>\$ 725,044</b>	<b>\$ 2,486,861</b>	<b>\$ 732,133</b>

Mercy Housing Southwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Holly Park East	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 104,806	\$ 20,191	\$ 21,360	\$ 16,438	\$ 21,939	\$ 25,082	\$ 14,393
Due to affiliates	-	36,442	-	30,720	49,841	3,187	20
Accrued interest	439	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	69,314	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	20,000	-	-
Deferred revenue and other liabilities	4,930	1,107	49	1,346	1,582	209	396
Tenant security deposits	10,260	11,052	4,525	2,109	5,273	15,730	1,953
Total current liabilities	189,749	68,792	25,934	50,613	98,635	44,208	16,762
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	5,995	-	-	-	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	5,995	-	-	-	-	-	-
<b>Total liabilities</b>	195,744	68,792	25,934	50,613	98,635	44,208	16,762
<b>Net assets</b>							
Unrestricted net assets, controlling	1,976,247	(5,633)	(108,181)	(50,472)	(256,860)	(125,742)	(1,338)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	1,976,247	(5,633)	(108,181)	(50,472)	(256,860)	(125,742)	(1,338)
Temporarily restricted net assets	48,611	1,471,755	775,582	746,675	883,269	2,568,395	716,709
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	2,024,858	1,466,122	667,401	696,203	626,409	2,442,653	715,371
<b>Total liabilities and net assets</b>	\$ 2,220,602	\$ 1,534,914	\$ 693,335	\$ 746,816	\$ 725,044	\$ 2,486,861	\$ 732,133

Mercy Housing Southwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Properties Arizona (Mercy Court)	Eliminations	Consolidated Mercy Housing Southwest
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ 560,558
Cash, tenant security deposits	-	-	108,955
Cash, restricted	-	-	51,286
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	-	-	31,594
Due from affiliate, net	-	(21,836)	116,000
Pledges receivable, net	-	-	347
Grants receivable	-	-	87,249
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	(146,791)	4,875
Prepaid expenses and other assets	-	-	144,128
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	-	(168,627)	1,104,992
Property and equipment			
Land and land improvements	-	-	1,910,332
Buildings	-	(483,387)	27,906,158
Furniture and equipment	-	-	1,724,980
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	-	214,537	(15,715,196)
Net property and equipment	-	(268,850)	15,826,274
Other long-term assets			
Restricted property reserves	-	-	1,925,254
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	-	-	283,511
Allowance for impaired assets	-	-	-
Other assets, net	-	-	30,091
Total other long-term assets	-	(11,785)	2,238,856
<b>Total assets</b>	<b>\$ -</b>	<b>\$ (449,262)</b>	<b>\$ 19,170,122</b>



Mercy Housing Southwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Properties Arizona (Mercy Court)	Eliminations	Consolidated Mercy Housing Southwest
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ -	\$ -	\$ 572,377
Due to affiliates	-	(282,830)	1,710,385
Accrued interest	-	-	12,223
Accrued interest, affiliates	-	-	-
Current portion of notes payable	-	-	112,992
Current portion of notes payable, affiliates	-	(20,000)	-
Deferred revenue and other liabilities	-	-	20,875
Tenant security deposits	-	-	101,038
Total current liabilities	-	(302,830)	2,529,890
Long-term liabilities			
Due to affiliates	-	-	34,949
Accrued interest	-	-	4,740
Accrued interest, affiliates	-	-	-
Notes payable, less current portion, net	-	-	2,169,180
Notes payable, less current portion, affiliates	-	-	-
Deferred revenue and other liabilities	-	-	637
Total long-term liabilities	-	-	2,209,506
<b>Total liabilities</b>	-	(302,830)	4,739,396
<b>Net assets</b>			
Unrestricted net assets, controlling	-	(146,432)	1,198,228
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	-	(146,432)	1,198,228
Temporarily restricted net assets	-	-	13,232,498
Permanently restricted net assets	-	-	-
<b>Total net assets</b>	-	(146,432)	14,430,726
<b>Total liabilities and net assets</b>	\$ -	\$ (449,262)	\$ 19,170,122

Mercy Housing Southwest  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year ended December 31, 2012

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa de Merced	Casa de Shanti, Inc.	Decatur Place	El Mirage Senior Village
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 208,864	\$ 53,587	\$ 226,374	\$ 163,754	\$ 1,505,395	\$ 210,066
Developer fees	-	-	-	-	-	-	-
Services fees	103,693	-	-	-	-	-	-
Philanthropy	362,597	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	45,844	43	19	71	24	902	36
Other	17,723	1,293	171	4,293	1,555	18,356	3,065
<b>Total revenues</b>	<u>529,857</u>	<u>210,200</u>	<u>53,777</u>	<u>230,738</u>	<u>165,333</u>	<u>1,524,653</u>	<u>213,167</u>
<b>Expenses and losses</b>							
Compensation	265,062	100,551	12,412	99,073	37,531	310,664	73,826
Administrative	126,453	35,283	18,436	31,324	25,536	181,046	35,959
Professional services	2,719	9,315	9,481	9,647	9,534	195,000	9,315
Depreciation and amortization	-	89,806	17,414	73,930	47,262	242,624	80,553
Grants	156,357	-	-	-	-	-	-
Facility	712	71,187	23,048	78,184	53,633	510,671	84,361
Interest and fees	79,786	-	1	308	-	117,493	-
Bad debts	661,767	-	280	-	-	5,722	-
Provision for impaired assets	122,789	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	203,654	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>1,619,299</u>	<u>306,142</u>	<u>81,072</u>	<u>292,466</u>	<u>173,496</u>	<u>1,563,220</u>	<u>284,014</u>
<b>Excess (deficiency) of revenues over expenses</b>	(1,089,442)	(95,942)	(27,295)	(61,728)	(8,163)	(38,567)	(70,847)
Net assets at beginning of year	(435,698)	1,750,765	351,319	1,129,174	570,634	2,718,802	1,245,129
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ (1,525,140)</u>	<u>\$ 1,654,823</u>	<u>\$ 324,024</u>	<u>\$ 1,067,446</u>	<u>\$ 562,471</u>	<u>\$ 2,680,235</u>	<u>\$ 1,174,282</u>

Mercy Housing Southwest  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Mercy Holly Park East	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments
<b>Revenues</b>							
Rent - net of vacancies	\$ 738,544	\$ 205,299	\$ 104,466	\$ 82,983	\$ 173,496	\$ 308,335	\$ 99,912
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	42,071	68	23	10	22	83	150
Other	70,118	906	1,713	5,116	2,268	2,782	82
<b>Total revenues</b>	<u>850,733</u>	<u>206,273</u>	<u>106,202</u>	<u>88,109</u>	<u>175,786</u>	<u>311,200</u>	<u>100,144</u>
<b>Expenses and losses</b>							
Compensation	119,530	83,376	30,589	24,034	59,150	99,713	30,454
Administrative	109,109	34,196	17,064	11,669	22,147	62,105	14,248
Professional services	35,804	9,315	9,165	9,797	9,521	10,765	9,165
Depreciation and amortization	115,761	82,488	41,637	36,669	57,987	128,525	45,351
Grants	-	-	-	-	-	-	-
Facility	242,776	62,411	45,081	31,649	65,044	126,955	33,001
Interest and fees	6,578	-	100	170	-	180	-
Bad debts	1,582	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	(68,106)	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>631,140</u>	<u>203,680</u>	<u>143,636</u>	<u>113,988</u>	<u>213,849</u>	<u>428,243</u>	<u>132,219</u>
<b>Excess (deficiency) of revenues over expenses</b>	219,593	2,593	(37,434)	(25,879)	(38,063)	(117,043)	(32,075)
Net assets at beginning of year	1,805,265	1,463,529	704,835	722,082	664,472	2,559,696	747,446
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ 2,024,858</u>	<u>\$ 1,466,122</u>	<u>\$ 667,401</u>	<u>\$ 696,203</u>	<u>\$ 626,409</u>	<u>\$ 2,442,653</u>	<u>\$ 715,371</u>

Mercy Housing Southwest  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Mercy Properties Arizona (Mercy Court)	Eliminations	Consolidated Mercy Housing Southwest
<b>Revenues</b>			
Rent - net of vacancies	\$ 442,947	\$ (41,456)	\$ 4,482,566
Developer fees	-	-	-
Services fees	-	-	103,693
Philanthropy	-	-	362,597
Capital grants	-	-	-
Consulting	-	-	-
Interest	4	(15,547)	73,823
Other	1,305,343	(575,196)	859,588
<b>Total revenues</b>	<u>1,748,294</u>	<u>(632,199)</u>	<u>5,882,267</u>
<b>Expenses and losses</b>			
Compensation	116,961	-	1,462,926
Administrative	49,541	-	774,116
Professional services	968	-	339,511
Depreciation and amortization	75,427	(17,578)	1,117,856
Grants	-	(41,456)	114,901
Facility	248,954	-	1,677,667
Interest and fees	183,856	(15,547)	372,925
Bad debts	31,015	(584,084)	116,282
Provision for impaired assets	-	-	122,789
Project expenses	-	-	-
Allocation	-	-	203,654
(Gain) loss on sale of assets	(1,721,292)	-	(1,789,398)
(Gain) loss on investment in limited partnership	-	-	-
<b>Total expenses and losses</b>	<u>(1,014,570)</u>	<u>(658,665)</u>	<u>4,513,229</u>
<b>Excess (deficiency) of revenues over expenses</b>	2,762,864	26,466	1,369,038
Net assets at beginning of year	(2,762,864)	(172,898)	13,061,688
Other transfers to (from) net assets	-	-	-
<b>Net assets at end of year</b>	<u>\$ -</u>	<u>\$ (146,432)</u>	<u>\$ 14,430,726</u>

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Mercy Housing California  
Consolidating Statement of Financial Position  
December 31, 2012

	Mercy Housing California	Affordable Housing Initiatives	All Hallows Community	Marin Homes for Independent Living (Camino Alto)	Cantabria Senior Homes	Mercy Senior Housing Oxnard (Casa Merced)	EH/CC Housing Corporation (Eden House)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 6,740,914	\$ -	\$ 162,670	\$ 40,722	\$ 61,120	\$ 15,488	\$ 569,209
Cash, tenant security deposits	-	-	12,303	6,944	12,309	12,017	74,507
Cash, restricted	2,923,894	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	685,000	-	-	-	-	-	-
Accounts receivable, net	1,222,635	-	1,181	392	630	5,140	9,995
Due from affiliate, net	10,518,083	-	-	-	-	-	-
Pledges receivable, net	14,850	-	-	-	-	-	-
Grants receivable	142,988	-	-	-	-	-	-
Current portion of notes and interest receivable	99,868	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	2,434,290	-	-	-	-	-	-
Prepaid expenses and other assets	80,853	-	13,736	8,901	7,592	6,838	23,623
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>24,863,375</u>	<u>-</u>	<u>189,890</u>	<u>56,959</u>	<u>81,651</u>	<u>39,483</u>	<u>677,334</u>
Property and equipment							
Land and land improvements	1,044,500	-	164,430	389,000	20,827	323,400	573,860
Buildings	373,108	-	2,718,613	1,650,024	5,141,315	4,146,690	8,521,531
Furniture and equipment	251,669	-	137,037	102,194	19,879	92,485	260,960
Predevelopment project costs	1,361,744	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(493,496)	-	(1,825,356)	(1,687,283)	(1,456,366)	(2,127,589)	(4,384,569)
Net property and equipment	<u>2,537,525</u>	<u>-</u>	<u>1,194,724</u>	<u>453,935</u>	<u>3,725,655</u>	<u>2,434,986</u>	<u>4,971,782</u>
Other long-term assets							
Restricted property reserves	749,171	-	980,301	116,849	73,145	144,695	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	1,435,000	-	-	-	-	-	-
Due from affiliates	2,685,971	-	-	-	-	-	-
Pledges receivable, net	218,703	-	-	-	-	-	-
Investments in limited partnerships, net.	499,909	331,226	-	-	-	-	-
Notes and interest receivable, net	4,113,920	-	-	-	-	-	-
Notes and interest receivable, affiliates	6,053,327	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-
Total other long-term assets	<u>15,756,001</u>	<u>331,226</u>	<u>980,301</u>	<u>116,849</u>	<u>73,145</u>	<u>144,695</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 43,156,901</u>	<u>\$ 331,226</u>	<u>\$ 2,364,915</u>	<u>\$ 627,743</u>	<u>\$ 3,880,451</u>	<u>\$ 2,619,164</u>	<u>\$ 5,649,116</u>

Mercy Housing California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing California	Affordable Housing Initiatives	All Hallows Community	Marin Homes for Independent Living (Camino Alto)	Cantabria Senior Homes	Mercy Senior Housing Oxnard (Casa Merced)	EH/CC Housing Corporation (Eden House)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 728,225	\$ 249	\$ 586,807	\$ 87,197	\$ 24,816	\$ 14,416	\$ 45,005
Due to affiliates	29,345	73,910	-	-	16,234	57,150	-
Accrued interest	19,543	-	12,862	6,365	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	446,653	-	86,436	47,085	-	-	-
Current portion of notes payable, affiliates	1,701,509	-	-	-	-	-	-
Deferred revenue and other liabilities	514,184	-	(1)	6	884	1,346	3,157
Tenant security deposits	-	-	12,392	6,444	11,583	11,837	74,007
<b>Total current liabilities</b>	<b>3,439,459</b>	<b>74,159</b>	<b>698,496</b>	<b>147,097</b>	<b>53,517</b>	<b>84,749</b>	<b>122,169</b>
Long-term liabilities							
Due to affiliates	60,000	-	-	-	-	-	-
Accrued interest	6,259	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	2,124,000	-	1,582,179	778,646	-	-	153,628
Notes payable, less current portion, affiliates	464,136	-	-	-	-	-	-
Deferred revenue and other liabilities	3,168,532	-	-	-	-	-	-
<b>Total long-term liabilities</b>	<b>5,822,927</b>	<b>-</b>	<b>1,582,179</b>	<b>778,646</b>	<b>-</b>	<b>-</b>	<b>153,628</b>
<b>Total liabilities</b>	<b>9,262,386</b>	<b>74,159</b>	<b>2,280,675</b>	<b>925,743</b>	<b>53,517</b>	<b>84,749</b>	<b>275,797</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	27,407,847	257,067	84,240	(298,000)	499,979	(413,812)	5,373,319
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>27,407,847</b>	<b>257,067</b>	<b>84,240</b>	<b>(298,000)</b>	<b>499,979</b>	<b>(413,812)</b>	<b>5,373,319</b>
Temporarily restricted net assets	4,716,668	-	-	-	3,326,955	2,948,227	-
Permanently restricted net assets	1,770,000	-	-	-	-	-	-
<b>Total net assets</b>	<b>33,894,515</b>	<b>257,067</b>	<b>84,240</b>	<b>(298,000)</b>	<b>3,826,934</b>	<b>2,534,415</b>	<b>5,373,319</b>
<b>Total liabilities and net assets</b>	<b>\$ 43,156,901</b>	<b>\$ 331,226</b>	<b>\$ 2,364,915</b>	<b>\$ 627,743</b>	<b>\$ 3,880,451</b>	<b>\$ 2,619,164</b>	<b>\$ 5,649,116</b>

Mercy Housing California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 106,739	\$ 24,786	\$ 21,238	\$ 76,543	\$ 4,008	\$ 274,222	\$ 57,075
Cash, tenant security deposits	32,636	13,492	24,784	21,392	-	35,524	6,492
Cash, restricted	29,326	10,485	11,723	12,258	97,950	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	1,289	1,139	-	274	-	950	16,068
Due from affiliate, net	-	-	-	-	-	13,330	-
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	40,398	11,261	31,021	18,902	-	8,354	4,386
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>210,388</u>	<u>61,163</u>	<u>88,766</u>	<u>129,369</u>	<u>101,958</u>	<u>332,380</u>	<u>84,021</u>
Property and equipment							
Land and land improvements	482,512	-	1,042,148	773,219	-	1,029,580	74,646
Buildings	5,183,940	4,566,986	13,440,849	5,880,586	-	1,175,104	3,769,453
Furniture and equipment	579,228	66,363	254,154	204,698	-	9,635	28,572
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(5,121,487)	(1,459,343)	(5,492,251)	(3,518,852)	-	(1,169,492)	(1,516,183)
Net property and equipment	<u>1,124,193</u>	<u>3,174,006</u>	<u>9,244,900</u>	<u>3,339,651</u>	<u>-</u>	<u>1,044,827</u>	<u>2,356,488</u>
Other long-term assets							
Restricted property reserves	552,318	185,927	304,623	383,634	-	165,424	166,485
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	-	-	-	-	4,431,310	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-
Total other long-term assets	<u>552,318</u>	<u>185,927</u>	<u>304,623</u>	<u>383,634</u>	<u>4,431,310</u>	<u>165,424</u>	<u>166,485</u>
<b>Total assets</b>	<u>\$ 1,886,899</u>	<u>\$ 3,421,096</u>	<u>\$ 9,638,289</u>	<u>\$ 3,852,654</u>	<u>\$ 4,533,268</u>	<u>\$ 1,542,631</u>	<u>\$ 2,606,994</u>



Mercy Housing California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 259,521	\$ 23,077	\$ 129,258	\$ 60,359	\$ 6,000	\$ 29,992	\$ 13,589
Due to affiliates	-	-	10,000	758	-	78,251	8,019
Accrued interest	11,117	-	-	-	-	2,037	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	220,250	-	-	-	-	105,000	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	2,726	1,469	440	456	-	4,855	274
Tenant security deposits	32,188	13,012	24,222	20,938	-	34,036	5,741
Total current liabilities	525,802	37,558	163,920	82,511	6,000	254,171	27,623
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	817,397	379,064
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	1,720,121	-	-	-	-	705,075	1,060,319
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	1,720,121	-	-	-	-	1,522,472	1,439,383
<b>Total liabilities</b>	2,245,923	37,558	163,920	82,511	6,000	1,776,643	1,467,006
<b>Net assets</b>							
Unrestricted net assets, controlling	(359,024)	(421,037)	(922,356)	(56,799)	4,527,268	(234,012)	(859,312)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(359,024)	(421,037)	(922,356)	(56,799)	4,527,268	(234,012)	(859,312)
Temporarily restricted net assets	-	3,804,575	10,396,725	3,826,942	-	-	1,999,300
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	(359,024)	3,383,538	9,474,369	3,770,143	4,527,268	(234,012)	1,139,988
<b>Total liabilities and net assets</b>	\$ 1,886,899	\$ 3,421,096	\$ 9,638,289	\$ 3,852,654	\$ 4,533,268	\$ 1,542,631	\$ 2,606,994

Mercy Housing California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Oceana Senior		Presentation Senior		Garden Park		
	Notre Dame Senior	Housing Corporation	Housing Corporation	Russell Manor	Tierra del Sol	Apartment	Mercy Oaks Village
	Housing Corporation	(Oceana Terrace)	Housing Community			Community	
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 89,152	\$ 33,718	\$ 67,945	\$ 443	\$ 4,909	\$ 300	\$ 15,498
Cash, tenant security deposits	25,633	13,922	37,104	19,508	24,593	5,010	20,546
Cash, restricted	12,483	-	-	-	321,120	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	170	79	-	387	294	1,810	-
Due from affiliate, net	9,500	-	938	-	-	-	-
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	18,912	11,327	33,850	15,412	19,291	13,287	12,576
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	155,850	59,046	139,837	35,750	370,207	20,407	48,620
Property and equipment							
Land and land improvements	2,000,000	400,000	1,797,674	228,181	1,180,289	561,834	-
Buildings	8,420,704	3,567,135	13,943,262	5,614,756	11,660,326	3,660,946	7,738,716
Furniture and equipment	259,893	156,873	297,185	381,927	31,415	46,690	76,895
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	93,493	-
Accumulated depreciation	(4,898,176)	(2,373,458)	(6,396,890)	(3,176,397)	(2,200,632)	(1,102,199)	(1,847,534)
Net property and equipment	5,782,421	1,750,550	9,641,231	3,048,467	10,671,398	3,260,764	5,968,077
Other long-term assets							
Restricted property reserves	98,051	200,940	1,036,072	112,381	184,528	1,202,840	183,851
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	-	2,703	-	2,805	40,089	11,747	27,379
Total other long-term assets	98,051	203,643	1,036,072	115,186	224,617	1,214,587	211,230
<b>Total assets</b>	<b>\$ 6,036,322</b>	<b>\$ 2,013,239</b>	<b>\$ 10,817,140</b>	<b>\$ 3,199,403</b>	<b>\$ 11,266,222</b>	<b>\$ 4,495,758</b>	<b>\$ 6,227,927</b>

Mercy Housing California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Notre Dame Senior Housing Corporation	Oceana Senior Housing Corporation (Oceana Terrace)	Presentation Senior Housing Community	Russell Manor	Tierra del Sol	Garden Park Apartment Community	Mercy Oaks Village
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 69,664	\$ 29,119	\$ 75,418	\$ 70,843	\$ 28,960	\$ 158,819	\$ 27,493
Due to affiliates	10,980	-	-	19,334	1,530,847	-	10,000
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	115,389	-	-
Deferred revenue and other liabilities	3,481	98	266	19	4,176	2	387
Tenant security deposits	25,133	13,153	36,569	19,008	23,771	4,510	19,946
<b>Total current liabilities</b>	<b>109,258</b>	<b>42,370</b>	<b>112,253</b>	<b>109,204</b>	<b>1,703,143</b>	<b>163,331</b>	<b>57,826</b>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	676,543	-	159,422	-	660,302	39,751
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	620,000	-	357,229	-	3,228,602	500,000
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
<b>Total long-term liabilities</b>	<b>-</b>	<b>1,296,543</b>	<b>-</b>	<b>516,651</b>	<b>-</b>	<b>3,888,904</b>	<b>539,751</b>
<b>Total liabilities</b>	<b>109,258</b>	<b>1,338,913</b>	<b>112,253</b>	<b>625,855</b>	<b>1,703,143</b>	<b>4,052,235</b>	<b>597,577</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	(551,646)	(1,279,836)	(189,507)	(1,063,025)	(765,897)	(336,017)	(510,656)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>(551,646)</b>	<b>(1,279,836)</b>	<b>(189,507)</b>	<b>(1,063,025)</b>	<b>(765,897)</b>	<b>(336,017)</b>	<b>(510,656)</b>
Temporarily restricted net assets	6,478,710	1,954,162	10,894,394	3,636,573	10,328,976	779,540	6,141,006
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>5,927,064</b>	<b>674,326</b>	<b>10,704,887</b>	<b>2,573,548</b>	<b>9,563,079</b>	<b>443,523</b>	<b>5,630,350</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,036,322</b>	<b>\$ 2,013,239</b>	<b>\$ 10,817,140</b>	<b>\$ 3,199,403</b>	<b>\$ 11,266,222</b>	<b>\$ 4,495,758</b>	<b>\$ 6,227,927</b>

Mercy Housing California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	MHC NSP LLC	Mercy Commercial California	Central Coast Housing	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Consolidated Mercy Housing California Senior Properties	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 107,424	\$ 92,068	\$ 65,351	\$ -	\$ 731,406	\$ 1,719,502	\$ 527,196
Cash, tenant security deposits	-	-	4,576	-	117,536	358,437	40,128
Cash, restricted	-	-	-	-	7,579	8,884,185	17,711
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	24,988	3,326	207	544	232,535	323,278	210,241
Due from affiliate, net	-	-	16,483	48,314	-	540	992,406
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	3,750,000	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	11,694	2,393	186,815	111,860	1,807,626	26,841
Inventory	51,109	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>183,521</b>	<b>107,088</b>	<b>89,010</b>	<b>235,673</b>	<b>1,200,916</b>	<b>16,843,568</b>	<b>1,814,523</b>
Property and equipment							
Land and land improvements	-	-	211,256	-	2,053,255	26,995,648	7,497,585
Buildings	-	194,844	649,027	9,549,084	21,787,677	151,542,892	13,492,375
Furniture and equipment	-	-	1,941	-	552,475	2,891,314	165,798
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	982,140	-	110,138,028	3,057,834
Accumulated depreciation	-	(84,680)	(283,103)	-	(4,180,415)	(14,934,233)	(6,949,103)
<b>Net property and equipment</b>	<b>-</b>	<b>110,164</b>	<b>579,121</b>	<b>10,531,224</b>	<b>20,212,992</b>	<b>276,633,649</b>	<b>17,264,489</b>
Other long-term assets							
Restricted property reserves	-	3,549	79,315	-	3,241,587	11,658,128	461,795
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	3,168	-	-	-	60,000
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	-	(3,820,125)	-
Notes and interest receivable, net	-	-	-	-	-	-	450,000
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	141,536	646,447	3,120,455	202,564
<b>Total other long-term assets</b>	<b>-</b>	<b>3,549</b>	<b>82,483</b>	<b>141,536</b>	<b>3,888,034</b>	<b>10,958,458</b>	<b>1,174,359</b>
<b>Total assets</b>	<b>\$ 183,521</b>	<b>\$ 220,801</b>	<b>\$ 750,614</b>	<b>\$ 10,908,433</b>	<b>\$ 25,301,942</b>	<b>\$ 304,435,675</b>	<b>\$ 20,253,371</b>

Mercy Housing California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	MHC NSP LLC	Mercy Commercial California	Central Coast Housing	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Consolidated Mercy Housing California Senior Properties	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 51,415	\$ 3,652	\$ 455	\$ 720,940	\$ 23,632,408	\$ 127,204
Due to affiliates	-	793,077	-	16,483	473,432	4,429,630	2,521,812
Accrued interest	-	-	136	-	353,223	302,236	397,575
Accrued interest, affiliates	-	-	-	-	-	-	138,703
Current portion of notes payable	-	-	895	-	470,078	57,980,199	54,668
Current portion of notes payable, affiliates	183,731	-	-	18,335	9,060	181,837	1,026,232
Deferred revenue and other liabilities	-	36,421	198	(1)	110,524	670,946	4,505
Tenant security deposits	-	84,015	4,076	48,314	112,794	363,009	47,328
<b>Total current liabilities</b>	<b>183,731</b>	<b>964,928</b>	<b>8,957</b>	<b>83,586</b>	<b>2,250,051</b>	<b>87,560,265</b>	<b>4,318,027</b>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	106,741	-	549,835	6,524,597	460,229
Accrued interest, affiliates	-	60,000	238,545	-	-	80,702	-
Notes payable, less current portion, net	-	-	228,288	9,796,492	22,522,832	151,404,993	9,756,021
Notes payable, less current portion, affiliates	-	100,000	384,000	-	-	7,430,381	2,144,488
Deferred revenue and other liabilities	-	-	-	63,355	542	23,502,137	-
<b>Total long-term liabilities</b>	<b>-</b>	<b>160,000</b>	<b>957,574</b>	<b>9,859,847</b>	<b>23,073,209</b>	<b>188,942,810</b>	<b>12,360,738</b>
<b>Total liabilities</b>	<b>183,731</b>	<b>1,124,928</b>	<b>966,531</b>	<b>9,943,433</b>	<b>25,323,260</b>	<b>276,503,075</b>	<b>16,678,765</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	(210)	(904,127)	(340,218)	965,000	(21,318)	16,248,729	(1,954,607)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>(210)</b>	<b>(904,127)</b>	<b>(340,218)</b>	<b>965,000</b>	<b>(21,318)</b>	<b>16,248,729</b>	<b>(1,954,607)</b>
Temporarily restricted net assets	-	-	124,301	-	-	11,683,871	5,529,213
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>(210)</b>	<b>(904,127)</b>	<b>(215,917)</b>	<b>965,000</b>	<b>(21,318)</b>	<b>27,932,600</b>	<b>3,574,606</b>
<b>Total liabilities and net assets</b>	<b>\$ 183,521</b>	<b>\$ 220,801</b>	<b>\$ 750,614</b>	<b>\$ 10,908,433</b>	<b>\$ 25,301,942</b>	<b>\$ 304,435,675</b>	<b>\$ 20,253,371</b>

Mercy Housing California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Mercy Housing California
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ 11,609,646
Cash, tenant security deposits	-	919,393
Cash, restricted	-	12,328,714
Investments	-	-
Investments, restricted	-	685,000
Accounts receivable, net	(10,311)	2,047,241
Due from affiliate, net	(7,354,380)	4,245,214
Pledges receivable, net	-	14,850
Grants receivable	-	3,892,988
Current portion of notes and interest receivable	-	99,868
Current portion of notes and interest receivable, affiliates	(2,308,808)	125,482
Prepaid expenses and other assets	(819,561)	1,708,188
Inventory	-	51,109
Assets held for sale	-	-
Total current assets	(10,493,060)	37,727,693
Property and equipment		
Land and land improvements	-	48,843,844
Buildings	(8,908,308)	299,481,635
Furniture and equipment	-	6,869,280
Predevelopment project costs	-	1,361,744
Construction in progress	(2,450,037)	111,821,458
Accumulated depreciation	1,814,331	(76,864,756)
Net property and equipment	(9,544,014)	391,513,205
Other long-term assets		
Restricted property reserves	-	22,285,609
Long-term investments	-	-
Long-term investments, restricted	-	1,435,000
Due from affiliates	(2,528,135)	221,004
Pledges receivable, net	-	218,703
Investments in limited partnerships, net.	(824,637)	(3,813,627)
Notes and interest receivable, net	-	4,563,920
Notes and interest receivable, affiliates	(4,115,467)	6,369,170
Allowance for impaired assets	-	-
Other assets, net	-	4,195,725
Total other long-term assets	(7,468,239)	35,475,504
<b>Total assets</b>	<b>\$ (27,505,313)</b>	<b>\$ 464,716,402</b>

Mercy Housing California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Mercy Housing California
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ (28,354)	\$ 26,976,547
Due to affiliates	(9,821,275)	257,987
Accrued interest	-	1,105,094
Accrued interest, affiliates	-	138,703
Current portion of notes payable	-	59,411,264
Current portion of notes payable, affiliates	(1,534,583)	1,701,510
Deferred revenue and other liabilities	(588,700)	772,118
Tenant security deposits	-	1,048,026
Total current liabilities	(11,972,912)	91,411,249
Long-term liabilities		
Due to affiliates	(60,000)	-
Accrued interest	-	10,380,140
Accrued interest, affiliates	(140,702)	238,545
Notes payable, less current portion, net	-	206,538,425
Notes payable, less current portion, affiliates	(6,456,205)	4,066,800
Deferred revenue and other liabilities	(1,468,219)	25,266,347
Total long-term liabilities	(8,125,126)	246,490,257
<b>Total liabilities</b>	(20,098,038)	337,901,506
<b>Net assets</b>		
Unrestricted net assets, controlling	(7,407,275)	36,474,758
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	(7,407,275)	36,474,758
Temporarily restricted net assets	-	88,570,138
Permanently restricted net assets	-	1,770,000
<b>Total net assets</b>	(7,407,275)	126,814,896
<b>Total liabilities and net assets</b>	\$ (27,505,313)	\$ 464,716,402

Mercy Housing California  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	Mercy Housing California	Affordable Housing Initiatives	All Hallows Community	Marin Homes for Independent Living (Camino Alto)	Cantabria Senior Homes	Mercy Senior Housing Oxnard (Casa Merced)	EH/CC Housing Corporation (Eden House)
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ -	\$ 785,491	\$ 349,998	\$ 289,506	\$ 253,588	\$ 1,010,235
Developer fees	8,523,753	-	-	-	-	-	-
Services fees	3,770,892	-	-	-	-	-	-
Philanthropy	1,669,102	-	-	-	-	-	-
Capital grants	1,092,689	-	-	-	-	-	-
Consulting	582,881	-	-	-	-	-	-
Interest	425,623	-	338	75	21	62	68,312
Other	8,197,369	-	3,714	2,214	2,895	5,327	29,250
<b>Total revenues</b>	<b>24,262,309</b>	<b>-</b>	<b>789,543</b>	<b>352,287</b>	<b>292,422</b>	<b>258,977</b>	<b>1,107,797</b>
<b>Expenses and losses</b>							
Compensation	5,908,137	-	211,329	71,827	100,508	64,362	139,977
Administrative	809,697	800	593,974	90,335	58,735	38,760	186,082
Professional services	171,776	1,106	16,039	9,165	9,315	42,022	108,503
Depreciation and amortization	24,984	-	70,966	42,247	187,332	114,083	370,742
Grants	2,208,196	-	-	-	-	-	-
Facility	354,913	-	94,940	76,368	86,229	70,769	334,365
Interest and fees	214,551	3,543	157,744	78,231	-	874	4,677
Bad debts	279,395	-	-	-	104	-	49,876
Provision for impaired assets	266,272	-	-	-	-	-	-
Project expenses	14,981	-	-	-	-	-	-
Allocation	2,530,034	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	1,956	(22)	-	-	-	-	-
<b>Total expenses and losses</b>	<b>12,784,892</b>	<b>5,427</b>	<b>1,144,992</b>	<b>368,173</b>	<b>442,223</b>	<b>330,870</b>	<b>1,194,222</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>11,477,417</b>	<b>(5,427)</b>	<b>(355,449)</b>	<b>(15,886)</b>	<b>(149,801)</b>	<b>(71,893)</b>	<b>(86,425)</b>
Net assets at beginning of year	22,417,098	262,494	439,689	(282,114)	3,976,735	2,606,308	5,459,744
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ 33,894,515</b>	<b>\$ 257,067</b>	<b>\$ 84,240</b>	<b>\$ (298,000)</b>	<b>\$ 3,826,934</b>	<b>\$ 2,534,415</b>	<b>\$ 5,373,319</b>



Mercy Housing California  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	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
<b>Revenues</b>							
Rent - net of vacancies	\$ 1,668,269	\$ 215,680	\$ 785,965	\$ 502,346	\$ -	\$ 502,780	\$ 211,410
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	81	73	144	200	176,821	223	62
Other	19,271	2,562	23,207	4,687	-	180,144	1,108
<b>Total revenues</b>	<b>1,687,621</b>	<b>218,315</b>	<b>809,316</b>	<b>507,233</b>	<b>176,821</b>	<b>683,147</b>	<b>212,580</b>
<b>Expenses and losses</b>							
Compensation	640,539	88,307	424,453	232,028	-	42,194	58,161
Administrative	249,092	40,667	121,079	81,176	6,000	61,987	28,920
Professional services	51,661	9,315	12,445	10,766	-	8,515	9,905
Depreciation and amortization	267,194	167,175	493,525	220,744	-	143,641	133,017
Grants	282,090	-	-	-	-	-	-
Facility	430,216	65,492	206,906	143,534	-	136,393	50,344
Interest and fees	152,974	-	-	35	-	65,912	31,810
Bad debts	-	-	211	-	-	-	866
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<b>2,073,766</b>	<b>370,956</b>	<b>1,258,619</b>	<b>688,283</b>	<b>6,000</b>	<b>458,642</b>	<b>313,023</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(386,145)</b>	<b>(152,641)</b>	<b>(449,303)</b>	<b>(181,050)</b>	<b>170,821</b>	<b>224,505</b>	<b>(100,443)</b>
Net assets at beginning of year	27,121	3,536,179	9,923,672	3,951,193	4,356,447	(458,517)	1,240,431
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ (359,024)</b>	<b>\$ 3,383,538</b>	<b>\$ 9,474,369</b>	<b>\$ 3,770,143</b>	<b>\$ 4,527,268</b>	<b>\$ (234,012)</b>	<b>\$ 1,139,988</b>

Mercy Housing California  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Oceana Senior					Garden Park	
	Notre Dame Senior	Housing Corporation	Presentation Senior			Apartment	
	Housing Corporation	(Oceana Terrace)	Housing Community	Russell Manor	Tierra del Sol	Community	Mercy Oaks Village
<b>Revenues</b>							
Rent - net of vacancies	\$ 565,083	\$ 307,158	\$ 986,318	\$ 392,968	\$ 497,854	\$ 283,351	\$ 308,443
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	68	115	533	32	188	19,553	79
Other	31,320	3,795	15,167	3,651	7,775	196,152	4,401
<b>Total revenues</b>	<u>596,471</u>	<u>311,068</u>	<u>1,002,018</u>	<u>396,651</u>	<u>505,817</u>	<u>499,056</u>	<u>312,923</u>
<b>Expenses and losses</b>							
Compensation	230,383	130,868	458,330	138,462	106,654	176,124	90,559
Administrative	90,332	50,594	133,407	68,661	99,905	42,089	52,250
Professional services	11,980	9,203	12,520	11,765	14,891	34,872	35,504
Depreciation and amortization	319,257	133,590	524,210	294,065	463,888	167,667	294,046
Grants	-	-	-	-	-	-	-
Facility	177,911	120,046	312,437	134,819	157,390	86,175	104,067
Interest and fees	5	36,691	1	10,745	43	92,937	5,057
Bad debts	-	-	-	-	1,328	430	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>829,868</u>	<u>480,992</u>	<u>1,440,905</u>	<u>658,517</u>	<u>844,099</u>	<u>600,294</u>	<u>581,483</u>
<b>Excess (deficiency) of revenues over expenses</b>	(233,397)	(169,924)	(438,887)	(261,866)	(338,282)	(101,238)	(268,560)
Net assets at beginning of year	6,160,461	844,250	11,143,774	2,835,414	9,901,361	544,761	5,898,910
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ 5,927,064</u>	<u>\$ 674,326</u>	<u>\$ 10,704,887</u>	<u>\$ 2,573,548</u>	<u>\$ 9,563,079</u>	<u>\$ 443,523</u>	<u>\$ 5,630,350</u>

Mercy Housing California  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	MHC NSP LLC	Mercy Commercial California	Central Coast Housing	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Consolidated Mercy Housing California Senior Properties	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 938,212	\$ 52,548	\$ -	\$ 4,887,283	\$ 4,242,139	\$ 697,978
Developer fees	-	-	19,651	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	267,025
Capital grants	-	-	-	-	-	2,252,569	-
Consulting	-	-	-	-	-	-	-
Interest	-	1	67,912	-	9,420	39,097	600
Other	-	125,319	25,000	-	73,250	3,190,099	2,253,271
<b>Total revenues</b>	-	1,063,532	165,111	-	4,969,953	9,723,904	3,218,874
<b>Expenses and losses</b>							
Compensation	-	2,675	20,803	-	1,246,658	1,947,028	143,402
Administrative	-	65,250	5,382	-	833,634	1,158,895	50,396
Professional services	-	3,778	-	-	77,149	591,503	53,994
Depreciation and amortization	-	8,480	16,983	-	914,974	5,365,495	543,313
Grants	-	-	-	-	-	1,386,375	-
Facility	-	1,120,173	10,569	-	765,721	1,628,568	227,189
Interest and fees	-	29,976	46,550	-	1,292,487	2,768,216	342,143
Bad debts	-	-	92,872	-	302	21,510	-
Provision for impaired assets	-	-	-	-	-	-	219,887
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	(273,793)	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	3,792,972	-
<b>Total expenses and losses</b>	-	1,230,332	193,159	-	5,130,925	18,386,769	1,580,324
<b>Excess (deficiency) of revenues over expenses</b>	-	(166,800)	(28,048)	-	(160,972)	(8,662,865)	1,638,550
Net assets at beginning of year	(210)	-	-	-	139,654	20,927,947	1,936,056
Other transfers to (from) net assets	-	(737,327)	(187,869)	965,000	-	15,667,518	-
<b>Net assets at end of year</b>	<u>\$ (210)</u>	<u>\$ (904,127)</u>	<u>\$ (215,917)</u>	<u>\$ 965,000</u>	<u>\$ (21,318)</u>	<u>\$ 27,932,600</u>	<u>\$ 3,574,606</u>

Mercy Housing California  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Eliminations	Consolidated Mercy Housing California
<b>Revenues</b>		
Rent - net of vacancies	\$ -	\$ 20,734,603
Developer fees	(984,949)	7,558,455
Services fees	(632,927)	3,137,965
Philanthropy	(150,160)	1,785,967
Capital grants	-	3,345,258
Consulting	13,100	595,981
Interest	(214,459)	595,174
Other	(1,790,656)	12,610,292
<b>Total revenues</b>	<b>(3,760,051)</b>	<b>50,363,695</b>
<b>Expenses and losses</b>		
Compensation	-	12,673,768
Administrative	(179,998)	4,838,101
Professional services	(428,332)	889,360
Depreciation and amortization	(350,900)	10,930,718
Grants	(1,767,820)	2,108,841
Facility	(76,417)	6,819,117
Interest and fees	(117,143)	5,218,059
Bad debts	(59,749)	387,145
Provision for impaired assets	(195,182)	290,977
Project expenses	-	14,981
Allocation	-	2,530,034
(Gain) loss on sale of assets	-	(273,793)
(Gain) loss on investment in limited partnership	225	3,795,131
<b>Total expenses and losses</b>	<b>(3,175,316)</b>	<b>50,222,439</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(584,735)</b>	<b>141,256</b>
Net assets at beginning of year	(6,879,841)	110,909,017
Other transfers to (from) net assets	57,301	15,764,623
<b>Net assets at end of year</b>	<b>\$ (7,407,275)</b>	<b>\$ 126,814,896</b>

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Mercy Housing California Senior Properties  
Consolidating Statement of Financial Position  
December 31, 2012

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St Andrew Senior Community, LP	Villa Columbia Mercy Riverside, LP
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 57,546	\$ 270,398	\$ 49,837	\$ 32,901	\$ 14,816	\$ 305,908
Cash, tenant security deposits	-	26,458	34,336	8,621	6,878	15,087	26,156
Cash, restricted	7,579	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	210,411	209	28	67	7,857	13,963
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	-	20,542	37,659	7,928	7,176	14,693	23,862
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	7,579	314,957	342,602	66,414	47,022	52,453	369,889
Property and equipment							
Land and land improvements	-	370,690	596,895	19,791	184,924	575,836	305,119
Buildings	-	4,279,690	6,735,213	1,560,048	1,778,390	3,375,369	4,058,967
Furniture and equipment	-	119,579	145,283	22,891	67,043	12,064	185,615
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(859,791)	(1,261,187)	(258,386)	(358,842)	(654,959)	(787,250)
Net property and equipment	-	3,910,168	6,216,204	1,344,344	1,671,515	3,308,310	3,762,451
Other long-term assets							
Restricted property reserves	-	655,729	1,002,594	297,753	191,589	345,304	748,618
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	440,086	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	127,871	124,145	116,356	46,188	12,340	219,547
Total other long-term assets	440,086	783,600	1,126,739	414,109	237,777	357,644	968,165
<b>Total assets</b>	<u>\$ 447,665</u>	<u>\$ 5,008,725</u>	<u>\$ 7,685,545</u>	<u>\$ 1,824,867</u>	<u>\$ 1,956,314</u>	<u>\$ 3,718,407</u>	<u>\$ 5,100,505</u>

Mercy Housing California Senior Properties  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St Andrew Senior Community, LP	Villa Columbia Mercy Riverside, LP
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 233,207	\$ 137,257	\$ 161,973	\$ 53,509	\$ 95,356	\$ 39,638
Due to affiliates	473,424	-	-	-	-	-	8
Accrued interest	-	82,955	116,981	29,972	22,707	42,693	57,915
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	90,290	141,116	40,000	48,672	75,000	75,000
Current portion of notes payable, affiliates	-	-	-	-	-	-	9,060
Deferred revenue and other liabilities	1	9,009	32	100,819	22	126	515
Tenant security deposits	-	25,790	33,874	8,136	6,226	14,599	24,169
Total current liabilities	473,425	441,251	429,260	340,900	131,136	227,774	206,305
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	549,835	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,677,055	7,395,198	2,200,198	1,734,934	3,115,447	3,400,000
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	542	-	-	-
Total long-term liabilities	-	4,677,055	7,395,198	2,200,740	1,734,934	3,665,282	3,400,000
<b>Total liabilities</b>	473,425	5,118,306	7,824,458	2,541,640	1,866,070	3,893,056	3,606,305
<b>Net assets</b>							
Unrestricted net assets, controlling	(25,760)	(109,581)	(138,913)	(716,773)	90,244	(174,649)	1,494,200
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(25,760)	(109,581)	(138,913)	(716,773)	90,244	(174,649)	1,494,200
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	(25,760)	(109,581)	(138,913)	(716,773)	90,244	(174,649)	1,494,200
<b>Total liabilities and net assets</b>	\$ 447,665	\$ 5,008,725	\$ 7,685,545	\$ 1,824,867	\$ 1,956,314	\$ 3,718,407	\$ 5,100,505

Mercy Housing California Senior Properties  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

		Consolidated Mercy Housing California Senior Properties
	Eliminations	
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ 731,406
Cash, tenant security deposits	-	117,536
Cash, restricted	-	7,579
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	-	232,535
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	-	111,860
Inventory	-	-
Assets held for sale	-	-
Total current assets	-	1,200,916
Property and equipment		
Land and land improvements	-	2,053,255
Buildings	-	21,787,677
Furniture and equipment	-	552,475
Predevelopment project costs	-	-
Construction in progress	-	-
Accumulated depreciation	-	(4,180,415)
Net property and equipment	-	20,212,992
Other long-term assets		
Restricted property reserves	-	3,241,587
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	-
Pledges receivable, net	-	-
Investments in limited partnerships, net.	(440,086)	-
Notes and interest receivable, net	-	-
Notes and interest receivable, affiliates	-	-
Allowance for impaired assets	-	-
Other assets, net	-	646,447
Total other long-term assets	(440,086)	3,888,034
<b>Total assets</b>	<b>\$ (440,086)</b>	<b>\$ 25,301,942</b>



Mercy Housing California Senior Properties  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

		Consolidated Mercy Housing California Senior Properties
	Eliminations	
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ -	\$ 720,940
Due to affiliates	-	473,432
Accrued interest	-	353,223
Accrued interest, affiliates	-	-
Current portion of notes payable	-	470,078
Current portion of notes payable, affiliates	-	9,060
Deferred revenue and other liabilities	-	110,524
Tenant security deposits	-	112,794
Total current liabilities	-	2,250,051
Long-term liabilities		
Due to affiliates	-	-
Accrued interest	-	549,835
Accrued interest, affiliates	-	-
Notes payable, less current portion, net	-	22,522,832
Notes payable, less current portion, affiliates	-	-
Deferred revenue and other liabilities	-	542
Total long-term liabilities	-	23,073,209
<b>Total liabilities</b>	-	25,323,260
<b>Net assets</b>		
Unrestricted net assets, controlling	(440,086)	(21,318)
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	(440,086)	(21,318)
Temporarily restricted net assets	-	-
Permanently restricted net assets	-	-
<b>Total net assets</b>	(440,086)	(21,318)
<b>Total liabilities and net assets</b>	\$ (440,086)	\$ 25,301,942

Mercy Housing California Senior Properties  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St Andrew Senior Community, LP	Villa Columbia Mercy Riverside, LP
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 1,029,287	\$ 1,700,531	\$ 421,572	\$ 296,021	\$ 563,743	\$ 876,129
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	494	8,324	162	6	114	320
Other	-	5,650	8,401	25,416	19,337	4,434	10,012
<b>Total revenues</b>	-	1,035,431	1,717,256	447,150	315,364	568,291	886,461
<b>Expenses and losses</b>							
Compensation	-	201,965	530,735	104,037	72,394	151,437	186,090
Administrative	71,884	178,822	137,243	186,517	55,502	119,715	83,951
Professional services	4,295	11,439	14,603	14,082	9,779	10,997	11,954
Depreciation and amortization	-	196,714	279,767	63,066	75,014	125,168	175,245
Grants	-	-	-	-	-	-	-
Facility	-	153,128	202,162	73,825	58,079	126,189	152,338
Interest and fees	402	281,078	446,009	107,766	84,093	171,182	201,957
Bad debts	-	148	-	9	-	-	145
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	83,552	-	-	-	-	-	-
<b>Total expenses and losses</b>	160,133	1,023,294	1,610,519	549,302	354,861	704,688	811,680
<b>Excess (deficiency) of revenues over expenses</b>	(160,133)	12,137	106,737	(102,152)	(39,497)	(136,397)	74,781
Net assets at beginning of year	134,373	(121,718)	(245,650)	(614,621)	129,741	(38,252)	1,419,419
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ (25,760)</u>	<u>\$ (109,581)</u>	<u>\$ (138,913)</u>	<u>\$ (716,773)</u>	<u>\$ 90,244</u>	<u>\$ (174,649)</u>	<u>\$ 1,494,200</u>

Mercy Housing California Senior Properties  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Eliminations	Consolidated Mercy Housing California Senior Properties
<b>Revenues</b>		
Rent - net of vacancies	\$ -	\$ 4,887,283
Developer fees	-	-
Services fees	-	-
Philanthropy	-	-
Capital grants	-	-
Consulting	-	-
Interest	-	9,420
Other	-	73,250
	<u>-</u>	<u>4,969,953</u>
<b>Total revenues</b>	<u>-</u>	<u>4,969,953</u>
<b>Expenses and losses</b>		
Compensation	-	1,246,658
Administrative	-	833,634
Professional services	-	77,149
Depreciation and amortization	-	914,974
Grants	-	-
Facility	-	765,721
Interest and fees	-	1,292,487
Bad debts	-	302
Provision for impaired assets	-	-
Project expenses	-	-
Allocation	-	-
(Gain) loss on sale of assets	-	-
(Gain) loss on investment in limited partnership	(83,552)	-
	<u>(83,552)</u>	<u>5,130,925</u>
<b>Total expenses and losses</b>	<u>(83,552)</u>	<u>5,130,925</u>
<b>Excess (deficiency) of revenues over expenses</b>	83,552	(160,972)
Net assets at beginning of year	(523,638)	139,654
Other transfers to (from) net assets	-	-
	<u>-</u>	<u>-</u>
<b>Net assets at end of year</b>	<u>\$ (440,086)</u>	<u>\$ (21,318)</u>

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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)	365 Fulton, LP (Parcel G)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1000 Fourth Street)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 62,869	\$ 157,547	\$ 46,176	\$ 476,207	\$ 273,394	\$ 46,157
Cash, tenant security deposits	-	51,714	32,306	53,411	43,388	12,401	-
Cash, restricted	-	952,531	40,000	140	479,284	10,202	2,189,645
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	4,548	68,668	29,836	43,184	50,396	9,000
Due from affiliate, net	96,716	540	-	-	-	-	-
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	-	22,150	44,693	22,822	6,107	15,824	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	96,716	1,094,352	343,214	152,385	1,048,170	362,217	2,244,802
Property and equipment							
Land and land improvements	-	1,065,441	5,848,814	2,746,456	1,480,501	3,090,021	-
Buildings	-	19,949,426	31,458,209	19,453,560	31,249,129	13,814,224	-
Furniture and equipment	-	180,032	570,483	328,474	435,528	826,481	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	924,387	-	-	-	14,229,724
Accumulated depreciation	-	(1,336,130)	(1,052,526)	(3,502,964)	(1,777,497)	(1,234,910)	-
Net property and equipment	-	19,858,769	37,749,367	19,025,526	31,387,661	16,495,816	14,229,724
Other long-term assets							
Restricted property reserves	-	60,451	2,092,550	376,772	487,703	4,237,717	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	(4,413,845)	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	437,502	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	228,434	366,847	272,246	159,945	217,896	20,250
Total other long-term assets	(3,976,343)	288,885	2,459,397	649,018	647,648	4,455,613	20,250
<b>Total assets</b>	<u>\$ (3,879,627)</u>	<u>\$ 21,242,006</u>	<u>\$ 40,551,978</u>	<u>\$ 19,826,929</u>	<u>\$ 33,083,479</u>	<u>\$ 21,313,646</u>	<u>\$ 16,494,776</u>

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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)	365 Fulton, LP (Parcel G)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1000 Fourth Street)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 61,838	\$ 3,587,175	\$ 23,226	\$ 971,723	\$ 66,357	\$ 1,257,434
Due to affiliates	260,688	15,000	24,971	24,882	304,450	-	65,733
Accrued interest	-	-	13,707	4,129	150,719	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	5,061,008	30,450	29,180,768	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	58,363
Deferred revenue and other liabilities	-	3,344	241,155	2,640	-	400,298	(1)
Tenant security deposits	-	51,214	26,301	52,911	57,465	11,901	-
<b>Total current liabilities</b>	<b>260,688</b>	<b>131,396</b>	<b>8,954,317</b>	<b>138,238</b>	<b>30,665,125</b>	<b>478,556</b>	<b>1,381,529</b>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	2,357,128	613,647	310,799	182,741	211,762
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	21,435,554	19,133,761	11,935,302	5,153,141	10,875,825	12,002,410
Notes payable, less current portion, affiliates	1,139,500	1,201,238	-	-	-	-	-
Deferred revenue and other liabilities	-	-	11,631,302	133,000	-	9,807,660	-
<b>Total long-term liabilities</b>	<b>1,139,500</b>	<b>22,636,792</b>	<b>33,122,191</b>	<b>12,681,949</b>	<b>5,463,940</b>	<b>20,866,226</b>	<b>12,214,172</b>
<b>Total liabilities</b>	<b>1,400,188</b>	<b>22,768,188</b>	<b>42,076,508</b>	<b>12,820,187</b>	<b>36,129,065</b>	<b>21,344,782</b>	<b>13,595,701</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	(6,353,991)	(1,526,182)	(1,524,530)	7,006,742	(3,045,586)	(31,136)	2,899,075
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(6,353,991)	(1,526,182)	(1,524,530)	7,006,742	(3,045,586)	(31,136)	2,899,075
Temporarily restricted net assets	1,074,176	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>(5,279,815)</b>	<b>(1,526,182)</b>	<b>(1,524,530)</b>	<b>7,006,742</b>	<b>(3,045,586)</b>	<b>(31,136)</b>	<b>2,899,075</b>
<b>Total liabilities and net assets</b>	<b>\$ (3,879,627)</b>	<b>\$ 21,242,006</b>	<b>\$ 40,551,978</b>	<b>\$ 19,826,929</b>	<b>\$ 33,083,479</b>	<b>\$ 21,313,646</b>	<b>\$ 16,494,776</b>

Mercy Housing Calwest  
Consolidating Statement of Financial Position - Continued  
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	Third and LeConte Associates LP (6600 Third Street)	Mercy Housing California XLIII, LP (Caroline Severance Manor)	Mercy Housing California 47, LP (7th & H Street)	7th & H GP LLC	Mercy Housing California 51, LP (200 6th Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ -	\$ 1,586	\$ -	\$ -	\$ -	\$ 9,204
Cash, tenant security deposits	-	-	502	-	-	-	44,359
Cash, restricted	32,970	1,982,714	1,010,754	-	49,291	-	27,784
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	1,121	-	-	-	86,791
Due from affiliate, net	-	-	-	-	865	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	3,750,000	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	29,462	1,627	-	-	150,000	-	1,146,450
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>62,432</b>	<b>1,984,341</b>	<b>1,013,963</b>	<b>3,750,000</b>	<b>200,156</b>	<b>-</b>	<b>1,314,588</b>
Property and equipment							
Land and land improvements	3,075,000	-	3,000,000	-	-	-	-
Buildings	-	-	-	-	-	-	11,283,380
Furniture and equipment	-	-	-	-	-	-	280,759
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	16,125,824	13,034,189	38,912,695	-	1,068,021	-	-
Accumulated depreciation	-	-	-	-	-	-	(268,894)
<b>Net property and equipment</b>	<b>19,200,824</b>	<b>13,034,189</b>	<b>41,912,695</b>	<b>-</b>	<b>1,068,021</b>	<b>-</b>	<b>11,295,245</b>
Other long-term assets							
Restricted property reserves	-	-	-	-	-	-	786,153
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	10,002,042	-	17	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	210,931	604,758	94,637	-	-	-	59,698
<b>Total other long-term assets</b>	<b>210,931</b>	<b>604,758</b>	<b>94,637</b>	<b>10,002,042</b>	<b>-</b>	<b>17</b>	<b>845,851</b>
<b>Total assets</b>	<b>\$ 19,474,187</b>	<b>\$ 15,623,288</b>	<b>\$ 43,021,295</b>	<b>\$ 13,752,042</b>	<b>\$ 1,268,177</b>	<b>\$ 17</b>	<b>\$ 13,455,684</b>

Mercy Housing Calwest  
Consolidating Statement of Financial Position - Continued  
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	Third and LeConte Associates LP (6600 Third Street)	Mercy Housing California XLIII, LP (Caroline Severance Manor)	Mercy Housing California 47, LP (7th & H Street)	7th & H GP LLC	Mercy Housing California 51, LP (200 6th Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 4,450,907	\$ 2,686,432	\$ 4,329,792	\$ -	\$ 41,048	\$ -	\$ 679,682
Due to affiliates	169,057	292,683	1,038,962	16,917	6,585	3,984	690,343
Accrued interest	-	-	81,798	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	12,638,696	-	-	-	-
Current portion of notes payable, affiliates	250	46,322	28,989	-	9,337	-	-
Deferred revenue and other liabilities	(1)	-	25	-	1	-	9,434
Tenant security deposits	-	-	2	-	-	-	43,859
Total current liabilities	<u>4,620,213</u>	<u>3,025,437</u>	<u>18,118,264</u>	<u>16,917</u>	<u>56,971</u>	<u>3,984</u>	<u>1,423,318</u>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	126,803	-	-	30,373	-	141,330
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	14,906,534	12,401,953	10,491,300	-	1,190,169	-	9,134,371
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	133,714	-	-	-	-	-
Total long-term liabilities	<u>14,906,534</u>	<u>12,662,470</u>	<u>10,491,300</u>	<u>-</u>	<u>1,220,542</u>	<u>-</u>	<u>9,275,701</u>
<b>Total liabilities</b>	<u>19,526,747</u>	<u>15,687,907</u>	<u>28,609,564</u>	<u>16,917</u>	<u>1,277,513</u>	<u>3,984</u>	<u>10,699,019</u>
<b>Net assets</b>							
Unrestricted net assets, controlling	(52,560)	(64,619)	14,411,731	3,125,430	(9,336)	(3,967)	2,756,665
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	<u>(52,560)</u>	<u>(64,619)</u>	<u>14,411,731</u>	<u>3,125,430</u>	<u>(9,336)</u>	<u>(3,967)</u>	<u>2,756,665</u>
Temporarily restricted net assets	-	-	-	10,609,695	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<u>(52,560)</u>	<u>(64,619)</u>	<u>14,411,731</u>	<u>13,735,125</u>	<u>(9,336)</u>	<u>(3,967)</u>	<u>2,756,665</u>
<b>Total liabilities and net assets</b>	<u>\$ 19,474,187</u>	<u>\$ 15,623,288</u>	<u>\$ 43,021,295</u>	<u>\$ 13,752,042</u>	<u>\$ 1,268,177</u>	<u>\$ 17</u>	<u>\$ 13,455,684</u>

Mercy Housing Calwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing California 52, LP (School House-Vista Grande)	1100 Ocean Avenue Limited Partnership(1100 Ocean Avenue Apts.)	55 Laguna, LP (55 Laguna Senior Housing)	Esparto Family Apartments LLC	Mercy Housing California 54, LP (Esparto Family Apartments)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Sunset Lane Apartments)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 84,123	\$ 682	\$ 5,052	\$ -	\$ -	\$ -	\$ -
Cash, tenant security deposits	64,145	-	-	-	-	-	-
Cash, restricted	551,460	-	-	-	3,764	-	10,655
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	27,274	-	-	-	-	-	-
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	5,945	-	50,000	-	-	-	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>732,947</b>	<b>682</b>	<b>55,052</b>	<b>-</b>	<b>3,764</b>	<b>-</b>	<b>10,655</b>
Property and equipment							
Land and land improvements	1,484,500	-	-	-	648,000	-	617,173
Buildings	16,179,950	-	-	-	-	-	-
Furniture and equipment	-	-	-	-	-	-	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	741,104	1,086,080	698,075	-	7,944,615	-	5,896,505
Accumulated depreciation	(247,064)	-	-	-	-	-	-
<b>Net property and equipment</b>	<b>18,158,490</b>	<b>1,086,080</b>	<b>698,075</b>	<b>-</b>	<b>8,592,615</b>	<b>-</b>	<b>6,513,678</b>
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.	-	-	-	(1)	-	(1)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	243,159	-	375	-	144,489	-	145,708
<b>Total other long-term assets</b>	<b>243,159</b>	<b>-</b>	<b>375</b>	<b>(1)</b>	<b>144,489</b>	<b>(1)</b>	<b>145,708</b>
<b>Total assets</b>	<b>\$ 19,134,596</b>	<b>\$ 1,086,762</b>	<b>\$ 753,502</b>	<b>\$ (1)</b>	<b>\$ 8,740,868</b>	<b>\$ (1)</b>	<b>\$ 6,670,041</b>



Mercy Housing Calwest  
Consolidating Statement of Financial Position - Continued  
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	Mercy Housing California 52, LP (School House-Vista Grande)	1100 Ocean Avenue Limited Partnership(1100 Ocean Avenue Apts.)	55 Laguna, LP (55 Laguna Senior Housing)	Esparto Family Apartments LLC	Mercy Housing California 54, LP (Esparto Family Apartments)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Sunset Lane Apartments)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 706,341	\$ 161,118	\$ 60,419	\$ -	\$ 1,485,725	\$ -	\$ 1,361,650
Due to affiliates	671,955	1,882	1,561	3,013	374,713	2,974	319,430
Accrued interest	30,005	-	-	-	14,999	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	2,643,893	-	-	-	6,128,494	-	2,243,372
Current portion of notes payable, affiliates	105	1,252	10,868	-	-	-	216
Deferred revenue and other liabilities	14,053	-	-	-	-	-	-
Tenant security deposits	63,645	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>4,129,997</b>	<b>164,252</b>	<b>72,848</b>	<b>3,013</b>	<b>8,003,931</b>	<b>2,974</b>	<b>3,924,668</b>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	406,469	13,028	10,603	-	-	-	47,539
Accrued interest, affiliates	80,702	-	-	-	-	-	-
Notes payable, less current portion, net	8,493,896	914,835	672,290	-	-	-	1,940,800
Notes payable, less current portion, affiliates	4,452,969	-	-	-	-	-	-
Deferred revenue and other liabilities	260,333	-	-	-	-	-	-
<b>Total long-term liabilities</b>	<b>13,694,369</b>	<b>927,863</b>	<b>682,893</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,988,339</b>
<b>Total liabilities</b>	<b>17,824,366</b>	<b>1,092,115</b>	<b>755,741</b>	<b>3,013</b>	<b>8,003,931</b>	<b>2,974</b>	<b>5,913,007</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	1,310,230	(5,353)	(2,239)	(3,014)	736,937	(2,975)	757,034
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>1,310,230</b>	<b>(5,353)</b>	<b>(2,239)</b>	<b>(3,014)</b>	<b>736,937</b>	<b>(2,975)</b>	<b>757,034</b>
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>1,310,230</b>	<b>(5,353)</b>	<b>(2,239)</b>	<b>(3,014)</b>	<b>736,937</b>	<b>(2,975)</b>	<b>757,034</b>
<b>Total liabilities and net assets</b>	<b>\$ 19,134,596</b>	<b>\$ 1,086,762</b>	<b>\$ 753,502</b>	<b>\$ (1)</b>	<b>\$ 8,740,868</b>	<b>\$ (1)</b>	<b>\$ 6,670,041</b>

Mercy Housing Calwest  
Consolidating Statement of Financial Position - Continued  
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	Mercy Housing California 56, LP (Jefferson Park Terrace)	Caroline Severance LLC	Mercy Housing California 46, LP (Western & Jefferson)	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	EL Monte Veterans	El Monte Veterans Apts LLC GP
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 556,505	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	-	-	56,211	-	-	-
Cash, restricted	1,434,205	-	-	-	-	108,786	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	300	2,160	-	-
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	-	-	-	21,973	38,204	252,369	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>1,434,205</b>	<b>-</b>	<b>-</b>	<b>634,989</b>	<b>40,364</b>	<b>361,155</b>	<b>-</b>
Property and equipment							
Land and land improvements	1,074,176	-	-	1,464,742	-	700,000	-
Buildings	-	-	-	8,155,014	-	-	-
Furniture and equipment	-	-	-	269,557	-	-	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	5,621,375	-	-	-	2,345,966	1,509,468	-
Accumulated depreciation	-	-	-	(5,514,248)	-	-	-
<b>Net property and equipment</b>	<b>6,695,551</b>	<b>-</b>	<b>-</b>	<b>4,375,065</b>	<b>2,345,966</b>	<b>2,209,468</b>	<b>-</b>
Other long-term assets							
Restricted property reserves	-	-	-	573,411	3,021,876	21,495	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	(5,518)	-	-	-	-	2,551
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	168,750	-	-	25,440	122,746	34,146	-
<b>Total other long-term assets</b>	<b>168,750</b>	<b>(5,518)</b>	<b>-</b>	<b>598,851</b>	<b>3,144,622</b>	<b>55,641</b>	<b>2,551</b>
<b>Total assets</b>	<b>\$ 8,298,506</b>	<b>\$ (5,518)</b>	<b>\$ -</b>	<b>\$ 5,608,905</b>	<b>\$ 5,530,952</b>	<b>\$ 2,626,264</b>	<b>\$ 2,551</b>

Mercy Housing Calwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing California 56, LP (Jefferson Park Terrace)	Caroline Severance LLC	Mercy Housing California 46, LP (Western & Jefferson)	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	EL Monte Veterans	El Monte Veterans Apts LLC GP
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 1,199,503	\$ -	\$ -	\$ 37,092	\$ 422,270	\$ 85,836	\$ -
Due to affiliates	132,692	1,271	-	28,095	7,675	32,773	51
Accrued interest	-	-	-	6,879	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	53,518	-	-	-
Current portion of notes payable, affiliates	13,707	-	-	-	-	12,428	-
Deferred revenue and other liabilities	-	-	-	(3)	-	-	-
Tenant security deposits	-	-	-	55,711	-	-	-
Total current liabilities	<u>1,345,902</u>	<u>1,271</u>	<u>-</u>	<u>181,292</u>	<u>429,945</u>	<u>131,037</u>	<u>51</u>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	36,736	-	-	2,035,639	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	3,036,581	-	-	3,951,408	1,218,419	2,516,444	-
Notes payable, less current portion, affiliates	1,074,176	-	-	-	-	-	-
Deferred revenue and other liabilities	<u>202,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,333,257</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>4,350,364</u>	<u>-</u>	<u>-</u>	<u>5,987,047</u>	<u>2,551,676</u>	<u>2,516,444</u>	<u>-</u>
<b>Total liabilities</b>	<u>5,696,266</u>	<u>1,271</u>	<u>-</u>	<u>6,168,339</u>	<u>2,981,621</u>	<u>2,647,481</u>	<u>51</u>
<b>Net assets</b>							
Unrestricted net assets, controlling	2,602,240	(6,789)	-	(559,434)	2,549,331	(21,217)	2,500
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	<u>2,602,240</u>	<u>(6,789)</u>	<u>-</u>	<u>(559,434)</u>	<u>2,549,331</u>	<u>(21,217)</u>	<u>2,500</u>
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<u>2,602,240</u>	<u>(6,789)</u>	<u>-</u>	<u>(559,434)</u>	<u>2,549,331</u>	<u>(21,217)</u>	<u>2,500</u>
<b>Total liabilities and net assets</b>	<u>\$ 8,298,506</u>	<u>\$ (5,518)</u>	<u>\$ -</u>	<u>\$ 5,608,905</u>	<u>\$ 5,530,952</u>	<u>\$ 2,626,264</u>	<u>\$ 2,551</u>

Mercy Housing Calwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Mercy Housing Calwest
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ 1,719,502
Cash, tenant security deposits	-	358,437
Cash, restricted	-	8,884,185
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	-	323,278
Due from affiliate, net	(97,581)	540
Pledges receivable, net	-	-
Grants receivable	-	3,750,000
Current portion of notes and interest receivable	-	-
Current portion of notes and interest receivable, affiliates	-	-
Prepaid expenses and other assets	-	1,807,626
Inventory	-	-
Assets held for sale	-	-
Total current assets	(97,581)	16,843,568
Property and equipment		
Land and land improvements	700,824	26,995,648
Buildings	-	151,542,892
Furniture and equipment	-	2,891,314
Predevelopment project costs	-	-
Construction in progress	-	110,138,028
Accumulated depreciation	-	(14,934,233)
Net property and equipment	700,824	276,633,649
Other long-term assets		
Restricted property reserves	-	11,658,128
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	-
Pledges receivable, net	-	-
Investments in limited partnerships, net.	(9,405,370)	(3,820,125)
Notes and interest receivable, net	-	-
Notes and interest receivable, affiliates	(437,502)	-
Allowance for impaired assets	-	-
Other assets, net	-	3,120,455
Total other long-term assets	(9,842,872)	10,958,458
<b>Total assets</b>	<b>\$ (9,239,629)</b>	<b>\$ 304,435,675</b>

Mercy Housing Calwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Mercy Housing Calwest
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ (43,160)	\$ 23,632,408
Due to affiliates	(62,710)	4,429,630
Accrued interest	-	302,236
Accrued interest, affiliates	-	-
Current portion of notes payable	-	57,980,199
Current portion of notes payable, affiliates	-	181,837
Deferred revenue and other liabilities	1	670,946
Tenant security deposits	-	363,009
Total current liabilities	(105,869)	87,560,265
Long-term liabilities		
Due to affiliates	-	-
Accrued interest	-	6,524,597
Accrued interest, affiliates	-	80,702
Notes payable, less current portion, net	-	151,404,993
Notes payable, less current portion, affiliates	(437,502)	7,430,381
Deferred revenue and other liabilities	-	23,502,137
Total long-term liabilities	(437,502)	188,942,810
<b>Total liabilities</b>	(543,371)	276,503,075
<b>Net assets</b>		
Unrestricted net assets, controlling	(8,696,258)	16,248,729
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	(8,696,258)	16,248,729
Temporarily restricted net assets	-	11,683,871
Permanently restricted net assets	-	-
<b>Total net assets</b>	(8,696,258)	27,932,600
<b>Total liabilities and net assets</b>	\$ (9,239,629)	\$ 304,435,675

Mercy Housing Calwest  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	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)	365 Fulton, LP (Parcel G)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1000 Fourth Street)
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 612,756	\$ 506,073	\$ 595,410	\$ 593,310	\$ 518,573	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	90,957	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	1,074,176	-	-	-	783,455	394,938	-
Consulting	-	-	-	-	-	-	-
Interest	-	312	4,137	179	224	29,515	2,153
Other	754,701	37,157	445,604	21,993	12,154	7,892	-
<b>Total revenues</b>	<b>1,919,834</b>	<b>650,225</b>	<b>955,814</b>	<b>617,582</b>	<b>1,389,143</b>	<b>950,918</b>	<b>2,153</b>
<b>Expenses and losses</b>							
Compensation	-	165,510	431,361	102,482	449,929	231,898	-
Administrative	95,130	106,775	188,832	123,767	196,299	86,799	194
Professional services	3,180	90,899	84,936	73,533	47,845	86,317	9,199
Depreciation and amortization	-	849,480	588,870	968,651	1,413,744	783,034	-
Grants	312,199	-	-	-	-	-	-
Facility	-	191,482	218,463	216,718	375,972	145,617	-
Interest and fees	825	417	225,520	292,573	1,818,203	96,188	-
Bad debts	-	3,364	4,602	2,035	230	2,777	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(273,793)	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	5,844,084	-	-	-	-	-	-
<b>Total expenses and losses</b>	<b>5,981,625</b>	<b>1,407,927</b>	<b>1,742,584</b>	<b>1,779,759</b>	<b>4,302,222</b>	<b>1,432,630</b>	<b>9,393</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(4,061,791)</b>	<b>(757,702)</b>	<b>(786,770)</b>	<b>(1,162,177)</b>	<b>(2,913,079)</b>	<b>(481,712)</b>	<b>(7,240)</b>
Net assets at beginning of year	(432,279)	(768,480)	(737,760)	8,168,919	(717,507)	450,576	(19,719)
Other transfers to (from) net assets	(785,745)	-	-	-	585,000	-	2,926,034
<b>Net assets at end of year</b>	<b>\$ (5,279,815)</b>	<b>\$ (1,526,182)</b>	<b>\$ (1,524,530)</b>	<b>\$ 7,006,742</b>	<b>\$ (3,045,586)</b>	<b>\$ (31,136)</b>	<b>\$ 2,899,075</b>

Mercy Housing Calwest  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Third and LeConte Associates LP (6600 Third Street)	Mercy Housing California XLIII, LP (Caroline Severance Manor)	Mercy Housing California 47, LP (7th & H Street)	7th & H GP LLC	Mercy Housing California 51, LP (200 6th Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,589
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	743	-	-	-	-	7
Other	-	3,594	3,120	-	-	-	9,936
<b>Total revenues</b>	-	4,337	3,120	-	-	-	282,532
<b>Expenses and losses</b>							
Compensation	-	-	13,796	-	-	-	314,982
Administrative	11,295	13,140	51,287	11,790	112	1,600	162,641
Professional services	9,199	10,826	19,561	3,107	9,200	2,195	14,345
Depreciation and amortization	-	-	-	-	-	-	265,498
Grants	-	-	-	-	-	-	-
Facility	-	-	291	-	-	-	200,040
Interest and fees	-	801	95	446	-	89	114,127
Bad debts	-	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	4	-	79	-
<b>Total expenses and losses</b>	20,494	24,767	85,030	15,347	9,312	3,963	1,071,633
<b>Excess (deficiency) of revenues over expenses</b>	(20,494)	(20,430)	(81,910)	(15,347)	(9,312)	(3,963)	(789,101)
Net assets at beginning of year	(55,166)	284	11,144,076	13,750,472	(24)	(4)	186,038
Other transfers to (from) net assets	23,100	(44,473)	3,349,565	-	-	-	3,359,728
<b>Net assets at end of year</b>	<u>\$ (52,560)</u>	<u>\$ (64,619)</u>	<u>\$ 14,411,731</u>	<u>\$ 13,735,125</u>	<u>\$ (9,336)</u>	<u>\$ (3,967)</u>	<u>\$ 2,756,665</u>

Mercy Housing Calwest  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Mercy Housing California 52, LP (School House-Vista Grande)	1100 Ocean Avenue Limited Partnership(1100 Ocean Avenue Apts.)	55 Laguna, LP (55 Laguna Senior Housing)	Esparto Family Apartments LLC	Mercy Housing California 54, LP (Esparto Family Apartments)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Sunset Lane Apartments)
<b>Revenues</b>							
Rent - net of vacancies	\$ 746,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	766	-	-	-	-	-	-
Other	96,041	-	-	-	-	-	-
<b>Total revenues</b>	<u>842,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenses and losses</b>							
Compensation	176,228	-	-	-	-	-	-
Administrative	117,449	1,054	2,239	1,647	12,236	1,658	6,378
Professional services	65,005	4,399	-	1,304	-	1,261	5,868
Depreciation and amortization	277,158	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-
Facility	156,666	-	-	-	-	-	-
Interest and fees	98,703	-	-	62	-	55	-
Bad debts	8,502	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	1	-	1	-
<b>Total expenses and losses</b>	<u>899,711</u>	<u>5,453</u>	<u>2,239</u>	<u>3,014</u>	<u>12,236</u>	<u>2,975</u>	<u>12,246</u>
<b>Excess (deficiency) of revenues over expenses</b>	(56,852)	(5,453)	(2,239)	(3,014)	(12,236)	(2,975)	(12,246)
Net assets at beginning of year	-	-	-	-	-	-	-
Other transfers to (from) net assets	1,367,082	100	-	-	749,173	-	769,280
<b>Net assets at end of year</b>	<u>\$ 1,310,230</u>	<u>\$ (5,353)</u>	<u>\$ (2,239)</u>	<u>\$ (3,014)</u>	<u>\$ 736,937</u>	<u>\$ (2,975)</u>	<u>\$ 757,034</u>



Mercy Housing Calwest  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Mercy Housing California 56, LP (Jefferson Park Terrace)	Caroline Severance LLC	Mercy Housing California 46, LP (Western & Jefferson)	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	EL Monte Veterans	El Monte Veterans Apts LLC GP
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 397,376	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	-	-	186	875	-	-
Other	-	-	1,775,000	20,407	-	-	2,500
<b>Total revenues</b>	-	-	1,775,000	417,969	875	-	2,500
<b>Expenses and losses</b>							
Compensation	-	-	-	60,842	-	-	-
Administrative	114	-	-	48,616	32	8,768	-
Professional services	1,666	1,261	-	41,052	5,345	-	-
Depreciation and amortization	-	-	-	219,060	-	-	-
Grants	-	-	1,074,176	-	-	-	-
Facility	-	-	-	123,319	-	-	-
Interest and fees	72	10	-	120,030	-	-	-
Bad debts	-	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	700,824	-	-	-	-
(Gain) loss on investment in limited partnership	-	1	-	-	-	-	-
<b>Total expenses and losses</b>	1,852	1,272	1,775,000	612,919	5,377	8,768	-
<b>Excess (deficiency) of revenues over expenses</b>	(1,852)	(1,272)	-	(194,950)	(4,502)	(8,768)	2,500
Net assets at beginning of year	-	-	-	-	-	-	-
Other transfers to (from) net assets	2,604,092	(5,517)	-	(364,484)	2,553,833	(12,449)	-
<b>Net assets at end of year</b>	\$ 2,602,240	\$ (6,789)	\$ -	\$ (559,434)	\$ 2,549,331	\$ (21,217)	\$ 2,500

Mercy Housing Calwest  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Eliminations	Consolidated Mercy Housing Calwest
<b>Revenues</b>		
Rent - net of vacancies	\$ -	\$ 4,242,139
Developer fees	-	-
Services fees	(90,957)	-
Philanthropy	-	-
Capital grants	-	2,252,569
Consulting	-	-
Interest	-	39,097
Other	-	3,190,099
<b>Total revenues</b>	<u>(90,957)</u>	<u>9,723,904</u>
<b>Expenses and losses</b>		
Compensation	-	1,947,028
Administrative	(90,957)	1,158,895
Professional services	-	591,503
Depreciation and amortization	-	5,365,495
Grants	-	1,386,375
Facility	-	1,628,568
Interest and fees	-	2,768,216
Bad debts	-	21,510
Provision for impaired assets	-	-
Project expenses	-	-
Allocation	-	-
(Gain) loss on sale of assets	(700,824)	(273,793)
(Gain) loss on investment in limited partnership	(2,051,198)	3,792,972
<b>Total expenses and losses</b>	<u>(2,842,979)</u>	<u>18,386,769</u>
<b>Excess (deficiency) of revenues over expenses</b>	2,752,022	(8,662,865)
Net assets at beginning of year	(10,041,479)	20,927,947
Other transfers to (from) net assets	(1,406,801)	15,667,518
<b>Net assets at end of year</b>	<u>\$ (8,696,258)</u>	<u>\$ 27,932,600</u>

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Mercy Properties California  
Consolidating Statement of Financial Position  
December 31, 2012

	Mercy Properties						
	California	Foster Youth	The Haven	Leland House	Osocales	Richmond Hills	Sycamore Center
<b>Assets</b>							
Current assets	237						
Cash and cash equivalents	\$ -	\$ 11,873	\$ 46,612	\$ 296,558	\$ 64,991	\$ 8,014	\$ 99,148
Cash, tenant security deposits	-	-	11,693	-	27,218	-	1,217
Cash, restricted	-	-	-	-	1,387	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	548	205,824	2,698	1,171	-
Due from affiliate, net	991,657	-	-	-	-	-	749
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	-	848	9,371	-	7,714	4,315	4,593
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<u>991,657</u>	<u>12,721</u>	<u>68,224</u>	<u>502,382</u>	<u>104,008</u>	<u>13,500</u>	<u>105,707</u>
Property and equipment							
Land and land improvements	4,975,846	40,000	96,144	658,571	602,623	368,530	58,366
Buildings	(125,846)	245,865	649,702	4,326,710	3,642,148	2,194,340	2,559,456
Furniture and equipment	-	-	-	105,508	11,660	32,811	15,819
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(45,819)	(93,724)	(280,276)	(2,468,121)	(1,720,872)	(1,327,551)	(1,012,740)
<b>Net property and equipment</b>	<u>4,804,181</u>	<u>192,141</u>	<u>465,570</u>	<u>2,622,668</u>	<u>2,535,559</u>	<u>1,268,130</u>	<u>1,620,901</u>
Other long-term assets							
Restricted property reserves	-	-	66,714	112,927	97,913	26,825	157,416
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	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-
<b>Total other long-term assets</b>	<u>60,000</u>	<u>-</u>	<u>66,714</u>	<u>112,927</u>	<u>97,913</u>	<u>26,825</u>	<u>157,416</u>
<b>Total assets</b>	<u>\$ 5,855,838</u>	<u>\$ 204,862</u>	<u>\$ 600,508</u>	<u>\$ 3,237,977</u>	<u>\$ 2,737,480</u>	<u>\$ 1,308,455</u>	<u>\$ 1,884,024</u>

Mercy Properties California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales	Richmond Hills	Sycamore Center
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 6,990	\$ 18,825	\$ 51,865	\$ 19,243	\$ 5,792	\$ 6,698
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	333,651	9,664	-	2,191
Accrued interest, affiliates	138,703	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	36,700	-	17,968
Current portion of notes payable, affiliates	-	-	-	-	-	125,152	-
Deferred revenue and other liabilities	-	1	422	(2)	1,859	-	2,226
Tenant security deposits	-	41	11,786	-	26,718	5,000	3,783
Total current liabilities	<u>138,703</u>	<u>7,032</u>	<u>31,033</u>	<u>385,514</u>	<u>94,184</u>	<u>135,944</u>	<u>32,866</u>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	27,000	-	-	-	433,229	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	963,959	262,025	-	1,260,000	2,416,800	-	525,222
Notes payable, less current portion, affiliates	2,144,488	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	<u>3,135,447</u>	<u>262,025</u>	<u>-</u>	<u>1,260,000</u>	<u>2,850,029</u>	<u>-</u>	<u>525,222</u>
<b>Total liabilities</b>	<u>3,274,150</u>	<u>269,057</u>	<u>31,033</u>	<u>1,645,514</u>	<u>2,944,213</u>	<u>135,944</u>	<u>558,088</u>
<b>Net assets</b>							
Unrestricted net assets, controlling	2,581,688	(64,195)	312,109	(900,906)	(1,472,984)	(339,716)	1,325,936
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	<u>2,581,688</u>	<u>(64,195)</u>	<u>312,109</u>	<u>(900,906)</u>	<u>(1,472,984)</u>	<u>(339,716)</u>	<u>1,325,936</u>
Temporarily restricted net assets	-	-	257,366	2,493,369	1,266,251	1,512,227	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<u>2,581,688</u>	<u>(64,195)</u>	<u>569,475</u>	<u>1,592,463</u>	<u>(206,733)</u>	<u>1,172,511</u>	<u>1,325,936</u>
<b>Total liabilities and net assets</b>	<u>\$ 5,855,838</u>	<u>\$ 204,862</u>	<u>\$ 600,508</u>	<u>\$ 3,237,977</u>	<u>\$ 2,737,480</u>	<u>\$ 1,308,455</u>	<u>\$ 1,884,024</u>

Mercy Properties California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Sierra Vista	Walnut Grove	Santa Monica Street	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 527,196
Cash, tenant security deposits	-	-	-	-	-	40,128
Cash, restricted	2,908	-	7,118	6,298	-	17,711
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	210,241
Due from affiliate, net	-	-	-	-	-	992,406
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	-	-	-	-	-	26,841
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	<u>2,908</u>	<u>-</u>	<u>7,118</u>	<u>6,298</u>	<u>-</u>	<u>1,814,523</u>
Property and equipment						
Land and land improvements	-	-	482,530	214,975	-	7,497,585
Buildings	-	-	-	-	-	13,492,375
Furniture and equipment	-	-	-	-	-	165,798
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	2,194,947	-	477,810	385,077	-	3,057,834
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,949,103)</u>
Net property and equipment	<u>2,194,947</u>	<u>-</u>	<u>960,340</u>	<u>600,052</u>	<u>-</u>	<u>17,264,489</u>
Other long-term assets						
Restricted property reserves	-	-	-	-	-	461,795
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	450,000	-	-	-	-	450,000
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	<u>129,682</u>	<u>-</u>	<u>275</u>	<u>72,607</u>	<u>-</u>	<u>202,564</u>
Total other long-term assets	<u>579,682</u>	<u>-</u>	<u>275</u>	<u>72,607</u>	<u>-</u>	<u>1,174,359</u>
<b>Total assets</b>	<u>\$ 2,777,537</u>	<u>\$ -</u>	<u>\$ 967,733</u>	<u>\$ 678,957</u>	<u>\$ -</u>	<u>\$ 20,253,371</u>

Mercy Properties California  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Sierra Vista	Walnut Grove	Santa Monica Street	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
<b>Liabilities</b>						
Current liabilities						
Accounts payable and accrued expenses	\$ 3,850	\$ -	\$ 10,091	\$ 3,850	\$ -	\$ 127,204
Due to affiliates	1,708,466	-	6,358	806,988	-	2,521,812
Accrued interest	47,098	-	-	4,971	-	397,575
Accrued interest, affiliates	-	-	-	-	-	138,703
Current portion of notes payable	-	-	-	-	-	54,668
Current portion of notes payable, affiliates	83,090	-	6,192	811,798	-	1,026,232
Deferred revenue and other liabilities	(1)	-	-	-	-	4,505
Tenant security deposits	-	-	-	-	-	47,328
Total current liabilities	1,842,503	-	22,641	1,627,607	-	4,318,027
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	460,229
Accrued interest, affiliates	-	-	-	-	-	-
Notes payable, less current portion, net	3,123,245	-	960,615	244,155	-	9,756,021
Notes payable, less current portion, affiliates	-	-	-	-	-	2,144,488
Deferred revenue and other liabilities	-	-	-	-	-	-
Total long-term liabilities	3,123,245	-	960,615	244,155	-	12,360,738
<b>Total liabilities</b>	4,965,748	-	983,256	1,871,762	-	16,678,765
<b>Net assets</b>						
Unrestricted net assets, controlling	(2,188,211)	-	(15,523)	(1,192,805)	-	(1,954,607)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	(2,188,211)	-	(15,523)	(1,192,805)	-	(1,954,607)
Temporarily restricted net assets	-	-	-	-	-	5,529,213
Permanently restricted net assets	-	-	-	-	-	-
<b>Total net assets</b>	(2,188,211)	-	(15,523)	(1,192,805)	-	3,574,606
<b>Total liabilities and net assets</b>	\$ 2,777,537	\$ -	\$ 967,733	\$ 678,957	\$ -	\$ 20,253,371

Mercy Properties California  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales	Richmond Hills	Sycamore Center
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 16,900	\$ 156,285	\$ 20,577	\$ 350,909	\$ 34,347	\$ 118,960
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	267,025	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	4	54	398	56	13	75
Other	1,542,183	182	2,369	68,231	3,825	-	27,504
<b>Total revenues</b>	<u>1,542,183</u>	<u>17,086</u>	<u>158,708</u>	<u>356,231</u>	<u>354,790</u>	<u>34,360</u>	<u>146,539</u>
<b>Expenses and losses</b>							
Compensation	-	-	73,370	-	56,382	-	13,650
Administrative	-	-	10,299	723	29,585	1,040	8,733
Professional services	-	2,350	2,750	11,261	7,331	2,499	2,751
Depreciation and amortization	-	8,965	23,910	167,233	143,261	103,081	96,863
Grants	-	-	-	-	-	-	-
Facility	-	4,372	52,334	32,516	64,228	15,595	58,144
Interest and fees	138,703	45	-	37,800	132,869	6,479	26,247
Bad debts	-	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>138,703</u>	<u>15,732</u>	<u>162,663</u>	<u>249,533</u>	<u>433,656</u>	<u>128,694</u>	<u>206,388</u>
<b>Excess (deficiency) of revenues over expenses</b>	1,403,480	1,354	(3,955)	106,698	(78,866)	(94,334)	(59,849)
Net assets at beginning of year	1,178,208	(65,549)	573,430	1,485,765	(127,867)	1,266,845	1,385,785
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ 2,581,688</u>	<u>\$ (64,195)</u>	<u>\$ 569,475</u>	<u>\$ 1,592,463</u>	<u>\$ (206,733)</u>	<u>\$ 1,172,511</u>	<u>\$ 1,325,936</u>



Mercy Properties California  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Sierra Vista	Walnut Grove	Santa Monica Street	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
<b>Revenues</b>						
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 697,978
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	267,025
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	-	-	-	-	-	600
Other	720,523	407,913	-	79,131	(598,590)	2,253,271
<b>Total revenues</b>	<u>720,523</u>	<u>407,913</u>	<u>-</u>	<u>79,131</u>	<u>(598,590)</u>	<u>3,218,874</u>
<b>Expenses and losses</b>						
Compensation	-	-	-	-	-	143,402
Administrative	-	-	-	16	-	50,396
Professional services	7,476	2,626	7,475	7,475	-	53,994
Depreciation and amortization	-	-	-	-	-	543,313
Grants	363,512	195,157	-	39,921	(598,590)	-
Facility	-	-	-	-	-	227,189
Interest and fees	-	-	-	-	-	342,143
Bad debts	-	-	-	-	-	-
Provision for impaired assets	-	-	219,887	-	-	219,887
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>370,988</u>	<u>197,783</u>	<u>227,362</u>	<u>47,412</u>	<u>(598,590)</u>	<u>1,580,324</u>
<b>Excess (deficiency) of revenues over expenses</b>	349,535	210,130	(227,362)	31,719	-	1,638,550
Net assets at beginning of year	(2,537,746)	(210,130)	211,839	(1,224,524)	-	1,936,056
Other transfers to (from) net assets	-	-	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ (2,188,211)</u>	<u>\$ -</u>	<u>\$ (15,523)</u>	<u>\$ (1,192,805)</u>	<u>\$ -</u>	<u>\$ 3,574,606</u>

Mercy Housing Northwest - Idaho, Inc.  
Consolidating Statement of Financial Position  
December 31, 2012

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Mercy Twin Falls, Inc. (Willswood)
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 1,405	\$ 2,454	\$ 29,876	\$ 23,327	\$ 173	\$ 10,540
Cash, tenant security deposits	-	6,044	10,175	15,933	3,653	12,235
Cash, restricted	155,604	-	-	-	4,873	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	2,284	1,309	2,636	37	-	8,009
Due from affiliate, net	1,431,661	-	-	-	-	20
Pledges receivable, net	1,030	-	-	-	-	-
Grants receivable	500	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	54,711	-	-	-	-	-
Prepaid expenses and other assets	4,503	3,786	7,216	11,308	3,313	5,775
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	<u>1,651,698</u>	<u>13,593</u>	<u>49,903</u>	<u>50,605</u>	<u>12,012</u>	<u>36,579</u>
Property and equipment						
Land and land improvements	306,157	122,374	45,055	241,100	570	91,221
Buildings	-	1,343,135	1,055,765	1,726,234	1,443,238	1,115,815
Furniture and equipment	27,074	12,033	27,396	87,751	7,609	28,597
Predevelopment project costs	34,964	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	<u>(26,962)</u>	<u>(450,581)</u>	<u>(623,025)</u>	<u>(1,070,311)</u>	<u>(368,756)</u>	<u>(581,754)</u>
Net property and equipment	<u>341,233</u>	<u>1,026,961</u>	<u>505,191</u>	<u>984,774</u>	<u>1,082,661</u>	<u>653,879</u>
Other long-term assets						
Restricted property reserves	-	119,631	105,594	118,099	40,584	109,964
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	-	-
Notes and interest receivable, net	138,450	-	-	-	-	-
Notes and interest receivable, affiliates	653,008	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-
Total other long-term assets	<u>791,458</u>	<u>119,631</u>	<u>105,594</u>	<u>118,099</u>	<u>40,584</u>	<u>109,964</u>
<b>Total assets</b>	<u>\$ 2,784,389</u>	<u>\$ 1,160,185</u>	<u>\$ 660,688</u>	<u>\$ 1,153,478</u>	<u>\$ 1,135,257</u>	<u>\$ 800,422</u>

Mercy Housing Northwest - Idaho, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Mercy Twin Falls, Inc. (Willswood)
<b>Liabilities</b>						
Current liabilities						
Accounts payable and accrued expenses	\$ 48,876	\$ 15,557	\$ 37,366	\$ 34,842	\$ 18,690	\$ 63,565
Due to affiliates	2,055,484	-	-	-	-	25,900
Accrued interest	-	-	1,928	-	-	187
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	-	2,139	-	-	32,009
Current portion of notes payable, affiliates	42,368	-	-	-	-	-
Deferred revenue and other liabilities	-	413	2,363	4,700	78	4,772
Tenant security deposits	-	5,299	9,470	15,733	3,133	11,735
Total current liabilities	2,146,728	21,269	53,266	55,275	21,901	138,168
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	49,179	-	-	16,341
Accrued interest, affiliates	-	-	-	-	-	-
Notes payable, less current portion, net	-	260,000	780,768	-	290,000	556,563
Notes payable, less current portion, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-
Total long-term liabilities	-	260,000	829,947	-	290,000	572,904
<b>Total liabilities</b>	2,146,728	281,269	883,213	55,275	311,901	711,072
<b>Net assets</b>						
Unrestricted net assets, controlling	178,430	(136,368)	(222,525)	1,098,203	(157,903)	89,350
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	178,430	(136,368)	(222,525)	1,098,203	(157,903)	89,350
Temporarily restricted net assets	459,231	1,015,284	-	-	981,259	-
Permanently restricted net assets	-	-	-	-	-	-
<b>Total net assets</b>	637,661	878,916	(222,525)	1,098,203	823,356	89,350
<b>Total liabilities and net assets</b>	\$ 2,784,389	\$ 1,160,185	\$ 660,688	\$ 1,153,478	\$ 1,135,257	\$ 800,422

Mercy Housing Northwest - Idaho, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Idaho NSP LLC	Boise Senior 202 Owner, LP (12th Street Senior)	Boise Senior 202 GP, LLC	MHNW-ID GP LLC	MHNW-ID LP LLC	Mercy Housing Idaho- II, L.P. (Comstock Apartments)
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 83,933	\$ 35,907	\$ -	\$ -	\$ -	\$ 50
Cash, tenant security deposits	-	13,563	-	-	-	7,150
Cash, restricted	1,000	36,779	-	-	-	88,735
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	13,253	10,989	-	-	-	2,224
Due from affiliate, net	-	-	2,542	136,290	-	-
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	-	12,839	-	-	-	7,861
Inventory	988,581	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
<b>Total current assets</b>	<b>1,086,767</b>	<b>110,077</b>	<b>2,542</b>	<b>136,290</b>	<b>-</b>	<b>106,020</b>
Property and equipment						
Land and land improvements	-	1,215,108	-	-	-	103,800
Buildings	-	9,634,441	-	-	-	1,096,971
Furniture and equipment	-	310,316	-	-	-	46,360
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	-	(180,338)	-	-	-	(846,862)
<b>Net property and equipment</b>	<b>-</b>	<b>10,979,527</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,269</b>
Other long-term assets						
Restricted property reserves	-	3,312	-	-	-	1,523
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	670	47,892	-	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	87,120	-	-	-	-
<b>Total other long-term assets</b>	<b>-</b>	<b>90,432</b>	<b>670</b>	<b>47,892</b>	<b>-</b>	<b>1,523</b>
<b>Total assets</b>	<b>\$ 1,086,767</b>	<b>\$ 11,180,036</b>	<b>\$ 3,212</b>	<b>\$ 184,182</b>	<b>\$ -</b>	<b>\$ 507,812</b>

Mercy Housing Northwest - Idaho, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Idaho NSP LLC	Boise Senior 202 Owner, LP (12th Street Senior)	Boise Senior 202 GP, LLC	MHNW-ID GP LLC	MHNW-ID LP LLC	Mercy Housing Idaho- II, L.P. (Comstock Apartments)
<b>Liabilities</b>						
Current liabilities						
Accounts payable and accrued expenses	\$ 9,745	\$ 58,785	\$ 2,542	\$ -	\$ -	\$ 21,437
Due to affiliates	24,347	474,118	1,353	20,311	-	87,873
Accrued interest	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	1,861
Current portion of notes payable	904,412	-	-	-	-	-
Current portion of notes payable, affiliates	115,012	3,199	-	-	-	13,004
Deferred revenue and other liabilities	-	5,038	1	1	-	5,121
Tenant security deposits	-	13,563	-	-	-	6,650
Total current liabilities	1,053,516	554,703	3,896	20,312	-	135,946
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	8,877	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-
Notes payable, less current portion, net	-	590,000	-	-	-	-
Notes payable, less current portion, affiliates	-	4,297,700	-	-	-	625,171
Deferred revenue and other liabilities	33,412	-	-	-	-	-
Total long-term liabilities	33,412	4,896,577	-	-	-	625,171
<b>Total liabilities</b>	1,086,928	5,451,280	3,896	20,312	-	761,117
<b>Net assets</b>						
Unrestricted net assets, controlling	(161)	5,728,756	(4,253,616)	163,870	-	(253,305)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	(161)	5,728,756	(4,253,616)	163,870	-	(253,305)
Temporarily restricted net assets	-	-	4,252,932	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
<b>Total net assets</b>	(161)	5,728,756	(684)	163,870	-	(253,305)
<b>Total liabilities and net assets</b>	\$ 1,086,767	\$ 11,180,036	\$ 3,212	\$ 184,182	\$ -	\$ 507,812

Mercy Housing Northwest - Idaho, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Idaho-I, L.P. (Northside Nampa)	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 4,475	\$ -	\$ 192,140
Cash, tenant security deposits	8,534	-	77,287
Cash, restricted	64	-	287,055
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	7,626	(1,364)	47,003
Due from affiliate, net	-	(733,905)	836,608
Pledges receivable, net	-	-	1,030
Grants receivable	-	-	500
Current portion of notes and interest receivable	-	-	-
Current portion of notes and interest receivable, affiliates	-	(34,711)	20,000
Prepaid expenses and other assets	6,104	-	62,705
Inventory	-	-	988,581
Assets held for sale	-	-	-
Total current assets	<u>26,803</u>	<u>(769,980)</u>	<u>2,512,909</u>
Property and equipment			
Land and land improvements	103,429	-	2,228,814
Buildings	1,333,258	(162,262)	18,586,595
Furniture and equipment	136,838	-	683,974
Predevelopment project costs	-	-	34,964
Construction in progress	-	-	-
Accumulated depreciation	<u>(1,131,975)</u>	<u>68,059</u>	<u>(5,212,505)</u>
Net property and equipment	<u>441,550</u>	<u>(94,203)</u>	<u>16,321,842</u>
Other long-term assets			
Restricted property reserves	48,553	-	547,260
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net.	-	(48,562)	-
Notes and interest receivable, net	-	-	138,450
Notes and interest receivable, affiliates	-	-	653,008
Allowance for impaired assets	-	-	-
Other assets, net	<u>34,036</u>	<u>-</u>	<u>121,156</u>
Total other long-term assets	<u>82,589</u>	<u>(48,562)</u>	<u>1,459,874</u>
<b>Total assets</b>	<u>\$ 550,942</u>	<u>\$ (912,745)</u>	<u>\$ 20,294,625</u>

Mercy Housing Northwest - Idaho, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Idaho-I, L.P. (Northside Nampa)	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ 39,377	\$ (3,471)	\$ 347,311
Due to affiliates	95,545	(727,783)	2,057,148
Accrued interest	-	-	2,115
Accrued interest, affiliates	-	-	1,861
Current portion of notes payable	-	-	938,560
Current portion of notes payable, affiliates	-	(118,211)	55,372
Deferred revenue and other liabilities	9,723	(1)	32,209
Tenant security deposits	8,384	-	73,967
Total current liabilities	153,029	(849,466)	3,508,543
Long-term liabilities			
Due to affiliates	-	-	-
Accrued interest	-	-	74,397
Accrued interest, affiliates	1,392,164	-	1,392,164
Notes payable, less current portion, net	-	-	2,477,331
Notes payable, less current portion, affiliates	314,787	(4,297,700)	939,958
Deferred revenue and other liabilities	-	-	33,412
Total long-term liabilities	1,706,951	(4,297,700)	4,917,262
<b>Total liabilities</b>	1,859,980	(5,147,166)	8,425,805
<b>Net assets</b>			
Unrestricted net assets, controlling	(1,309,038)	4,234,421	5,160,114
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	(1,309,038)	4,234,421	5,160,114
Temporarily restricted net assets	-	-	6,708,706
Permanently restricted net assets	-	-	-
<b>Total net assets</b>	(1,309,038)	4,234,421	11,868,820
<b>Total liabilities and net assets</b>	\$ 550,942	\$ (912,745)	\$ 20,294,625

Mercy Housing Northwest - Idaho, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year ended December 31, 2012

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Mercy Twin Falls, Inc. (Willswood)
<b>Revenues</b>						
Rent - net of vacancies	\$ -	\$ 87,752	\$ 209,569	\$ 280,536	\$ 92,283	\$ 148,629
Developer fees	291,987	-	-	-	-	-
Services fees	69,982	-	-	-	-	-
Philanthropy	215,454	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	201,001	-	-	-	-	-
Interest	52,785	44	24,959	13,910	11	19,845
Other	32,317	1,523	5,824	6,511	2,111	3,652
<b>Total revenues</b>	<b>863,526</b>	<b>89,319</b>	<b>240,352</b>	<b>300,957</b>	<b>94,405</b>	<b>172,126</b>
<b>Expenses and losses</b>						
Compensation	336,076	27,484	58,702	90,848	29,039	60,902
Administrative	69,086	19,570	26,602	52,085	10,417	71,580
Professional services	178,554	9,165	5,416	39,185	9,165	12,539
Depreciation and amortization	197	48,534	44,171	64,920	54,148	47,115
Grants	69,406	-	-	-	290,000	-
Facility	5,946	33,884	82,793	103,599	45,840	70,820
Interest and fees	84,541	43	39,205	994	-	11,712
Bad debts	91,567	-	878	890	-	2,436
Provision for impaired assets	15,284	-	-	-	-	-
Project expenses	673	-	-	-	-	-
Allocation	263,630	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-
<b>Total expenses and losses</b>	<b>1,114,960</b>	<b>138,680</b>	<b>257,767</b>	<b>352,521</b>	<b>438,609</b>	<b>277,104</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(251,434)</b>	<b>(49,361)</b>	<b>(17,415)</b>	<b>(51,564)</b>	<b>(344,204)</b>	<b>(104,978)</b>
Net assets at beginning of year	889,095	928,277	(205,110)	1,149,767	1,167,560	194,328
Other transfers to (from) net assets	-	-	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ 637,661</b>	<b>\$ 878,916</b>	<b>\$ (222,525)</b>	<b>\$ 1,098,203</b>	<b>\$ 823,356</b>	<b>\$ 89,350</b>



Mercy Housing Northwest - Idaho, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Mercy Housing Idaho NSP LLC	Boise Senior 202 Owner, LP (12th Street Senior)	Boise Senior 202 GP, LLC	MHNW-ID GP LLC	MHNW-ID LP LLC	Mercy Housing Idaho-II, L.P. (Comstock Apartments)
<b>Revenues</b>						
Rent - net of vacancies	\$ -	\$ 104,875	\$ -	\$ -	\$ -	\$ 122,677
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	16,735	-	-
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	-	-	-	-	-	280
Other	-	573	-	-	-	263,255
<b>Total revenues</b>	-	105,448	-	16,735	-	386,212
<b>Expenses and losses</b>						
Compensation	-	44,363	-	-	-	36,044
Administrative	77	99,855	-	5,000	-	22,647
Professional services	-	18,700	1,007	311	-	9,151
Depreciation and amortization	-	221,421	-	-	-	39,109
Grants	-	-	-	-	-	-
Facility	-	65,653	-	-	-	29,112
Interest and fees	-	7,862	36	-	-	24,077
Bad debts	-	-	-	-	-	411
Provision for impaired assets	-	-	1,953,179	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	35	(2,114)	-	-
<b>Total expenses and losses</b>	77	457,854	1,954,257	3,197	-	160,551
<b>Excess (deficiency) of revenues over expenses</b>	(77)	(352,406)	(1,954,257)	13,538	-	225,661
Net assets at beginning of year	(84)	679,592	1,953,573	165,332	(1,691,095)	(478,966)
Other transfers to (from) net assets	-	5,401,570	-	(15,000)	1,691,095	-
<b>Net assets at end of year</b>	<u>\$ (161)</u>	<u>\$ 5,728,756</u>	<u>\$ (684)</u>	<u>\$ 163,870</u>	<u>\$ -</u>	<u>\$ (253,305)</u>

Mercy Housing Northwest - Idaho, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Mercy Housing Idaho-I, L.P. (Northside Nampa)	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
<b>Revenues</b>			
Rent - net of vacancies	\$ 134,642	\$ -	\$ 1,180,963
Developer fees	-	-	291,987
Services fees	-	(57,550)	29,167
Philanthropy	-	-	215,454
Capital grants	-	-	-
Consulting	-	-	201,001
Interest	4	(2,601)	109,237
Other	2,194	(291,252)	26,708
<b>Total revenues</b>	<u>136,840</u>	<u>(351,403)</u>	<u>2,054,517</u>
<b>Expenses and losses</b>			
Compensation	55,870	-	739,328
Administrative	34,491	(21,738)	389,672
Professional services	14,197	(35,814)	261,576
Depreciation and amortization	47,136	(5,900)	560,851
Grants	-	(68,576)	290,830
Facility	49,525	-	487,172
Interest and fees	74,331	(2,601)	240,200
Bad debts	3,978	(44,980)	55,180
Provision for impaired assets	-	(1,955,779)	12,684
Project expenses	-	-	673
Allocation	-	-	263,630
(Gain) loss on sale of assets	-	-	-
(Gain) loss on investment in limited partnership	-	2,079	-
<b>Total expenses and losses</b>	<u>279,528</u>	<u>(2,133,309)</u>	<u>3,301,796</u>
<b>Excess (deficiency) of revenues over expenses</b>	(142,688)	1,781,906	(1,247,279)
Net assets at beginning of year	(1,166,350)	4,143,610	7,729,529
Other transfers to (from) net assets	-	(1,691,095)	5,386,570
<b>Net assets at end of year</b>	<u>\$ (1,309,038)</u>	<u>\$ 4,234,421</u>	<u>\$ 11,868,820</u>

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Mercy Housing Lakefront  
Consolidating Statement of Financial Position  
December 31, 2012

	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
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 6,253,163	\$ 366,494	\$ 279,127	\$ 17,647	\$ -	\$ 106,018	\$ -
Cash, tenant security deposits	-	27,797	20,804	9,522	-	13,460	-
Cash, restricted	1,315,057	250	250	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	68,804	6,818	19,864	1,677	-	24,354	-
Due from affiliate, net	3,377,331	-	-	3,832	-	-	3,463
Pledges receivable, net	203,149	-	-	-	-	-	-
Grants receivable	502,314	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	1,299,223	-	-	-	-	-	-
Prepaid expenses and other assets	64,349	48,420	32,954	18,576	-	17,689	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>13,083,390</b>	<b>449,779</b>	<b>352,999</b>	<b>51,254</b>	<b>-</b>	<b>161,521</b>	<b>3,463</b>
Property and equipment							
Land and land improvements	174,915	179,452	77,099	54,100	-	823,255	-
Buildings	516,847	7,504,588	4,834,524	1,721,342	-	8,279,881	-
Furniture and equipment	365,086	97,417	29,565	10,565	-	511,830	-
Predevelopment project costs	2,992,629	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(538,138)	(1,584,248)	(1,097,760)	(418,143)	-	(3,310,640)	-
<b>Net property and equipment</b>	<b>3,511,339</b>	<b>6,197,209</b>	<b>3,843,428</b>	<b>1,367,864</b>	<b>-</b>	<b>6,304,326</b>	<b>-</b>
Other long-term assets							
Restricted property reserves	-	271,746	638,180	311,841	-	238,619	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	3,653,251	-	-	-	-	-	-
Pledges receivable, net	23,588	-	-	-	-	-	-
Investments in limited partnerships, net.	868,660	-	-	-	981,897	-	241,342
Notes and interest receivable, net	56,072	-	-	-	-	-	-
Notes and interest receivable, affiliates	11,122,186	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	2,178	-	123,141	-	36,817	-
<b>Total other long-term assets</b>	<b>15,723,757</b>	<b>273,924</b>	<b>638,180</b>	<b>434,982</b>	<b>981,897</b>	<b>275,436</b>	<b>241,342</b>
<b>Total assets</b>	<b>\$ 32,318,486</b>	<b>\$ 6,920,912</b>	<b>\$ 4,834,607</b>	<b>\$ 1,854,100</b>	<b>\$ 981,897</b>	<b>\$ 6,741,283</b>	<b>\$ 244,805</b>

Mercy Housing Lakefront  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 642,052	\$ 189,068	\$ 153,837	\$ 57,264	\$ -	\$ 39,446	\$ 35
Due to affiliates	135,437	40,171	25,497	-	60,295	50,395	66,341
Accrued interest	-	14,578	9,369	4,980	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	3,071,127	122,529	49,007	23,115	-	-	-
Current portion of notes payable, affiliates	3,122,445	24,671	-	22,320	-	-	-
Deferred revenue and other liabilities	139,616	4,454	3,955	2,426	-	2,658	(1)
Tenant security deposits	-	27,305	20,246	8,911	-	12,960	-
<b>Total current liabilities</b>	<b>7,110,677</b>	<b>422,776</b>	<b>261,911</b>	<b>119,016</b>	<b>60,295</b>	<b>105,459</b>	<b>66,375</b>
Long-term liabilities							
Due to affiliates	-	-	-	-	982,369	-	300,250
Accrued interest	-	18,835	12,373	-	-	-	-
Accrued interest, affiliates	-	474,774	143,976	11,028	-	-	-
Notes payable, less current portion, net	8,273,396	5,098,424	3,522,586	972,809	-	-	-
Notes payable, less current portion, affiliates	-	720,210	473,012	486,690	-	6,491,955	-
Deferred revenue and other liabilities	625,599	8,523	-	-	-	-	-
<b>Total long-term liabilities</b>	<b>8,898,995</b>	<b>6,320,766</b>	<b>4,151,947</b>	<b>1,470,527</b>	<b>982,369</b>	<b>6,491,955</b>	<b>300,250</b>
<b>Total liabilities</b>	<b>16,009,672</b>	<b>6,743,542</b>	<b>4,413,858</b>	<b>1,589,543</b>	<b>1,042,664</b>	<b>6,597,414</b>	<b>366,625</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	10,367,384	177,370	420,749	264,557	(60,767)	143,869	(121,820)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>10,367,384</b>	<b>177,370</b>	<b>420,749</b>	<b>264,557</b>	<b>(60,767)</b>	<b>143,869</b>	<b>(121,820)</b>
Temporarily restricted net assets	5,566,430	-	-	-	-	-	-
Permanently restricted net assets	375,000	-	-	-	-	-	-
<b>Total net assets</b>	<b>16,308,814</b>	<b>177,370</b>	<b>420,749</b>	<b>264,557</b>	<b>(60,767)</b>	<b>143,869</b>	<b>(121,820)</b>
<b>Total liabilities and net assets</b>	<b>\$ 32,318,486</b>	<b>\$ 6,920,912</b>	<b>\$ 4,834,607</b>	<b>\$ 1,854,100</b>	<b>\$ 981,897</b>	<b>\$ 6,741,283</b>	<b>\$ 244,805</b>

Mercy Housing Lakefront  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 40,563	\$ 607	\$ 75,278	\$ 389,611	\$ 13,507	\$ -	\$ 122,648
Cash, tenant security deposits	12,482	-	6,798	19,736	6,410	-	9,197
Cash, restricted	320,883	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	24	-	9,132	2,329	3,963	-	490
Due from affiliate, net	47	9,365	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	21,678	-	27,493	36,687	20,323	-	23,424
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>395,677</b>	<b>9,972</b>	<b>118,701</b>	<b>448,363</b>	<b>44,203</b>	<b>-</b>	<b>155,759</b>
Property and equipment							
Land and land improvements	182,045	-	65,063	103,750	65,000	-	295,356
Buildings	3,397,427	-	2,533,436	6,043,099	2,385,947	-	8,380,450
Furniture and equipment	115,235	-	137,546	255,442	62,448	-	419,586
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(2,234,908)	-	(1,878,912)	(4,137,233)	(1,482,229)	-	(3,918,191)
<b>Net property and equipment</b>	<b>1,459,799</b>	<b>-</b>	<b>857,133</b>	<b>2,265,058</b>	<b>1,031,166</b>	<b>-</b>	<b>5,177,201</b>
Other long-term assets							
Restricted property reserves	704,578	-	308,868	1,159,123	63,128	-	915,700
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	422,260	-	-	-	356,134	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	227	-	3,766	9,846	240	-	16,860
<b>Total other long-term assets</b>	<b>704,805</b>	<b>422,260</b>	<b>312,634</b>	<b>1,168,969</b>	<b>63,368</b>	<b>356,134</b>	<b>932,560</b>
<b>Total assets</b>	<b>\$ 2,560,281</b>	<b>\$ 432,232</b>	<b>\$ 1,288,468</b>	<b>\$ 3,882,390</b>	<b>\$ 1,138,737</b>	<b>\$ 356,134</b>	<b>\$ 6,265,520</b>

Mercy Housing Lakefront  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 42,752	\$ -	\$ 48,543	\$ 80,492	\$ 58,367	\$ -	\$ 63,871
Due to affiliates	3,463	347,154	28,700	40,765	26,400	90,502	-
Accrued interest	-	-	-	-	324	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	6,000	-	55,152	98,772	24,037	-	2,400
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	5,739	-	1,926	10,889	496	(1)	3,607
Tenant security deposits	11,952	-	6,265	18,649	5,729	-	8,829
Total current liabilities	69,906	347,154	140,586	249,567	115,353	90,501	78,707
Long-term liabilities							
Due to affiliates	-	504,204	-	-	-	354,265	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	3,271,739	-	744,405	2,364,078	329,122	-	4,350,042
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	3,271,739	504,204	744,405	2,364,078	329,122	354,265	4,350,042
<b>Total liabilities</b>	3,341,645	851,358	884,991	2,613,645	444,475	444,766	4,428,749
<b>Net assets</b>							
Unrestricted net assets, controlling	(781,364)	(419,126)	403,477	1,268,745	694,262	(88,632)	1,836,771
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(781,364)	(419,126)	403,477	1,268,745	694,262	(88,632)	1,836,771
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	(781,364)	(419,126)	403,477	1,268,745	694,262	(88,632)	1,836,771
<b>Total liabilities and net assets</b>	\$ 2,560,281	\$ 432,232	\$ 1,288,468	\$ 3,882,390	\$ 1,138,737	\$ 356,134	\$ 6,265,520

Mercy Housing Lakefront  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)	Near North Apartments Corporation, NFP	Near North LP (Schiff Residences)	Malden Arms Corporation II, NFP
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 683,646	\$ -	\$ 92,181	\$ -	\$ 277,722	\$ -
Cash, tenant security deposits	-	51,877	-	32,484	-	13,614	-
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	61,121	-	66,075	-	35,967	17,000
Due from affiliate, net	30,789	-	6,791	4,749	96,562	-	102,598
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	-	40,910	-	40,226	-	29,851	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	30,789	837,554	6,791	235,715	96,562	357,154	119,598
Property and equipment							
Land and land improvements	-	881,175	-	125,000	-	4,276,912	-
Buildings	-	14,673,147	-	5,788,718	-	12,587,553	-
Furniture and equipment	-	454,870	-	355,975	-	488,818	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(7,079,930)	-	(4,274,137)	-	(3,269,890)	-
Net property and equipment	-	8,929,262	-	1,995,556	-	14,083,393	-
Other long-term assets							
Restricted property reserves	-	4,265,013	-	385,309	-	807,480	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	263,213	-	(77,271)	-	5,379,217	-	512,914
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	24,110	-	3,500	-	46,277	-
Total other long-term assets	263,213	4,289,123	(77,271)	388,809	5,379,217	853,757	512,914
<b>Total assets</b>	<b>\$ 294,002</b>	<b>\$ 14,055,939</b>	<b>\$ (70,480)</b>	<b>\$ 2,620,080</b>	<b>\$ 5,475,779</b>	<b>\$ 15,294,304</b>	<b>\$ 632,512</b>



Mercy Housing Lakefront  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)	Near North Apartments Corporation, NFP	Near North LP (Schiff Residences)	Malden Arms Corporation II, NFP
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 80,289	\$ -	\$ 48,837	\$ 35	\$ 42,627	\$ -
Due to affiliates	104,887	30,789	134,747	47,088	116,724	112,187	82,904
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	1,200	-	-	-	1,200	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	30,486	-	3,548	-	7,630	-
Tenant security deposits	-	51,427	-	32,073	-	13,114	-
Total current liabilities	104,887	194,191	134,747	131,546	116,759	176,758	82,904
Long-term liabilities							
Due to affiliates	263,620	461,302	-	-	-	-	-
Accrued interest	-	2,289,021	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	399,900	11,170
Notes payable, less current portion, net	-	8,381,698	-	4,712,865	-	3,242,200	-
Notes payable, less current portion, affiliates	-	1,080,500	-	-	-	2,922,000	27,025
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	263,620	12,212,521	-	4,712,865	-	6,564,100	38,195
<b>Total liabilities</b>	368,507	12,406,712	134,747	4,844,411	116,759	6,740,858	121,099
<b>Net assets</b>							
Unrestricted net assets, controlling	(74,505)	1,649,227	(205,227)	(2,224,331)	5,359,020	8,553,446	511,413
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(74,505)	1,649,227	(205,227)	(2,224,331)	5,359,020	8,553,446	511,413
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	(74,505)	1,649,227	(205,227)	(2,224,331)	5,359,020	8,553,446	511,413
<b>Total liabilities and net assets</b>	\$ 294,002	\$ 14,055,939	\$ (70,480)	\$ 2,620,080	\$ 5,475,779	\$ 15,294,304	\$ 632,512

Mercy Housing Lakefront  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 137,075	\$ -	\$ 401,272	\$ -	\$ 52,004	\$ -	\$ 118,608
Cash, tenant security deposits	19,252	-	12,486	-	46,379	-	23,879
Cash, restricted	-	-	189,482	-	-	-	18,529
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	67,306	-	57,708	-	3,033	-	2,951
Due from affiliate, net	-	-	-	5,000	-	4,550	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	23,572	-	21,419	-	30,734	-	21,842
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>247,205</u>	<u>-</u>	<u>682,367</u>	<u>5,000</u>	<u>132,150</u>	<u>4,550</u>	<u>185,809</u>
Property and equipment							
Land and land improvements	670,314	-	1,432,081	-	2,599,688	-	478,583
Buildings	4,340,388	-	15,697,619	-	11,928,568	-	11,679,217
Furniture and equipment	229,662	-	352,871	-	234,156	-	332,472
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(757,458)</u>	<u>-</u>	<u>(1,494,569)</u>	<u>-</u>	<u>(1,214,486)</u>	<u>-</u>	<u>(1,110,484)</u>
Net property and equipment	<u>4,482,906</u>	<u>-</u>	<u>15,988,002</u>	<u>-</u>	<u>13,547,926</u>	<u>-</u>	<u>11,379,788</u>
Other long-term assets							
Restricted property reserves	2,648,763	-	746,561	-	303,737	-	891,258
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	2,599,820	-	2,515,963	-	(53)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	490,406	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>37,995</u>	<u>-</u>	<u>66,999</u>	<u>-</u>	<u>99,746</u>	<u>-</u>	<u>149,050</u>
Total other long-term assets	<u>2,686,758</u>	<u>2,599,820</u>	<u>813,560</u>	<u>3,006,369</u>	<u>403,483</u>	<u>(53)</u>	<u>1,040,308</u>
<b>Total assets</b>	<u>\$ 7,416,869</u>	<u>\$ 2,599,820</u>	<u>\$ 17,483,929</u>	<u>\$ 3,011,369</u>	<u>\$ 14,083,559</u>	<u>\$ 4,497</u>	<u>\$ 12,605,905</u>

Mercy Housing Lakefront  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 61,784	\$ -	\$ 746,743	\$ -	\$ 135,228	\$ -	\$ 171,169
Due to affiliates	102,598	10,454	299,444	10,319	133,417	3,802	-
Accrued interest	-	-	1,615	-	7,649	-	-
Accrued interest, affiliates	-	-	48,512	-	-	-	14,423
Current portion of notes payable	1,200	-	41,490	-	13,758	-	-
Current portion of notes payable, affiliates	-	-	19,359	-	9,316	-	-
Deferred revenue and other liabilities	5,323	-	3,665	(1)	13,375	1	3,156
Tenant security deposits	19,047	-	11,814	-	44,301	-	23,379
<b>Total current liabilities</b>	<b>189,952</b>	<b>10,454</b>	<b>1,172,642</b>	<b>10,318</b>	<b>357,044</b>	<b>3,803</b>	<b>212,127</b>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	152,115	-	-	-	68,520	-	-
Accrued interest, affiliates	59,563	-	-	-	18,922	-	215,501
Notes payable, less current portion, net	2,430,813	-	1,897,048	-	4,567,284	-	1,825,586
Notes payable, less current portion, affiliates	576,000	2,000,000	1,030,674	-	590,326	-	2,403,500
Deferred revenue and other liabilities	1,474,821	-	640,000	-	-	-	42,269
<b>Total long-term liabilities</b>	<b>4,693,312</b>	<b>2,000,000</b>	<b>3,567,722</b>	<b>-</b>	<b>5,245,052</b>	<b>-</b>	<b>4,486,856</b>
<b>Total liabilities</b>	<b>4,883,264</b>	<b>2,010,454</b>	<b>4,740,364</b>	<b>10,318</b>	<b>5,602,096</b>	<b>3,803</b>	<b>4,698,983</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	2,533,605	589,366	12,743,565	3,001,051	8,481,463	694	7,906,922
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>2,533,605</b>	<b>589,366</b>	<b>12,743,565</b>	<b>3,001,051</b>	<b>8,481,463</b>	<b>694</b>	<b>7,906,922</b>
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>2,533,605</b>	<b>589,366</b>	<b>12,743,565</b>	<b>3,001,051</b>	<b>8,481,463</b>	<b>694</b>	<b>7,906,922</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,416,869</b>	<b>\$ 2,599,820</b>	<b>\$ 17,483,929</b>	<b>\$ 3,011,369</b>	<b>\$ 14,083,559</b>	<b>\$ 4,497</b>	<b>\$ 12,605,905</b>

Mercy Housing Lakefront  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	HWA-850 Eastwood GP Corporation, NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corporation I, NFP	Grayslake Senior Housing Limited Partnership	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 229,273	\$ -	\$ 6,327	\$ -	\$ 218,460	\$ -
Cash, tenant security deposits	-	91,985	-	5,070	-	39,257	-
Cash, restricted	-	983,084	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	75,402	-	371	-	31,601	-
Due from affiliate, net	-	-	1,793	-	-	-	-
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	-	76,457	-	-	-	43,065	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	-	1,456,201	1,793	11,768	-	332,383	-
Property and equipment							
Land and land improvements	-	4,575,852	-	2,113,338	-	1,664,102	-
Buildings	-	54,402,143	-	17,195,445	-	19,107,447	-
Furniture and equipment	-	197,948	-	332,223	-	120,000	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	2,246,947	-
Accumulated depreciation	-	(3,593,124)	-	(71,375)	-	(419,497)	-
Net property and equipment	-	55,582,819	-	19,569,631	-	22,718,999	-
Other long-term assets							
Restricted property reserves	-	2,830,434	-	81,840	-	3,254,778	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	7,380,650	-	57	-	(27)	-	(4,923,798)
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	1,801,029	-	488,979	-	1,061,047	-
Total other long-term assets	7,380,650	4,631,463	57	570,819	(27)	4,315,825	(4,923,798)
<b>Total assets</b>	<u>\$ 7,380,650</u>	<u>\$ 61,670,483</u>	<u>\$ 1,850</u>	<u>\$ 20,152,218</u>	<u>\$ (27)</u>	<u>\$ 27,367,207</u>	<u>\$ (4,923,798)</u>

Mercy Housing Lakefront  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	HWA-850 Eastwood GP Corporation, NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corporation I, NFP	Grayslake Senior Housing Limited Partnership	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ (892)	\$ 487,555	\$ -	\$ 243,034	\$ -	\$ 3,406,484	\$ -
Due to affiliates	5,546	1,060,466	3,620	795,205	5,875	413,397	311
Accrued interest	-	564,531	-	40,483	-	15,569	-
Accrued interest, affiliates	-	-	-	935	-	-	-
Current portion of notes payable	-	10,255,771	-	16,026,926	-	4,563,770	-
Current portion of notes payable, affiliates	-	167,247	-	637,620	-	321,487	-
Deferred revenue and other liabilities	1	29,934	1	50	-	3,397	-
Tenant security deposits	-	91,326	-	4,600	-	40,123	-
Total current liabilities	4,655	12,656,830	3,621	17,748,853	5,875	8,764,227	311
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	24,194	-
Accrued interest, affiliates	24,927	462,818	-	-	-	10,663	-
Notes payable, less current portion, net	-	33,004,549	-	-	-	11,172,924	-
Notes payable, less current portion, affiliates	4,612,972	4,263,520	-	250,926	-	4,336,844	-
Deferred revenue and other liabilities	-	4,714,739	-	507,579	-	1,797,222	-
Total long-term liabilities	4,637,899	42,445,626	-	758,505	-	17,341,847	-
<b>Total liabilities</b>	4,642,554	55,102,456	3,621	18,507,358	5,875	26,106,074	311
<b>Net assets</b>							
Unrestricted net assets, controlling	(78,571)	6,568,027	(1,771)	1,644,860	(5,902)	1,261,133	(4,924,109)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(78,571)	6,568,027	(1,771)	1,644,860	(5,902)	1,261,133	(4,924,109)
Temporarily restricted net assets	2,816,667	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	2,738,096	6,568,027	(1,771)	1,644,860	(5,902)	1,261,133	(4,924,109)
<b>Total liabilities and net assets</b>	\$ 7,380,650	\$ 61,670,483	\$ 1,850	\$ 20,152,218	\$ (27)	\$ 27,367,207	\$ (4,923,798)

Mercy Housing Lakefront  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Mercy Housing Lakefront
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ 9,881,231
Cash, tenant security deposits	-	462,489
Cash, restricted	-	2,827,535
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	(135,786)	420,204
Due from affiliate, net	(3,640,310)	6,560
Pledges receivable, net	-	203,149
Grants receivable	-	502,314
Current portion of notes and interest receivable	-	-
Current portion of notes and interest receivable, affiliates	(1,259,223)	40,000
Prepaid expenses and other assets	-	639,669
Inventory	-	-
Assets held for sale	-	-
Total current assets	<u>(5,035,319)</u>	<u>14,983,151</u>
Property and equipment		
Land and land improvements	(1,202,791)	19,634,289
Buildings	(14,319,202)	198,678,584
Furniture and equipment	-	5,103,715
Predevelopment project costs	-	2,992,629
Construction in progress	-	2,246,947
Accumulated depreciation	<u>632,627</u>	<u>(43,252,725)</u>
Net property and equipment	<u>(14,889,366)</u>	<u>185,403,439</u>
Other long-term assets		
Restricted property reserves	-	20,826,956
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	(3,653,251)	-
Pledges receivable, net	-	23,588
Investments in limited partnerships, net.	(18,270,010)	(1,749,032)
Notes and interest receivable, net	-	56,072
Notes and interest receivable, affiliates	(11,612,592)	-
Allowance for impaired assets	-	-
Other assets, net	-	3,971,807
Total other long-term assets	<u>(33,535,853)</u>	<u>23,129,391</u>
<b>Total assets</b>	<u>\$ (53,460,538)</u>	<u>\$ 223,515,981</u>

Mercy Housing Lakefront  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Mercy Housing Lakefront
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ (12,007)	\$ 6,786,613
Due to affiliates	(4,236,492)	152,408
Accrued interest	-	659,098
Accrued interest, affiliates	(63,870)	-
Current portion of notes payable	-	34,357,454
Current portion of notes payable, affiliates	(1,197,261)	3,127,204
Deferred revenue and other liabilities	1	276,331
Tenant security deposits	-	452,050
Total current liabilities	(5,509,629)	45,811,158
Long-term liabilities		
Due to affiliates	(2,866,010)	-
Accrued interest	-	2,565,058
Accrued interest, affiliates	(1,833,242)	-
Notes payable, less current portion, net	-	100,161,568
Notes payable, less current portion, affiliates	(32,266,154)	-
Deferred revenue and other liabilities	(7,066,457)	2,744,295
Total long-term liabilities	(44,031,863)	105,470,921
<b>Total liabilities</b>	(49,541,492)	151,282,079
<b>Net assets</b>		
Unrestricted net assets, controlling	(3,919,046)	63,475,805
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	(3,919,046)	63,475,805
Temporarily restricted net assets	-	8,383,097
Permanently restricted net assets	-	375,000
<b>Total net assets</b>	(3,919,046)	72,233,902
<b>Total liabilities and net assets</b>	\$ (53,460,538)	\$ 223,515,981

Mercy Housing Lakefront  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year ended December 31, 2012

	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
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 1,921,028	\$ 1,378,954	\$ 771,435	\$ -	\$ 509,694	\$ -
Developer fees	2,793,987	-	-	-	-	-	-
Services fees	1,294,583	-	-	-	-	-	17,249
Philanthropy	6,879,249	-	-	-	-	-	-
Capital grants	250,926	-	-	-	-	-	-
Consulting	530	-	-	-	-	-	-
Interest	683,781	1,303	494	149	-	628	-
Other	1,191,145	10,937	7,932	17,747	-	104,233	-
<b>Total revenues</b>	<b>13,094,201</b>	<b>1,933,268</b>	<b>1,387,380</b>	<b>789,331</b>	<b>-</b>	<b>614,555</b>	<b>17,249</b>
<b>Expenses and losses</b>							
Compensation	4,715,117	365,165	235,653	148,033	-	219,010	-
Administrative	517,416	219,010	150,982	70,289	10,201	67,039	27,789
Professional services	349,393	96,543	136,631	40,867	1,044	22,935	1,163
Depreciation and amortization	25,505	331,373	193,866	68,125	-	313,327	-
Grants	2,073,903	-	-	-	-	-	47,325
Facility	185,865	635,995	420,740	333,529	-	167,241	-
Interest and fees	97,312	272,789	201,132	106,490	418	3,313	431
Bad debts	28,270	32,706	8,522	-	-	-	-
Provision for impaired assets	508,132	-	-	-	-	-	-
Project expenses	304,561	-	-	-	-	-	-
Allocation	1,536,764	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	230,340	-	-	-	18	-	986
<b>Total expenses and losses</b>	<b>10,572,578</b>	<b>1,953,581</b>	<b>1,347,526</b>	<b>767,333</b>	<b>11,681</b>	<b>792,865</b>	<b>77,694</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>2,521,623</b>	<b>(20,313)</b>	<b>39,854</b>	<b>21,998</b>	<b>(11,681)</b>	<b>(178,310)</b>	<b>(60,445)</b>
Net assets at beginning of year	13,787,191	205,282	395,122	264,958	(49,086)	322,179	(61,375)
Other transfers to (from) net assets	-	(7,599)	(14,227)	(22,399)	-	-	-
<b>Net assets at end of year</b>	<b>\$ 16,308,814</b>	<b>\$ 177,370</b>	<b>\$ 420,749</b>	<b>\$ 264,557</b>	<b>\$ (60,767)</b>	<b>\$ 143,869</b>	<b>\$ (121,820)</b>



Mercy Housing Lakefront  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	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)
<b>Revenues</b>							
Rent - net of vacancies	\$ 491,366	\$ -	\$ 496,247	\$ 1,132,114	\$ 452,512	\$ -	\$ 446,672
Developer fees	-	-	-	-	-	-	-
Services fees	-	9,365	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	918	-	381	30,565	386	-	11
Other	23,175	-	19,207	12,701	20,127	-	93,149
<b>Total revenues</b>	<u>515,459</u>	<u>9,365</u>	<u>515,835</u>	<u>1,175,380</u>	<u>473,025</u>	<u>-</u>	<u>539,832</u>
<b>Expenses and losses</b>							
Compensation	266,319	-	250,786	307,907	241,000	-	213,436
Administrative	87,102	98,465	79,311	180,003	74,359	16,200	83,759
Professional services	36,069	1,163	30,434	160,626	49,346	1,163	53,383
Depreciation and amortization	112,194	-	92,146	225,259	87,257	-	319,954
Grants	-	-	-	-	-	-	-
Facility	107,803	-	109,952	223,629	111,332	-	131,947
Interest and fees	297	1,028	160	43	4,446	424	39
Bad debts	4,229	-	1,499	9,969	3,608	-	8,817
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	2,422	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	788	-	-	-	271	-
<b>Total expenses and losses</b>	<u>614,013</u>	<u>103,866</u>	<u>564,288</u>	<u>1,107,436</u>	<u>571,348</u>	<u>18,058</u>	<u>811,335</u>
<b>Excess (deficiency) of revenues over expenses</b>	(98,554)	(94,501)	(48,453)	67,944	(98,323)	(18,058)	(271,503)
Net assets at beginning of year	(635,485)	(324,625)	451,930	1,416,075	792,585	(70,574)	2,108,274
Other transfers to (from) net assets	(47,325)	-	-	(215,274)	-	-	-
<b>Net assets at end of year</b>	<u>\$ (781,364)</u>	<u>\$ (419,126)</u>	<u>\$ 403,477</u>	<u>\$ 1,268,745</u>	<u>\$ 694,262</u>	<u>\$ (88,632)</u>	<u>\$ 1,836,771</u>

Mercy Housing Lakefront  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)	Near North Apartments Corporation, NFP	Near North LP (Schiff Residences)	Malden Arms Corporation II, NFP
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 861,172	\$ -	\$ 607,616	\$ -	\$ 795,198	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	30,789	-	9,739	-	186,813	-	20,000
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	1,065	-	383	-	18	-
Other	-	151,588	-	116,989	-	16,507	-
<b>Total revenues</b>	<u>30,789</u>	<u>1,013,825</u>	<u>9,739</u>	<u>724,988</u>	<u>186,813</u>	<u>811,723</u>	<u>20,000</u>
<b>Expenses and losses</b>							
Compensation	-	352,826	-	316,222	-	262,910	-
Administrative	41,401	165,645	32,604	148,232	184,277	290,591	17,196
Professional services	1,163	174,887	1,008	39,356	1,044	60,307	1,044
Depreciation and amortization	-	526,714	-	248,605	-	494,416	-
Grants	-	-	35,000	-	-	-	-
Facility	-	275,239	-	236,603	-	219,638	-
Interest and fees	433	191,458	454	86	405	61,645	2,667
Bad debts	-	17,915	-	10,651	-	6,095	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	69	-	2,748	-	58	-	22
<b>Total expenses and losses</b>	<u>43,066</u>	<u>1,704,684</u>	<u>71,814</u>	<u>999,755</u>	<u>185,784</u>	<u>1,395,602</u>	<u>20,929</u>
<b>Excess (deficiency) of revenues over expenses</b>	(12,277)	(690,859)	(62,075)	(274,767)	1,029	(583,879)	(929)
Net assets at beginning of year	(62,228)	2,115,652	(143,152)	(1,914,564)	5,357,991	9,145,617	512,342
Other transfers to (from) net assets	-	224,434	-	(35,000)	-	(8,292)	-
<b>Net assets at end of year</b>	<u>\$ (74,505)</u>	<u>\$ 1,649,227</u>	<u>\$ (205,227)</u>	<u>\$ (2,224,331)</u>	<u>\$ 5,359,020</u>	<u>\$ 8,553,446</u>	<u>\$ 511,413</u>

Mercy Housing Lakefront  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	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
<b>Revenues</b>							
Rent - net of vacancies	\$ 463,371	\$ -	\$ 860,584	\$ -	\$ 520,046	\$ -	\$ 694,588
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	5,000	-	19,550	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	1,647
Consulting	-	-	-	-	-	-	-
Interest	25,423	-	4	-	390	-	56
Other	9,165	-	3,178	-	7,776	-	60,452
<b>Total revenues</b>	<u>497,959</u>	<u>-</u>	<u>863,766</u>	<u>5,000</u>	<u>528,212</u>	<u>19,550</u>	<u>756,743</u>
<b>Expenses and losses</b>							
Compensation	240,995	-	265,153	-	108,825	-	169,437
Administrative	74,699	-	100,388	-	86,163	19,552	119,223
Professional services	22,160	3,143	26,171	3,416	17,376	1,056	62,070
Depreciation and amortization	207,390	-	645,823	-	582,488	-	491,089
Grants	-	-	-	-	-	-	-
Facility	113,492	-	241,797	-	264,942	-	398,465
Interest and fees	50,047	398	94,349	377	134,738	153	104,300
Bad debts	9,810	-	6,831	-	5,060	-	2,916
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	52	-	67	-	59	-
<b>Total expenses and losses</b>	<u>718,593</u>	<u>3,593</u>	<u>1,380,512</u>	<u>3,860</u>	<u>1,199,592</u>	<u>20,820</u>	<u>1,347,500</u>
<b>Excess (deficiency) of revenues over expenses</b>	(220,634)	(3,593)	(516,746)	1,140	(671,380)	(1,270)	(590,757)
Net assets at beginning of year	2,754,239	592,959	13,260,311	2,999,911	8,899,953	1,964	7,484,100
Other transfers to (from) net assets	-	-	-	-	252,890	-	1,013,579
<b>Net assets at end of year</b>	<u>\$ 2,533,605</u>	<u>\$ 589,366</u>	<u>\$ 12,743,565</u>	<u>\$ 3,001,051</u>	<u>\$ 8,481,463</u>	<u>\$ 694</u>	<u>\$ 7,906,922</u>

Mercy Housing Lakefront  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	HWA-850 Eastwood GP Corporation, NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corporation I, NFP	Grayslake Senior Housing Limited Partnership	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 3,822,448	\$ -	\$ 2,937	\$ -	\$ 2,138,509	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	1,793	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	30,000	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	209	-	-	-	1,610	-
Other	-	87,368	-	-	-	22,618	-
<b>Total revenues</b>	-	3,940,025	1,793	2,937	-	2,162,737	-
<b>Expenses and losses</b>							
Compensation	(59)	746,835	-	23,616	-	475,868	-
Administrative	-	246,573	-	127,044	-	158,012	-
Professional services	3,145	44,340	3,144	22,329	5,862	22,585	311
Depreciation and amortization	-	2,803,222	-	73,517	-	504,813	-
Grants	-	-	-	-	-	-	-
Facility	-	916,558	-	18,998	-	886,924	-
Interest and fees	12,588	2,464,267	66	1,078	79	383,359	-
Bad debts	-	6,687	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	329	-	26	-	27	-	19,164
<b>Total expenses and losses</b>	16,003	7,228,482	3,236	266,582	5,968	2,431,561	19,475
<b>Excess (deficiency) of revenues over expenses</b>	(16,003)	(3,288,457)	(1,443)	(263,645)	(5,968)	(268,824)	(19,475)
Net assets at beginning of year	2,754,099	7,671,838	(328)	1,908,505	66	1,564,957	-
Other transfers to (from) net assets	-	2,184,646	-	-	-	(35,000)	(4,904,634)
<b>Net assets at end of year</b>	<u>\$ 2,738,096</u>	<u>\$ 6,568,027</u>	<u>\$ (1,771)</u>	<u>\$ 1,644,860</u>	<u>\$ (5,902)</u>	<u>\$ 1,261,133</u>	<u>\$ (4,924,109)</u>

Mercy Housing Lakefront  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Eliminations	Consolidated Mercy Housing Lakefront
<b>Revenues</b>		
Rent - net of vacancies	\$ (1,220,027)	\$ 17,146,464
Developer fees	(1,206,239)	1,587,748
Services fees	(1,594,881)	-
Philanthropy	-	6,879,249
Capital grants	-	282,573
Consulting	-	530
Interest	(668,926)	78,848
Other	(1,284,581)	691,413
<b>Total revenues</b>	<u>(5,974,654)</u>	<u>26,666,825</u>
<b>Expenses and losses</b>		
Compensation	-	9,925,054
Administrative	(894,103)	2,599,422
Professional services	(615,650)	881,027
Depreciation and amortization	(534,508)	7,812,575
Grants	(1,798,799)	357,429
Facility	(14,795)	5,985,894
Interest and fees	(783,779)	3,407,490
Bad debts	(28,270)	135,315
Provision for impaired assets	(508,132)	-
Project expenses	-	304,561
Allocation	-	1,536,764
(Gain) loss on sale of assets	(2,422)	-
(Gain) loss on investment in limited partnership	(147,941)	107,083
<b>Total expenses and losses</b>	<u>(5,328,399)</u>	<u>33,052,614</u>
<b>Excess (deficiency) of revenues over expenses</b>	(646,255)	(6,385,789)
Net assets at beginning of year	(5,735,350)	77,771,333
Other transfers to (from) net assets	2,462,559	848,358
<b>Net assets at end of year</b>	<u>\$ (3,919,046)</u>	<u>\$ 72,233,902</u>

Mercy Housing South East  
Consolidating Statement of Financial Position  
December 31, 2012

	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 Residence, Inc.	MHSE Adamsville Green Senior Partners, LLC
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 4,261	\$ 17,713	\$ 13,019	\$ 327	\$ 515	\$ 43,557	\$ -
Cash, tenant security deposits	-	11,897	7,800	-	11,021	19,646	-
Cash, restricted	4,488,897	1,091	2,566	-	-	25,759	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	53,017	-	-	-	-	613	-
Due from affiliate, net	2,171,516	-	45	-	-	-	-
Pledges receivable, net	6,269	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	3,561,635	-	-	-	-	-	-
Prepaid expenses and other assets	43,869	6,671	4,736	486	6,633	13,188	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	10,329,464	37,372	28,166	813	18,169	102,763	-
Property and equipment							
Land and land improvements	-	-	49,640	15,789	241,500	317,000	-
Buildings	-	3,290,176	1,779,257	297,827	3,539,038	5,919,280	-
Furniture and equipment	91,488	60,348	14,714	4,596	108,319	112,202	-
Predevelopment project costs	69,906	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(34,628)	(977,771)	(551,430)	(77,125)	(779,363)	(967,320)	-
Net property and equipment	126,766	2,372,753	1,292,181	241,087	3,109,494	5,381,162	-
Other long-term assets							
Restricted property reserves	-	107,557	82,295	-	186,597	170,784	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	885,081	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	-	-	75
Notes and interest receivable, net	18,042	-	-	-	-	-	-
Notes and interest receivable, affiliates	88,096	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	2,103	-	38,215	-
Total other long-term assets	991,219	107,557	82,295	2,103	186,597	208,999	75
<b>Total assets</b>	<b>\$ 11,447,449</b>	<b>\$ 2,517,682</b>	<b>\$ 1,402,642</b>	<b>\$ 244,003</b>	<b>\$ 3,314,260</b>	<b>\$ 5,692,924</b>	<b>\$ 75</b>

Mercy Housing South East  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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 Residence, Inc.	MHSE Adamsville Green Senior Partners, LLC
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 609,008	\$ 42,852	\$ 28,455	\$ 6,139	\$ 70,512	\$ 43,082	\$ -
Due to affiliates	8,293,947	66,405	53,865	-	-	-	3,655
Accrued interest	-	-	-	441	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	5,773	-	-	-
Current portion of notes payable, affiliates	272,585	-	-	32,562	-	-	-
Deferred revenue and other liabilities	(2)	376	227	1	-	668	-
Tenant security deposits	-	11,397	7,300	-	10,972	18,741	-
Total current liabilities	9,175,538	121,030	89,847	44,916	81,484	62,491	3,655
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	140,620	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	18,037	-	-	-	-	-	-
Total long-term liabilities	18,037	-	-	140,620	-	-	-
<b>Total liabilities</b>	9,193,575	121,030	89,847	185,536	81,484	62,491	3,655
<b>Net assets</b>							
Unrestricted net assets, controlling	(2,474,332)	(268,744)	(176,682)	58,467	(252,671)	35,354	(3,580)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(2,474,332)	(268,744)	(176,682)	58,467	(252,671)	35,354	(3,580)
Temporarily restricted net assets	4,728,206	2,665,396	1,489,477	-	3,485,447	5,595,079	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	2,253,874	2,396,652	1,312,795	58,467	3,232,776	5,630,433	(3,580)
<b>Total liabilities and net assets</b>	\$ 11,447,449	\$ 2,517,682	\$ 1,402,642	\$ 244,003	\$ 3,314,260	\$ 5,692,924	\$ 75

Mercy Housing South East  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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.
<b>Assets</b>										
Current assets										
Cash and cash equivalents	\$ 12,774	\$ 13,475	\$ 11,762	\$ 12,099	\$ 5,920	\$ 2,834	\$ 47,879			
Cash, tenant security deposits	8,561	8,881	8,590	12,811	10,202	15,633	16,948			
Cash, restricted	-	-	-	-	-	-	-			
Investments	-	-	-	-	-	-	-			
Investments, restricted	-	-	-	-	-	-	-			
Accounts receivable, net	7,968	-	357	10,183	9,423	7,986	184			
Due from affiliate, net	-	-	-	-	-	-	1,448			
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	6,360	7,581	7,222	7,095	6,160	7,618	8,708			
Inventory	-	-	-	-	-	-	-			
Assets held for sale	-	-	-	-	-	-	-			
Total current assets	35,663	29,937	27,931	42,188	31,705	34,071	75,167			
Property and equipment										
Land and land improvements	80,000	108,170	55,000	75,000	84,000	109,340	130,000			
Buildings	2,120,879	1,606,483	1,600,369	2,251,236	2,355,858	2,423,176	2,715,488			
Furniture and equipment	20,176	38,215	37,942	29,392	25,000	48,957	59,232			
Predevelopment project costs	-	-	-	-	-	-	-			
Construction in progress	-	-	-	-	-	-	-			
Accumulated depreciation	(455,464)	(544,758)	(541,676)	(675,753)	(638,226)	(837,855)	(1,109,774)			
Net property and equipment	1,765,591	1,208,110	1,151,635	1,679,875	1,826,632	1,743,618	1,794,946			
Other long-term assets										
Restricted property reserves	61,128	87,079	156,913	145,448	135,435	117,308	147,181			
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	61,128	87,079	156,913	145,448	135,435	117,308	147,181			
<b>Total assets</b>	<b>\$ 1,862,382</b>	<b>\$ 1,325,126</b>	<b>\$ 1,336,479</b>	<b>\$ 1,867,511</b>	<b>\$ 1,993,772</b>	<b>\$ 1,894,997</b>	<b>\$ 2,017,294</b>			



Mercy Housing South East  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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.
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 21,096	\$ 16,523	\$ 17,313	\$ 38,958	\$ 38,280	\$ 44,544	\$ 32,247
Due to affiliates	20,445	27,890	22,179	31,474	30,207	45,951	22,366
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	194	29	-	49	125	277	203
Tenant security deposits	7,914	8,340	7,642	12,409	9,484	14,872	15,710
Total current liabilities	49,649	52,782	47,134	82,890	78,096	105,644	70,526
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	-	-	-	-	-	-	-
Total long-term liabilities	-	-	-	-	-	-	-
<b>Total liabilities</b>	49,649	52,782	47,134	82,890	78,096	105,644	70,526
<b>Net assets</b>							
Unrestricted net assets, controlling	116,631	105,745	150,731	241,966	205,716	128,928	368,674
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	116,631	105,745	150,731	241,966	205,716	128,928	368,674
Temporarily restricted net assets	1,696,102	1,166,599	1,138,614	1,542,655	1,709,960	1,660,425	1,578,094
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	1,812,733	1,272,344	1,289,345	1,784,621	1,915,676	1,789,353	1,946,768
<b>Total liabilities and net assets</b>	\$ 1,862,382	\$ 1,325,126	\$ 1,336,479	\$ 1,867,511	\$ 1,993,772	\$ 1,894,997	\$ 2,017,294

Mercy Housing South East  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Sacred Heart Village II, Inc.	Sacred Heart Village III, Inc.	St. Theresa Village, Inc.	Siena Springs (Siena Springs I)	Siena Springs II	Charles Meadows Corporation	Charles Crest Corporation (Charles Crest I)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 62,638	\$ 30,855	\$ 18,856	\$ 35,677	\$ 16,350	\$ 3,732	\$ 32,601
Cash, tenant security deposits	17,658	14,832	16,271	14,012	11,068	9,075	15,113
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	489	180	1,776	1,815	4,600	100	240
Due from affiliate, net	-	22,771	-	-	-	-	-
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	8,188	8,198	7,864	9,363	6,245	6,565	8,996
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>88,973</u>	<u>76,836</u>	<u>44,767</u>	<u>60,867</u>	<u>38,263</u>	<u>19,472</u>	<u>56,950</u>
Property and equipment							
Land and land improvements	298,801	200,000	142,169	65,459	45,918	25,000	320,690
Buildings	3,146,219	3,007,374	2,714,825	2,065,668	2,189,369	1,239,041	1,095,320
Furniture and equipment	86,983	59,938	15,884	84,959	85,080	23,000	618,837
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(994,402)</u>	<u>(861,801)</u>	<u>(1,075,400)</u>	<u>(1,579,033)</u>	<u>(737,408)</u>	<u>(635,962)</u>	<u>(1,473,878)</u>
Net property and equipment	<u>2,537,601</u>	<u>2,405,511</u>	<u>1,797,478</u>	<u>637,053</u>	<u>1,582,959</u>	<u>651,079</u>	<u>560,969</u>
Other long-term assets							
Restricted property reserves	75,335	64,495	229,718	243,733	307,641	66,490	83,470
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,639</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other long-term assets	<u>75,335</u>	<u>64,495</u>	<u>229,718</u>	<u>324,372</u>	<u>307,641</u>	<u>66,490</u>	<u>83,470</u>
<b>Total assets</b>	<u>\$ 2,701,909</u>	<u>\$ 2,546,842</u>	<u>\$ 2,071,963</u>	<u>\$ 1,022,292</u>	<u>\$ 1,928,863</u>	<u>\$ 737,041</u>	<u>\$ 701,389</u>

Mercy Housing South East  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Sacred Heart Village II, Inc.	Sacred Heart Village III, Inc.	St. Theresa Village, Inc.	Siena Springs (Siena Springs I)	Siena Springs II	Charles Meadows Corporation	Charles Crest Corporation (Charles Crest I)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 43,356	\$ 40,250	\$ 126,500	\$ 78,366	\$ 86,137	\$ 47,625	\$ 90,335
Due to affiliates	60,525	100,926	8,920	9,585	24,612	56,371	89,242
Accrued interest	-	-	-	8,260	-	-	11,655
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	17,015	-	-	37,490
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1	1,155	210	238	2,518	4	498
Tenant security deposits	17,621	12,711	15,770	13,087	10,494	8,574	14,612
Total current liabilities	121,503	155,042	151,400	126,551	123,761	112,574	243,832
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	1,519,660	18,000	-	1,482,207
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	-	-	-	1,519,660	18,000	-	1,482,207
<b>Total liabilities</b>	121,503	155,042	151,400	1,646,211	141,761	112,574	1,726,039
<b>Net assets</b>							
Unrestricted net assets, controlling	446,024	129,368	298,348	(623,919)	389,472	243	(1,024,650)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	446,024	129,368	298,348	(623,919)	389,472	243	(1,024,650)
Temporarily restricted net assets	2,134,382	2,262,432	1,622,215	-	1,397,630	624,224	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	2,580,406	2,391,800	1,920,563	(623,919)	1,787,102	624,467	(1,024,650)
<b>Total liabilities and net assets</b>	\$ 2,701,909	\$ 2,546,842	\$ 2,071,963	\$ 1,022,292	\$ 1,928,863	\$ 737,041	\$ 701,389

Mercy Housing South East  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 35,366	\$ 300	\$ 712,345	\$ -	\$ 1,134,855
Cash, tenant security deposits	17,615	10,669	296,640	-	554,943
Cash, restricted	-	49,069	632,565	-	5,199,947
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	10,601	21,075	297,005	(25,741)	401,871
Due from affiliate, net	-	1,588	218,916	(2,246,120)	170,164
Pledges receivable, net	-	-	-	-	6,269
Grants receivable	-	339,544	-	-	339,544
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	(3,409,562)	152,073
Prepaid expenses and other assets	8,231	33,509	264,094	-	487,580
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>71,813</u>	<u>455,754</u>	<u>2,421,565</u>	<u>(5,681,423)</u>	<u>8,447,246</u>
Property and equipment					
Land and land improvements	89,305	573,978	19,208,228	-	22,234,987
Buildings	2,746,251	3,096,853	127,224,591	(6,982,403)	171,442,175
Furniture and equipment	26,774	314,277	4,280,492	-	6,246,805
Predevelopment project costs	-	-	-	-	69,906
Construction in progress	-	-	199,954	-	199,954
Accumulated depreciation	<u>(1,294,494)</u>	<u>(77,508)</u>	<u>(18,527,259)</u>	<u>696,169</u>	<u>(34,752,119)</u>
Net property and equipment	<u>1,567,836</u>	<u>3,907,600</u>	<u>132,386,006</u>	<u>(6,286,234)</u>	<u>165,441,708</u>
Other long-term assets					
Restricted property reserves	273,098	-	4,125,055	-	6,866,760
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	(574,413)	310,668
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	75
Notes and interest receivable, net	-	-	-	-	18,042
Notes and interest receivable, affiliates	-	-	-	-	88,096
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	-	3,678,658	-	3,799,615
Total other long-term assets	<u>273,098</u>	<u>-</u>	<u>7,803,713</u>	<u>(574,413)</u>	<u>11,083,256</u>
<b>Total assets</b>	<u>\$ 1,912,747</u>	<u>\$ 4,363,354</u>	<u>\$ 142,611,284</u>	<u>\$ (12,542,070)</u>	<u>\$ 184,972,210</u>

Mercy Housing South East  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
<b>Liabilities</b>					
Current liabilities					
Accounts payable and accrued expenses	\$ 103,679	\$ 107,483	\$ 2,068,674	\$ (140,257)	\$ 3,661,157
Due to affiliates	6,598	8,227	4,062,915	(4,854,102)	8,192,203
Accrued interest	-	-	100,939	-	121,295
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	13,499,085	-	13,559,363
Current portion of notes payable, affiliates	-	-	3,179,669	(3,212,233)	272,583
Deferred revenue and other liabilities	754	273	196,528	-	204,326
Tenant security deposits	17,114	10,669	235,813	-	481,246
Total current liabilities	128,145	126,652	23,343,623	(8,206,592)	26,492,173
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	403,713	-	403,713
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	-	-	44,161,514	-	47,322,001
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	7,154,002	(6,477,505)	694,534
Total long-term liabilities	-	-	51,719,229	(6,477,505)	48,420,248
<b>Total liabilities</b>	128,145	126,652	75,062,852	(14,684,097)	74,912,421
<b>Net assets</b>					
Unrestricted net assets, controlling	297,369	104,349	67,498,700	2,142,027	67,893,534
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	297,369	104,349	67,498,700	2,142,027	67,893,534
Temporarily restricted net assets	1,487,233	4,132,353	49,732	-	42,166,255
Permanently restricted net assets	-	-	-	-	-
<b>Total net assets</b>	1,784,602	4,236,702	67,548,432	2,142,027	110,059,789
<b>Total liabilities and net assets</b>	\$ 1,912,747	\$ 4,363,354	\$ 142,611,284	\$ (12,542,070)	\$ 184,972,210

Mercy Housing South East  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year ended December 31, 2012

	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 Residence, Inc.	MHSE Adamsville Green Senior Partners, LLC
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 199,190	\$ 147,641	\$ 725	\$ 186,979	\$ 301,652	\$ -
Developer fees	1,544,432	-	-	-	-	-	-
Services fees	806,699	-	-	-	-	-	-
Philanthropy	166,378	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	29,767	73	48	-	168	46	-
Other	128,574	2,690	1,160	-	2,373	4,648	-
<b>Total revenues</b>	<b>2,675,850</b>	<b>201,953</b>	<b>148,849</b>	<b>725</b>	<b>189,520</b>	<b>306,346</b>	<b>-</b>
<b>Expenses and losses</b>							
Compensation	1,120,981	98,134	26,995	-	94,822	74,875	-
Administrative	295,019	39,591	34,504	174	66,741	71,897	10
Professional services	70,368	29,319	20,751	3	9,315	33,175	3,034
Depreciation and amortization	2,138	125,284	62,259	11,940	153,811	231,168	-
Grants	969,617	-	-	-	-	-	-
Facility	111,767	58,308	60,645	908	71,095	107,047	-
Interest and fees	319,818	12	515	6,895	-	390	69
Bad debts	903,967	-	-	-	-	1,040	-
Provision for impaired assets	15,960	-	-	-	-	-	-
Project expenses	412,740	-	-	-	-	-	-
Allocation	887,046	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	25
<b>Total expenses and losses</b>	<b>5,109,421</b>	<b>350,648</b>	<b>205,669</b>	<b>19,920</b>	<b>395,784</b>	<b>519,592</b>	<b>3,138</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(2,433,571)</b>	<b>(148,695)</b>	<b>(56,820)</b>	<b>(19,195)</b>	<b>(206,264)</b>	<b>(213,246)</b>	<b>(3,138)</b>
Net assets at beginning of year	4,687,445	2,545,347	1,369,615	77,662	3,439,040	5,843,679	(442)
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ 2,253,874</b>	<b>\$ 2,396,652</b>	<b>\$ 1,312,795</b>	<b>\$ 58,467</b>	<b>\$ 3,232,776</b>	<b>\$ 5,630,433</b>	<b>\$ (3,580)</b>

Mercy Housing South East  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	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.
<b>Revenues</b>							
Rent - net of vacancies	\$ 150,941	\$ 166,220	\$ 141,224	\$ 160,945	\$ 172,546	\$ 202,194	\$ 254,321
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	429	109	218	233	210	209	254
Other	4,264	20,172	18,015	43,563	21,677	60,582	5,259
<b>Total revenues</b>	<u>155,634</u>	<u>186,501</u>	<u>159,457</u>	<u>204,741</u>	<u>194,433</u>	<u>262,985</u>	<u>259,834</u>
<b>Expenses and losses</b>							
Compensation	48,603	51,076	44,269	44,744	45,508	81,979	46,426
Administrative	29,093	29,587	25,950	31,926	34,296	41,728	47,346
Professional services	17,528	17,528	17,528	16,593	16,593	16,593	17,593
Depreciation and amortization	56,258	41,831	42,092	57,786	60,165	64,491	74,892
Grants	-	-	-	-	-	-	-
Facility	66,527	82,530	63,656	101,622	93,299	112,599	135,204
Interest and fees	2,104	2,352	2,306	2,217	2,047	2,059	2,190
Bad debts	700	(364)	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>220,813</u>	<u>224,540</u>	<u>195,801</u>	<u>254,888</u>	<u>251,908</u>	<u>319,449</u>	<u>323,651</u>
<b>Excess (deficiency) of revenues over expenses</b>	(65,179)	(38,039)	(36,344)	(50,147)	(57,475)	(56,464)	(63,817)
Net assets at beginning of year	1,877,912	1,310,383	1,325,689	1,834,768	1,973,151	1,845,817	2,010,585
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ 1,812,733</u>	<u>\$ 1,272,344</u>	<u>\$ 1,289,345</u>	<u>\$ 1,784,621</u>	<u>\$ 1,915,676</u>	<u>\$ 1,789,353</u>	<u>\$ 1,946,768</u>

Mercy Housing South East  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Sacred Heart Village II, Inc.	Sacred Heart Village III, Inc.	St. Theresa Village, Inc.	Siena Springs (Siena Springs I)	Siena Springs II	Charles Meadows Corporation	Charles Crest Corporation (Charles Crest I)
<b>Revenues</b>							
Rent - net of vacancies	\$ 227,074	\$ 235,941	\$ 325,815	\$ 429,547	\$ 263,244	\$ 158,596	\$ 411,441
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	142	126	373	109	513	66	182
Other	20,713	4,197	3,681	4,666	12,639	22,440	52,319
<b>Total revenues</b>	<u>247,929</u>	<u>240,264</u>	<u>329,869</u>	<u>434,322</u>	<u>276,396</u>	<u>181,102</u>	<u>463,942</u>
<b>Expenses and losses</b>							
Compensation	68,074	77,105	111,456	84,826	65,038	43,692	64,847
Administrative	58,576	51,123	47,652	36,713	29,217	33,591	41,711
Professional services	18,188	17,853	16,743	17,443	17,443	17,432	17,971
Depreciation and amortization	78,600	76,493	68,755	55,721	54,829	33,674	41,715
Grants	-	-	-	-	-	-	-
Facility	117,911	94,887	176,328	148,799	146,441	92,342	164,453
Interest and fees	3,052	2,216	2,169	102,500	1,974	1,993	140,536
Bad debts	170	746	79	801	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>344,571</u>	<u>320,423</u>	<u>423,182</u>	<u>446,803</u>	<u>314,942</u>	<u>222,724</u>	<u>471,233</u>
<b>Excess (deficiency) of revenues over expenses</b>	(96,642)	(80,159)	(93,313)	(12,481)	(38,546)	(41,622)	(7,291)
Net assets at beginning of year	2,677,048	2,471,959	2,013,876	(611,438)	1,825,648	666,089	(1,017,359)
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ 2,580,406</u>	<u>\$ 2,391,800</u>	<u>\$ 1,920,563</u>	<u>\$ (623,919)</u>	<u>\$ 1,787,102</u>	<u>\$ 624,467</u>	<u>\$ (1,024,650)</u>



Mercy Housing South East  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
<b>Revenues</b>					
Rent - net of vacancies	\$ 306,255	\$ 50,529	\$ 8,463,459	\$ -	\$ 12,956,479
Developer fees	-	-	-	(74,491)	1,469,941
Services fees	-	-	-	(601,289)	205,410
Philanthropy	-	-	-	-	166,378
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	484	5	10,556	(12,791)	31,529
Other	20,568	25	238,184	(409,487)	282,922
<b>Total revenues</b>	<u>327,307</u>	<u>50,559</u>	<u>8,712,199</u>	<u>(1,098,058)</u>	<u>15,112,659</u>
<b>Expenses and losses</b>					
Compensation	64,757	2,185	1,623,079	-	3,983,471
Administrative	54,974	71,607	2,039,986	(140,955)	3,072,057
Professional services	17,845	58,185	794,134	(526,435)	752,723
Depreciation and amortization	71,472	77,508	5,388,358	(251,806)	6,679,434
Grants	-	153,139	-	(69,617)	1,053,139
Facility	188,596	35,877	3,600,652	-	5,831,493
Interest and fees	2,092	78	2,342,157	(18,149)	2,923,592
Bad debts	-	-	270,142	(808,979)	368,302
Provision for impaired assets	-	-	-	-	15,960
Project expenses	-	-	-	-	412,740
Allocation	-	-	-	-	887,046
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	25
<b>Total expenses and losses</b>	<u>399,736</u>	<u>398,579</u>	<u>16,058,508</u>	<u>(1,815,941)</u>	<u>25,979,982</u>
<b>Excess (deficiency) of revenues over expenses</b>	(72,429)	(348,020)	(7,346,309)	717,883	(10,867,323)
Net assets at beginning of year	1,857,031	4,584,722	56,945,489	1,424,144	102,977,860
Other transfers to (from) net assets	-	-	17,949,252	-	17,949,252
<b>Net assets at end of year</b>	<u>\$ 1,784,602</u>	<u>\$ 4,236,702</u>	<u>\$ 67,548,432</u>	<u>\$ 2,142,027</u>	<u>\$ 110,059,789</u>

Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Financial Position  
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	Mercy Community Housing Georgia, Inc.	Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apts.)	Mercy Housing Georgia IV, L.P. (Heritage Row/Corner)	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)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 57,047	\$ 51,197	\$ 43,042	\$ 272,007	\$ -	\$ 45,883
Cash, tenant security deposits	-	22,307	19,027	9,900	47,637	-	17,233
Cash, restricted	-	-	-	-	6,590	-	4,619
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	17,291	18,265	6,532	13,577	-	4,419
Due from affiliate, net	142,690	-	1,094	-	44,564	129,368	56,100
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	-	18,562	13,333	14,572	33,304	-	17,582
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<u>142,690</u>	<u>115,207</u>	<u>102,916</u>	<u>74,046</u>	<u>417,679</u>	<u>129,368</u>	<u>145,836</u>
Property and equipment							
Land and land improvements	-	1,846,351	979,190	743,196	140,506	-	667,047
Buildings	-	6,134,519	7,959,081	5,420,011	16,023,277	-	6,610,246
Furniture and equipment	-	55,381	98,271	204,852	449,671	-	405,415
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(3,431,583)	(2,316,067)	(1,406,222)	(2,605,903)	-	(1,207,816)
<b>Net property and equipment</b>	<u>-</u>	<u>4,604,668</u>	<u>6,720,475</u>	<u>4,961,837</u>	<u>14,007,551</u>	<u>-</u>	<u>6,474,892</u>
Other long-term assets							
Restricted property reserves	-	163,162	97,244	157,414	263,176	-	809,981
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	(22,292)	-	-	-	-	474	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	4,518	82,454	126,867	370,958	-	96,714
<b>Total other long-term assets</b>	<u>(22,292)</u>	<u>167,680</u>	<u>179,698</u>	<u>284,281</u>	<u>634,134</u>	<u>474</u>	<u>906,695</u>
<b>Total assets</b>	<u>\$ 120,398</u>	<u>\$ 4,887,555</u>	<u>\$ 7,003,089</u>	<u>\$ 5,320,164</u>	<u>\$ 15,059,364</u>	<u>\$ 129,842</u>	<u>\$ 7,527,423</u>

Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Community Housing Georgia, Inc.	Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apts.)	Mercy Housing Georgia IV, L.P. (Heritage Row/Corner)	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)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 50	\$ 194,803	\$ 92,721	\$ 46,852	\$ 110,322	\$ -	\$ 141,479
Due to affiliates	95,885	389,013	113,939	40,190	40,000	138,395	244,028
Accrued interest	-	1,771	4,877	5,961	14,016	-	2,463
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	27,543	31,351	12,246	28,729	-	58,003
Current portion of notes payable, affiliates	-	-	77,687	-	-	-	-
Deferred revenue and other liabilities	-	4,335	4,221	1,848	17,664	(1)	763
Tenant security deposits	-	22,305	18,825	9,400	1,050	-	17,092
<b>Total current liabilities</b>	<b>95,935</b>	<b>639,770</b>	<b>343,621</b>	<b>116,497</b>	<b>211,781</b>	<b>138,394</b>	<b>463,828</b>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	388,105	-	-
Accrued interest, affiliates	-	-	-	1,756	-	-	-
Notes payable, less current portion, net	-	450,242	1,055,695	910,757	7,927,572	-	621,519
Notes payable, less current portion, affiliates	-	-	-	56,107	-	-	-
Deferred revenue and other liabilities	-	-	761,816	-	-	-	131,403
<b>Total long-term liabilities</b>	<b>-</b>	<b>450,242</b>	<b>1,817,511</b>	<b>968,620</b>	<b>8,315,677</b>	<b>-</b>	<b>752,922</b>
<b>Total liabilities</b>	<b>95,935</b>	<b>1,090,012</b>	<b>2,161,132</b>	<b>1,085,117</b>	<b>8,527,458</b>	<b>138,394</b>	<b>1,216,750</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	(25,269)	3,797,543	4,841,957	4,235,047	6,531,906	(8,552)	6,310,673
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>(25,269)</b>	<b>3,797,543</b>	<b>4,841,957</b>	<b>4,235,047</b>	<b>6,531,906</b>	<b>(8,552)</b>	<b>6,310,673</b>
Temporarily restricted net assets	49,732	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>24,463</b>	<b>3,797,543</b>	<b>4,841,957</b>	<b>4,235,047</b>	<b>6,531,906</b>	<b>(8,552)</b>	<b>6,310,673</b>
<b>Total liabilities and net assets</b>	<b>\$ 120,398</b>	<b>\$ 4,887,555</b>	<b>\$ 7,003,089</b>	<b>\$ 5,320,164</b>	<b>\$ 15,059,364</b>	<b>\$ 129,842</b>	<b>\$ 7,527,423</b>

Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Reynoldstown Senior Apartments, LP (Reynoldstown)	Mercy Housing Georgia X, LP (Savannah Gardens Phase 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
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 105,952	\$ -	\$ 1,797	\$ -	\$ 34,485	\$ -
Cash, tenant security deposits	-	36,375	-	17,536	-	65,648	-
Cash, restricted	-	27,493	-	43,715	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	30,842	-	64,455	-	82,948	-
Due from affiliate, net	-	16,036	-	-	-	100,000	-
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	-	19,466	-	22,683	-	73,348	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>-</b>	<b>236,164</b>	<b>-</b>	<b>150,186</b>	<b>-</b>	<b>356,429</b>	<b>-</b>
Property and equipment							
Land and land improvements	-	2,777,550	-	2,630,109	-	2,156,146	-
Buildings	-	10,036,962	-	7,485,911	-	37,497,116	-
Furniture and equipment	-	855,093	-	180,963	-	797,959	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	199,954	-	-	-	-	-	-
Accumulated depreciation	-	(636,069)	-	(1,259,847)	-	(4,869,145)	-
<b>Net property and equipment</b>	<b>199,954</b>	<b>13,033,536</b>	<b>-</b>	<b>9,037,136</b>	<b>-</b>	<b>35,582,076</b>	<b>-</b>
Other long-term assets							
Restricted property reserves	-	354,990	-	264,783	-	1,677,779	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	1	-	(1,031)	-	24
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	1,000	437,169	-	168,932	-	1,306,981	-
<b>Total other long-term assets</b>	<b>1,000</b>	<b>792,159</b>	<b>1</b>	<b>433,715</b>	<b>(1,031)</b>	<b>2,984,760</b>	<b>24</b>
<b>Total assets</b>	<b>\$ 200,954</b>	<b>\$ 14,061,859</b>	<b>\$ 1</b>	<b>\$ 9,621,037</b>	<b>\$ (1,031)</b>	<b>\$ 38,923,265</b>	<b>\$ 24</b>

Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Reynoldstown Senior Apartments, LP (Reynoldstown)	Mercy Housing Georgia X, LP (Savannah Gardens Phase 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
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 3,767	\$ 31,564	\$ -	\$ 98,298	\$ -	\$ 286,543	\$ -
Due to affiliates	12,910	9,436	9,445	-	10,546	1,405,314	6,929
Accrued interest	-	-	-	10,500	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	9,066	-	95,890	-	-	-
Current portion of notes payable, affiliates	198,323	-	-	-	-	2,899,304	-
Deferred revenue and other liabilities	-	19,182	-	6,837	-	130,822	(1)
Tenant security deposits	-	35,875	-	17,033	-	64,448	-
Total current liabilities	215,000	105,123	9,445	228,558	10,546	4,786,431	6,928
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	15,041	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	5,941,767	-	2,896,207	-	17,957,755	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	109,145	-	5,089,572	-
Total long-term liabilities	-	5,956,808	-	3,005,352	-	23,047,327	-
<b>Total liabilities</b>	215,000	6,061,931	9,445	3,233,910	10,546	27,833,758	6,928
<b>Net assets</b>							
Unrestricted net assets, controlling	(14,046)	7,999,928	(9,444)	6,387,127	(11,577)	11,089,507	(6,904)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(14,046)	7,999,928	(9,444)	6,387,127	(11,577)	11,089,507	(6,904)
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	(14,046)	7,999,928	(9,444)	6,387,127	(11,577)	11,089,507	(6,904)
<b>Total liabilities and net assets</b>	\$ 200,954	\$ 14,061,859	\$ 1	\$ 9,621,037	\$ (1,031)	\$ 38,923,265	\$ 24

Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 29,856	\$ -	\$ 500	\$ -	\$ 62,777	\$ -	\$ 7,802
Cash, tenant security deposits	31,893	-	12,894	-	7,850	-	8,340
Cash, restricted	49,498	-	385,857	-	38,492	-	76,301
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	47,083	-	6,727	-	-	-	4,866
Due from affiliate, net	17,808	-	412	-	-	-	-
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	17,588	-	21,697	-	442	-	11,517
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	193,726	-	428,087	-	109,561	-	108,826
Property and equipment							
Land and land improvements	2,689,193	-	1,096,699	-	1,529,260	-	1,952,981
Buildings	9,580,949	-	7,965,927	-	3,529,743	-	8,980,849
Furniture and equipment	609,293	-	130,897	-	307,389	-	185,308
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(368,788)	-	(215,504)	-	(138,497)	-	(71,818)
Net property and equipment	12,510,647	-	8,978,019	-	5,227,895	-	11,047,320
Other long-term assets							
Restricted property reserves	246,257	-	-	-	90,269	-	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	953	-	81	-	66	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	514,069	-	141,058	-	109,914	-	318,024
Total other long-term assets	760,326	953	141,058	81	200,183	66	318,024
<b>Total assets</b>	<b>\$ 13,464,699</b>	<b>\$ 953</b>	<b>\$ 9,547,164</b>	<b>\$ 81</b>	<b>\$ 5,537,639</b>	<b>\$ 66</b>	<b>\$ 11,474,170</b>

Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 130,532	\$ -	\$ 109,711	\$ -	\$ 41,311	\$ -	\$ 780,721
Due to affiliates	331,029	2,355	570,604	1,502	277,806	3,644	709,072
Accrued interest	34,141	-	-	-	27,210	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	3,153,876	-	3,575,232	-	3,329,975	-	3,177,174
Current portion of notes payable, affiliates	-	-	1,500	-	2,044	-	811
Deferred revenue and other liabilities	54	-	7,356	-	102	-	3,345
Tenant security deposits	20,835	-	12,400	-	7,850	-	8,700
<b>Total current liabilities</b>	<b>3,670,467</b>	<b>2,355</b>	<b>4,276,803</b>	<b>1,502</b>	<b>3,686,298</b>	<b>3,644</b>	<b>4,679,823</b>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	567	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	5,900,000	-	-	-	-	-	500,000
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	924,288	-	108,456	-	29,322	-	-
<b>Total long-term liabilities</b>	<b>6,824,855</b>	<b>-</b>	<b>108,456</b>	<b>-</b>	<b>29,322</b>	<b>-</b>	<b>500,000</b>
<b>Total liabilities</b>	<b>10,495,322</b>	<b>2,355</b>	<b>4,385,259</b>	<b>1,502</b>	<b>3,715,620</b>	<b>3,644</b>	<b>5,179,823</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	2,969,377	(1,402)	5,161,905	(1,421)	1,822,019	(3,578)	6,294,347
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>2,969,377</b>	<b>(1,402)</b>	<b>5,161,905</b>	<b>(1,421)</b>	<b>1,822,019</b>	<b>(3,578)</b>	<b>6,294,347</b>
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>2,969,377</b>	<b>(1,402)</b>	<b>5,161,905</b>	<b>(1,421)</b>	<b>1,822,019</b>	<b>(3,578)</b>	<b>6,294,347</b>
<b>Total liabilities and net assets</b>	<b>\$ 13,464,699</b>	<b>\$ 953</b>	<b>\$ 9,547,164</b>	<b>\$ 81</b>	<b>\$ 5,537,639</b>	<b>\$ 66</b>	<b>\$ 11,474,170</b>

Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

		Consolidated Mercy Community Housing Georgia, Inc.
	Eliminations	
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ 712,345
Cash, tenant security deposits	-	296,640
Cash, restricted	-	632,565
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	-	297,005
Due from affiliate, net	(289,156)	218,916
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	-	264,094
Inventory	-	-
Assets held for sale	-	-
Total current assets	(289,156)	2,421,565
Property and equipment		
Land and land improvements	-	19,208,228
Buildings	-	127,224,591
Furniture and equipment	-	4,280,492
Predevelopment project costs	-	-
Construction in progress	-	199,954
Accumulated depreciation	-	(18,527,259)
Net property and equipment	-	132,386,006
Other long-term assets		
Restricted property reserves	-	4,125,055
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	-
Pledges receivable, net	-	-
Investments in limited partnerships, net.	21,724	-
Notes and interest receivable, net	-	-
Notes and interest receivable, affiliates	-	-
Allowance for impaired assets	-	-
Other assets, net	-	3,678,658
Total other long-term assets	21,724	7,803,713
<b>Total assets</b>	<b>\$ (267,432)</b>	<b>\$ 142,611,284</b>



Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ -	\$ 2,068,674
Due to affiliates	(349,127)	4,062,915
Accrued interest	-	100,939
Accrued interest, affiliates	-	-
Current portion of notes payable	-	13,499,085
Current portion of notes payable, affiliates	-	3,179,669
Deferred revenue and other liabilities	1	196,528
Tenant security deposits	-	235,813
Total current liabilities	(349,126)	23,343,623
Long-term liabilities		
Due to affiliates	-	-
Accrued interest	-	403,713
Accrued interest, affiliates	(1,756)	-
Notes payable, less current portion, net	-	44,161,514
Notes payable, less current portion, affiliates	(56,107)	-
Deferred revenue and other liabilities	-	7,154,002
Total long-term liabilities	(57,863)	51,719,229
<b>Total liabilities</b>	(406,989)	75,062,852
<b>Net assets</b>		
Unrestricted net assets, controlling	139,557	67,498,700
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	139,557	67,498,700
Temporarily restricted net assets	-	49,732
Permanently restricted net assets	-	-
<b>Total net assets</b>	139,557	67,548,432
<b>Total liabilities and net assets</b>	<u>\$ (267,432)</u>	<u>\$ 142,611,284</u>

Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year ended December 31, 2012

	Mercy Community Housing Georgia, Inc.	Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apts.)	Mercy Housing Georgia IV, L.P. (Heritage Row/Corner)	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)
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 468,895	\$ 333,681	\$ 406,651	\$ 1,991,883	\$ -	\$ 471,776
Developer fees	-	-	-	-	-	-	-
Services fees	64,500	-	-	-	-	23,185	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	283	416	15	108	232	-	67
Other	-	22,055	14,506	460	3,482	-	66,600
<b>Total revenues</b>	<u>64,783</u>	<u>491,366</u>	<u>348,202</u>	<u>407,219</u>	<u>1,995,597</u>	<u>23,185</u>	<u>538,443</u>
<b>Expenses and losses</b>							
Compensation	-	91,236	62,400	103,342	302,621	-	98,603
Administrative	53,037	115,958	75,804	74,280	292,001	21,878	100,483
Professional services	1,081	37,392	15,916	44,009	367,786	3,357	16,595
Depreciation and amortization	-	340,033	341,452	280,602	679,920	-	253,872
Grants	-	-	-	-	-	-	-
Facility	-	353,504	155,986	128,759	750,842	-	191,684
Interest and fees	631	31,368	60,646	73,199	308,127	420	31,594
Bad debts	-	20,961	17,995	-	583	-	387
Provision for impaired assets	283	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	70,792	-	-	-	-	459	-
<b>Total expenses and losses</b>	<u>125,824</u>	<u>990,452</u>	<u>730,199</u>	<u>704,191</u>	<u>2,701,880</u>	<u>26,114</u>	<u>693,218</u>
<b>Excess (deficiency) of revenues over expenses</b>	(61,041)	(499,086)	(381,997)	(296,972)	(706,283)	(2,929)	(154,775)
Net assets at beginning of year	85,504	4,296,629	5,223,954	4,532,019	7,312,062	(5,623)	6,465,448
Other transfers to (from) net assets	-	-	-	-	(73,873)	-	-
<b>Net assets at end of year</b>	<u>\$ 24,463</u>	<u>\$ 3,797,543</u>	<u>\$ 4,841,957</u>	<u>\$ 4,235,047</u>	<u>\$ 6,531,906</u>	<u>\$ (8,552)</u>	<u>\$ 6,310,673</u>

Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Reynoldstown Senior Apartments, LP (Reynoldstown)	Mercy Housing Georgia X, LP (Savannah Gardens Phase 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
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 586,554	\$ -	\$ 670,282	\$ -	\$ 2,842,334	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	1	-	232	-	7,518	-
Other	-	35,379	-	9,744	-	66,466	-
<b>Total revenues</b>	-	621,934	-	680,258	-	2,916,318	-
<b>Expenses and losses</b>							
Compensation	-	145,281	-	100,231	-	471,479	-
Administrative	61,914	201,714	9	87,982	10	261,010	10
Professional services	9,200	58,313	3,157	55,482	3,207	39,750	3,157
Depreciation and amortization	-	610,968	-	415,860	-	1,576,093	-
Grants	-	-	-	-	-	-	-
Facility	-	264,825	-	253,610	-	1,238,938	-
Interest and fees	-	122,855	350	116,759	400	1,176,175	226
Bad debts	-	11,247	-	3,417	-	215,316	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	16	-	206	-	74
<b>Total expenses and losses</b>	71,114	1,415,203	3,532	1,033,341	3,823	4,978,761	3,467
<b>Excess (deficiency) of revenues over expenses</b>	(71,114)	(793,269)	(3,532)	(353,083)	(3,823)	(2,062,443)	(3,467)
Net assets at beginning of year	57,068	4,281,149	(5,912)	6,751,665	(7,754)	13,151,950	(3,437)
Other transfers to (from) net assets	-	4,512,048	-	(11,455)	-	-	-
<b>Net assets at end of year</b>	<u>\$ (14,046)</u>	<u>\$ 7,999,928</u>	<u>\$ (9,444)</u>	<u>\$ 6,387,127</u>	<u>\$ (11,577)</u>	<u>\$ 11,089,507</u>	<u>\$ (6,904)</u>

Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	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)
<b>Revenues</b>							
Rent - net of vacancies	\$ 408,032	\$ -	\$ 185,528	\$ -	\$ 91,639	\$ -	\$ 6,204
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	1,964	-	-	-	3	-	-
Other	8,395	-	7,609	-	3,388	-	100
<b>Total revenues</b>	<b>418,391</b>	<b>-</b>	<b>193,137</b>	<b>-</b>	<b>95,030</b>	<b>-</b>	<b>6,304</b>
<b>Expenses and losses</b>							
Compensation	152,877	-	63,882	-	3,581	-	27,546
Administrative	237,036	-	198,066	-	135,997	10	210,474
Professional services	25,631	1,318	74,798	1,368	12,354	3,157	17,106
Depreciation and amortization	385,681	-	253,538	-	175,558	-	74,781
Grants	-	-	-	-	-	-	-
Facility	140,801	-	71,659	-	31,260	-	18,784
Interest and fees	300,880	64	189	34	118,167	66	288
Bad debts	-	-	236	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	47	-	19	-	34	-
<b>Total expenses and losses</b>	<b>1,242,906</b>	<b>1,429</b>	<b>662,368</b>	<b>1,421</b>	<b>476,917</b>	<b>3,267</b>	<b>348,979</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(824,515)</b>	<b>(1,429)</b>	<b>(469,231)</b>	<b>(1,421)</b>	<b>(381,887)</b>	<b>(3,267)</b>	<b>(342,675)</b>
Net assets at beginning of year	742,016	27	1,505,023	-	908,369	(311)	1,587,023
Other transfers to (from) net assets	3,051,876	-	4,126,113	-	1,295,537	-	5,049,999
<b>Net assets at end of year</b>	<b>\$ 2,969,377</b>	<b>\$ (1,402)</b>	<b>\$ 5,161,905</b>	<b>\$ (1,421)</b>	<b>\$ 1,822,019</b>	<b>\$ (3,578)</b>	<b>\$ 6,294,347</b>

Mercy Community Housing Georgia, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
<b>Revenues</b>		
Rent - net of vacancies	\$ -	\$ 8,463,459
Developer fees	-	-
Services fees	(87,685)	-
Philanthropy	-	-
Capital grants	-	-
Consulting	-	-
Interest	(283)	10,556
Other	-	238,184
<b>Total revenues</b>	<u>(87,968)</u>	<u>8,712,199</u>
<b>Expenses and losses</b>		
Compensation	-	1,623,079
Administrative	(87,687)	2,039,986
Professional services	-	794,134
Depreciation and amortization	-	5,388,358
Grants	-	-
Facility	-	3,600,652
Interest and fees	(281)	2,342,157
Bad debts	-	270,142
Provision for impaired assets	(283)	-
Project expenses	-	-
Allocation	-	-
(Gain) loss on sale of assets	-	-
(Gain) loss on investment in limited partnership	(71,647)	-
<b>Total expenses and losses</b>	<u>(159,898)</u>	<u>16,058,508</u>
<b>Excess (deficiency) of revenues over expenses</b>	71,930	(7,346,309)
Net assets at beginning of year	68,620	56,945,489
Other transfers to (from) net assets	(993)	17,949,252
<b>Net assets at end of year</b>	<u>\$ 139,557</u>	<u>\$ 67,548,432</u>

Mercy Housing Northwest  
Consolidating Statement of Financial Position  
December 31, 2012

	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)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 1,893,656	\$ 83,630	\$ 18,314	\$ -	\$ 62,459	\$ 111,035	\$ 30,423
Cash, tenant security deposits	-	8,286	6,412	-	69,029	-	20,743
Cash, restricted	568,833	-	8,870	-	-	79	22
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	3,231	118	-	-	18,916	-	2,368
Due from affiliate, net	1,482,363	-	-	-	-	20,350	-
Pledges receivable, net	86,867	-	-	-	-	-	-
Grants receivable	16,539	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	99,445	-	-	-	-	-	-
Prepaid expenses and other assets	9,993	5,948	4,229	-	43,757	-	19,123
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>4,160,927</u>	<u>97,982</u>	<u>37,825</u>	<u>-</u>	<u>194,161</u>	<u>131,464</u>	<u>72,679</u>
Property and equipment							
Land and land improvements	-	158,559	303,978	-	1,940,823	-	3,033,659
Buildings	37,073	1,320,507	2,190,185	-	21,298,677	-	16,059,076
Furniture and equipment	38,974	61,802	7,629	-	852,613	-	413,401
Predevelopment project costs	89,099	-	-	-	-	-	-
Construction in progress	-	34,358	-	-	-	-	-
Accumulated depreciation	(60,153)	(797,801)	(531,671)	-	(3,296,957)	-	(1,308,181)
Net property and equipment	<u>104,993</u>	<u>777,425</u>	<u>1,970,121</u>	<u>-</u>	<u>20,795,156</u>	<u>-</u>	<u>18,197,955</u>
Other long-term assets							
Restricted property reserves	110,010	488,385	69,449	-	609,100	-	615,907
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	1,807,357	-	-	-	-	-	-
Pledges receivable, net	191,553	-	-	-	-	-	-
Investments in limited partnerships, net.	1,039,701	-	-	294,689	-	1,647,252	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	4,766,961	-	-	-	-	8,216,406	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	7,500	-	-	619,677	-	258,419
Total other long-term assets	<u>7,915,582</u>	<u>495,885</u>	<u>69,449</u>	<u>294,689</u>	<u>1,228,777</u>	<u>9,863,658</u>	<u>874,326</u>
<b>Total assets</b>	<u>\$ 12,181,502</u>	<u>\$ 1,371,292</u>	<u>\$ 2,077,395</u>	<u>\$ 294,689</u>	<u>\$ 22,218,094</u>	<u>\$ 9,995,122</u>	<u>\$ 19,144,960</u>

Mercy Housing Northwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 215,736	\$ 27,389	\$ 26,280	\$ 69	\$ 112,013	\$ -	\$ 68,410
Due to affiliates	17,989	-	-	3,623	-	-	34,564
Accrued interest	-	-	-	-	29,064	-	2,316
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	10,032	-	-	-	104,965	-	5,612
Current portion of notes payable, affiliates	405,830	-	-	-	-	-	-
Deferred revenue and other liabilities	-	546	120	-	2,359	-	1,768
Tenant security deposits	-	6,811	6,015	-	68,282	-	20,242
Total current liabilities	649,587	34,746	32,415	3,692	316,683	-	132,912
Long-term liabilities							
Due to affiliates	-	-	-	-	26,198	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	765,905	-	-
Notes payable, less current portion, net	42,095	-	-	-	10,335,896	-	5,304,115
Notes payable, less current portion, affiliates	-	-	79,106	-	4,385,089	-	8,216,406
Deferred revenue and other liabilities	240,925	-	-	-	432,089	-	969
Total long-term liabilities	283,020	-	79,106	-	15,945,177	-	13,521,490
<b>Total liabilities</b>	932,607	34,746	111,521	3,692	16,261,860	-	13,654,402
<b>Net assets</b>							
Unrestricted net assets, controlling	10,224,705	703,775	(43,913)	290,997	5,956,234	2,301,584	5,490,558
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	10,224,705	703,775	(43,913)	290,997	5,956,234	2,301,584	5,490,558
Temporarily restricted net assets	1,024,190	632,771	2,009,787	-	-	7,693,538	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	11,248,895	1,336,546	1,965,874	290,997	5,956,234	9,995,122	5,490,558
<b>Total liabilities and net assets</b>	\$ 12,181,502	\$ 1,371,292	\$ 2,077,395	\$ 294,689	\$ 22,218,094	\$ 9,995,122	\$ 19,144,960

Mercy Housing Northwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	New Tacoma Phase II Mercy LLC	Evergreen Vista I 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
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ -	\$ 168,480	\$ -	\$ 54,721	\$ -	\$ 144,842
Cash, tenant security deposits	-	-	38,674	-	19,300	-	46,777
Cash, restricted	11,481	-	3,149	-	1,170,962	-	2,310
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	36,055	-	22,146	-	40,609
Due from affiliate, net	-	-	-	3,125	-	-	9,520
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	263	-	15,903	-	10,688	-	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>11,744</b>	<b>-</b>	<b>262,261</b>	<b>3,125</b>	<b>1,277,817</b>	<b>-</b>	<b>244,058</b>
Property and equipment							
Land and land improvements	823,041	-	1,068,023	-	2,144,069	-	848,229
Buildings	-	-	11,499,556	-	9,574,118	-	2,488,991
Furniture and equipment	-	-	397,925	-	271,228	-	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	237,214	-	-	-	-	-	3,289,398
Accumulated depreciation	-	-	(724,343)	-	(201,223)	-	(18,943)
<b>Net property and equipment</b>	<b>1,060,255</b>	<b>-</b>	<b>12,241,161</b>	<b>-</b>	<b>11,788,192</b>	<b>-</b>	<b>6,607,675</b>
Other long-term assets							
Restricted property reserves	-	-	478,385	-	15,001	-	236,395
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	278	-	73	-	236,376	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	134,523	-	180,671	-	14,501
<b>Total other long-term assets</b>	<b>-</b>	<b>278</b>	<b>612,908</b>	<b>73</b>	<b>195,672</b>	<b>236,376</b>	<b>250,896</b>
<b>Total assets</b>	<b>\$ 1,071,999</b>	<b>\$ 278</b>	<b>\$ 13,116,330</b>	<b>\$ 3,198</b>	<b>\$ 13,261,681</b>	<b>\$ 236,376</b>	<b>\$ 7,102,629</b>



Mercy Housing Northwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	New Tacoma Phase II Mercy LLC	Evergreen Vista I 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
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 1,726	\$ 69	\$ 61,713	\$ -	\$ 417,563	\$ -	\$ 700,634
Due to affiliates	67,387	1,938	326	3,656	305,507	-	640,937
Accrued interest	1,526	-	22,790	-	-	-	3,309
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	300,348	-	66,724	-	6,070,982	-	19,652
Current portion of notes payable, affiliates	99,445	-	-	-	-	-	-
Deferred revenue and other liabilities	1	-	9,922	-	1,593	-	11,611
Tenant security deposits	-	-	38,569	-	18,800	-	43,906
Total current liabilities	470,433	2,007	200,044	3,656	6,814,445	-	1,420,049
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	22,736	-	-	-	-	-	-
Accrued interest, affiliates	-	-	258,155	-	-	-	-
Notes payable, less current portion, net	575,000	-	4,778,420	-	5,736,755	-	2,535,558
Notes payable, less current portion, affiliates	-	-	4,110,219	-	-	-	-
Deferred revenue and other liabilities	-	-	1,048,092	-	530,319	-	-
Total long-term liabilities	597,736	-	10,194,886	-	6,267,074	-	2,535,558
<b>Total liabilities</b>	1,068,169	2,007	10,394,930	3,656	13,081,519	-	3,955,607
<b>Net assets</b>							
Unrestricted net assets, controlling	3,830	(1,729)	2,721,400	(458)	180,162	236,376	3,147,022
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	3,830	(1,729)	2,721,400	(458)	180,162	236,376	3,147,022
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	3,830	(1,729)	2,721,400	(458)	180,162	236,376	3,147,022
<b>Total liabilities and net assets</b>	\$ 1,071,999	\$ 278	\$ 13,116,330	\$ 3,198	\$ 13,261,681	\$ 236,376	\$ 7,102,629

Mercy Housing Northwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Impact Family Village GP LLC	Impact Family Village Limited Partnership	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ 830,119	\$ -	\$ 3,397,679
Cash, tenant security deposits	-	-	192,658	-	401,879
Cash, restricted	-	15,129	-	-	1,780,835
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	458	65,208	(8,998)	180,111
Due from affiliate, net	-	-	-	(1,213,629)	301,729
Pledges receivable, net	-	-	-	-	86,867
Grants receivable	-	-	-	-	16,539
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	(99,445)	-
Prepaid expenses and other assets	-	-	86,831	-	196,735
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	-	15,587	1,174,816	(1,322,072)	6,362,374
Property and equipment					
Land and land improvements	-	1,394,374	8,033,837	(441,174)	19,307,418
Buildings	-	-	44,206,965	(8,116,060)	100,559,088
Furniture and equipment	-	-	1,382,731	349,816	3,776,119
Predevelopment project costs	-	-	-	-	89,099
Construction in progress	-	5,672,579	-	(126,923)	9,106,626
Accumulated depreciation	-	-	(20,691,102)	669,785	(26,960,589)
Net property and equipment	-	7,066,953	32,932,431	(7,664,556)	105,877,761
Other long-term assets					
Restricted property reserves	-	-	1,708,288	-	4,330,920
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	(1,807,357)	-
Pledges receivable, net	-	-	-	-	191,553
Investments in limited partnerships, net.	868,972	-	-	(3,047,706)	1,039,635
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	(12,754,815)	228,552
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	230,457	406,678	-	1,852,426
Total other long-term assets	868,972	230,457	2,114,966	(17,609,878)	7,643,086
<b>Total assets</b>	<b>\$ 868,972</b>	<b>\$ 7,312,997</b>	<b>\$ 36,222,213</b>	<b>\$ (26,596,506)</b>	<b>\$ 119,883,221</b>

Mercy Housing Northwest  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Impact Family Village GP LLC	Impact Family Village Limited Partnership	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
<b>Liabilities</b>					
Current liabilities					
Accounts payable and accrued expenses	\$ 94	\$ 1,098,043	\$ 231,888	\$ (30,963)	\$ 2,930,664
Due to affiliates	211	147,300	122,437	(1,246,390)	99,485
Accrued interest	-	-	46,511	-	105,516
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	236,848	-	6,815,163
Current portion of notes payable, affiliates	-	-	-	(99,445)	405,830
Deferred revenue and other liabilities	-	1	49,353	-	77,274
Tenant security deposits	-	-	189,781	-	392,406
Total current liabilities	305	1,245,344	876,818	(1,376,798)	10,826,338
Long-term liabilities					
Due to affiliates	-	-	180,000	(206,198)	-
Accrued interest	-	1,511	226,820	-	251,067
Accrued interest, affiliates	-	-	48,677	(1,072,737)	-
Notes payable, less current portion, net	-	4,255,747	16,419,902	-	49,983,488
Notes payable, less current portion, affiliates	-	-	499,950	(16,879,302)	411,468
Deferred revenue and other liabilities	-	190,862	127,409	(2,214,217)	356,448
Total long-term liabilities	-	4,448,120	17,502,758	(20,372,454)	51,002,471
<b>Total liabilities</b>	305	5,693,464	18,379,576	(21,749,252)	61,828,809
<b>Net assets</b>					
Unrestricted net assets, controlling	868,667	1,619,533	17,532,887	(4,847,254)	46,384,376
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	868,667	1,619,533	17,532,887	(4,847,254)	46,384,376
Temporarily restricted net assets	-	-	309,750	-	11,670,036
Permanently restricted net assets	-	-	-	-	-
<b>Total net assets</b>	868,667	1,619,533	17,842,637	(4,847,254)	58,054,412
<b>Total liabilities and net assets</b>	\$ 868,972	\$ 7,312,997	\$ 36,222,213	\$ (26,596,506)	\$ 119,883,221

Mercy Housing Northwest  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	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)
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 292,307	\$ 113,280	\$ -	\$ 1,326,228	\$ -	\$ 437,437
Developer fees	1,534,038	-	-	-	-	-	-
Services fees	670,003	-	-	-	-	20,350	-
Philanthropy	830,842	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	265,994	-	-	-	-	-	-
Interest	403,162	246	52	-	143	-	282
Other	511,850	3,257	3,721	-	35,298	-	27,342
<b>Total revenues</b>	<u>4,215,889</u>	<u>295,810</u>	<u>117,053</u>	<u>-</u>	<u>1,361,669</u>	<u>20,350</u>	<u>465,061</u>
<b>Expenses and losses</b>							
Compensation	1,962,774	43,403	38,539	-	204,461	-	111,540
Administrative	401,807	28,857	16,856	-	144,928	382	90,742
Professional services	24,833	14,812	14,463	1,075	26,606	1,075	63,120
Depreciation and amortization	6,685	50,261	80,748	-	937,851	-	751,466
Grants	314,259	-	-	-	-	-	-
Facility	89,195	97,769	41,065	-	383,627	-	149,319
Interest and fees	(811)	628	195	147	607,301	(681)	31,248
Bad debts	67,386	-	-	-	4,611	-	-
Provision for impaired assets	222,200	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	929,617	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(159,977)	-	-	95	-	73	-
<b>Total expenses and losses</b>	<u>3,857,968</u>	<u>235,730</u>	<u>191,866</u>	<u>1,317</u>	<u>2,309,385</u>	<u>849</u>	<u>1,197,435</u>
<b>Excess (deficiency) of revenues over expenses</b>	357,921	60,080	(74,813)	(1,317)	(947,716)	19,501	(732,374)
Net assets at beginning of year	10,890,974	1,276,466	2,040,687	292,314	6,903,950	9,975,621	5,986,733
Other transfers to (from) net assets	-	-	-	-	-	-	236,199
<b>Net assets at end of year</b>	<u>\$ 11,248,895</u>	<u>\$ 1,336,546</u>	<u>\$ 1,965,874</u>	<u>\$ 290,997</u>	<u>\$ 5,956,234</u>	<u>\$ 9,995,122</u>	<u>\$ 5,490,558</u>

Mercy Housing Northwest  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	New Tacoma Phase II Mercy LLC	Evergreen Vista I GP LLC	Evergreen Vista 1 Owner, LP	Rainer Vista Block 43 GP, LLC	Rainer Vista Block 43 Owner, LP (Columbia City Station Apts)	Cobble Knoll I Mercy LLC	Allegre Mercy Redevelopment LLLP
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ -	\$ 952,274	\$ -	\$ 144,741	\$ -	\$ 161,403
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	3,125	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	-	142	-	-	-	23
Other	-	-	22,895	69	24,860	236,374	5,846
<b>Total revenues</b>	-	-	975,311	3,194	169,601	236,374	167,272
<b>Expenses and losses</b>							
Compensation	-	-	172,926	-	40,189	-	25,916
Administrative	-	-	108,153	-	99,986	-	22,316
Professional services	-	1,208	49,755	3,176	9,819	-	11,710
Depreciation and amortization	-	-	511,187	-	205,852	-	19,065
Grants	-	-	-	-	-	-	-
Facility	-	-	201,517	-	45,500	-	56,141
Interest and fees	-	59	370,919	66	42,216	-	7,686
Bad debts	-	-	19,188	-	-	-	45
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	46	-	27	-	(2)	-
<b>Total expenses and losses</b>	-	1,313	1,433,645	3,269	443,562	(2)	142,879
<b>Excess (deficiency) of revenues over expenses</b>	-	(1,313)	(458,334)	(75)	(273,961)	236,376	24,393
Net assets at beginning of year	3,830	(416)	(2,896)	(383)	441,542	-	-
Other transfers to (from) net assets	-	-	3,182,630	-	12,581	-	3,122,629
<b>Net assets at end of year</b>	<u>\$ 3,830</u>	<u>\$ (1,729)</u>	<u>\$ 2,721,400</u>	<u>\$ (458)</u>	<u>\$ 180,162</u>	<u>\$ 236,376</u>	<u>\$ 3,147,022</u>

Mercy Housing Northwest  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Impact Family Village GP LLC	Impact Family Village Limited Partnership	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
<b>Revenues</b>					
Rent - net of vacancies	\$ -	\$ -	\$ 3,461,846	\$ (112,018)	\$ 6,777,498
Developer fees	-	-	-	(375,463)	1,158,575
Services fees	-	-	-	(436,333)	257,145
Philanthropy	-	-	-	-	830,842
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	265,994
Interest	-	-	1,020	(360,827)	44,243
Other	-	-	91,460	(94,476)	868,496
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>3,554,326</u>	<u>(1,379,117)</u>	<u>10,202,793</u>
<b>Expenses and losses</b>					
Compensation	-	-	657,187	-	3,256,935
Administrative	-	2,077	532,516	(121,951)	1,326,669
Professional services	405	2,499	343,492	(335,218)	232,830
Depreciation and amortization	-	-	1,948,052	(234,710)	4,276,457
Grants	-	-	-	(91,269)	222,990
Facility	-	-	1,065,226	(29,740)	2,099,619
Interest and fees	-	-	525,989	(360,827)	1,224,135
Bad debts	-	-	13,564	(14,259)	90,535
Provision for impaired assets	-	-	-	(192,391)	29,809
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	929,617
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	(239)	(159,977)
<b>Total expenses and losses</b>	<u>405</u>	<u>4,576</u>	<u>5,086,026</u>	<u>(1,380,604)</u>	<u>13,529,619</u>
<b>Excess (deficiency) of revenues over expenses</b>	(405)	(4,576)	(1,531,700)	1,487	(3,326,826)
Net assets at beginning of year	-	-	19,418,087	(3,857,704)	53,368,805
Other transfers to (from) net assets	<u>869,072</u>	<u>1,624,109</u>	<u>(43,750)</u>	<u>(991,037)</u>	<u>8,012,433</u>
<b>Net assets at end of year</b>	<u>\$ 868,667</u>	<u>\$ 1,619,533</u>	<u>\$ 17,842,637</u>	<u>\$ (4,847,254)</u>	<u>\$ 58,054,412</u>

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Mercy Properties Washington  
Consolidating Statement of Financial Position  
December 31, 2012

	Mercy Properties Washington	Intercommunity Mercy Washington I Limited Partnership (Evergreen Vista)	Intercommunity Mercy Washington II Limited Partnership (Family Tree)	Mercy Housing Washington VIII, L.P. (Hillside Gardens)	Mercy Housing Washington VI, L.P. (Lincoln Way II)	Mercy Housing Washington V, L.P. (Sterling Meadows)
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 24,787	\$ -	\$ 471,790	\$ 2,368	\$ 115,423	\$ 109,104
Cash, tenant security deposits	-	-	68,083	14,954	34,250	26,411
Cash, restricted	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	16,668	6,433	19,286	858
Due from affiliate, net	277,624	-	-	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	-	-	29,229	5,956	11,637	9,398
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	302,411	-	585,770	30,461	180,596	145,771
Property and equipment						
Land and land improvements	-	-	2,134,682	384,489	1,582,770	873,936
Buildings	-	-	12,068,647	3,065,590	4,569,419	4,961,136
Furniture and equipment	-	-	540,239	113,316	173,796	133,458
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	-	-	(8,518,579)	(1,312,817)	(2,688,270)	(2,341,408)
Net property and equipment	-	-	6,224,989	2,250,578	3,637,715	3,627,122
Other long-term assets						
Restricted property reserves	-	-	487,014	70,390	237,594	202,455
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net.	1,972,891	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	-	158,462	23,914	6,981	8,260
Total other long-term assets	1,972,891	-	645,476	94,304	244,575	210,715
<b>Total assets</b>	<b>\$ 2,275,302</b>	<b>\$ -</b>	<b>\$ 7,456,235</b>	<b>\$ 2,375,343</b>	<b>\$ 4,062,886</b>	<b>\$ 3,983,608</b>



Mercy Properties Washington  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Properties Washington	Intercommunity Mercy Washington I Limited Partnership (Evergreen Vista)	Intercommunity Mercy Washington II Limited Partnership (Family Tree)	Mercy Housing Washington VIII, L.P. (Hillside Gardens)	Mercy Housing Washington VI, L.P. (Lincoln Way II)	Mercy Housing Washington V, L.P. (Sterling Meadows)
<b>Liabilities</b>						
Current liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 69,934	\$ 19,058	\$ 30,730	\$ 26,922
Due to affiliates	107,780	-	20,258	155,071	152,942	-
Accrued interest	-	-	27,595	-	5,983	6,283
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	-	93,893	6,048	24,868	17,136
Current portion of notes payable, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	21,069	7,432	6,330	438
Tenant security deposits	-	-	67,833	14,118	34,216	25,911
Total current liabilities	107,780	-	300,582	201,727	255,069	76,690
Long-term liabilities						
Due to affiliates	180,000	-	-	-	-	-
Accrued interest	-	-	-	-	226,820	-
Accrued interest, affiliates	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	6,033,430	845,032	2,754,785	820,564
Notes payable, less current portion, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	127,409
Total long-term liabilities	180,000	-	6,033,430	845,032	2,981,605	947,973
<b>Total liabilities</b>	287,780	-	6,334,012	1,046,759	3,236,674	1,024,663
<b>Net assets</b>						
Unrestricted net assets, controlling	1,677,772	-	1,122,223	1,328,584	826,212	2,958,945
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	1,677,772	-	1,122,223	1,328,584	826,212	2,958,945
Temporarily restricted net assets	309,750	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
<b>Total net assets</b>	1,987,522	-	1,122,223	1,328,584	826,212	2,958,945
<b>Total liabilities and net assets</b>	\$ 2,275,302	\$ -	\$ 7,456,235	\$ 2,375,343	\$ 4,062,886	\$ 3,983,608

Mercy Properties Washington  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Washington VII, L.P. (Eliza McCabe Townhomes)	Mercy Housing Washington IX, LP (Evergreen Vista II)	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 20,705	\$ 42,400	\$ 43,542	\$ -	\$ 830,119
Cash, tenant security deposits	20,716	15,051	13,193	-	192,658
Cash, restricted	-	-	-	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	7,289	14,674	-	-	65,208
Due from affiliate, net	-	-	-	(278,374)	-
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	8,738	12,167	9,706	-	86,831
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>57,448</u>	<u>84,292</u>	<u>66,441</u>	<u>(278,374)</u>	<u>1,174,816</u>
Property and equipment					
Land and land improvements	615,966	1,845,921	758,573	(162,500)	8,033,837
Buildings	5,099,984	7,446,553	6,995,636	-	44,206,965
Furniture and equipment	185,131	129,998	106,793	-	1,382,731
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	<u>(2,041,125)</u>	<u>(2,061,918)</u>	<u>(1,726,985)</u>	<u>-</u>	<u>(20,691,102)</u>
Net property and equipment	<u>3,859,956</u>	<u>7,360,554</u>	<u>6,134,017</u>	<u>(162,500)</u>	<u>32,932,431</u>
Other long-term assets					
Restricted property reserves	138,635	230,795	341,405	-	1,708,288
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	(1,972,891)	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	<u>11,967</u>	<u>127,186</u>	<u>69,908</u>	<u>-</u>	<u>406,678</u>
Total other long-term assets	<u>150,602</u>	<u>357,981</u>	<u>411,313</u>	<u>(1,972,891)</u>	<u>2,114,966</u>
<b>Total assets</b>	<u>\$ 4,068,006</u>	<u>\$ 7,802,827</u>	<u>\$ 6,611,771</u>	<u>\$ (2,413,765)</u>	<u>\$ 36,222,213</u>

Mercy Properties Washington  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Washington VII, L.P. (Eliza McCabe Townhomes)	Mercy Housing Washington IX, LP (Evergreen Vista II)	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
<b>Liabilities</b>					
Current liabilities					
Accounts payable and accrued expenses	\$ 20,814	\$ 34,536	\$ 29,894	\$ -	\$ 231,888
Due to affiliates	76,488	4,657	58,505	(453,264)	122,437
Accrued interest	1,827	4,823	-	-	46,511
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	14,312	35,756	44,835	-	236,848
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	5,018	5,034	4,032	-	49,353
Tenant security deposits	20,711	14,300	12,692	-	189,781
Total current liabilities	139,170	99,106	149,958	(453,264)	876,818
Long-term liabilities					
Due to affiliates	-	-	-	-	180,000
Accrued interest	-	-	-	-	226,820
Accrued interest, affiliates	-	48,677	-	-	48,677
Notes payable, less current portion, net	1,136,923	3,144,217	1,684,951	-	16,419,902
Notes payable, less current portion, affiliates	-	499,950	-	-	499,950
Deferred revenue and other liabilities	-	-	-	-	127,409
Total long-term liabilities	1,136,923	3,692,844	1,684,951	-	17,502,758
<b>Total liabilities</b>	1,276,093	3,791,950	1,834,909	(453,264)	18,379,576
<b>Net assets</b>					
Unrestricted net assets, controlling	2,791,913	4,010,877	4,776,862	(1,960,501)	17,532,887
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	2,791,913	4,010,877	4,776,862	(1,960,501)	17,532,887
Temporarily restricted net assets	-	-	-	-	309,750
Permanently restricted net assets	-	-	-	-	-
<b>Total net assets</b>	2,791,913	4,010,877	4,776,862	(1,960,501)	17,842,637
<b>Total liabilities and net assets</b>	\$ 4,068,006	\$ 7,802,827	\$ 6,611,771	\$ (2,413,765)	\$ 36,222,213

Mercy Properties Washington  
Consolidating Statement of Activities  
and Changes In Net Assets  
Year ended December 31, 2012

	Mercy Properties Washington	Intercommunity Mercy Washington I Limited Partnership (Evergreen Vista)	Intercommunity Mercy Washington II Limited Partnership (Family Tree)	Mercy Housing Washington VIII, L.P. (Hillside Gardens)	Mercy Housing Washington VI, L.P. (Lincoln Way II)	Mercy Housing Washington V, L.P. (Sterling Meadows)
<b>Revenues</b>						
Rent - net of vacancies	\$ -	\$ -	\$ 1,353,009	\$ 187,060	\$ 393,341	\$ 372,055
Developer fees	-	-	-	-	-	-
Services fees	227,550	-	-	-	-	-
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	-	-	434	14	144	104
Other	-	524	40,669	8,660	10,628	3,651
<b>Total revenues</b>	<u>227,550</u>	<u>524</u>	<u>1,394,112</u>	<u>195,734</u>	<u>404,113</u>	<u>375,810</u>
<b>Expenses and losses</b>						
Compensation	-	-	216,794	37,245	87,903	74,566
Administrative	107,640	-	182,521	45,920	152,912	57,002
Professional services	959	-	110,094	18,309	24,987	27,446
Depreciation and amortization	-	-	483,525	131,039	226,246	206,724
Grants	-	-	-	-	-	-
Facility	-	(1,943)	376,343	87,844	125,700	130,287
Interest and fees	(263)	-	328,112	-	91,648	8,453
Bad debts	-	(28)	11,226	-	514	43
Provision for impaired assets	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	(3,744)	-	-	-	-	-
(Gain) loss on investment in limited partnership	539	-	-	-	-	-
<b>Total expenses and losses</b>	<u>105,131</u>	<u>(1,971)</u>	<u>1,708,615</u>	<u>320,357</u>	<u>709,910</u>	<u>504,521</u>
<b>Excess (deficiency) of revenues over expenses</b>	122,419	2,495	(314,503)	(124,623)	(305,797)	(128,711)
Net assets at beginning of year	1,865,103	17,026	1,460,955	1,453,207	1,132,009	3,087,656
Other transfers to (from) net assets	-	(19,521)	(24,229)	-	-	-
<b>Net assets at end of year</b>	<u>\$ 1,987,522</u>	<u>\$ -</u>	<u>\$ 1,122,223</u>	<u>\$ 1,328,584</u>	<u>\$ 826,212</u>	<u>\$ 2,958,945</u>

Mercy Properties Washington  
Consolidating Statement of Activities  
and Changes In Net Assets - Continued  
Year ended December 31, 2012

	Mercy Housing Washington VII, L.P. (Eliza McCabe Townhomes)	Mercy Housing Washington IX, LP (Evergreen Vista II)	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
<b>Revenues</b>					
Rent - net of vacancies	\$ 318,201	\$ 486,623	\$ 351,557	\$ -	\$ 3,461,846
Developer fees	-	-	-	-	-
Services fees	-	-	-	(227,550)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	269	21	34	-	1,020
Other	8,763	14,065	4,500	-	91,460
<b>Total revenues</b>	<u>327,233</u>	<u>500,709</u>	<u>356,091</u>	<u>(227,550)</u>	<u>3,554,326</u>
<b>Expenses and losses</b>					
Compensation	63,875	86,135	90,669	-	657,187
Administrative	67,887	72,777	73,407	(227,550)	532,516
Professional services	27,078	98,281	36,338	-	343,492
Depreciation and amortization	205,949	395,071	299,498	-	1,948,052
Grants	-	-	-	-	-
Facility	134,455	109,468	103,072	-	1,065,226
Interest and fees	22,122	65,773	10,144	-	525,989
Bad debts	145	1,664	-	-	13,564
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	3,744	-
(Gain) loss on investment in limited partnership	-	-	-	(539)	-
<b>Total expenses and losses</b>	<u>521,511</u>	<u>829,169</u>	<u>613,128</u>	<u>(224,345)</u>	<u>5,086,026</u>
<b>Excess (deficiency) of revenues over expenses</b>	(194,278)	(328,460)	(257,037)	(3,205)	(1,531,700)
Net assets at beginning of year	2,986,191	4,339,337	5,033,899	(1,957,296)	19,418,087
Other transfers to (from) net assets	-	-	-	-	(43,750)
<b>Net assets at end of year</b>	<u>\$ 2,791,913</u>	<u>\$ 4,010,877</u>	<u>\$ 4,776,862</u>	<u>\$ (1,960,501)</u>	<u>\$ 17,842,637</u>

General Partners  
Consolidating Statement of Financial Position  
December 31, 2012

	Consolidated Mercy Properties, Inc.	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue Housing, Inc.	Mercy Affordable Housing, Inc.	Consolidated McDermott Place	Consolidated South of Market Mercy Housing	Consolidated Visitation Valley Affordable Housing
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 3,422,280	\$ 250,365	\$ 305,632	\$ -	\$ 10,362	\$ 1,113,015	\$ 23,181
Cash, tenant security deposits	727,504	61,246	22,191	-	12,684	318,012	112,987
Cash, restricted	5,471	-	13,263	-	-	800	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	632,123	10,878	19,290	-	6,577	95,587	55,321
Due from affiliate, net	44,404	50	758	-	-	33,615	-
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	573,648	49,751	28,825	-	8,134	126,273	50,490
Inventory	-	-	-	-	-	-	-
Assets held for sale	638,515	-	-	-	-	-	-
<b>Total current assets</b>	<b>6,043,945</b>	<b>372,290</b>	<b>389,959</b>	<b>-</b>	<b>37,757</b>	<b>1,687,302</b>	<b>241,979</b>
Property and equipment							
Land and land improvements	16,720,402	2,264,421	540,834	-	66,022	6,394,594	-
Buildings	168,898,710	13,663,598	9,366,212	-	1,070,861	48,451,592	26,252,885
Furniture and equipment	5,637,675	525,665	254,260	-	49,456	1,271,904	596,346
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(72,168,899)	(6,268,001)	(5,498,024)	-	(784,328)	(27,790,745)	(12,333,962)
<b>Net property and equipment</b>	<b>119,087,888</b>	<b>10,185,683</b>	<b>4,663,282</b>	<b>-</b>	<b>402,011</b>	<b>28,327,345</b>	<b>14,515,269</b>
Other long-term assets							
Restricted property reserves	9,683,256	566,070	907,591	-	86,727	2,344,000	761,748
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	42,841	-	-	(23,974)	-	(16,592,003)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	1,197,412	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	2,029,493	110,490	6,605	-	17,444	183,788	38,463
<b>Total other long-term assets</b>	<b>11,755,590</b>	<b>676,560</b>	<b>914,196</b>	<b>(23,974)</b>	<b>104,171</b>	<b>(12,866,803)</b>	<b>800,211</b>
<b>Total assets</b>	<b>\$ 136,887,423</b>	<b>\$ 11,234,533</b>	<b>\$ 5,967,437</b>	<b>\$ (23,974)</b>	<b>\$ 543,939</b>	<b>\$ 17,147,844</b>	<b>\$ 15,557,459</b>

General Partners  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Consolidated Mercy Properties, Inc.	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue Housing, Inc.	Mercy Affordable Housing, Inc.	Consolidated McDermott Place	Consolidated South of Market Mercy Housing	Consolidated Visitacion Valley Affordable Housing
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 2,233,015	\$ 165,901	\$ 165,880	\$ -	\$ 35,134	\$ 611,401	\$ 179,273
Due to affiliates	4,231,925	302,944	69,768	46,020	246,534	1,039,021	163,315
Accrued interest	566,895	47,136	-	-	1,586	33,861	22,532
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	1,409,937	116,073	-	-	108,702	315,817	53,687
Current portion of notes payable, affiliates	426,620	20,000	-	-	-	52,735	-
Deferred revenue and other liabilities	1,267,624	9,136	21,884	-	129,285	41,306	26,380
Tenant security deposits	711,959	59,875	21,766	-	12,184	308,950	112,487
Total current liabilities	10,847,975	721,065	279,298	46,020	533,425	2,403,091	557,674
Long-term liabilities							
Due to affiliates	-	-	-	-	-	1,292,134	-
Accrued interest	16,202,580	78,744	2,810,600	-	252,574	8,361,199	504,674
Accrued interest, affiliates	2,263,985	134,635	-	-	-	728,832	-
Notes payable, less current portion, net	67,566,710	6,828,119	3,532,176	-	955,662	25,927,020	6,284,912
Notes payable, less current portion, affiliates	13,253,804	1,042,728	-	-	-	545,068	-
Deferred revenue and other liabilities	1,012,326	-	-	-	-	259,345	-
Total long-term liabilities	100,299,405	8,084,226	6,342,776	-	1,208,236	37,113,598	6,789,586
<b>Total liabilities</b>	111,147,380	8,805,291	6,622,074	46,020	1,741,661	39,516,689	7,347,260
<b>Net assets</b>							
Unrestricted net assets, controlling	25,556,379	2,429,242	(654,637)	(69,994)	(1,197,722)	(22,368,845)	6,386,199
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	25,556,379	2,429,242	(654,637)	(69,994)	(1,197,722)	(22,368,845)	6,386,199
Temporarily restricted net assets	183,664	-	-	-	-	-	1,824,000
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	25,740,043	2,429,242	(654,637)	(69,994)	(1,197,722)	(22,368,845)	8,210,199
<b>Total liabilities and net assets</b>	\$ 136,887,423	\$ 11,234,533	\$ 5,967,437	\$ (23,974)	\$ 543,939	\$ 17,147,844	\$ 15,557,459

General Partners  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Consolidated Neary Lagoon, Inc.	Consolidated Mercy Housing West	Consolidated San Juan Housing Corporation	Consolidated Florin Housing Corporation	Consolidated Affordable Housing Corporation	Eliminations	Consolidated General Partners
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 11,962	\$ 9,012,044	\$ 9,261	\$ 8,045	\$ 270,687	\$ -	\$ 14,436,834
Cash, tenant security deposits	48,814	1,477,122	118,576	40,716	64,519	-	3,004,371
Cash, restricted	-	832,086	201	250	38	-	852,109
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	25,005	544,433	17,167	10,135	32,980	-	1,449,496
Due from affiliate, net	1,792	24,110	-	4,274	-	(59,785)	49,218
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	4,199,911	-	-	-	-	4,199,911
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	5,529	4,139,424	35,818	18,286	47,646	-	5,083,824
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	638,515
<b>Total current assets</b>	<b>93,102</b>	<b>20,229,130</b>	<b>181,023</b>	<b>81,706</b>	<b>415,870</b>	<b>(59,785)</b>	<b>29,714,278</b>
Property and equipment							
Land and land improvements	-	72,771,549	1,435,369	731,386	1,132,681	-	102,057,258
Buildings	-	545,044,822	7,762,986	6,926,804	12,083,008	-	839,521,478
Furniture and equipment	-	12,750,176	3,781,859	33,184	464,181	-	25,364,706
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	11,332,715	-	-	-	-	11,332,715
Accumulated depreciation	-	(139,470,407)	(6,594,953)	(3,297,797)	(6,980,507)	-	(281,187,623)
<b>Net property and equipment</b>	<b>-</b>	<b>502,428,855</b>	<b>6,385,261</b>	<b>4,393,577</b>	<b>6,699,363</b>	<b>-</b>	<b>697,088,534</b>
Other long-term assets							
Restricted property reserves	181,447	18,924,658	648,352	343,811	1,034,597	-	35,482,257
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	(2,026,503)	-	-	-	17,071,998	(1,527,641)
Notes and interest receivable, net	-	285,520	-	-	-	-	285,520
Notes and interest receivable, affiliates	139,667	-	-	-	-	-	1,337,079
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	5,615,670	87,181	73,099	62,473	-	8,224,706
<b>Total other long-term assets</b>	<b>321,114</b>	<b>22,799,345</b>	<b>735,533</b>	<b>416,910</b>	<b>1,097,070</b>	<b>17,071,998</b>	<b>43,801,921</b>
<b>Total assets</b>	<b>\$ 414,216</b>	<b>\$ 545,457,330</b>	<b>\$ 7,301,817</b>	<b>\$ 4,892,193</b>	<b>\$ 8,212,303</b>	<b>\$ 17,012,213</b>	<b>\$ 770,604,733</b>



General Partners  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Consolidated Neary Lagoon, Inc.	Consolidated Mercy Housing West	Consolidated San Juan Housing Corporation	Consolidated Florin Housing Corporation	Consolidated Affordable Housing Corporation	Eliminations	Consolidated General Partners
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 30,691	\$ 3,552,678	\$ 314,761	\$ 205,726	\$ 201,251	\$ -	\$ 7,695,711
Due to affiliates	158,467	3,219,093	289,670	126,002	413,310	(84,097)	10,221,972
Accrued interest	-	366,490	16,017	7,362	15,548	-	1,077,427
Accrued interest, affiliates	-	-	-	-	8,549	-	8,549
Current portion of notes payable	-	2,969,772	142,089	42,881	97,000	-	5,255,958
Current portion of notes payable, affiliates	-	75,488	-	-	9,300	-	584,143
Deferred revenue and other liabilities	1	350,044	790	4,828	13,036	(1)	1,864,313
Tenant security deposits	-	1,451,500	117,397	40,216	62,576	-	2,898,910
Total current liabilities	189,159	11,985,065	880,724	427,015	820,570	(84,098)	29,606,983
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	1,292,134
Accrued interest	-	24,914,896	1,571,095	1,113,366	204,055	-	56,013,783
Accrued interest, affiliates	-	909,028	-	-	896,465	-	4,932,945
Notes payable, less current portion, net	-	298,466,557	6,696,124	3,438,009	4,647,822	-	424,343,111
Notes payable, less current portion, affiliates	-	10,767,118	-	-	994,681	-	26,603,399
Deferred revenue and other liabilities	-	5,975,816	-	-	649	-	7,248,136
Total long-term liabilities	-	341,033,415	8,267,219	4,551,375	6,743,672	-	520,433,508
<b>Total liabilities</b>	189,159	353,018,480	9,147,943	4,978,390	7,564,242	(84,098)	550,040,491
<b>Net assets</b>							
Unrestricted net assets, controlling	225,057	154,023,055	(1,846,126)	(86,197)	648,061	17,096,311	180,140,783
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	225,057	154,023,055	(1,846,126)	(86,197)	648,061	17,096,311	180,140,783
Temporarily restricted net assets	-	38,415,795	-	-	-	-	40,423,459
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	225,057	192,438,850	(1,846,126)	(86,197)	648,061	17,096,311	220,564,242
<b>Total liabilities and net assets</b>	\$ 414,216	\$ 545,457,330	\$ 7,301,817	\$ 4,892,193	\$ 8,212,303	\$ 17,012,213	\$ 770,604,733

General Partners  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	Consolidated Mercy Properties, Inc.	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue Housing, Inc.	Mercy Affordable Housing, Inc.	Consolidated McDermott Place	Consolidated South of Market Mercy Housing	Consolidated Visitacion Valley Affordable Housing
<b>Revenues</b>							
Rent - net of vacancies	\$ 17,904,833	\$ 1,430,555	\$ 956,764	\$ -	\$ 212,793	\$ 4,572,115	\$ 1,744,367
Developer fees	-	-	-	-	-	-	-
Services fees	9,535	-	-	-	-	23,952	-
Philanthropy	23,919	-	-	-	-	1,562	-
Capital grants	-	-	-	-	-	-	4,278
Consulting	-	-	-	-	-	-	-
Interest	205,205	589	862	-	82	19,349	367
Other	963,525	33,092	26,003	-	7,928	1,373,952	28,310
<b>Total revenues</b>	<u>19,107,017</u>	<u>1,464,236</u>	<u>983,629</u>	<u>-</u>	<u>220,803</u>	<u>5,990,930</u>	<u>1,777,322</u>
<b>Expenses and losses</b>							
Compensation	4,144,640	288,293	340,204	-	52,121	934,936	413,518
Administrative	3,125,226	271,193	162,196	30	52,952	738,651	184,844
Professional services	988,055	74,057	87,327	1,008	10,093	362,644	48,776
Depreciation and amortization	6,979,735	573,494	353,688	-	10,113	1,696,461	1,037,344
Grants	3,550,842	-	-	-	-	1,178,459	-
Facility	6,467,218	431,128	272,251	-	111,244	1,458,203	844,590
Interest and fees	3,701,292	350,596	176,852	2,202	39,310	1,085,070	345,479
Bad debts	153,853	3,684	16,177	-	2,681	47,064	76,669
Provision for impaired assets	11,395	-	-	-	-	17,010	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(1,504,180)	-	-	-	-	546,284	-
(Gain) loss on investment in limited partnership	(2,891)	-	-	1,768	-	(5,531,952)	-
<b>Total expenses and losses</b>	<u>27,615,185</u>	<u>1,992,445</u>	<u>1,408,695</u>	<u>5,008</u>	<u>278,514</u>	<u>2,532,830</u>	<u>2,951,220</u>
<b>Excess (deficiency) of revenues over expenses</b>	(8,508,168)	(528,209)	(425,066)	(5,008)	(57,711)	3,458,100	(1,173,898)
Net assets at beginning of year	35,176,125	2,977,184	(229,571)	(64,986)	(1,140,011)	(25,367,100)	9,384,097
Other transfers to (from) net assets	(927,914)	(19,733)	-	-	-	(459,845)	-
<b>Net assets at end of year</b>	<u>\$ 25,740,043</u>	<u>\$ 2,429,242</u>	<u>\$ (654,637)</u>	<u>\$ (69,994)</u>	<u>\$ (1,197,722)</u>	<u>\$ (22,368,845)</u>	<u>\$ 8,210,199</u>

General Partners  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Consolidated Neary Lagoon, Inc.	Consolidated Mercy Housing West	Consolidated San Juan Housing Corporation	Consolidated Florin Housing Corporation	Consolidated Affordable Housing Corporation	Eliminations	Consolidated General Partners
<b>Revenues</b>							
Rent - net of vacancies	\$ 742,994	\$ 27,084,360	\$ 1,235,994	\$ 519,728	\$ 2,126,791	\$ -	\$ 58,531,294
Developer fees	-	-	-	-	-	-	-
Services fees	-	5,742	-	-	-	(10,961)	28,268
Philanthropy	-	62,918	-	-	-	-	88,399
Capital grants	-	6,073,600	-	-	-	-	6,077,878
Consulting	-	-	-	-	-	-	-
Interest	20,817	114,203	835	2,000	987	-	365,296
Other	1,087,004	1,475,223	39,631	13,874	771,063	(53,211)	5,766,394
<b>Total revenues</b>	<b>1,850,815</b>	<b>34,816,046</b>	<b>1,276,460</b>	<b>535,602</b>	<b>2,898,841</b>	<b>(64,172)</b>	<b>70,857,529</b>
<b>Expenses and losses</b>							
Compensation	114,379	6,564,929	303,626	129,374	384,803	-	13,670,823
Administrative	135,317	3,755,473	186,967	73,023	359,567	(10,962)	9,034,477
Professional services	84,151	1,974,677	64,361	61,396	131,505	-	3,888,050
Depreciation and amortization	220,315	25,086,094	474,616	187,404	683,538	-	37,302,802
Grants	-	54,929	-	-	125,000	(28,211)	4,881,019
Facility	286,209	9,609,772	414,556	198,464	762,255	-	20,855,890
Interest and fees	272,138	8,143,952	316,112	156,456	398,542	-	14,988,001
Bad debts	-	64,924	8,595	2,161	15,354	19,002	410,164
Provision for impaired assets	20,655	-	-	201,000	-	-	250,060
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(6,766,614)	(2,147,529)	-	-	102,753	(230)	(9,769,516)
(Gain) loss on investment in limited partnership	-	134,124	-	-	-	6,418,648	1,019,697
<b>Total expenses and losses</b>	<b>(5,633,450)</b>	<b>53,241,345</b>	<b>1,768,833</b>	<b>1,009,278</b>	<b>2,963,317</b>	<b>6,398,247</b>	<b>96,531,467</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>7,484,265</b>	<b>(18,425,299)</b>	<b>(492,373)</b>	<b>(473,676)</b>	<b>(64,476)</b>	<b>(6,462,419)</b>	<b>(25,673,938)</b>
Net assets at beginning of year	(7,259,208)	207,215,449	(1,353,753)	387,479	1,285,815	23,747,197	244,758,717
Other transfers to (from) net assets	-	3,648,700	-	-	(573,278)	(188,467)	1,479,463
<b>Net assets at end of year</b>	<b>\$ 225,057</b>	<b>\$ 192,438,850</b>	<b>\$ (1,846,126)</b>	<b>\$ (86,197)</b>	<b>\$ 648,061</b>	<b>\$ 17,096,311</b>	<b>\$ 220,564,242</b>

Mercy Properties, Inc.  
Consolidating Statement of Financial Position  
December 31, 2012

	Mercy Properties, Inc.	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing Nebraska I, LTD (Capital Corners)	Mercy Housing California VII, LP (Casa San Juan)	Somerset Senior Housing, LTD (Casitas de Merced)	Mercy Housing California II, LP (Columbia Park)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 81,585	\$ 68,308	\$ -	\$ 184,380	\$ 17,785	\$ -
Cash, tenant security deposits	-	78,497	68,845	-	53,273	5,386	-
Cash, restricted	-	-	300	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	7,056	17,258	-	3,891	66	-
Due from affiliate, net	688,925	-	-	-	-	2,642	-
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	-	43,326	26,349	-	12,982	5,210	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	638,515	-
<b>Total current assets</b>	<b>688,925</b>	<b>210,464</b>	<b>181,060</b>	<b>-</b>	<b>254,526</b>	<b>669,604</b>	<b>-</b>
Property and equipment							
Land and land improvements	-	-	1,737,711	-	912,629	-	-
Buildings	-	9,495,373	15,658,645	-	7,687,648	-	-
Furniture and equipment	-	373,164	336,379	-	323,828	-	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(8,251,127)	(7,350,756)	-	(4,614,148)	-	-
<b>Net property and equipment</b>	<b>-</b>	<b>1,617,410</b>	<b>10,381,979</b>	<b>-</b>	<b>4,309,957</b>	<b>-</b>	<b>-</b>
Other long-term assets							
Restricted property reserves	-	1,328,497	538,498	-	501,436	53,414	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	769,846	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	281,000	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	70,594	33,904	-	32,800	-	-
<b>Total other long-term assets</b>	<b>1,050,846</b>	<b>1,399,091</b>	<b>572,402</b>	<b>-</b>	<b>534,236</b>	<b>53,414</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 1,739,771</b>	<b>\$ 3,226,965</b>	<b>\$ 11,135,441</b>	<b>\$ -</b>	<b>\$ 5,098,719</b>	<b>\$ 723,018</b>	<b>\$ -</b>

Mercy Properties, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Properties, Inc.	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing Nebraska I, LTD (Capital Corners)	Mercy Housing California VII, LP (Casa San Juan)	Somerset Senior Housing, LTD (Casitas de Merced)	Mercy Housing California II, LP (Columbia Park)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 101,515	\$ 90,422	\$ -	\$ 40,082	\$ 15,601	\$ -
Due to affiliates	1,670,160	20,000	185,092	-	20,557	75	-
Accrued interest	-	-	7,177	-	7,391	269,124	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	450,153	-	58,585	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1,325	21,689	-	5,113	73	-
Tenant security deposits	-	79,505	68,260	-	52,773	5,200	-
Total current liabilities	1,670,160	202,345	822,793	-	184,501	290,073	-
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	4,180,233	3,891,467	-	52,984	-	-
Accrued interest, affiliates	22,207	-	-	-	-	-	-
Notes payable, less current portion, net	-	6,635,103	9,083,174	-	1,541,306	611,470	-
Notes payable, less current portion, affiliates	955,833	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	960	-	-
Total long-term liabilities	978,040	10,815,336	12,974,641	-	1,595,250	611,470	-
<b>Total liabilities</b>	2,648,200	11,017,681	13,797,434	-	1,779,751	901,543	-
<b>Net assets</b>							
Unrestricted net assets, controlling	(1,092,093)	(7,790,716)	(2,661,993)	-	3,318,968	(178,525)	-
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(1,092,093)	(7,790,716)	(2,661,993)	-	3,318,968	(178,525)	-
Temporarily restricted net assets	183,664	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	(908,429)	(7,790,716)	(2,661,993)	-	3,318,968	(178,525)	-
<b>Total liabilities and net assets</b>	\$ 1,739,771	\$ 3,226,965	\$ 11,135,441	\$ -	\$ 5,098,719	\$ 723,018	\$ -

Mercy Properties, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado-I, LTD (Grace)	Mercy Housing California XI, LP (Madison Place)	Marlton Affordable Housing Associates (Marlton Manor)	Mason Apartments (Mason School Apts.)	Mercy Housing California V, LP (Mercy Village Folsom)	Park Terrace Apartments, LP	Quinn Cottages, LP (Quinn Cottages)
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 118,771	\$ 55,897	\$ 39,593	\$ 1,582,087	\$ -	\$ 39,100	\$ 21,731	\$ 17,740
Cash, tenant security deposits	22,745	10,947	30,091	38,334	-	48,881	31,716	3,253
Cash, restricted	-	-	-	300	-	4,211	400	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	4,086	1,102	9,540	8,617	-	5,457	10,374	65,347
Due from affiliate, net	-	-	-	3,595	-	-	-	-
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	10,409	12,871	18,465	55,344	-	21,381	16,585	19,044
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>156,011</b>	<b>80,817</b>	<b>97,689</b>	<b>1,688,277</b>	<b>-</b>	<b>119,030</b>	<b>80,806</b>	<b>105,384</b>
Property and equipment								
Land and land improvements	937,456	160,654	304,958	27,431	-	785,272	832,080	-
Buildings	6,416,446	3,097,753	4,065,905	14,551,358	-	10,468,064	5,017,713	3,306,463
Furniture and equipment	151,331	45,789	154,890	604,302	-	424,290	138,151	169,251
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(2,261,281)	(1,207,141)	(2,617,399)	(5,998,026)	-	(3,900,758)	(2,448,037)	(2,000,183)
<b>Net property and equipment</b>	<b>5,243,952</b>	<b>2,097,055</b>	<b>1,908,354</b>	<b>9,185,065</b>	<b>-</b>	<b>7,776,868</b>	<b>3,539,907</b>	<b>1,475,531</b>
Other long-term assets								
Restricted property reserves	227,881	38,794	157,590	1,011,845	-	369,774	544,716	135,524
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	63,571	29,044	22,441	108,431	-	108,710	60,015	-
<b>Total other long-term assets</b>	<b>291,452</b>	<b>67,838</b>	<b>180,031</b>	<b>1,120,276</b>	<b>-</b>	<b>478,484</b>	<b>604,731</b>	<b>135,524</b>
<b>Total assets</b>	<b>\$ 5,691,415</b>	<b>\$ 2,245,710</b>	<b>\$ 2,186,074</b>	<b>\$ 11,993,618</b>	<b>\$ -</b>	<b>\$ 8,374,382</b>	<b>\$ 4,225,444</b>	<b>\$ 1,716,439</b>

Mercy Properties, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado-I, LTD (Grace)	Mercy Housing California XI, LP (Madison Place)	Marlton Affordable Housing Associates (Marlton Manor)	Mason Apartments (Mason School Apts.)	Mercy Housing California V, LP (Mercy Village Folsom)	Park Terrace Apartments, LP	Quinn Cottages, LP (Quinn Cottages)
<b>Liabilities</b>								
Current liabilities								
Accounts payable and accrued expenses	\$ 26,242	\$ 81,211	\$ 44,748	\$ 117,486	\$ -	\$ 59,934	\$ 52,859	\$ 66,623
Due to affiliates	250,000	-	150,000	88,992	-	406,199	10,937	69,565
Accrued interest	18,210	2,355	2,201	14,600	-	150,803	1,593	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	30,236	3,363	21,262	321,945	-	70,831	82,197	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	(2)	6,235	4,536	2,804	-	1,923	12,913	3,742
Tenant security deposits	22,101	10,447	29,992	37,826	-	47,743	31,000	2,325
<b>Total current liabilities</b>	<b>346,787</b>	<b>103,611</b>	<b>252,739</b>	<b>583,653</b>	<b>-</b>	<b>737,433</b>	<b>191,499</b>	<b>142,255</b>
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	161,870	-	733,260	-	-	125,428	112,446	681,825
Accrued interest, affiliates	293,130	3,876	-	-	-	158,608	-	-
Notes payable, less current portion, net	1,941,185	386,400	1,113,382	2,423,224	-	4,507,643	1,190,811	1,644,000
Notes payable, less current portion, affiliates	774,312	1,330,000	-	-	-	1,361,970	-	-
Deferred revenue and other liabilities	228,956	198,542	-	-	-	100,000	-	-
<b>Total long-term liabilities</b>	<b>3,399,453</b>	<b>1,918,818</b>	<b>1,846,642</b>	<b>2,423,224</b>	<b>-</b>	<b>6,253,649</b>	<b>1,303,257</b>	<b>2,325,825</b>
<b>Total liabilities</b>	<b>3,746,240</b>	<b>2,022,429</b>	<b>2,099,381</b>	<b>3,006,877</b>	<b>-</b>	<b>6,991,082</b>	<b>1,494,756</b>	<b>2,468,080</b>
<b>Net assets</b>								
Unrestricted net assets, controlling	1,945,175	223,281	86,693	8,986,741	-	1,383,300	2,730,688	(751,641)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>1,945,175</b>	<b>223,281</b>	<b>86,693</b>	<b>8,986,741</b>	<b>-</b>	<b>1,383,300</b>	<b>2,730,688</b>	<b>(751,641)</b>
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>1,945,175</b>	<b>223,281</b>	<b>86,693</b>	<b>8,986,741</b>	<b>-</b>	<b>1,383,300</b>	<b>2,730,688</b>	<b>(751,641)</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,691,415</b>	<b>\$ 2,245,710</b>	<b>\$ 2,186,074</b>	<b>\$ 11,993,618</b>	<b>\$ -</b>	<b>\$ 8,374,382</b>	<b>\$ 4,225,444</b>	<b>\$ 1,716,439</b>

Mercy Properties, Inc.  
Consolidating Statement of Financial Position - Continued  
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	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing California VIII, LP (School House Station)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Arizona I, LP (Villas de Merced)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 118,791	\$ 57,303	\$ 38,257	\$ -	\$ 9,176	\$ 8,600	\$ 4,058	\$ 25,573
Cash, tenant security deposits	19,359	10,024	17,280	-	8,500	27,864	6,251	8,570
Cash, restricted	-	-	-	-	100	160	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	37,101	-	22,923	-	3,895	2,923	43,174	6,183
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	24,589	10,512	7,514	-	6,651	16,429	34,624	12,197
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>199,840</u>	<u>77,839</u>	<u>85,974</u>	<u>-</u>	<u>28,322</u>	<u>55,976</u>	<u>88,107</u>	<u>52,523</u>
Property and equipment								
Land and land improvements	-	145,725	-	-	516,164	891,045	644,491	1,064,406
Buildings	6,317,140	1,795,840	3,255,428	-	2,339,806	4,854,207	6,458,993	3,599,398
Furniture and equipment	253,376	6,718	36,234	-	112,257	218,085	166,493	173,936
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(1,926,719)</u>	<u>(1,153,462)</u>	<u>(1,618,716)</u>	<u>-</u>	<u>(1,246,056)</u>	<u>(4,450,232)</u>	<u>(3,159,500)</u>	<u>(1,616,424)</u>
Net property and equipment	<u>4,643,797</u>	<u>794,821</u>	<u>1,672,946</u>	<u>-</u>	<u>1,722,171</u>	<u>1,513,105</u>	<u>4,110,477</u>	<u>3,221,316</u>
Other long-term assets								
Restricted property reserves	247,664	175,596	406,716	-	105,906	185,058	62,879	180,666
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>7,363</u>	<u>-</u>	<u>4,513</u>	<u>-</u>	<u>2,207</u>	<u>5,106</u>	<u>250,236</u>	<u>32,072</u>
Total other long-term assets	<u>255,027</u>	<u>175,596</u>	<u>411,229</u>	<u>-</u>	<u>108,113</u>	<u>190,164</u>	<u>313,115</u>	<u>212,738</u>
<b>Total assets</b>	<u>\$ 5,098,664</u>	<u>\$ 1,048,256</u>	<u>\$ 2,170,149</u>	<u>\$ -</u>	<u>\$ 1,858,606</u>	<u>\$ 1,759,245</u>	<u>\$ 4,511,699</u>	<u>\$ 3,486,577</u>



Mercy Properties, Inc.  
Consolidating Statement of Financial Position - Continued  
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	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing California VIII, LP (School House Station)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Arizona I, LP (Villas de Merced)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)
<b>Liabilities</b>								
Current liabilities								
Accounts payable and accrued expenses	\$ 69,430	\$ 16,808	\$ 58,325	\$ -	\$ 41,378	\$ 39,584	\$ 113,912	\$ 61,793
Due to affiliates	249,185	39,512	5,000	-	27,718	73,570	283,903	140,905
Accrued interest	-	-	-	-	3,134	1,602	19,623	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	12,119	16,812	74,703	4,487
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,030,330	3,595	10,484	-	2,520	554	27,904	2,369
Tenant security deposits	18,565	9,524	16,780	-	8,077	27,196	5,751	7,968
Total current liabilities	1,367,510	69,439	90,589	-	94,946	159,318	525,796	217,522
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	561,459	1,099,722	1,349,209	-	-	1,480,260	249,517	-
Accrued interest, affiliates	-	-	-	-	10,684	-	191,044	-
Notes payable, less current portion, net	1,430,603	1,900,000	2,675,923	-	895,581	2,935,987	4,311,438	585,963
Notes payable, less current portion, affiliates	-	-	-	-	126,779	281,000	229,447	386,000
Deferred revenue and other liabilities	-	-	-	-	-	-	-	345,187
Total long-term liabilities	1,992,062	2,999,722	4,025,132	-	1,033,044	4,697,247	4,981,446	1,317,150
<b>Total liabilities</b>	3,359,572	3,069,161	4,115,721	-	1,127,990	4,856,565	5,507,242	1,534,672
<b>Net assets</b>								
Unrestricted net assets, controlling	1,739,092	(2,020,905)	(1,945,572)	-	730,616	(3,097,320)	(995,543)	1,951,905
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	1,739,092	(2,020,905)	(1,945,572)	-	730,616	(3,097,320)	(995,543)	1,951,905
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
<b>Total net assets</b>	1,739,092	(2,020,905)	(1,945,572)	-	730,616	(3,097,320)	(995,543)	1,951,905
<b>Total liabilities and net assets</b>	\$ 5,098,664	\$ 1,048,256	\$ 2,170,149	\$ -	\$ 1,858,606	\$ 1,759,245	\$ 4,511,699	\$ 3,486,577

Mercy Properties, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Colorado-IX, LLLP (Parkside Apartments)	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 77,508	\$ 54,316	\$ -	\$ 4,993	\$ -	\$ 20,600	\$ -	\$ 126,541
Cash, tenant security deposits	15,423	13,900	-	37,292	-	7,049	-	82,317
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	19,520	15,377	-	223,721	-	2,712	-	29,363
Due from affiliate, net	-	-	-	-	-	1,262	50,320	122
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	16,735	18,672	-	18,883	-	8,722	-	54,829
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	129,186	102,265	-	284,889	-	40,345	50,320	293,172
Property and equipment								
Land and land improvements	1,800,201	862,581	-	48,604	-	834,890	-	224,224
Buildings	7,358,475	7,156,523	-	3,523,784	-	3,908,377	-	10,318,618
Furniture and equipment	225,296	373,090	-	50,691	-	17,505	-	92,779
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(2,634,078)	(2,726,787)	-	(1,766,940)	-	(889,614)	-	(2,282,973)
Net property and equipment	6,749,894	5,665,407	-	1,856,139	-	3,871,158	-	8,352,648
Other long-term assets								
Restricted property reserves	123,836	352,997	-	355,035	-	124,273	-	731,636
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	49,876	-	(182)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	69,173	56,822	-	15,452	-	76,442	-	641,812
Total other long-term assets	193,009	409,819	-	370,487	49,876	200,715	(182)	1,373,448
<b>Total assets</b>	<u>\$ 7,072,089</u>	<u>\$ 6,177,491</u>	<u>\$ -</u>	<u>\$ 2,511,515</u>	<u>\$ 49,876</u>	<u>\$ 4,112,218</u>	<u>\$ 50,138</u>	<u>\$ 10,019,268</u>

Mercy Properties, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing Colorado-IX, LLLP (Parkside Apartments)	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)
<b>Liabilities</b>								
Current liabilities								
Accounts payable and accrued expenses	\$ 115,075	\$ 30,080	\$ -	\$ 252,608	\$ -	\$ 62,250	\$ -	\$ 178,928
Due to affiliates	22,879	20,000	17,914	45,187	53,786	44,526	110,473	164,874
Accrued interest	12,215	10,714	-	2,890	-	4,249	-	20,809
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	38,704	32,047	-	28,037	-	12,034	-	52,818
Current portion of notes payable, affiliates	-	-	-	40,000	-	142,640	-	-
Deferred revenue and other liabilities	11,430	22,553	-	2,821	-	4,640	-	16,136
Tenant security deposits	14,923	13,000	-	36,799	-	6,549	-	81,813
Total current liabilities	215,226	128,394	17,914	408,342	53,786	276,888	110,473	515,378
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	636,480
Accrued interest, affiliates	479,355	-	-	-	-	137,040	-	-
Notes payable, less current portion, net	1,952,887	2,772,336	-	3,838,244	-	645,824	-	6,676,449
Notes payable, less current portion, affiliates	2,283,443	28,950	-	-	-	489,778	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	4,715,685	2,801,286	-	3,838,244	-	1,272,642	-	7,312,929
<b>Total liabilities</b>	4,930,911	2,929,680	17,914	4,246,586	53,786	1,549,530	110,473	7,828,307
<b>Net assets</b>								
Unrestricted net assets, controlling	2,141,178	3,247,811	(17,914)	(1,735,071)	(3,910)	2,562,688	(60,335)	2,190,961
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	2,141,178	3,247,811	(17,914)	(1,735,071)	(3,910)	2,562,688	(60,335)	2,190,961
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
<b>Total net assets</b>	2,141,178	3,247,811	(17,914)	(1,735,071)	(3,910)	2,562,688	(60,335)	2,190,961
<b>Total liabilities and net assets</b>	\$ 7,072,089	\$ 6,177,491	\$ -	\$ 2,511,515	\$ 49,876	\$ 4,112,218	\$ 50,138	\$ 10,019,268

Mercy Properties, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing South Dakota I, LLC (Driftwood Estates)	Mercy Housing South Dakota II, LLC (Northern Heights)	Mercy Housing Colorado XI, LLC (Pinon Terrace)	Commons on Main GP, LLC	Commons on Main, LP	Aromor Mercy, LLC (Aromor Apts)	Mercy Galewood SLF, Inc.	FHD Holdings LLC
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 229,738	\$ 154,909	\$ 66,471	\$ -	\$ 60,592	\$ 94,993	\$ -	\$ 5,789
Cash, tenant security deposits	10,794	17,546	27,818	-	8,317	6,935	-	-
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	9,022	2,242	9,718	-	25,569	21,817	-	-
Due from affiliate, net	-	-	-	-	-	-	-	47,500
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	8,464	13,366	18,252	-	22,976	15,144	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>258,018</u>	<u>188,063</u>	<u>122,259</u>	<u>-</u>	<u>117,454</u>	<u>138,889</u>	<u>-</u>	<u>53,289</u>
Property and equipment								
Land and land improvements	614,740	804,386	1,645,782	-	76,315	762,319	-	-
Buildings	4,179,103	4,451,277	10,117,623	-	2,210,964	7,304,789	-	-
Furniture and equipment	266,701	189,210	170,331	-	26,008	537,590	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(1,257,201)	(1,256,246)	(2,084,666)	-	(216,993)	(1,236,605)	-	-
Net property and equipment	<u>3,803,343</u>	<u>4,188,627</u>	<u>9,849,070</u>	<u>-</u>	<u>2,096,294</u>	<u>7,368,093</u>	<u>-</u>	<u>-</u>
Other long-term assets								
Restricted property reserves	419,188	358,638	215,047	-	368,289	288,719	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	403,437
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	3,828,695	-	-	(47)	90,528
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	18,363	32,492	182,406	-	61,924	41,631	-	-
Total other long-term assets	<u>437,551</u>	<u>391,130</u>	<u>397,453</u>	<u>3,828,695</u>	<u>430,213</u>	<u>330,350</u>	<u>(47)</u>	<u>493,965</u>
<b>Total assets</b>	<u>\$ 4,498,912</u>	<u>\$ 4,767,820</u>	<u>\$ 10,368,782</u>	<u>\$ 3,828,695</u>	<u>\$ 2,643,961</u>	<u>\$ 7,837,332</u>	<u>\$ (47)</u>	<u>\$ 547,254</u>

Mercy Properties, Inc.  
Consolidating Statement of Financial Position - Continued  
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	Mercy Housing South Dakota I, LLC (Driftwood Estates)	Mercy Housing South Dakota II, LLC (Northern Heights)	Mercy Housing Colorado XI, LLC (Pinon Terrace)	Commons on Main GP, LLC	Commons on Main, LP	Aromor Mercy, LLC (Aromor Apts)	Mercy Galewood SLF, Inc.	FHD Holdings LLC
<b>Liabilities</b>								
Current liabilities								
Accounts payable and accrued expenses	\$ 86,951	\$ 104,899	\$ 44,217	\$ -	\$ 75,713	\$ 43,918	\$ -	\$ -
Due to affiliates	76,624	114,937	19,840	75,055	323,776	21,789	5,685	-
Accrued interest	9,012	4,628	3,917	-	195	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	57,668	10,766	10,079	-	4,766	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	190,591	-	-	-
Deferred revenue and other liabilities	41,183	2,817	6,501	-	795	5,423	-	1
Tenant security deposits	10,511	16,966	27,317	-	7,817	6,138	-	-
<b>Total current liabilities</b>	<b>281,949</b>	<b>255,013</b>	<b>111,871</b>	<b>75,055</b>	<b>603,653</b>	<b>77,268</b>	<b>5,685</b>	<b>1</b>
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	9,288	-	28,164	-	-	-
Accrued interest, affiliates	347,569	62,221	195,528	-	-	465,828	-	-
Notes payable, less current portion, net	1,017,992	739,900	954,544	-	422,716	-	-	-
Notes payable, less current portion, affiliates	1,271,688	902,974	1,057,500	-	-	2,551,500	-	-
Deferred revenue and other liabilities	-	-	-	-	138,681	-	-	-
<b>Total long-term liabilities</b>	<b>2,637,249</b>	<b>1,705,095</b>	<b>2,216,860</b>	<b>-</b>	<b>589,561</b>	<b>3,017,328</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,919,198</b>	<b>1,960,108</b>	<b>2,328,731</b>	<b>75,055</b>	<b>1,193,214</b>	<b>3,094,596</b>	<b>5,685</b>	<b>1</b>
<b>Net assets</b>								
Unrestricted net assets, controlling	1,579,714	2,807,712	8,040,051	3,753,640	1,450,747	4,742,736	(5,732)	547,253
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>1,579,714</b>	<b>2,807,712</b>	<b>8,040,051</b>	<b>3,753,640</b>	<b>1,450,747</b>	<b>4,742,736</b>	<b>(5,732)</b>	<b>547,253</b>
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>1,579,714</b>	<b>2,807,712</b>	<b>8,040,051</b>	<b>3,753,640</b>	<b>1,450,747</b>	<b>4,742,736</b>	<b>(5,732)</b>	<b>547,253</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,498,912</b>	<b>\$ 4,767,820</b>	<b>\$ 10,368,782</b>	<b>\$ 3,828,695</b>	<b>\$ 2,643,961</b>	<b>\$ 7,837,332</b>	<b>\$ (47)</b>	<b>\$ 547,254</b>

Mercy Properties, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Franciscan Homes III, LP	Franciscan Homes IV, LP	Eliminations	Consolidated Mercy Properties, Inc.
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 14,710	\$ 22,385	\$ -	\$ 3,422,280
Cash, tenant security deposits	5,522	4,775	-	727,504
Cash, restricted	-	-	-	5,471
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	5,144	18,925	-	632,123
Due from affiliate, net	-	-	(749,962)	44,404
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	9,794	13,329	-	573,648
Inventory	-	-	-	-
Assets held for sale	-	-	-	638,515
Total current assets	<u>35,170</u>	<u>59,414</u>	<u>(749,962)</u>	<u>6,043,945</u>
Property and equipment				
Land and land improvements	42,857	43,481	-	16,720,402
Buildings	-	-	(17,003)	168,898,710
Furniture and equipment	-	-	-	5,637,675
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	-	3,169	(72,168,899)
Net property and equipment	<u>42,857</u>	<u>43,481</u>	<u>(13,834)</u>	<u>119,087,888</u>
Other long-term assets				
Restricted property reserves	49,339	23,805	-	9,683,256
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	(403,437)	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net.	-	-	(4,695,875)	42,841
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	(281,000)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	1,969	-	2,029,493
Total other long-term assets	<u>49,339</u>	<u>25,774</u>	<u>(5,380,312)</u>	<u>11,755,590</u>
<b>Total assets</b>	<u>\$ 127,366</u>	<u>\$ 128,669</u>	<u>\$ (6,144,108)</u>	<u>\$ 136,887,423</u>

Mercy Properties, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Franciscan Homes III, LP	Franciscan Homes IV, LP	Eliminations	Consolidated Mercy Properties, Inc.
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued expenses	\$ 67,435	\$ 72,988	\$ -	\$ 2,233,015
Due to affiliates	429,472	745,157	(1,751,419)	4,231,925
Accrued interest	-	453	-	566,895
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	8,000	8,325	-	1,409,937
Current portion of notes payable, affiliates	53,389	-	-	426,620
Deferred revenue and other liabilities	165	15,051	1	1,267,624
Tenant security deposits	4,818	4,275	-	711,959
Total current liabilities	563,279	846,249	(1,751,418)	10,847,975
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	142,637	706,331	-	16,202,580
Accrued interest, affiliates	-	-	(103,105)	2,263,985
Notes payable, less current portion, net	1,144,735	1,587,890	-	67,566,710
Notes payable, less current portion, affiliates	355,478	167,410	(1,300,258)	13,253,804
Deferred revenue and other liabilities	-	88,831	(88,831)	1,012,326
Total long-term liabilities	1,642,850	2,550,462	(1,492,194)	100,299,405
<b>Total liabilities</b>	2,206,129	3,396,711	(3,243,612)	111,147,380
<b>Net assets</b>				
Unrestricted net assets, controlling	(2,078,763)	(3,268,042)	(2,900,496)	25,556,379
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(2,078,763)	(3,268,042)	(2,900,496)	25,556,379
Temporarily restricted net assets	-	-	-	183,664
Permanently restricted net assets	-	-	-	-
<b>Total net assets</b>	(2,078,763)	(3,268,042)	(2,900,496)	25,740,043
<b>Total liabilities and net assets</b>	\$ 127,366	\$ 128,669	\$ (6,144,108)	\$ 136,887,423

Mercy Properties, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	Mercy Properties, Inc.	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing Nebraska I, LTD (Capital Corners)	Mercy Housing California VII, LP (Casa San Juan)	Somerset Senior Housing, LTD (Casitas de Merced)	Mercy Housing California II, LP (Columbia Park)
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 1,159,372	\$ 1,459,380	\$ 95,338	\$ 743,693	\$ 127,743	\$ 384,773
Developer fees	-	-	-	-	-	-	-
Services fees	375,560	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	35,042	3,391	1,178	39	229	60	188
Other	23,212	45,208	24,437	1,683	16,213	681	8,170
<b>Total revenues</b>	<b>433,814</b>	<b>1,207,971</b>	<b>1,484,995</b>	<b>97,060</b>	<b>760,135</b>	<b>128,484</b>	<b>393,131</b>
<b>Expenses and losses</b>							
Compensation	-	395,614	243,370	15,822	101,004	26,632	60,009
Administrative	596,475	145,492	128,236	16,253	86,357	22,185	55,157
Professional services	2,751	91,943	20,017	4,422	63,168	10,016	38,722
Depreciation and amortization	-	293,677	585,724	17,172	302,229	53,634	154,151
Grants	28,211	-	-	-	-	-	-
Facility	-	475,444	485,704	37,519	312,775	57,613	96,509
Interest and fees	28,544	199,123	374,482	24,032	98,236	21,584	123,744
Bad debts	(19,002)	822	74,717	326	2,209	69	-
Provision for impaired assets	32,007	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(22,497)	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	6,700	-	-	-	-	-	-
<b>Total expenses and losses</b>	<b>653,189</b>	<b>1,602,115</b>	<b>1,912,250</b>	<b>115,546</b>	<b>965,978</b>	<b>191,733</b>	<b>528,292</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(219,375)</b>	<b>(394,144)</b>	<b>(427,255)</b>	<b>(18,486)</b>	<b>(205,843)</b>	<b>(63,249)</b>	<b>(135,161)</b>
Net assets at beginning of year	(608,016)	(7,396,572)	(2,234,738)	534,582	3,524,811	(115,276)	(229,323)
Other transfers to (from) net assets	(81,038)	-	-	(516,096)	-	-	364,484
<b>Net assets at end of year</b>	<b>\$ (908,429)</b>	<b>\$ (7,790,716)</b>	<b>\$ (2,661,993)</b>	<b>\$ -</b>	<b>\$ 3,318,968</b>	<b>\$ (178,525)</b>	<b>\$ -</b>



Mercy Properties, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado-I, LTD (Grace)	Mercy Housing California XI, LP (Madison Place)	Marlton Affordable Housing Associates (Marlton Manor)	Mason Apartments (Mason School Apts.)	Mercy Housing California V, LP (Mercy Village Folsom)	Park Terrace Apartments, LP	Quinn Cottages, LP (Quinn Cottages)
<b>Revenues</b>								
Rent - net of vacancies	\$ 363,264	\$ 448,197	\$ 334,792	\$ 2,494,205	\$ -	\$ 579,889	\$ 420,458	\$ 256,644
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	118	25	113	18,671	-	672	61,057	6
Other	9,524	16,069	16,035	25,010	176	10,964	7,406	98,810
<b>Total revenues</b>	<b>372,906</b>	<b>464,291</b>	<b>350,940</b>	<b>2,537,886</b>	<b>176</b>	<b>591,525</b>	<b>488,921</b>	<b>355,460</b>
<b>Expenses and losses</b>								
Compensation	84,706	132,108	83,457	618,884	-	97,670	94,870	154,799
Administrative	66,184	57,920	52,726	356,059	1,304	81,398	69,601	56,493
Professional services	8,554	33,865	9,965	35,425	-	66,027	75,631	20,198
Depreciation and amortization	288,265	124,966	177,796	550,068	-	473,330	204,500	126,180
Grants	-	-	-	-	-	-	-	-
Facility	102,887	194,436	136,143	578,382	(239)	150,717	159,087	120,636
Interest and fees	119,345	29,500	101,139	169,647	382	171,848	31,309	42,120
Bad debts	2,357	1,579	-	355	-	3,631	882	74
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<b>672,298</b>	<b>574,374</b>	<b>561,226</b>	<b>2,308,820</b>	<b>1,447</b>	<b>1,044,621</b>	<b>635,880</b>	<b>520,500</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(299,392)</b>	<b>(110,083)</b>	<b>(210,286)</b>	<b>229,066</b>	<b>(1,271)</b>	<b>(453,096)</b>	<b>(146,959)</b>	<b>(165,040)</b>
Net assets at beginning of year	2,244,567	333,364	296,979	9,016,859	1,271	1,836,396	2,877,647	(586,601)
Other transfers to (from) net assets	-	-	-	(259,184)	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ 1,945,175</b>	<b>\$ 223,281</b>	<b>\$ 86,693</b>	<b>\$ 8,986,741</b>	<b>\$ -</b>	<b>\$ 1,383,300</b>	<b>\$ 2,730,688</b>	<b>\$ (751,641)</b>

Mercy Properties, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing California VIII, LP (School House Station)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Arizona I, LP (Villas de Merced)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)
<b>Revenues</b>								
Rent - net of vacancies	\$ 832,897	\$ 185,655	\$ 281,248	\$ 241,498	\$ 202,250	\$ 334,247	\$ 755,836	\$ 316,853
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	23,919	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	63	57	34	127	40	698	48	163
Other	63,471	6,445	91,968	6,729	1,875	3,319	21,883	8,292
<b>Total revenues</b>	<b>920,350</b>	<b>192,157</b>	<b>373,250</b>	<b>248,354</b>	<b>204,165</b>	<b>338,264</b>	<b>777,767</b>	<b>325,308</b>
<b>Expenses and losses</b>								
Compensation	327,012	38,007	83,154	35,056	29,549	81,054	149,537	81,574
Administrative	139,128	31,099	46,287	47,434	43,207	46,115	100,168	46,069
Professional services	99,005	8,545	25,575	13,136	8,988	12,840	15,644	23,537
Depreciation and amortization	134,734	32,559	91,472	62,022	107,618	191,251	247,180	171,693
Grants	-	-	-	3,487,631	-	-	-	-
Facility	220,695	66,890	122,355	61,148	74,549	188,567	307,950	179,458
Interest and fees	33,643	57,770	80,162	93,230	39,224	105,433	286,014	3,904
Bad debts	869	-	-	-	139	1,413	13,924	7,426
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	(1,389,647)	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<b>955,086</b>	<b>234,870</b>	<b>449,005</b>	<b>2,410,010</b>	<b>303,274</b>	<b>626,673</b>	<b>1,120,417</b>	<b>513,661</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(34,736)</b>	<b>(42,713)</b>	<b>(75,755)</b>	<b>(2,161,656)</b>	<b>(99,109)</b>	<b>(288,409)</b>	<b>(342,650)</b>	<b>(188,353)</b>
Net assets at beginning of year	1,773,828	(1,978,192)	(1,869,817)	2,506,487	829,725	(2,808,911)	(652,893)	2,140,258
Other transfers to (from) net assets	-	-	-	(344,831)	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ 1,739,092</b>	<b>\$ (2,020,905)</b>	<b>\$ (1,945,572)</b>	<b>\$ -</b>	<b>\$ 730,616</b>	<b>\$ (3,097,320)</b>	<b>\$ (995,543)</b>	<b>\$ 1,951,905</b>

Mercy Properties, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Mercy Housing Colorado-IX, LLLP (Parkside Apartments)	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)
<b>Revenues</b>								
Rent - net of vacancies	\$ 521,929	\$ 656,074	\$ -	\$ 464,346	\$ -	\$ 247,027	\$ -	\$ 1,248,819
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	15,000	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	44	124	-	654	-	18	-	102,338
Other	10,879	8,834	-	46,468	-	19,585	-	65,958
<b>Total revenues</b>	<b>532,852</b>	<b>665,032</b>	<b>-</b>	<b>511,468</b>	<b>-</b>	<b>266,630</b>	<b>15,000</b>	<b>1,417,115</b>
<b>Expenses and losses</b>								
Compensation	74,226	112,623	-	59,051	-	50,221	-	169,720
Administrative	91,385	125,342	-	63,075	8,400	41,313	41,209	248,427
Professional services	15,751	61,650	1,465	12,655	1,099	19,431	1,141	62,437
Depreciation and amortization	349,161	288,550	-	78,659	-	177,068	-	437,050
Grants	-	-	35,000	-	-	-	-	-
Facility	187,686	148,754	-	205,837	-	95,296	-	651,231
Interest and fees	212,973	134,666	826	39,143	267	79,907	340	383,310
Bad debts	4,919	922	-	14,322	-	7,818	-	3,565
Provision for impaired assets	-	-	(34,868)	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	(114,533)	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	(153)	-	20	-	54	-
<b>Total expenses and losses</b>	<b>936,101</b>	<b>872,507</b>	<b>2,270</b>	<b>358,209</b>	<b>9,786</b>	<b>471,054</b>	<b>42,744</b>	<b>1,955,740</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(403,249)</b>	<b>(207,475)</b>	<b>(2,270)</b>	<b>153,259</b>	<b>(9,786)</b>	<b>(204,424)</b>	<b>(27,744)</b>	<b>(538,625)</b>
Net assets at beginning of year	2,544,427	3,483,528	(15,644)	(1,853,330)	5,876	2,767,112	(32,591)	2,729,586
Other transfers to (from) net assets	-	(28,242)	-	(35,000)	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ 2,141,178</b>	<b>\$ 3,247,811</b>	<b>\$ (17,914)</b>	<b>\$ (1,735,071)</b>	<b>\$ (3,910)</b>	<b>\$ 2,562,688</b>	<b>\$ (60,335)</b>	<b>\$ 2,190,961</b>

Mercy Properties, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Mercy Housing South Dakota I, LLC (Driftwood Estates)	Mercy Housing South Dakota II, LLC (Northern Heights)	Mercy Housing Colorado XI, LLC (Pinon Terrace)	Commons on Main GP, LLC	Commons on Main, LP	Aromor Mercy, LLC (Aromor Apts)	Mercy Galewood SLF, Inc.	FHD Holdings LLC
<b>Revenues</b>								
Rent - net of vacancies	\$ 558,755	\$ 592,240	\$ 465,337	\$ -	\$ 338,725	\$ 488,270	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	9,500
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	189	165	218	-	17	13	-	-
Other	7,774	10,277	17,050	-	128,811	12,405	-	-
<b>Total revenues</b>	<b>566,718</b>	<b>602,682</b>	<b>482,605</b>	<b>-</b>	<b>467,553</b>	<b>500,688</b>	<b>-</b>	<b>9,500</b>
<b>Expenses and losses</b>								
Compensation	84,272	107,481	107,700	-	130,429	184,832	-	-
Administrative	108,315	112,092	83,263	14,000	101,823	85,089	-	1
Professional services	12,633	13,563	47,426	1,006	13,860	11,893	933	156
Depreciation and amortization	201,069	204,900	394,228	-	111,421	347,562	-	-
Grants	-	-	-	-	-	-	-	-
Facility	188,662	220,775	151,752	-	163,484	124,065	-	-
Interest and fees	149,281	103,052	121,188	330	6,981	112,394	249	(62)
Bad debts	261	731	12,741	-	6,516	2,019	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	7	-	-	(2,894)	404
<b>Total expenses and losses</b>	<b>744,493</b>	<b>762,594</b>	<b>918,298</b>	<b>15,343</b>	<b>534,514</b>	<b>867,854</b>	<b>(1,712)</b>	<b>499</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(177,775)</b>	<b>(159,912)</b>	<b>(435,693)</b>	<b>(15,343)</b>	<b>(66,961)</b>	<b>(367,166)</b>	<b>1,712</b>	<b>9,001</b>
Net assets at beginning of year	1,757,489	2,967,624	8,475,744	3,768,983	1,517,708	5,109,902	(7,444)	538,252
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ 1,579,714</b>	<b>\$ 2,807,712</b>	<b>\$ 8,040,051</b>	<b>\$ 3,753,640</b>	<b>\$ 1,450,747</b>	<b>\$ 4,742,736</b>	<b>\$ (5,732)</b>	<b>\$ 547,253</b>

Mercy Properties, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Franciscan Homes III, LP	Franciscan Homes IV, LP	Eliminations	Consolidated Mercy Properties, Inc.
<b>Revenues</b>				
Rent - net of vacancies	\$ 147,931	\$ 157,148	\$ -	\$ 17,904,833
Developer fees	-	-	-	-
Services fees	-	-	(390,525)	9,535
Philanthropy	-	-	-	23,919
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	15	3	(20,612)	205,205
Other	74,963	74,941	(22,000)	963,525
<b>Total revenues</b>	<u>222,909</u>	<u>232,092</u>	<u>(433,137)</u>	<u>19,107,017</u>
<b>Expenses and losses</b>				
Compensation	65,305	64,892	-	4,144,640
Administrative	53,421	47,253	(390,529)	3,125,226
Professional services	12,756	10,226	-	988,055
Depreciation and amortization	-	464	(618)	6,979,735
Grants	-	-	-	3,550,842
Facility	94,519	105,932	-	6,467,218
Interest and fees	21,463	121,181	(20,612)	3,701,292
Bad debts	3,564	4,685	-	153,853
Provision for impaired assets	-	-	14,256	11,395
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	22,497	(1,504,180)
(Gain) loss on investment in limited partnership	-	-	(7,029)	(2,891)
<b>Total expenses and losses</b>	<u>251,028</u>	<u>354,633</u>	<u>(382,035)</u>	<u>27,615,185</u>
<b>Excess (deficiency) of revenues over expenses</b>	(28,119)	(122,541)	(51,102)	(8,508,168)
Net assets at beginning of year	(2,050,644)	(3,145,501)	(2,821,387)	35,176,125
Other transfers to (from) net assets	-	-	(28,007)	(927,914)
<b>Net assets at end of year</b>	<u>\$ (2,078,763)</u>	<u>\$ (3,268,042)</u>	<u>\$ (2,900,496)</u>	<u>\$ 25,740,043</u>

Mercy Properties II, Inc.  
Consolidating Statement of Financial Position  
December 31, 2012

	Mercy Properties II, Inc.	Mercy Housing Utah I, LP (Francis Peak View)	Mercy Housing Idaho IV, LP (Skyview Terrace)	Mercy Housing Idaho V, LP (Sisters Villa)	Eliminations	Consolidated Mercy Properties II, Inc.
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ -	\$ 235,591	\$ 455	\$ 14,319	\$ -	\$ 250,365
Cash, tenant security deposits	-	33,067	12,279	15,900	-	61,246
Cash, restricted	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	8,029	2,368	481	-	10,878
Due from affiliate, net	57,298	50	-	-	(57,298)	50
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	-	25,352	14,576	9,823	-	49,751
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
<b>Total current assets</b>	<b>57,298</b>	<b>302,089</b>	<b>29,678</b>	<b>40,523</b>	<b>(57,298)</b>	<b>372,290</b>
Property and equipment						
Land and land improvements	-	1,190,644	64,487	1,009,290	-	2,264,421
Buildings	-	6,730,268	3,045,842	3,887,488	-	13,663,598
Furniture and equipment	-	215,630	261,391	48,644	-	525,665
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	-	(2,901,111)	(1,886,464)	(1,480,426)	-	(6,268,001)
<b>Net property and equipment</b>	<b>-</b>	<b>5,235,431</b>	<b>1,485,256</b>	<b>3,464,996</b>	<b>-</b>	<b>10,185,683</b>
Other long-term assets						
Restricted property reserves	-	304,706	94,094	167,270	-	566,070
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net.	(365)	-	-	-	365	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	26,261	2,047	82,182	-	110,490
<b>Total other long-term assets</b>	<b>(365)</b>	<b>330,967</b>	<b>96,141</b>	<b>249,452</b>	<b>365</b>	<b>676,560</b>
<b>Total assets</b>	<b>\$ 56,933</b>	<b>\$ 5,868,487</b>	<b>\$ 1,611,075</b>	<b>\$ 3,754,971</b>	<b>\$ (56,933)</b>	<b>\$ 11,234,533</b>

Mercy Properties II, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Properties II, Inc.	Mercy Housing Utah I, LP (Francis Peak View)	Mercy Housing Idaho IV, LP (Skyview Terrace)	Mercy Housing Idaho V, LP (Sisters Villa)	Eliminations	Consolidated Mercy Properties II, Inc.
<b>Liabilities</b>						
Current liabilities						
Accounts payable and accrued expenses	\$ -	\$ 30,836	\$ 69,366	\$ 65,699	\$ -	\$ 165,901
Due to affiliates	168,710	20,832	182,313	18,058	(86,969)	302,944
Accrued interest	-	36,661	3,956	6,519	-	47,136
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	78,243	20,227	17,603	-	116,073
Current portion of notes payable, affiliates	-	-	20,000	-	-	20,000
Deferred revenue and other liabilities	-	5,503	2,510	1,123	-	9,136
Tenant security deposits	-	32,600	11,875	15,400	-	59,875
Total current liabilities	168,710	204,675	310,247	124,402	(86,969)	721,065
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	8,000	70,744	-	-	78,744
Accrued interest, affiliates	-	-	99,350	35,285	-	134,635
Notes payable, less current portion, net	-	3,963,444	1,088,557	1,776,118	-	6,828,119
Notes payable, less current portion, affiliates	-	-	628,482	414,246	-	1,042,728
Deferred revenue and other liabilities	-	-	-	-	-	-
Total long-term liabilities	-	3,971,444	1,887,133	2,225,649	-	8,084,226
<b>Total liabilities</b>	168,710	4,176,119	2,197,380	2,350,051	(86,969)	8,805,291
<b>Net assets</b>						
Unrestricted net assets, controlling	(111,777)	1,692,368	(586,305)	1,404,920	30,036	2,429,242
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	(111,777)	1,692,368	(586,305)	1,404,920	30,036	2,429,242
Temporarily restricted net assets	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
<b>Total net assets</b>	(111,777)	1,692,368	(586,305)	1,404,920	30,036	2,429,242
<b>Total liabilities and net assets</b>	\$ 56,933	\$ 5,868,487	\$ 1,611,075	\$ 3,754,971	\$ (56,933)	\$ 11,234,533

Mercy Properties II, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	Mercy Properties II, Inc.	Mercy Housing Utah I, LP (Francis Peak View)	Mercy Housing Idaho IV, LP (Skyview Terrace)	Mercy Housing Idaho V, LP (Sisters Villa)	Eliminations	Consolidated Mercy Properties II, Inc.
<b>Revenues</b>						
Rent - net of vacancies	\$ -	\$ 848,839	\$ 268,721	\$ 312,995	\$ -	\$ 1,430,555
Developer fees	-	-	-	-	-	-
Services fees	30,714	-	-	-	(30,714)	-
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	-	412	41	136	-	589
Other	-	19,770	10,183	3,139	-	33,092
<b>Total revenues</b>	<u>30,714</u>	<u>869,021</u>	<u>278,945</u>	<u>316,270</u>	<u>(30,714)</u>	<u>1,464,236</u>
<b>Expenses and losses</b>						
Compensation	-	145,341	79,459	63,493	-	288,293
Administrative	39,223	146,795	57,018	58,870	(30,713)	271,193
Professional services	1,091	51,966	10,021	10,979	-	74,057
Depreciation and amortization	-	304,250	111,201	158,043	-	573,494
Grants	-	-	-	-	-	-
Facility	-	191,729	136,990	102,409	-	431,128
Interest and fees	2,872	206,078	59,993	81,653	-	350,596
Bad debts	-	874	2,810	-	-	3,684
Provision for impaired assets	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	52	-	-	-	(52)	-
<b>Total expenses and losses</b>	<u>43,238</u>	<u>1,047,033</u>	<u>457,492</u>	<u>475,447</u>	<u>(30,765)</u>	<u>1,992,445</u>
<b>Excess (deficiency) of revenues over expenses</b>	(12,524)	(178,012)	(178,547)	(159,177)	51	(528,209)
Net assets at beginning of year	(99,253)	1,890,113	(407,758)	1,564,097	29,985	2,977,184
Other transfers to (from) net assets	-	(19,733)	-	-	-	(19,733)
<b>Net assets at end of year</b>	<u>\$ (111,777)</u>	<u>\$ 1,692,368</u>	<u>\$ (586,305)</u>	<u>\$ 1,404,920</u>	<u>\$ 30,036</u>	<u>\$ 2,429,242</u>



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2101 Telegraph Avenue Housing, Inc.  
Consolidating Statement of Financial Position  
December 31, 2012

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ 305,632	\$ -	\$ 305,632
Cash, tenant security deposits	-	22,191	-	22,191
Cash, restricted	-	13,263	-	13,263
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	19,290	-	19,290
Due from affiliate, net	1,250	758	(1,250)	758
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	-	28,825	-	28,825
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>1,250</u>	<u>389,959</u>	<u>(1,250)</u>	<u>389,959</u>
Property and equipment				
Land and land improvements	-	540,834	-	540,834
Buildings	-	9,366,212	-	9,366,212
Furniture and equipment	-	254,260	-	254,260
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(5,498,024)	-	(5,498,024)
Net property and equipment	<u>-</u>	<u>4,663,282</u>	<u>-</u>	<u>4,663,282</u>
Other long-term assets				
Restricted property reserves	-	907,591	-	907,591
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net.	(83,351)	-	83,351	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	312,391	-	(312,391)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	6,605	-	6,605
Total other long-term assets	<u>229,040</u>	<u>914,196</u>	<u>(229,040)</u>	<u>914,196</u>
<b>Total assets</b>	<u>\$ 230,290</u>	<u>\$ 5,967,437</u>	<u>\$ (230,290)</u>	<u>\$ 5,967,437</u>

2101 Telegraph Avenue Housing, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 165,880	\$ -	\$ 165,880
Due to affiliates	69,768	5,000	(5,000)	69,768
Accrued interest	-	-	-	-
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	1	21,883	-	21,884
Tenant security deposits	-	21,766	-	21,766
Total current liabilities	69,769	214,529	(5,000)	279,298
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	2,810,600	-	2,810,600
Accrued interest, affiliates	-	169,172	(169,172)	-
Notes payable, less current portion, net	-	3,532,176	-	3,532,176
Notes payable, less current portion, affiliates	-	424,120	(424,120)	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	6,936,068	(593,292)	6,342,776
<b>Total liabilities</b>	69,769	7,150,597	(598,292)	6,622,074
<b>Net assets</b>				
Unrestricted net assets, controlling	160,521	(1,183,160)	368,002	(654,637)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	160,521	(1,183,160)	368,002	(654,637)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
<b>Total net assets</b>	160,521	(1,183,160)	368,002	(654,637)
<b>Total liabilities and net assets</b>	\$ 230,290	\$ 5,967,437	\$ (230,290)	\$ 5,967,437

2101 Telegraph Avenue Housing, Inc.  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
<b>Revenues</b>				
Rent - net of vacancies	\$ -	\$ 956,764	\$ -	\$ 956,764
Developer fees	-	-	-	-
Services fees	10,000	-	(10,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	14,527	862	(14,527)	862
Other	-	26,003	-	26,003
<b>Total revenues</b>	<u>24,527</u>	<u>983,629</u>	<u>(24,527)</u>	<u>983,629</u>
<b>Expenses and losses</b>				
Compensation	-	340,204	-	340,204
Administrative	18,601	153,595	(10,000)	162,196
Professional services	561	86,766	-	87,327
Depreciation and amortization	-	353,688	-	353,688
Grants	-	-	-	-
Facility	-	272,251	-	272,251
Interest and fees	798	190,581	(14,527)	176,852
Bad debts	-	16,177	-	16,177
Provision for impaired assets	14,527	-	(14,527)	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	4,296	-	(4,296)	-
<b>Total expenses and losses</b>	<u>38,783</u>	<u>1,413,262</u>	<u>(43,350)</u>	<u>1,408,695</u>
<b>Excess (deficiency) of revenues over expenses</b>	(14,256)	(429,633)	18,823	(425,066)
Net assets at beginning of year	174,777	(753,527)	349,179	(229,571)
Other transfers to (from) net assets	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ 160,521</u>	<u>\$ (1,183,160)</u>	<u>\$ 368,002</u>	<u>\$ (654,637)</u>

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McDermott Place  
Consolidating Statement of Financial Position  
December 31, 2012

	McDermott Place	Bishop's Block	Eliminations	Consolidated McDermott Place
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ 10,362	\$ -	\$ 10,362
Cash, tenant security deposits	-	12,684	-	12,684
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	6,577	-	6,577
Due from affiliate, net	23,934	-	(23,934)	-
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	-	8,134	-	8,134
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>23,934</u>	<u>37,757</u>	<u>(23,934)</u>	<u>37,757</u>
Property and equipment				
Land and land improvements	-	66,022	-	66,022
Buildings	-	1,070,861	-	1,070,861
Furniture and equipment	-	49,456	-	49,456
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(784,328)	-	(784,328)
Net property and equipment	<u>-</u>	<u>402,011</u>	<u>-</u>	<u>402,011</u>
Other long-term assets				
Restricted property reserves	-	86,727	-	86,727
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net.	(986,852)	-	986,852	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	17,444	-	17,444
Total other long-term assets	<u>(986,852)</u>	<u>104,171</u>	<u>986,852</u>	<u>104,171</u>
<b>Total assets</b>	<u>\$ (962,918)</u>	<u>\$ 543,939</u>	<u>\$ 962,918</u>	<u>\$ 543,939</u>

McDermott Place  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	McDermott Place	Bishop's Block	Eliminations	Consolidated McDermott Place
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 35,134	\$ -	\$ 35,134
Due to affiliates	80,392	235,076	(68,934)	246,534
Accrued interest	-	1,586	-	1,586
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	108,702	-	108,702
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	(1)	129,286	-	129,285
Tenant security deposits	-	12,184	-	12,184
Total current liabilities	80,391	521,968	(68,934)	533,425
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	252,574	-	252,574
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	955,662	-	955,662
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	1,208,236	-	1,208,236
<b>Total liabilities</b>	80,391	1,730,204	(68,934)	1,741,661
<b>Net assets</b>				
Unrestricted net assets, controlling	(1,043,309)	(1,186,265)	1,031,852	(1,197,722)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(1,043,309)	(1,186,265)	1,031,852	(1,197,722)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
<b>Total net assets</b>	(1,043,309)	(1,186,265)	1,031,852	(1,197,722)
<b>Total liabilities and net assets</b>	\$ (962,918)	\$ 543,939	\$ 962,918	\$ 543,939

McDermott Place  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	McDermott Place	Bishop's Block	Eliminations	Consolidated McDermott Place
<b>Revenues</b>				
Rent - net of vacancies	\$ -	\$ 212,793	\$ -	\$ 212,793
Developer fees	-	-	-	-
Services fees	6,030	-	(6,030)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	82	-	82
Other	-	7,928	-	7,928
<b>Total revenues</b>	<u>6,030</u>	<u>220,803</u>	<u>(6,030)</u>	<u>220,803</u>
<b>Expenses and losses</b>				
Compensation	-	52,121	-	52,121
Administrative	6,399	52,583	(6,030)	52,952
Professional services	1,081	9,012	-	10,093
Depreciation and amortization	-	10,113	-	10,113
Grants	-	-	-	-
Facility	-	111,244	-	111,244
Interest and fees	2,058	37,252	-	39,310
Bad debts	-	2,681	-	2,681
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	5	-	(5)	-
<b>Total expenses and losses</b>	<u>9,543</u>	<u>275,006</u>	<u>(6,035)</u>	<u>278,514</u>
<b>Excess (deficiency) of revenues over expenses</b>	(3,513)	(54,203)	5	(57,711)
Net assets at beginning of year	(1,039,796)	(1,132,062)	1,031,847	(1,140,011)
Other transfers to (from) net assets	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ (1,043,309)</u>	<u>\$ (1,186,265)</u>	<u>\$ 1,031,852</u>	<u>\$ (1,197,722)</u>



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South of Market Mercy Housing  
Consolidating Statement of Financial Position  
December 31, 2012

	South of Market Mercy Housing	1028 Howard Street Associates, LP (1028 Howard St Apts.)	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)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 60,263	\$ 318,906	\$ 81,639	\$ 111,881	\$ 21,461	\$ 61,592
Cash, tenant security deposits	-	27,302	26,375	28,870	54,835	36,613	8,388
Cash, restricted	-	-	-	-	500	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	459	1,682	69,642	12,922	-
Due from affiliate, net	204,474	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	14,899	14,452	15,482	19,015	13,176	3,016
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>204,474</b>	<b>102,464</b>	<b>360,192</b>	<b>127,673</b>	<b>255,873</b>	<b>84,172</b>	<b>72,996</b>
Property and equipment							
Land and land improvements	-	-	807,358	233,860	835,000	913,787	568,985
Buildings	-	5,714,736	5,166,111	3,595,868	5,134,456	4,537,549	1,946,483
Furniture and equipment	-	97,715	122,921	115,862	77,931	148,369	21,527
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(3,681,919)	(2,435,987)	(2,304,230)	(2,790,231)	(2,327,639)	(944,839)
<b>Net property and equipment</b>	<b>-</b>	<b>2,130,532</b>	<b>3,660,403</b>	<b>1,641,360</b>	<b>3,257,156</b>	<b>3,272,066</b>	<b>1,592,156</b>
Other long-term assets							
Restricted property reserves	-	36,339	35,988	158,409	190,136	442,597	190,617
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	(15,378,388)	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	1,197,412	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	17,957	55,191	29,056	441
<b>Total other long-term assets</b>	<b>(14,180,976)</b>	<b>36,339</b>	<b>35,988</b>	<b>176,366</b>	<b>245,327</b>	<b>471,653</b>	<b>191,058</b>
<b>Total assets</b>	<b>\$ (13,976,502)</b>	<b>\$ 2,269,335</b>	<b>\$ 4,056,583</b>	<b>\$ 1,945,399</b>	<b>\$ 3,758,356</b>	<b>\$ 3,827,891</b>	<b>\$ 1,856,210</b>

South of Market Mercy Housing  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	South of Market Mercy Housing	1028 Howard Street Associates, LP (1028 Howard St Apts.)	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)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 23,086	\$ 156,796	\$ 31,869	\$ 198,497	\$ 56,572	\$ 17,041
Due to affiliates	469,096	156,570	15,000	31,210	674,925	-	-
Accrued interest	-	1,263	1,608	1,807	12,345	1,745	950
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	24,356	28,365	15,219	79,413	52,158	8,687
Current portion of notes payable, affiliates	-	-	-	-	52,735	-	-
Deferred revenue and other liabilities	(1)	17	20	14,856	7,469	2,217	85
Tenant security deposits	-	26,802	25,875	28,470	54,335	36,199	7,888
<b>Total current liabilities</b>	<b>469,095</b>	<b>232,094</b>	<b>227,664</b>	<b>123,431</b>	<b>1,079,719</b>	<b>148,891</b>	<b>34,651</b>
Long-term liabilities							
Due to affiliates	775,972	-	-	-	-	-	-
Accrued interest	-	1,165,629	1,277,923	854,094	758,305	1,931,388	567,851
Accrued interest, affiliates	-	-	-	-	131,129	-	-
Notes payable, less current portion, net	-	2,315,634	2,669,580	2,089,803	4,486,299	3,136,876	1,098,497
Notes payable, less current portion, affiliates	-	-	-	-	-	312,729	232,339
Deferred revenue and other liabilities	-	-	-	-	259,345	-	-
<b>Total long-term liabilities</b>	<b>775,972</b>	<b>3,481,263</b>	<b>3,947,503</b>	<b>2,943,897</b>	<b>5,635,078</b>	<b>5,380,993</b>	<b>1,898,687</b>
<b>Total liabilities</b>	<b>1,245,067</b>	<b>3,713,357</b>	<b>4,175,167</b>	<b>3,067,328</b>	<b>6,714,797</b>	<b>5,529,884</b>	<b>1,933,338</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	(15,221,569)	(1,444,022)	(118,584)	(1,121,929)	(2,956,441)	(1,701,993)	(77,128)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>(15,221,569)</b>	<b>(1,444,022)</b>	<b>(118,584)</b>	<b>(1,121,929)</b>	<b>(2,956,441)</b>	<b>(1,701,993)</b>	<b>(77,128)</b>
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>(15,221,569)</b>	<b>(1,444,022)</b>	<b>(118,584)</b>	<b>(1,121,929)</b>	<b>(2,956,441)</b>	<b>(1,701,993)</b>	<b>(77,128)</b>
<b>Total liabilities and net assets</b>	<b>\$ (13,976,502)</b>	<b>\$ 2,269,335</b>	<b>\$ 4,056,583</b>	<b>\$ 1,945,399</b>	<b>\$ 3,758,356</b>	<b>\$ 3,827,891</b>	<b>\$ 1,856,210</b>

South of Market Mercy Housing  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	West 28th Street, LP (Montclair/Tolton Court)	16th & Church Street Associates, LP (Padre Palou)	Mercy Housing California III, LP (Plaza Maria Apts.)	Mercy Housing California IX, LP (Sycamore St. Commons)	Mercy Housing California IV, LP (Vista Grande)	Eliminations	Consolidated South of Market Mercy Housing
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 115,124	\$ 94,863	\$ 209,955	\$ 37,331	\$ -	\$ -	\$ 1,113,015
Cash, tenant security deposits	18,089	13,246	58,966	45,328	-	-	318,012
Cash, restricted	-	-	300	-	-	-	800
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	938	4,717	619	4,608	-	-	95,587
Due from affiliate, net	-	-	-	14,886	-	(185,745)	33,615
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	8,563	7,451	14,226	15,993	-	-	126,273
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>142,714</b>	<b>120,277</b>	<b>284,066</b>	<b>118,146</b>	<b>-</b>	<b>(185,745)</b>	<b>1,687,302</b>
Property and equipment							
Land and land improvements	720,004	5,600	750,000	1,560,000	-	-	6,394,594
Buildings	4,524,542	2,386,743	6,711,805	8,733,299	-	-	48,451,592
Furniture and equipment	138,219	89,746	218,065	241,549	-	-	1,271,904
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(2,250,528)	(1,798,063)	(4,327,368)	(4,929,941)	-	-	(27,790,745)
<b>Net property and equipment</b>	<b>3,132,237</b>	<b>684,026</b>	<b>3,352,502</b>	<b>5,604,907</b>	<b>-</b>	<b>-</b>	<b>28,327,345</b>
Other long-term assets							
Restricted property reserves	218,577	146,887	95,421	829,029	-	-	2,344,000
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	-	(1,213,615)	(16,592,003)
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	1,197,412
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	3,638	16,149	61,356	-	-	183,788
<b>Total other long-term assets</b>	<b>218,577</b>	<b>150,525</b>	<b>111,570</b>	<b>890,385</b>	<b>-</b>	<b>(1,213,615)</b>	<b>(12,866,803)</b>
<b>Total assets</b>	<b>\$ 3,493,528</b>	<b>\$ 954,828</b>	<b>\$ 3,748,138</b>	<b>\$ 6,613,438</b>	<b>\$ -</b>	<b>\$ (1,399,360)</b>	<b>\$ 17,147,844</b>

South of Market Mercy Housing  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	West 28th Street, LP (Montclair/Tolton Court)	16th & Church Street Associates, LP (Padre Palou)	Mercy Housing California III, LP (Plaza Maria Apts.)	Mercy Housing California IX, LP (Sycamore St. Commons)	Mercy Housing California IV, LP (Vista Grande)	Eliminations	Consolidated South of Market Mercy Housing
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 22,106	\$ 12,070	\$ 42,923	\$ 50,441	\$ -	\$ -	\$ 611,401
Due to affiliates	43,504	76,266	26,202	-	-	(453,752)	1,039,021
Accrued interest	-	-	7,670	6,473	-	-	33,861
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	54,583	53,036	-	-	315,817
Current portion of notes payable, affiliates	-	-	-	-	-	-	52,735
Deferred revenue and other liabilities	-	133	8,987	7,522	-	1	41,306
Tenant security deposits	17,628	12,746	54,179	44,828	-	-	308,950
Total current liabilities	83,238	101,215	194,544	162,300	-	(453,751)	2,403,091
Long-term liabilities							
Due to affiliates	-	516,162	-	-	-	-	1,292,134
Accrued interest	-	682,464	271,368	852,177	-	-	8,361,199
Accrued interest, affiliates	-	597,703	-	-	-	-	728,832
Notes payable, less current portion, net	1,800,754	1,115,000	2,752,199	4,462,378	-	-	25,927,020
Notes payable, less current portion, affiliates	-	-	-	-	-	-	545,068
Deferred revenue and other liabilities	-	-	-	-	-	-	259,345
Total long-term liabilities	1,800,754	2,911,329	3,023,567	5,314,555	-	-	37,113,598
<b>Total liabilities</b>	1,883,992	3,012,544	3,218,111	5,476,855	-	(453,751)	39,516,689
<b>Net assets</b>							
Unrestricted net assets, controlling	1,609,536	(2,057,716)	530,027	1,136,583	-	(945,609)	(22,368,845)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	1,609,536	(2,057,716)	530,027	1,136,583	-	(945,609)	(22,368,845)
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	1,609,536	(2,057,716)	530,027	1,136,583	-	(945,609)	(22,368,845)
<b>Total liabilities and net assets</b>	\$ 3,493,528	\$ 954,828	\$ 3,748,138	\$ 6,613,438	\$ -	\$ (1,399,360)	\$ 17,147,844

South of Market Mercy Housing  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year End December 31, 2012

	South of Market Mercy Housing	1028 Howard Street Associates, LP (1028 Howard St Apts.)	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)
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 398,229	\$ 422,096	\$ 424,118	\$ 787,111	\$ 447,292	\$ 125,060
Developer fees	-	-	-	-	-	-	-
Services fees	155,057	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	17,010	220	158	110	598	473	103
Other	1,245,842	11,208	7,454	11,577	20,856	13,597	2,110
<b>Total revenues</b>	<b>1,417,909</b>	<b>409,657</b>	<b>429,708</b>	<b>435,805</b>	<b>808,565</b>	<b>461,362</b>	<b>127,273</b>
<b>Expenses and losses</b>							
Compensation	-	70,789	82,453	97,848	165,083	108,227	22,553
Administrative	164,835	40,936	64,320	81,057	128,365	56,710	13,249
Professional services	2,373	31,831	36,199	13,240	62,445	49,091	9,390
Depreciation and amortization	-	229,666	134,820	133,408	192,426	105,516	47,098
Grants	213,121	-	-	-	-	-	-
Facility	-	102,638	126,653	167,514	240,400	164,685	45,883
Interest and fees	13,999	75,314	87,146	69,721	253,067	131,487	47,996
Bad debts	19,041	-	-	-	16,015	26,959	1,531
Provision for impaired assets	17,010	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	367,445	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(5,511,316)	-	-	-	-	-	-
<b>Total expenses and losses</b>	<b>(4,713,492)</b>	<b>551,174</b>	<b>531,591</b>	<b>562,788</b>	<b>1,057,801</b>	<b>642,675</b>	<b>187,700</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>6,131,401</b>	<b>(141,517)</b>	<b>(101,883)</b>	<b>(126,983)</b>	<b>(249,236)</b>	<b>(181,313)</b>	<b>(60,427)</b>
Net assets at beginning of year	(20,893,325)	(1,302,505)	(16,701)	(994,946)	(2,707,205)	(1,520,680)	(16,701)
Other transfers to (from) net assets	(459,645)	-	-	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ (15,221,569)</b>	<b>\$ (1,444,022)</b>	<b>\$ (118,584)</b>	<b>\$ (1,121,929)</b>	<b>\$ (2,956,441)</b>	<b>\$ (1,701,993)</b>	<b>\$ (77,128)</b>

South of Market Mercy Housing  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year End December 31, 2012

	West 28th Street, LP (Montclair/Tolton Court)	16th & Church Street Associates, LP (Padre Palou)	Mercy Housing California III, LP (Plaza Maria Apts.)	Mercy Housing California IX, LP (Sycamore St. Commons)	Mercy Housing California IV, LP (Vista Grande)	Eliminations	Consolidated South of Market Mercy Housing
<b>Revenues</b>							
Rent - net of vacancies	\$ 277,115	\$ 239,248	\$ 721,986	\$ 646,426	\$ 83,434	\$ -	\$ 4,572,115
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	(131,105)	23,952
Philanthropy	-	-	-	-	1,562	-	1,562
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	86	92	57	423	19	-	19,349
Other	6,244	6,289	10,781	35,400	74,336	(71,742)	1,373,952
<b>Total revenues</b>	<b>283,445</b>	<b>245,629</b>	<b>732,824</b>	<b>682,249</b>	<b>159,351</b>	<b>(202,847)</b>	<b>5,990,930</b>
<b>Expenses and losses</b>							
Compensation	73,331	40,975	119,755	135,073	18,849	-	934,936
Administrative	98,177	31,428	99,735	75,194	15,752	(131,107)	738,651
Professional services	8,515	9,440	67,967	66,937	5,216	-	362,644
Depreciation and amortization	166,020	75,017	255,377	336,960	20,153	-	1,696,461
Grants	-	-	-	-	965,338	-	1,178,459
Facility	74,409	122,434	197,620	189,789	26,178	-	1,458,203
Interest and fees	885	101,346	122,059	146,004	36,046	-	1,085,070
Bad debts	-	-	2,559	-	-	(19,041)	47,064
Provision for impaired assets	-	-	-	-	-	-	17,010
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	249,460	(70,621)	546,284
(Gain) loss on investment in limited partnership	-	-	-	-	-	(20,636)	(5,531,952)
<b>Total expenses and losses</b>	<b>421,337</b>	<b>380,640</b>	<b>865,072</b>	<b>949,957</b>	<b>1,336,992</b>	<b>(241,405)</b>	<b>2,532,830</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(137,892)</b>	<b>(135,011)</b>	<b>(132,248)</b>	<b>(267,708)</b>	<b>(1,177,641)</b>	<b>38,558</b>	<b>3,458,100</b>
Net assets at beginning of year	1,747,428	(1,922,705)	662,275	1,404,291	1,177,843	(984,169)	(25,367,100)
Other transfers to (from) net assets	-	-	-	-	(202)	2	(459,845)
<b>Net assets at end of year</b>	<b>\$ 1,609,536</b>	<b>\$ (2,057,716)</b>	<b>\$ 530,027</b>	<b>\$ 1,136,583</b>	<b>\$ -</b>	<b>\$ (945,609)</b>	<b>\$ (22,368,845)</b>

Visitacion Valley Affordable Housing  
Consolidating Statement of Financial Position  
December 31, 2012

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ 23,181	\$ -	\$ 23,181
Cash, tenant security deposits	-	112,987	-	112,987
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	55,321	-	55,321
Due from affiliate, net	18,750	-	(18,750)	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	50,490	-	50,490
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	18,750	241,979	(18,750)	241,979
Property and equipment				
Land and land improvements	-	-	-	-
Buildings	-	26,252,885	-	26,252,885
Furniture and equipment	-	596,346	-	596,346
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(12,333,962)	-	(12,333,962)
Net property and equipment	-	14,515,269	-	14,515,269
Other long-term assets				
Restricted property reserves	-	761,748	-	761,748
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net.	3,123,186	-	(3,123,186)	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	38,463	-	38,463
Total other long-term assets	3,123,186	800,211	(3,123,186)	800,211
<b>Total assets</b>	<u>\$ 3,141,936</u>	<u>\$ 15,557,459</u>	<u>\$ (3,141,936)</u>	<u>\$ 15,557,459</u>



Visitacion Valley Affordable Housing  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued expenses	\$ 80	\$ 179,193	\$ -	\$ 179,273
Due to affiliates	163,315	30,000	(30,000)	163,315
Accrued interest	-	22,532	-	22,532
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	53,687	-	53,687
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	26,380	-	26,380
Tenant security deposits	-	112,487	-	112,487
Total current liabilities	163,395	424,279	(30,000)	557,674
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	504,674	-	504,674
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	6,284,912	-	6,284,912
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	6,789,586	-	6,789,586
<b>Total liabilities</b>	163,395	7,213,865	(30,000)	7,347,260
<b>Net assets</b>				
Unrestricted net assets, controlling	1,154,541	8,343,594	(3,111,936)	6,386,199
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	1,154,541	8,343,594	(3,111,936)	6,386,199
Temporarily restricted net assets	1,824,000	-	-	1,824,000
Permanently restricted net assets	-	-	-	-
<b>Total net assets</b>	2,978,541	8,343,594	(3,111,936)	8,210,199
<b>Total liabilities and net assets</b>	\$ 3,141,936	\$ 15,557,459	\$ (3,141,936)	\$ 15,557,459

Visitacion Valley Affordable Housing  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing
<b>Revenues</b>				
Rent - net of vacancies	\$ -	\$ 1,744,367	\$ -	\$ 1,744,367
Developer fees	-	-	-	-
Services fees	15,000	-	(15,000)	-
Philanthropy	-	-	-	-
Capital grants	-	4,278	-	4,278
Consulting	-	-	-	-
Interest	-	367	-	367
Other	-	28,310	-	28,310
<b>Total revenues</b>	<b>15,000</b>	<b>1,777,322</b>	<b>(15,000)</b>	<b>1,777,322</b>
<b>Expenses and losses</b>				
Compensation	-	413,518	-	413,518
Administrative	29,604	170,239	(14,999)	184,844
Professional services	1,008	47,768	-	48,776
Depreciation and amortization	-	1,037,344	-	1,037,344
Grants	-	-	-	-
Facility	-	844,590	-	844,590
Interest and fees	2,186	343,293	-	345,479
Bad debts	-	76,669	-	76,669
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	578	-	(578)	-
<b>Total expenses and losses</b>	<b>33,376</b>	<b>2,933,421</b>	<b>(15,577)</b>	<b>2,951,220</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(18,376)</b>	<b>(1,156,099)</b>	<b>577</b>	<b>(1,173,898)</b>
Net assets at beginning of year	2,996,917	9,499,693	(3,112,513)	9,384,097
Other transfers to (from) net assets	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ 2,978,541</b>	<b>\$ 8,343,594</b>	<b>\$ (3,111,936)</b>	<b>\$ 8,210,199</b>

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Neary Lagoon, Inc.  
Consolidating Statement of Financial Position  
December 31, 2012

	Neary Lagoon, Inc.	Neary Lagoon Partners, LP	Eliminations	Consolidated Neary Lagoon, Inc.
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ 11,962	\$ -	\$ 11,962
Cash, tenant security deposits	-	48,814	-	48,814
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	25,005	-	25,005
Due from affiliate, net	-	1,792	-	1,792
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	-	5,529	-	5,529
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	-	93,102	-	93,102
Property and equipment				
Land and land improvements	-	-	-	-
Buildings	-	-	-	-
Furniture and equipment	-	-	-	-
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	-	-	-
Net property and equipment	-	-	-	-
Other long-term assets				
Restricted property reserves	-	181,447	-	181,447
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net.	(54,176)	-	54,176	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	139,667	-	-	139,667
Allowance for impaired assets	-	-	-	-
Other assets, net	-	-	-	-
Total other long-term assets	85,491	181,447	54,176	321,114
<b>Total assets</b>	<b>\$ 85,491</b>	<b>\$ 274,549</b>	<b>\$ 54,176</b>	<b>\$ 414,216</b>

Neary Lagoon, Inc.  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Neary Lagoon, Inc.	Neary Lagoon Partners, LP	Eliminations	Consolidated Neary Lagoon, Inc.
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 30,691	\$ -	\$ 30,691
Due to affiliates	110,153	48,314	-	158,467
Accrued interest	-	-	-	-
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	1	-	1
Tenant security deposits	-	-	-	-
Total current liabilities	110,153	79,006	-	189,159
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	-	-	-	-
Total long-term liabilities	-	-	-	-
<b>Total liabilities</b>	110,153	79,006	-	189,159
<b>Net assets</b>				
Unrestricted net assets, controlling	(24,662)	195,543	54,176	225,057
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(24,662)	195,543	54,176	225,057
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
<b>Total net assets</b>	(24,662)	195,543	54,176	225,057
<b>Total liabilities and net assets</b>	\$ 85,491	\$ 274,549	\$ 54,176	\$ 414,216

Neary Lagoon, Inc.  
Consolidating Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2012

	Neary Lagoon, Inc.	Neary Lagoon Partners, LP	Eliminations	Consolidated Neary Lagoon, Inc.
<b>Revenues</b>				
Rent - net of vacancies	\$ -	\$ 742,994	\$ -	\$ 742,994
Developer fees	-	-	-	-
Services fees	-	-	-	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	20,655	162	-	20,817
Other	17,423	1,069,581	-	1,087,004
<b>Total revenues</b>	<b>38,078</b>	<b>1,812,737</b>	<b>-</b>	<b>1,850,815</b>
<b>Expenses and losses</b>				
Compensation	-	114,379	-	114,379
Administrative	18,996	116,321	-	135,317
Professional services	541	83,610	-	84,151
Depreciation and amortization	-	220,315	-	220,315
Grants	-	-	-	-
Facility	-	286,209	-	286,209
Interest and fees	646	271,492	-	272,138
Bad debts	-	-	-	-
Provision for impaired assets	20,655	-	-	20,655
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	(6,766,614)	-	(6,766,614)
(Gain) loss on investment in limited partnership	(74,870)	-	74,870	-
<b>Total expenses and losses</b>	<b>(34,032)</b>	<b>(5,674,288)</b>	<b>74,870</b>	<b>(5,633,450)</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>72,110</b>	<b>7,487,025</b>	<b>(74,870)</b>	<b>7,484,265</b>
Net assets at beginning of year	(96,772)	(7,291,482)	129,046	(7,259,208)
Other transfers to (from) net assets	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ (24,662)</b>	<b>\$ 195,543</b>	<b>\$ 54,176</b>	<b>\$ 225,057</b>

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Mercy Housing West  
Consolidating Statement of Financial Position  
December 31, 2012

	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)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 590,494	\$ 88,166	\$ 90,119	\$ 451,618	\$ 106,407	\$ 278,462
Cash, tenant security deposits	-	113,790	37,123	19,673	108,186	21,384	32,451
Cash, restricted	-	-	300	-	150	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	19,190	1	1,283	15,633	2,771	2,772
Due from affiliate, net	1,567,385	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	4,199,527	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	77,566	21,079	30,276	35,179	64,130	15,106
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>5,766,912</u>	<u>801,040</u>	<u>146,669</u>	<u>141,351</u>	<u>610,766</u>	<u>194,692</u>	<u>328,791</u>
Property and equipment							
Land and land improvements	-	1,323,633	917,754	135,399	3,620,496	1,028,700	1,804,059
Buildings	-	63,239,670	10,990,356	14,612,740	20,956,238	15,940,253	9,983,503
Furniture and equipment	-	1,482,683	311,250	40,207	1,522,830	95,740	266,801
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(8,423,170)	(4,427,966)	(5,224,914)	(9,574,060)	(4,719,338)	(4,134,077)
Net property and equipment	<u>-</u>	<u>57,622,816</u>	<u>7,791,394</u>	<u>9,563,432</u>	<u>16,525,504</u>	<u>12,345,355</u>	<u>7,920,286</u>
Other long-term assets							
Restricted property reserves	-	851,526	407,853	599,220	834,905	488,361	384,165
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	14,264,781	-	-	-	-	-	-
Notes and interest receivable, net	285,520	-	-	-	-	-	-
Notes and interest receivable, affiliates	22,981,700	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	389,953	62,607	188,941	146,076	114,494	65,449
Total other long-term assets	<u>37,532,001</u>	<u>1,241,479</u>	<u>470,460</u>	<u>788,161</u>	<u>980,981</u>	<u>602,855</u>	<u>449,614</u>
<b>Total assets</b>	<u>\$ 43,298,913</u>	<u>\$ 59,665,335</u>	<u>\$ 8,408,523</u>	<u>\$ 10,492,944</u>	<u>\$ 18,117,251</u>	<u>\$ 13,142,902</u>	<u>\$ 8,698,691</u>



Mercy Housing West  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 116,506	\$ 46,777	\$ 64,929	\$ 131,087	\$ 112,738	\$ 33,597
Due to affiliates	1,858,227	77,318	29,878	140,559	78,985	68,966	15,000
Accrued interest	-	-	3,390	2,004	16,288	10,700	11,893
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	56,505	300,000	300,000	300,000	47,470
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	(1)	17,605	945	7,858	1,784	146,751	402
Tenant security deposits	-	113,290	36,623	19,172	107,341	20,461	31,951
Total current liabilities	1,858,226	324,719	174,118	534,522	635,485	659,616	140,313
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	738,250	-	532,381	3,085,027	3,196,563	560,829
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	38,042,481	4,082,300	8,650,671	17,762,663	11,125,070	4,181,755
Notes payable, less current portion, affiliates	6,727,672	-	-	-	-	-	-
Deferred revenue and other liabilities	-	56,660	7	1,086,896	-	-	-
Total long-term liabilities	6,727,672	38,837,391	4,082,307	10,269,948	20,847,690	14,321,633	4,742,584
<b>Total liabilities</b>	<b>8,585,898</b>	<b>39,162,110</b>	<b>4,256,425</b>	<b>10,804,470</b>	<b>21,483,175</b>	<b>14,981,249</b>	<b>4,882,897</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	(3,702,780)	20,503,225	4,152,098	(311,526)	(3,365,924)	(1,838,347)	3,815,794
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(3,702,780)	20,503,225	4,152,098	(311,526)	(3,365,924)	(1,838,347)	3,815,794
Temporarily restricted net assets	38,415,795	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>34,713,015</b>	<b>20,503,225</b>	<b>4,152,098</b>	<b>(311,526)</b>	<b>(3,365,924)</b>	<b>(1,838,347)</b>	<b>3,815,794</b>
<b>Total liabilities and net assets</b>	<b>\$ 43,298,913</b>	<b>\$ 59,665,335</b>	<b>\$ 8,408,523</b>	<b>\$ 10,492,944</b>	<b>\$ 18,117,251</b>	<b>\$ 13,142,902</b>	<b>\$ 8,698,691</b>

Mercy Housing West  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing California XX, LP (Mission Creek Sr.)	Mercy Housing California XVI, LP (Villa Madera)	Mercy Housing California XXIII, LP (St. Vincent's Garden)	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)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 499,737	\$ 23,029	\$ 334,961	\$ 23,876	\$ 23,053	\$ 3,596,674	\$ 143,019
Cash, tenant security deposits	66,846	55,031	34,533	82,138	35,332	140,709	43,940
Cash, restricted	25,331	-	2,832	2,866	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	96,077	11,394	43,734	6,996	-	21,976	63,518
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	104,992	13,048	778,413	31,793	14,401	70,612	2,009,348
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>792,983</u>	<u>102,502</u>	<u>1,194,473</u>	<u>147,669</u>	<u>72,786</u>	<u>3,829,971</u>	<u>2,259,825</u>
Property and equipment							
Land and land improvements	28,240	2,223,946	8,487,572	6,265,525	200,000	5,531,488	164,151
Buildings	39,674,014	12,008,565	26,057,946	26,973,420	4,521,027	19,192,086	19,933,165
Furniture and equipment	984,651	186,762	574,044	674,962	75,244	369,798	137,716
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	1,984,947	-
Accumulated depreciation	<u>(10,659,673)</u>	<u>(4,220,000)</u>	<u>(6,848,861)</u>	<u>(6,528,282)</u>	<u>(3,245,303)</u>	<u>(6,468,352)</u>	<u>(5,458,742)</u>
Net property and equipment	<u>30,027,232</u>	<u>10,199,273</u>	<u>28,270,701</u>	<u>27,385,625</u>	<u>1,550,968</u>	<u>20,609,967</u>	<u>14,776,290</u>
Other long-term assets							
Restricted property reserves	1,626,592	370,299	972,371	485,628	186,051	294,349	288,996
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>443,275</u>	<u>63,673</u>	<u>61,041</u>	<u>354,566</u>	<u>6,835</u>	<u>289,791</u>	<u>95,669</u>
Total other long-term assets	<u>2,069,867</u>	<u>433,972</u>	<u>1,033,412</u>	<u>840,194</u>	<u>192,886</u>	<u>584,140</u>	<u>384,665</u>
<b>Total assets</b>	<u>\$ 32,890,082</u>	<u>\$ 10,735,747</u>	<u>\$ 30,498,586</u>	<u>\$ 28,373,488</u>	<u>\$ 1,816,640</u>	<u>\$ 25,024,078</u>	<u>\$ 17,420,780</u>

Mercy Housing West  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Mercy Housing California XX, LP (Mission Creek Sr.)	Mercy Housing California XVI, LP (Villa Madera)	Mercy Housing California XXIII, LP (St. Vincent's Garden)	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)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 151,985	\$ 41,582	\$ 46,696	\$ 58,065	\$ 65,976	\$ 68,855	\$ 101,201
Due to affiliates	19,693	226,292	35,002	45,628	101,325	271,830	128,823
Accrued interest	6,510	29,942	21,793	51,311	2,206	69,198	5,149
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	308,364	140,934	319,484	40,271	21,009	277,214	14,408
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	6,706	9,836	8,008	4,572	625	24,739	122
Tenant security deposits	66,304	54,986	33,701	81,638	34,832	132,124	43,440
<b>Total current liabilities</b>	<b>559,562</b>	<b>503,572</b>	<b>464,684</b>	<b>281,485</b>	<b>225,973</b>	<b>843,960</b>	<b>293,143</b>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	1,033,291	578,495	2,664,318	1,660,192	1,187,196	1,032,136	1,526,985
Accrued interest, affiliates	-	-	-	7,035	-	-	-
Notes payable, less current portion, net	23,567,362	8,321,663	17,779,004	16,813,091	2,371,219	19,101,000	7,058,809
Notes payable, less current portion, affiliates	-	284,000	-	24,177	-	-	-
Deferred revenue and other liabilities	-	595,752	-	-	-	930,383	2,214,998
<b>Total long-term liabilities</b>	<b>24,600,653</b>	<b>9,779,910</b>	<b>20,443,322</b>	<b>18,504,495</b>	<b>3,558,415</b>	<b>21,063,519</b>	<b>10,800,792</b>
<b>Total liabilities</b>	<b>25,160,215</b>	<b>10,283,482</b>	<b>20,908,006</b>	<b>18,785,980</b>	<b>3,784,388</b>	<b>21,907,479</b>	<b>11,093,935</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	7,729,867	452,265	9,590,580	9,587,508	(1,967,748)	3,116,599	6,326,845
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>7,729,867</b>	<b>452,265</b>	<b>9,590,580</b>	<b>9,587,508</b>	<b>(1,967,748)</b>	<b>3,116,599</b>	<b>6,326,845</b>
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>7,729,867</b>	<b>452,265</b>	<b>9,590,580</b>	<b>9,587,508</b>	<b>(1,967,748)</b>	<b>3,116,599</b>	<b>6,326,845</b>
<b>Total liabilities and net assets</b>	<b>\$ 32,890,082</b>	<b>\$ 10,735,747</b>	<b>\$ 30,498,586</b>	<b>\$ 28,373,488</b>	<b>\$ 1,816,640</b>	<b>\$ 25,024,078</b>	<b>\$ 17,420,780</b>

Mercy Housing West  
Consolidating Statement of Financial Position - Continued  
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	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 XIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 144,884	\$ 5,724	\$ 52,492	\$ 1,748	\$ 244,527	\$ 28,279	\$ 240,199
Cash, tenant security deposits	17,933	41,674	23,703	10,717	57,969	34,741	51,054
Cash, restricted	-	-	-	8,672	27,329	10,004	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	1,328	1,458	9,209	56,206	26,566	2,704	24,968
Due from affiliate, net	-	-	-	-	-	23,834	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	384	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	18,270	14,839	26,911	20,240	33,509	50,031	18,560
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>182,415</u>	<u>63,695</u>	<u>112,315</u>	<u>97,583</u>	<u>389,900</u>	<u>149,977</u>	<u>334,781</u>
Property and equipment							
Land and land improvements	873,574	1,999,638	121,460	2,777,060	693,387	1,781,588	1,779,284
Buildings	3,404,005	6,983,230	7,285,030	10,389,636	24,646,715	41,671,748	14,470,825
Furniture and equipment	47,308	96,855	188,543	349,061	259,274	938,544	173,899
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(1,439,190)</u>	<u>(2,854,592)</u>	<u>(2,726,351)</u>	<u>(2,502,615)</u>	<u>(2,125,948)</u>	<u>(4,269,704)</u>	<u>(4,412,297)</u>
Net property and equipment	<u>2,885,697</u>	<u>6,225,131</u>	<u>4,868,682</u>	<u>11,013,142</u>	<u>23,473,428</u>	<u>40,122,176</u>	<u>12,011,711</u>
Other long-term assets							
Restricted property reserves	173,998	172,925	397,816	908,569	1,030,775	1,062,189	391,441
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>7,649</u>	<u>116,939</u>	<u>39,801</u>	<u>38,500</u>	<u>252,534</u>	<u>122,158</u>	<u>88,051</u>
Total other long-term assets	<u>181,647</u>	<u>289,864</u>	<u>437,617</u>	<u>947,069</u>	<u>1,283,309</u>	<u>1,184,347</u>	<u>479,492</u>
<b>Total assets</b>	<u>\$ 3,249,759</u>	<u>\$ 6,578,690</u>	<u>\$ 5,418,614</u>	<u>\$ 12,057,794</u>	<u>\$ 25,146,637</u>	<u>\$ 41,456,500</u>	<u>\$ 12,825,984</u>

Mercy Housing West  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	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 XIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 18,444	\$ 54,475	\$ 75,031	\$ 49,252	\$ 60,372	\$ 91,495	\$ 34,916
Due to affiliates	107,119	87,609	454,254	-	56,223	31,364	25,000
Accrued interest	-	9,777	-	24,999	1,131	-	4,801
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	31,247	-	-	29,709	-	174,540
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	547	942	-	4,754	5,263	43,874	1,324
Tenant security deposits	17,433	41,174	22,945	11,199	57,540	33,987	50,606
<b>Total current liabilities</b>	<b>143,543</b>	<b>225,224</b>	<b>552,230</b>	<b>90,204</b>	<b>210,238</b>	<b>200,720</b>	<b>291,187</b>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	225,166	251,889	1,092,555	753,463	833,843	-	274,331
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	897,000	2,997,716	4,276,660	8,427,210	8,323,098	16,814,804	1,963,086
Notes payable, less current portion, affiliates	-	485,952	-	-	-	12,626,500	-
Deferred revenue and other liabilities	-	-	118,738	-	3,205	-	-
<b>Total long-term liabilities</b>	<b>1,122,166</b>	<b>3,735,557</b>	<b>5,487,953</b>	<b>9,180,673</b>	<b>9,160,146</b>	<b>29,441,304</b>	<b>2,237,417</b>
<b>Total liabilities</b>	<b>1,265,709</b>	<b>3,960,781</b>	<b>6,040,183</b>	<b>9,270,877</b>	<b>9,370,384</b>	<b>29,642,024</b>	<b>2,528,604</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	1,984,050	2,617,909	(621,569)	2,786,917	15,776,253	11,814,476	10,297,380
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>1,984,050</b>	<b>2,617,909</b>	<b>(621,569)</b>	<b>2,786,917</b>	<b>15,776,253</b>	<b>11,814,476</b>	<b>10,297,380</b>
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>1,984,050</b>	<b>2,617,909</b>	<b>(621,569)</b>	<b>2,786,917</b>	<b>15,776,253</b>	<b>11,814,476</b>	<b>10,297,380</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,249,759</b>	<b>\$ 6,578,690</b>	<b>\$ 5,418,614</b>	<b>\$ 12,057,794</b>	<b>\$ 25,146,637</b>	<b>\$ 41,456,500</b>	<b>\$ 12,825,984</b>

Mercy Housing West  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

Consolidating Statement of Financial Position - Continued		December 31, 2012		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)	
<b>Assets</b>																	
Current assets																	
Cash and cash equivalents	\$	260,700	\$	1,105,143	\$	2,208	\$	59,319	\$	83,422	\$	69,520	\$	189,589			
Cash, tenant security deposits		62,950		59,876		34,842		72,633		78,314		26,331		35,709			
Cash, restricted		266		-		-		111,414		-		10,009		-			
Investments		-		-		-		-		-		-		-			
Investments, restricted		-		-		-		-		-		-		-			
Accounts receivable, net		75		16,206		2,335		79,600		7,736		1,781		13			
Due from affiliate, net		-		-		276		-		-		-		-			
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		19,791		55,530		14,891		357,809		32,107		24,599		24,116			
Inventory		-		-		-		-		-		-		-			
Assets held for sale		-		-		-		-		-		-		-			
Total current assets		<u>343,782</u>		<u>1,236,755</u>		<u>54,552</u>		<u>680,775</u>		<u>201,579</u>		<u>132,240</u>		<u>249,427</u>			
Property and equipment																	
Land and land improvements		2,269,564		64,139		2,921,288		5,022,013		8,258,174		2,954,452		388,345			
Buildings		14,454,293		20,384,730		13,138,049		33,388,657		16,565,454		14,753,746		9,639,147			
Furniture and equipment		192,137		220,662		155,101		1,080,784		629,140		437,990		414,180			
Predevelopment project costs		-		-		-		-		-		-		-			
Construction in progress		-		-		-		-		-		-		-			
Accumulated depreciation		<u>(3,529,871)</u>		<u>(5,782,548)</u>		<u>(4,126,161)</u>		<u>(8,409,308)</u>		<u>(5,501,991)</u>		<u>(3,159,630)</u>		<u>(2,102,825)</u>			
Net property and equipment		<u>13,386,123</u>		<u>14,886,983</u>		<u>12,088,277</u>		<u>31,082,146</u>		<u>19,950,777</u>		<u>14,986,558</u>		<u>8,338,847</u>			
Other long-term assets																	
Restricted property reserves		292,959		2,138,141		148,650		368,583		403,712		1,018,614		517,719			
Long-term investments		-		-		-		-		-		-		-			
Long-term investments, restricted		-		-		-		-		-		-		-			
Due from affiliates		-		-		-		-		-		-		-			
Pledges receivable, net		-		-		-		-		-		-		-			
Investments in limited partnerships, net.		-		-		-		-		-		-		-			
Notes and interest receivable, net		-		-		-		-		-		-		-			
Notes and interest receivable, affiliates		-		-		-		-		-		-		-			
Allowance for impaired assets		-		-		-		-		-		-		-			
Other assets, net		<u>166,829</u>		<u>698,604</u>		<u>56,954</u>		<u>477,780</u>		<u>253,878</u>		<u>106,232</u>		<u>80,469</u>			
Total other long-term assets		<u>459,788</u>		<u>2,836,745</u>		<u>205,604</u>		<u>846,363</u>		<u>657,590</u>		<u>1,124,846</u>		<u>598,188</u>			
Total assets	\$	14,189,693	\$	18,960,483	\$	12,348,433	\$	32,609,284	\$	20,809,946	\$	16,243,644	\$	9,186,462			

Mercy Housing West  
Consolidating Statement of Financial Position - Continued  
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	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)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 41,688	\$ 122,657	\$ 103,301	\$ 235,197	\$ 53,603	\$ 33,964	\$ 48,586
Due to affiliates	125,000	1,035,734	42,598	122,055	74,742	16,390	-
Accrued interest	20,183	1,797	3,708	41,397	12,594	-	11,290
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	51,113	400,000	36,200	45,136	27,757	-	48,411
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	7,091	2,184	55	37,893	7,964	129	4,120
Tenant security deposits	59,815	59,373	34,342	72,440	77,814	25,964	35,184
Total current liabilities	304,890	1,621,745	220,204	554,118	254,474	76,447	147,591
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	22,355	-	1,286,624	921,528	324,286	-	-
Accrued interest, affiliates	-	-	-	-	-	-	901,993
Notes payable, less current portion, net	3,758,819	13,200,000	7,824,561	21,206,089	4,871,216	1,479,431	2,762,316
Notes payable, less current portion, affiliates	-	-	-	-	-	10,355,200	3,529,317
Deferred revenue and other liabilities	242,796	-	251,710	239,034	3,179	-	-
Total long-term liabilities	4,023,970	13,200,000	9,362,895	22,366,651	5,198,681	11,834,631	7,193,626
<b>Total liabilities</b>	4,328,860	14,821,745	9,583,099	22,920,769	5,453,155	11,911,078	7,341,217
<b>Net assets</b>							
Unrestricted net assets, controlling	9,860,833	4,138,738	2,765,334	9,688,515	15,356,791	4,332,566	1,845,245
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	9,860,833	4,138,738	2,765,334	9,688,515	15,356,791	4,332,566	1,845,245
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	9,860,833	4,138,738	2,765,334	9,688,515	15,356,791	4,332,566	1,845,245
<b>Total liabilities and net assets</b>	\$ 14,189,693	\$ 18,960,483	\$ 12,348,433	\$ 32,609,284	\$ 20,809,946	\$ 16,243,644	\$ 9,186,462

Mercy Housing West  
Consolidating Statement of Financial Position - Continued  
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	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 (St. Anthony's)	Coastside Senior Housing Limited Partners, LP	Mercy Housing California 49, LP (Mercy Auburn Senior Apartments)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 1,999	\$ 248,794	\$ -	\$ 23,882	\$ -	\$ -	\$ -
Cash, tenant security deposits	18,824	38,665	-	20,051	-	-	-
Cash, restricted	-	-	3,683	-	15,184	-	614,046
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	21,390	5,642	-	1,871	-	-	-
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	15,116	17,368	-	15,768	114,026	-	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>57,329</u>	<u>310,469</u>	<u>3,683</u>	<u>61,572</u>	<u>129,210</u>	<u>-</u>	<u>614,046</u>
Property and equipment							
Land and land improvements	996,396	812,667	1,200,000	3,427,557	2,700,000	-	-
Buildings	9,642,639	10,536,051	-	9,607,884	-	-	-
Furniture and equipment	223,746	352,433	-	267,831	-	-	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	497,361	-	4,254,538	-	4,595,869
Accumulated depreciation	(1,805,892)	(2,358,900)	-	(2,429,846)	-	-	-
Net property and equipment	<u>9,056,889</u>	<u>9,342,251</u>	<u>1,697,361</u>	<u>10,873,426</u>	<u>6,954,538</u>	<u>-</u>	<u>4,595,869</u>
Other long-term assets							
Restricted property reserves	575,426	591,502	-	910,008	-	-	31,315
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	114,450	47,295	1,167	96,117	438,445	-	129,448
Total other long-term assets	<u>689,876</u>	<u>638,797</u>	<u>1,167</u>	<u>1,006,125</u>	<u>438,445</u>	<u>-</u>	<u>160,763</u>
<b>Total assets</b>	<u>\$ 9,804,094</u>	<u>\$ 10,291,517</u>	<u>\$ 1,702,211</u>	<u>\$ 11,941,123</u>	<u>\$ 7,522,193</u>	<u>\$ -</u>	<u>\$ 5,370,678</u>



Mercy Housing West  
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	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 (St. Anthony's)	Coastside Senior Housing Limited Partners, LP	Mercy Housing California 49, LP (Mercy Auburn Senior Apartments)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 80,792	\$ 137,441	\$ 3,766	\$ 41,971	\$ 366,889	\$ -	\$ 858,844
Due to affiliates	5,433	15,000	11,042	25,274	4,474	-	911
Accrued interest	-	-	-	-	-	-	4,429
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	39,615	-	28,112	-	7,761
Deferred revenue and other liabilities	2,077	1,450	-	424	-	-	1
Tenant security deposits	18,106	38,165	-	19,550	-	-	-
Total current liabilities	106,408	192,056	54,423	87,219	399,475	-	871,946
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	459,752	-	249,904	227,302	196,235	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	7,009,500	12,855	1,414,722	3,010,844	6,997,673	-	2,361,869
Notes payable, less current portion, affiliates	-	-	-	-	-	-	1,874,073
Deferred revenue and other liabilities	175,001	-	-	-	-	-	57,457
Total long-term liabilities	7,644,253	12,855	1,664,626	3,238,146	7,193,908	-	4,293,399
<b>Total liabilities</b>	7,750,661	204,911	1,719,049	3,325,365	7,593,383	-	5,165,345
<b>Net assets</b>							
Unrestricted net assets, controlling	2,053,433	10,086,606	(16,838)	8,615,758	(71,190)	-	205,333
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	2,053,433	10,086,606	(16,838)	8,615,758	(71,190)	-	205,333
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	2,053,433	10,086,606	(16,838)	8,615,758	(71,190)	-	205,333
<b>Total liabilities and net assets</b>	\$ 9,804,094	\$ 10,291,517	\$ 1,702,211	\$ 11,941,123	\$ 7,522,193	\$ -	\$ 5,370,678

Mercy Housing West  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Mercy Housing West
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ 9,012,044
Cash, tenant security deposits	-	1,477,122
Cash, restricted	-	832,086
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	-	544,433
Due from affiliate, net	(1,567,385)	24,110
Pledges receivable, net	-	-
Grants receivable	-	4,199,911
Current portion of notes and interest receivable	-	-
Current portion of notes and interest receivable, affiliates	-	-
Prepaid expenses and other assets	-	4,139,424
Inventory	-	-
Assets held for sale	-	-
Total current assets	(1,567,385)	20,229,130
Property and equipment		
Land and land improvements	-	72,771,549
Buildings	-	545,044,822
Furniture and equipment	-	12,750,176
Predevelopment project costs	-	-
Construction in progress	-	11,332,715
Accumulated depreciation	-	(139,470,407)
Net property and equipment	-	502,428,855
Other long-term assets		
Restricted property reserves	-	18,924,658
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	-
Pledges receivable, net	-	-
Investments in limited partnerships, net.	(16,291,284)	(2,026,503)
Notes and interest receivable, net	-	285,520
Notes and interest receivable, affiliates	(22,981,700)	-
Allowance for impaired assets	-	-
Other assets, net	-	5,615,670
Total other long-term assets	(39,272,984)	22,799,345
<b>Total assets</b>	<b>\$ (40,840,369)</b>	<b>\$ 545,457,330</b>

Mercy Housing West  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Mercy Housing West
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ -	\$ 3,552,678
Due to affiliates	(2,118,655)	3,219,093
Accrued interest	-	366,490
Accrued interest, affiliates	-	-
Current portion of notes payable	-	2,969,772
Current portion of notes payable, affiliates	-	75,488
Deferred revenue and other liabilities	-	350,044
Tenant security deposits	-	1,451,500
Total current liabilities	(2,118,655)	11,985,065
Long-term liabilities		
Due to affiliates	-	-
Accrued interest	-	24,914,896
Accrued interest, affiliates	-	909,028
Notes payable, less current portion, net	-	298,466,557
Notes payable, less current portion, affiliates	(25,139,773)	10,767,118
Deferred revenue and other liabilities	-	5,975,816
Total long-term liabilities	(25,139,773)	341,033,415
<b>Total liabilities</b>	(27,258,428)	353,018,480
<b>Net assets</b>		
Unrestricted net assets, controlling	(13,581,941)	154,023,055
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	(13,581,941)	154,023,055
Temporarily restricted net assets	-	38,415,795
Permanently restricted net assets	-	-
<b>Total net assets</b>	(13,581,941)	192,438,850
<b>Total liabilities and net assets</b>	<u>\$ (40,840,369)</u>	<u>\$ 545,457,330</u>

Mercy Housing West  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	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)
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 1,400,702	\$ 536,126	\$ 1,073,627	\$ 1,565,769	\$ 1,116,636	\$ 736,126
Developer fees	-	-	-	-	-	-	-
Services fees	700,896	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	6,073,600	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	229	18	32,069	41	35,275	114
Other	-	498,469	7,553	86,139	19,219	44,566	11,232
<b>Total revenues</b>	<u>6,774,496</u>	<u>1,899,400</u>	<u>543,697</u>	<u>1,191,835</u>	<u>1,585,029</u>	<u>1,196,477</u>	<u>747,472</u>
<b>Expenses and losses</b>							
Compensation	-	532,592	105,576	387,108	331,019	315,972	118,745
Administrative	607,753	260,082	96,337	119,794	149,141	94,750	122,877
Professional services	2,008	99,137	71,027	31,713	96,441	80,964	85,177
Depreciation and amortization	-	2,604,281	458,374	564,668	1,020,073	688,477	405,083
Grants	-	-	-	-	-	-	-
Facility	-	688,405	134,470	392,478	713,678	261,962	143,982
Interest and fees	1,806	381,705	41,190	216,385	680,303	489,495	222,719
Bad debts	-	2,909	-	80	-	-	-
Provision for impaired assets	1,874,073	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	148,534	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>2,634,174</u>	<u>4,569,111</u>	<u>906,974</u>	<u>1,712,226</u>	<u>2,990,655</u>	<u>1,931,620</u>	<u>1,098,583</u>
<b>Excess (deficiency) of revenues over expenses</b>	4,140,322	(2,669,711)	(363,277)	(520,391)	(1,405,626)	(735,143)	(351,111)
Net assets at beginning of year	30,570,372	23,175,102	4,555,235	208,865	(2,260,732)	(1,103,204)	4,166,905
Other transfers to (from) net assets	2,321	(2,166)	(39,860)	-	300,434	-	-
<b>Net assets at end of year</b>	<u>\$ 34,713,015</u>	<u>\$ 20,503,225</u>	<u>\$ 4,152,098</u>	<u>\$ (311,526)</u>	<u>\$ (3,365,924)</u>	<u>\$ (1,838,347)</u>	<u>\$ 3,815,794</u>

Mercy Housing West  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Mercy Housing California XX, LP (Mission Creek Sr.)	Mercy Housing California XVI, LP (Villa Madera)	Mercy Housing California XXIII, LP (St. Vincent's Garden)	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)
<b>Revenues</b>							
Rent - net of vacancies	\$ 2,249,145	\$ 753,627	\$ 1,213,909	\$ 1,008,775	\$ 332,980	\$ 1,767,558	\$ 644,424
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	14,167	1,092	1,769	1,337	1,267	321	86
Other	124,639	13,134	4,943	30,191	1,920	34,580	141,271
<b>Total revenues</b>	<u>2,387,951</u>	<u>767,853</u>	<u>1,220,621</u>	<u>1,040,303</u>	<u>336,167</u>	<u>1,802,459</u>	<u>785,781</u>
<b>Expenses and losses</b>							
Compensation	689,147	87,170	68,243	154,122	84,358	253,168	117,153
Administrative	239,765	107,300	105,212	104,598	57,487	199,317	101,061
Professional services	95,664	56,924	67,507	80,058	47,710	95,830	51,775
Depreciation and amortization	1,590,766	510,327	1,586,821	1,386,828	131,162	858,106	757,877
Grants	-	-	-	-	-	-	-
Facility	487,699	196,229	311,831	359,480	129,697	427,797	365,333
Interest and fees	692,652	300,102	739,748	593,174	88,116	724,211	242,586
Bad debts	183	2,105	55	5,047	-	3,040	2,863
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	(1,967,606)	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>3,795,876</u>	<u>1,260,157</u>	<u>2,879,417</u>	<u>2,683,307</u>	<u>538,530</u>	<u>593,863</u>	<u>1,638,648</u>
<b>Excess (deficiency) of revenues over expenses</b>	(1,407,925)	(492,304)	(1,658,796)	(1,643,004)	(202,363)	1,208,596	(852,867)
Net assets at beginning of year	9,137,792	944,569	9,196,975	11,314,912	(1,765,385)	1,908,003	7,179,712
Other transfers to (from) net assets	-	-	2,052,401	(84,400)	-	-	-
<b>Net assets at end of year</b>	<u>\$ 7,729,867</u>	<u>\$ 452,265</u>	<u>\$ 9,590,580</u>	<u>\$ 9,587,508</u>	<u>\$ (1,967,748)</u>	<u>\$ 3,116,599</u>	<u>\$ 6,326,845</u>

Mercy Housing West  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	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 XIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)
<b>Revenues</b>							
Rent - net of vacancies	\$ 224,358	\$ 475,122	\$ 680,931	\$ 575,540	\$ 754,061	\$ 914,032	\$ 783,479
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	49	264	185	5,143	480	376	29
Other	3,409	18,355	13,468	30,553	28,757	56,747	29,127
<b>Total revenues</b>	<u>227,816</u>	<u>493,741</u>	<u>694,584</u>	<u>611,236</u>	<u>783,298</u>	<u>971,155</u>	<u>812,635</u>
<b>Expenses and losses</b>							
Compensation	51,328	104,690	321,664	260,778	111,951	376,351	179,103
Administrative	51,965	76,019	109,974	80,545	179,710	132,951	126,967
Professional services	44,243	47,337	21,640	85,175	50,933	76,822	98,777
Depreciation and amortization	157,912	365,864	275,727	642,729	1,001,046	1,785,965	681,216
Grants	-	-	-	-	-	-	-
Facility	76,865	151,096	198,050	156,424	246,806	291,563	221,292
Interest and fees	24,966	166,051	127,034	237,975	274,967	43	98,488
Bad debts	30	392	451	1,086	280	-	2,782
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>407,309</u>	<u>911,449</u>	<u>1,054,540</u>	<u>1,464,712</u>	<u>1,865,693</u>	<u>2,663,695</u>	<u>1,408,625</u>
<b>Excess (deficiency) of revenues over expenses</b>	(179,493)	(417,708)	(359,956)	(853,476)	(1,082,395)	(1,692,540)	(595,990)
Net assets at beginning of year	2,163,543	3,035,617	(261,613)	2,491,119	16,686,648	13,507,016	10,960,142
Other transfers to (from) net assets	-	-	-	1,149,274	172,000	-	(66,772)
<b>Net assets at end of year</b>	<u>\$ 1,984,050</u>	<u>\$ 2,617,909</u>	<u>\$ (621,569)</u>	<u>\$ 2,786,917</u>	<u>\$ 15,776,253</u>	<u>\$ 11,814,476</u>	<u>\$ 10,297,380</u>

Mercy Housing West  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	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)
<b>Revenues</b>							
Rent - net of vacancies	\$ 719,395	\$ 3,132,230	\$ 420,576	\$ 952,953	\$ 791,147	\$ 594,443	\$ 731,793
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	62,918
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	78	1,286	524	1,643	657	42	22
Other	14,607	40,270	26,550	9,964	13,143	6,022	3,864
<b>Total revenues</b>	<u>734,080</u>	<u>3,173,786</u>	<u>447,650</u>	<u>964,560</u>	<u>804,947</u>	<u>600,507</u>	<u>798,597</u>
<b>Expenses and losses</b>							
Compensation	103,310	721,519	63,925	198,223	165,458	150,862	198,957
Administrative	105,708	257,254	62,803	244,223	145,298	116,803	93,525
Professional services	86,267	16,241	49,788	68,225	68,412	117,085	15,985
Depreciation and amortization	707,166	799,285	677,048	1,725,878	1,089,705	705,651	410,582
Grants	-	-	-	-	-	-	-
Facility	169,504	1,957,790	161,138	453,627	221,682	137,393	186,591
Interest and fees	249,467	202,643	256,709	368,084	215,454	-	313,494
Bad debts	749	2,075	3,308	20,832	3,051	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>1,422,171</u>	<u>3,956,807</u>	<u>1,274,719</u>	<u>3,079,092</u>	<u>1,909,060</u>	<u>1,227,794</u>	<u>1,219,134</u>
<b>Excess (deficiency) of revenues over expenses</b>	(688,091)	(783,021)	(827,069)	(2,114,532)	(1,104,113)	(627,287)	(420,537)
Net assets at beginning of year	10,548,924	4,921,759	3,592,403	11,803,047	16,460,904	4,959,853	2,265,782
Other transfers to (from) net assets	-	-	-	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ 9,860,833</u>	<u>\$ 4,138,738</u>	<u>\$ 2,765,334</u>	<u>\$ 9,688,515</u>	<u>\$ 15,356,791</u>	<u>\$ 4,332,566</u>	<u>\$ 1,845,245</u>

Mercy Housing West  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	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 (St. Anthony's)	Coastside Senior Housing Limited Partners, LP	Mercy Housing California 49, LP (Mercy Auburn Senior Apartments)
<b>Revenues</b>							
Rent - net of vacancies	\$ 260,263	\$ 449,863	\$ -	\$ 224,770	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	11,967	146	-	3,517	-	-	10
Other	73,530	7,228	-	81,773	-	-	-
<b>Total revenues</b>	<u>345,760</u>	<u>457,237</u>	<u>-</u>	<u>310,060</u>	<u>-</u>	<u>-</u>	<u>10</u>
<b>Expenses and losses</b>							
Compensation	90,596	106,571	-	115,270	-	-	-
Administrative	115,250	106,357	127	69,475	5,117	-	5,078
Professional services	52,037	75,750	9,999	11,805	6,898	4,724	4,599
Depreciation and amortization	394,979	509,618	-	592,880	-	-	-
Grants	-	54,929	-	-	-	-	-
Facility	89,657	141,667	-	135,586	-	-	-
Interest and fees	147,251	77	-	47,057	-	-	-
Bad debts	9,400	2,897	-	1,309	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(179,923)	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>719,247</u>	<u>997,866</u>	<u>10,126</u>	<u>973,382</u>	<u>12,015</u>	<u>4,724</u>	<u>9,677</u>
<b>Excess (deficiency) of revenues over expenses</b>	(373,487)	(540,629)	(10,126)	(663,322)	(12,015)	(4,724)	(9,667)
Net assets at beginning of year	2,426,920	10,627,235	(6,712)	9,279,080	(75)	(7,265)	-
Other transfers to (from) net assets	-	-	-	-	(59,100)	11,989	215,000
<b>Net assets at end of year</b>	<u>\$ 2,053,433</u>	<u>\$ 10,086,606</u>	<u>\$ (16,838)</u>	<u>\$ 8,615,758</u>	<u>\$ (71,190)</u>	<u>\$ -</u>	<u>\$ 205,333</u>



Mercy Housing West  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year Ended December 31, 2012

	Eliminations	Consolidated Mercy Housing West
<b>Revenues</b>		
Rent - net of vacancies	\$ -	\$ 27,084,360
Developer fees	-	-
Services fees	(695,154)	5,742
Philanthropy	-	62,918
Capital grants	-	6,073,600
Consulting	-	-
Interest	-	114,203
Other	-	1,475,223
<b>Total revenues</b>	<u>(695,154)</u>	<u>34,816,046</u>
<b>Expenses and losses</b>		
Compensation	-	6,564,929
Administrative	(695,150)	3,755,473
Professional services	-	1,974,677
Depreciation and amortization	-	25,086,094
Grants	-	54,929
Facility	-	9,609,772
Interest and fees	-	8,143,952
Bad debts	-	64,924
Provision for impaired assets	(1,874,073)	-
Project expenses	-	-
Allocation	-	-
(Gain) loss on sale of assets	-	(2,147,529)
(Gain) loss on investment in limited partnership	(14,410)	134,124
<b>Total expenses and losses</b>	<u>(2,583,633)</u>	<u>53,241,345</u>
<b>Excess (deficiency) of revenues over expenses</b>	1,888,479	(18,425,299)
Net assets at beginning of year	(15,467,999)	207,215,449
Other transfers to (from) net assets	(2,421)	3,648,700
<b>Net assets at end of year</b>	<u>\$ (13,581,941)</u>	<u>\$ 192,438,850</u>

San Juan Housing Corporation  
Consolidating Statement of Financial Position  
December 31, 2012

	San Juan Housing Corporation	Kennedy Estates Housing Associates (Kennedy Estates)	Tahoe Valley Townhomes Associates (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ -	\$ 3,550	\$ 5,711	\$ -	\$ 9,261
Cash, tenant security deposits	-	61,020	57,556	-	118,576
Cash, restricted	-	201	-	-	201
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	3,932	13,235	-	17,167
Due from affiliate, net	355,688	-	-	(355,688)	-
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	-	18,843	16,975	-	35,818
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>355,688</u>	<u>87,546</u>	<u>93,477</u>	<u>(355,688)</u>	<u>181,023</u>
Property and equipment					
Land and land improvements	-	601,511	833,858	-	1,435,369
Buildings	-	5,653,117	2,109,869	-	7,762,986
Furniture and equipment	-	150,376	3,631,483	-	3,781,859
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(3,247,435)	(3,347,518)	-	(6,594,953)
Net property and equipment	<u>-</u>	<u>3,157,569</u>	<u>3,227,692</u>	<u>-</u>	<u>6,385,261</u>
Other long-term assets					
Restricted property reserves	-	452,704	195,648	-	648,352
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net.	(35,877)	-	-	35,877	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	24,532	62,649	-	87,181
Total other long-term assets	<u>(35,877)</u>	<u>477,236</u>	<u>258,297</u>	<u>35,877</u>	<u>735,533</u>
<b>Total assets</b>	<u>\$ 319,811</u>	<u>\$ 3,722,351</u>	<u>\$ 3,579,466</u>	<u>\$ (319,811)</u>	<u>\$ 7,301,817</u>

San Juan Housing Corporation  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	San Juan Housing Corporation	Kennedy Estates Housing Associates (Kennedy Estates)	Tahoe Valley Townhomes Associates (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
<b>Liabilities</b>					
Current liabilities					
Accounts payable and accrued expenses	\$ 116,817	\$ 110,743	\$ 87,201	\$ -	\$ 314,761
Due to affiliates	232,738	349,288	275,002	(567,358)	289,670
Accrued interest	-	5,590	10,427	-	16,017
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	73,464	68,625	-	142,089
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	705	85	-	790
Tenant security deposits	-	60,520	56,877	-	117,397
Total current liabilities	<u>349,555</u>	<u>600,310</u>	<u>498,217</u>	<u>(567,358)</u>	<u>880,724</u>
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	403,906	1,167,189	-	1,571,095
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	-	1,756,211	4,939,913	-	6,696,124
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	<u>-</u>	<u>2,160,117</u>	<u>6,107,102</u>	<u>-</u>	<u>8,267,219</u>
<b>Total liabilities</b>	<u>349,555</u>	<u>2,760,427</u>	<u>6,605,319</u>	<u>(567,358)</u>	<u>9,147,943</u>
<b>Net assets</b>					
Unrestricted net assets, controlling	(29,744)	961,924	(3,025,853)	247,547	(1,846,126)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	<u>(29,744)</u>	<u>961,924</u>	<u>(3,025,853)</u>	<u>247,547</u>	<u>(1,846,126)</u>
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
<b>Total net assets</b>	<u>(29,744)</u>	<u>961,924</u>	<u>(3,025,853)</u>	<u>247,547</u>	<u>(1,846,126)</u>
<b>Total liabilities and net assets</b>	<u>\$ 319,811</u>	<u>\$ 3,722,351</u>	<u>\$ 3,579,466</u>	<u>\$ (319,811)</u>	<u>\$ 7,301,817</u>

San Juan Housing Corporation  
Consolidating Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2012

	San Juan Housing Corporation	Kennedy Estates Housing Associates (Kennedy Estates)	Tahoe Valley Townhomes Associates (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
<b>Revenues</b>					
Rent - net of vacancies	\$ -	\$ 689,139	\$ 546,855	\$ -	\$ 1,235,994
Developer fees	-	-	-	-	-
Services fees	48,493	-	-	(48,493)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	228	607	-	835
Other	-	18,521	21,110	-	39,631
<b>Total revenues</b>	<b>48,493</b>	<b>707,888</b>	<b>568,572</b>	<b>(48,493)</b>	<b>1,276,460</b>
<b>Expenses and losses</b>					
Compensation	-	162,744	140,882	-	303,626
Administrative	36,829	116,932	81,699	(48,493)	186,967
Professional services	1,028	48,833	14,500	-	64,361
Depreciation and amortization	-	239,659	234,957	-	474,616
Grants	-	-	-	-	-
Facility	-	248,445	166,111	-	414,556
Interest and fees	546	103,207	212,359	-	316,112
Bad debts	-	233	8,362	-	8,595
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	50	-	-	(50)	-
<b>Total expenses and losses</b>	<b>38,453</b>	<b>920,053</b>	<b>858,870</b>	<b>(48,543)</b>	<b>1,768,833</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>10,040</b>	<b>(212,165)</b>	<b>(290,298)</b>	<b>50</b>	<b>(492,373)</b>
Net assets at beginning of year	(39,784)	1,174,089	(2,735,555)	247,497	(1,353,753)
Other transfers to (from) net assets	-	-	-	-	-
<b>Net assets at end of year</b>	<b>\$ (29,744)</b>	<b>\$ 961,924</b>	<b>\$ (3,025,853)</b>	<b>\$ 247,547</b>	<b>\$ (1,846,126)</b>

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Florin Housing Corporation  
Consolidating Statement of Financial Position  
December 31, 2012

	Florin Housing Corporation	Florin Wood Associates, LP (Crossroad Gardens)	Eliminations	Consolidated Florin Housing Corporation
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ 8,045	\$ -	\$ 8,045
Cash, tenant security deposits	-	40,716	-	40,716
Cash, restricted	-	250	-	250
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	10,135	-	10,135
Due from affiliate, net	82,723	4,274	(82,723)	4,274
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	-	18,286	-	18,286
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>82,723</u>	<u>81,706</u>	<u>(82,723)</u>	<u>81,706</u>
Property and equipment				
Land and land improvements	-	731,386	-	731,386
Buildings	-	6,926,804	-	6,926,804
Furniture and equipment	-	33,184	-	33,184
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(3,297,797)	-	(3,297,797)
Net property and equipment	<u>-</u>	<u>4,393,577</u>	<u>-</u>	<u>4,393,577</u>
Other long-term assets				
Restricted property reserves	-	343,811	-	343,811
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	-	73,099	-	73,099
Total other long-term assets	<u>-</u>	<u>416,910</u>	<u>-</u>	<u>416,910</u>
<b>Total assets</b>	<u>\$ 82,723</u>	<u>\$ 4,892,193</u>	<u>\$ (82,723)</u>	<u>\$ 4,892,193</u>

Florin Housing Corporation  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Florin Housing Corporation	Florin Wood Associates, LP (Crossroad Gardens)	Eliminations	Consolidated Florin Housing Corporation
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued expenses	\$ 65,000	\$ 140,726	\$ -	\$ 205,726
Due to affiliates	95,850	265,207	(235,055)	126,002
Accrued interest	-	7,362	-	7,362
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	42,881	-	42,881
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	4,829	(1)	4,828
Tenant security deposits	-	40,216	-	40,216
Total current liabilities	160,850	501,221	(235,056)	427,015
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	1,113,366	-	1,113,366
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	3,438,009	-	3,438,009
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	4,551,375	-	4,551,375
<b>Total liabilities</b>	160,850	5,052,596	(235,056)	4,978,390
<b>Net assets</b>				
Unrestricted net assets, controlling	(78,127)	(160,403)	152,333	(86,197)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(78,127)	(160,403)	152,333	(86,197)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
<b>Total net assets</b>	(78,127)	(160,403)	152,333	(86,197)
<b>Total liabilities and net assets</b>	\$ 82,723	\$ 4,892,193	\$ (82,723)	\$ 4,892,193

Florin Housing Corporation  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year Ended December 31, 2012

	Florin Housing Corporation	Florin Wood Associates, LP (Crossroad Gardens)	Eliminations	Consolidated Florin Housing Corporation
<b>Revenues</b>				
Rent - net of vacancies	\$ -	\$ 519,728	\$ -	\$ 519,728
Developer fees	-	-	-	-
Services fees	20,000	-	(20,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	2,000	-	2,000
Other	-	13,874	-	13,874
<b>Total revenues</b>	<u>20,000</u>	<u>535,602</u>	<u>(20,000)</u>	<u>535,602</u>
<b>Expenses and losses</b>				
Compensation	-	129,374	-	129,374
Administrative	14,003	79,020	(20,000)	73,023
Professional services	1,028	60,368	-	61,396
Depreciation and amortization	-	187,404	-	187,404
Grants	-	-	-	-
Facility	-	198,464	-	198,464
Interest and fees	541	155,915	-	156,456
Bad debts	-	2,161	-	2,161
Provision for impaired assets	192,945	-	8,055	201,000
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	2,771	-	(2,771)	-
<b>Total expenses and losses</b>	<u>211,288</u>	<u>812,706</u>	<u>(14,716)</u>	<u>1,009,278</u>
<b>Excess (deficiency) of revenues over expenses</b>	(191,288)	(277,104)	(5,284)	(473,676)
Net assets at beginning of year	113,161	116,701	157,617	387,479
Other transfers to (from) net assets	-	-	-	-
<b>Net assets at end of year</b>	<u>\$ (78,127)</u>	<u>\$ (160,403)</u>	<u>\$ 152,333</u>	<u>\$ (86,197)</u>



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Affordable Housing Corporation  
Consolidating Statement of Financial Position  
December 31, 2012

	Affordable Housing Corporation	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington IV, L.P. (Lincoln Way I)	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	Mercy Housing Idaho III, LP (New Hope Apartments)	Mercy Housing Colorado V, L.P. (Plaza On Platte)	Mercy Housing Washington III, L.P. (Tahoma View)
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 146,374	\$ 68,095	\$ -	\$ 14,053	\$ 41,209	\$ 956
Cash, tenant security deposits	-	13,509	25,849	-	5,400	-	19,761
Cash, restricted	-	-	-	-	38	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	8,626	15,333	-	1,218	-	7,803
Due from affiliate, net	44,800	-	10,806	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	23,194	10,662	-	4,813	-	8,977
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>44,800</u>	<u>191,703</u>	<u>130,745</u>	<u>-</u>	<u>25,522</u>	<u>41,209</u>	<u>37,497</u>
Property and equipment							
Land and land improvements	-	242,400	514,401	-	90,524	-	285,356
Buildings	-	3,016,675	4,019,991	-	1,112,897	-	3,933,445
Furniture and equipment	-	114,892	202,592	-	80,549	-	66,148
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,479,490)	(2,516,340)	-	(844,059)	-	(2,140,618)
Net property and equipment	<u>-</u>	<u>1,894,477</u>	<u>2,220,644</u>	<u>-</u>	<u>439,911</u>	<u>-</u>	<u>2,144,331</u>
Other long-term assets							
Restricted property reserves	-	167,781	552,033	-	93,516	-	221,267
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	(13,042)	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	34,523	11,144	-	3,858	-	12,948
Total other long-term assets	<u>(13,042)</u>	<u>202,304</u>	<u>563,177</u>	<u>-</u>	<u>97,374</u>	<u>-</u>	<u>234,215</u>
<b>Total assets</b>	<u>\$ 31,758</u>	<u>\$ 2,288,484</u>	<u>\$ 2,914,566</u>	<u>\$ -</u>	<u>\$ 562,807</u>	<u>\$ 41,209</u>	<u>\$ 2,416,043</u>

Affordable Housing Corporation  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Affordable Housing Corporation	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington IV, L.P. (Lincoln Way I)	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	Mercy Housing Idaho III, LP (New Hope Apartments)	Mercy Housing Colorado V, L.P. (Plaza On Platte)	Mercy Housing Washington III, L.P. (Tahoma View)
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 104,677	\$ 27,637	\$ -	\$ 13,074	\$ 73	\$ 55,790
Due to affiliates	268,021	116,577	16,209	-	19,570	41,525	24,024
Accrued interest	-	9,426	3,556	-	829	-	1,737
Accrued interest, affiliates	-	8,367	-	-	-	-	182
Current portion of notes payable	-	45,301	25,851	-	4,527	-	21,321
Current portion of notes payable, affiliates	-	-	-	-	-	-	9,300
Deferred revenue and other liabilities	-	4,385	3,016	-	2,791	-	2,844
Tenant security deposits	-	13,068	25,347	-	4,900	-	19,261
<b>Total current liabilities</b>	<b>268,021</b>	<b>301,801</b>	<b>101,616</b>	<b>-</b>	<b>45,691</b>	<b>41,598</b>	<b>134,459</b>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	79,119	-	7,513	-	117,423
Accrued interest, affiliates	-	467,502	361,721	-	54,306	-	12,936
Notes payable, less current portion, net	-	1,177,983	1,470,579	-	485,295	-	1,513,965
Notes payable, less current portion, affiliates	-	603,736	124,750	-	127,341	-	138,854
Deferred revenue and other liabilities	-	-	-	-	-	-	649
<b>Total long-term liabilities</b>	<b>-</b>	<b>2,249,221</b>	<b>2,036,169</b>	<b>-</b>	<b>674,455</b>	<b>-</b>	<b>1,783,827</b>
<b>Total liabilities</b>	<b>268,021</b>	<b>2,551,022</b>	<b>2,137,785</b>	<b>-</b>	<b>720,146</b>	<b>41,598</b>	<b>1,918,286</b>
<b>Net assets</b>							
Unrestricted net assets, controlling	(236,263)	(262,538)	776,781	-	(157,339)	(389)	497,757
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
<b>Total unrestricted net assets</b>	<b>(236,263)</b>	<b>(262,538)</b>	<b>776,781</b>	<b>-</b>	<b>(157,339)</b>	<b>(389)</b>	<b>497,757</b>
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>(236,263)</b>	<b>(262,538)</b>	<b>776,781</b>	<b>-</b>	<b>(157,339)</b>	<b>(389)</b>	<b>497,757</b>
<b>Total liabilities and net assets</b>	<b>\$ 31,758</b>	<b>\$ 2,288,484</b>	<b>\$ 2,914,566</b>	<b>\$ -</b>	<b>\$ 562,807</b>	<b>\$ 41,209</b>	<b>\$ 2,416,043</b>

Affordable Housing Corporation  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Affordable Housing Corporation
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ 270,687
Cash, tenant security deposits	-	64,519
Cash, restricted	-	38
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	-	32,980
Due from affiliate, net	(55,606)	-
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	-	47,646
Inventory	-	-
Assets held for sale	-	-
Total current assets	<u>(55,606)</u>	<u>415,870</u>
Property and equipment		
Land and land improvements	-	1,132,681
Buildings	-	12,083,008
Furniture and equipment	-	464,181
Predevelopment project costs	-	-
Construction in progress	-	-
Accumulated depreciation	-	(6,980,507)
Net property and equipment	<u>-</u>	<u>6,699,363</u>
Other long-term assets		
Restricted property reserves	-	1,034,597
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	-
Pledges receivable, net	-	-
Investments in limited partnerships, net.	13,042	-
Notes and interest receivable, net	-	-
Notes and interest receivable, affiliates	-	-
Allowance for impaired assets	-	-
Other assets, net	-	62,473
Total other long-term assets	<u>13,042</u>	<u>1,097,070</u>
<b>Total assets</b>	<u>\$ (42,564)</u>	<u>\$ 8,212,303</u>

Affordable Housing Corporation  
Consolidating Statement of Financial Position - Continued  
December 31, 2012

	Eliminations	Consolidated Affordable Housing Corporation
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ -	\$ 201,251
Due to affiliates	(72,616)	413,310
Accrued interest	-	15,548
Accrued interest, affiliates	-	8,549
Current portion of notes payable	-	97,000
Current portion of notes payable, affiliates	-	9,300
Deferred revenue and other liabilities	-	13,036
Tenant security deposits	-	62,576
Total current liabilities	(72,616)	820,570
Long-term liabilities		
Due to affiliates	-	-
Accrued interest	-	204,055
Accrued interest, affiliates	-	896,465
Notes payable, less current portion, net	-	4,647,822
Notes payable, less current portion, affiliates	-	994,681
Deferred revenue and other liabilities	-	649
Total long-term liabilities	-	6,743,672
<b>Total liabilities</b>	(72,616)	7,564,242
<b>Net assets</b>		
Unrestricted net assets, controlling	30,052	648,061
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	30,052	648,061
Temporarily restricted net assets	-	-
Permanently restricted net assets	-	-
<b>Total net assets</b>	30,052	648,061
<b>Total liabilities and net assets</b>	\$ (42,564)	\$ 8,212,303

Affordable Housing Corporation  
Consolidating Statement of Activities  
and Changes in Net Assets  
Year ended December 31, 2012

	Affordable Housing Corporation	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington IV, L.P. (Lincoln Way I)	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	Mercy Housing Idaho III, LP (New Hope Apartments)	Mercy Housing Colorado V, L.P. (Plaza On Platte)	Mercy Housing Washington III, L.P. (Tahoma View)
<b>Revenues</b>							
Rent - net of vacancies	\$ -	\$ 876,331	\$ 414,436	\$ 208,360	\$ 113,069	\$ 199,418	\$ 315,177
Developer fees	-	-	-	-	-	-	-
Services fees	51,063	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	78	477	41	48	162	181
Other	60,985	96,974	3,697	1,944	2,211	594,733	32,356
<b>Total revenues</b>	<u>112,048</u>	<u>973,383</u>	<u>418,610</u>	<u>210,345</u>	<u>115,328</u>	<u>794,313</u>	<u>347,714</u>
<b>Expenses and losses</b>							
Compensation	-	139,781	103,393	46,277	27,349	5,881	62,122
Administrative	52,253	124,719	63,036	43,575	17,525	53,386	56,137
Professional services	1,321	14,667	40,909	31,598	19,129	(355)	24,236
Depreciation and amortization	-	121,735	149,750	101,695	40,563	126,318	143,477
Grants	-	-	-	125,000	-	-	-
Facility	-	324,835	117,609	48,529	22,688	98,695	149,899
Interest and fees	5,476	125,290	94,720	54,499	17,778	54,987	45,792
Bad debts	21,837	4,856	251	4,816	500	3,570	1,361
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	102,753	-
(Gain) loss on investment in limited partnership	(2,800)	-	-	-	-	-	-
<b>Total expenses and losses</b>	<u>78,087</u>	<u>855,883</u>	<u>569,668</u>	<u>455,989</u>	<u>145,532</u>	<u>445,235</u>	<u>483,024</u>
<b>Excess (deficiency) of revenues over expenses</b>	33,961	117,500	(151,058)	(245,644)	(30,204)	349,078	(135,310)
Net assets at beginning of year	(416,524)	(380,038)	927,839	965,137	(127,135)	(349,467)	633,067
Other transfers to (from) net assets	146,300	-	-	(719,493)	-	-	-
<b>Net assets at end of year</b>	<u>\$ (236,263)</u>	<u>\$ (262,538)</u>	<u>\$ 776,781</u>	<u>\$ -</u>	<u>\$ (157,339)</u>	<u>\$ (389)</u>	<u>\$ 497,757</u>

Affordable Housing Corporation  
Consolidating Statement of Activities  
and Changes in Net Assets - Continued  
Year ended December 31, 2012

	Eliminations	Consolidated Affordable Housing Corporation
<b>Revenues</b>		
Rent - net of vacancies	\$ -	\$ 2,126,791
Developer fees	-	-
Services fees	(51,063)	-
Philanthropy	-	-
Capital grants	-	-
Consulting	-	-
Interest	-	987
Other	(21,837)	771,063
<b>Total revenues</b>	<u>(72,900)</u>	<u>2,898,841</u>
<b>Expenses and losses</b>		
Compensation	-	384,803
Administrative	(51,064)	359,567
Professional services	-	131,505
Depreciation and amortization	-	683,538
Grants	-	125,000
Facility	-	762,255
Interest and fees	-	398,542
Bad debts	(21,837)	15,354
Provision for impaired assets	-	-
Project expenses	-	-
Allocation	-	-
(Gain) loss on sale of assets	-	102,753
(Gain) loss on investment in limited partnership	2,800	-
<b>Total expenses and losses</b>	<u>(70,101)</u>	<u>2,963,317</u>
<b>Excess (deficiency) of revenues over expenses</b>	(2,799)	(64,476)
Net assets at beginning of year	32,936	1,285,815
Other transfers to (from) net assets	(85)	(573,278)
<b>Net assets at end of year</b>	<u>\$ 30,052</u>	<u>\$ 648,061</u>

# Mercy Housing, Inc.

## Schedule of Expenditures of Federal Awards

Year ended December 31, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<b><u>United States Department of Agriculture (USDA)</u></b>				
<b>Direct Programs:</b>				
Rural Rental Housing Loans	10.415		\$ 26,784,337	
Rural Rental Assistance Payments	10.427		4,208,241	
Intermediary Relending Program	10.767		1,092,490	
<b>Passed Through:</b>				
Idaho Housing & Finance Association (IHFA) / Rental Assistance Payments (RAP)	10.427			\$ 261,442
United States Department of Agriculture (USDA) / Arizona Department of Health Services (ADHS)/Food Stamp Nutrition Education Program	10.561	HM-661056-1 E9H28073		98,287
			32,085,068	359,729
<b><u>United States Department of Housing &amp; Urban Development (HUD)</u></b>				
<b>Direct Programs:</b>				
Interest Reduction Payments Section 236	14.103		612,526	
Mortgage Insurance for the Purchase Section 223 (a) (7)	14.155		19,759,243	
Grant Capital Advance Section 202	14.157		162,821,869	
Project Rental Assistance Contract (PRAC) Section 202	14.157		7,848,277	
Supportive Housing for the Elderly Direct Loan Section 202	14.157		10,148,676	
Project Rental Assistance Contract (PRAC) Section 811	14.181		573,542	
Supportive Housing for Persons with Disabilities-Capital Advance Section 811	14.181		8,242,823	
Multifamily Services Coordinator Grant	14.191		75,915	
Multifamily Assisted Housing Reform and Affordability Act	14.197		7,866,951	
Community Development Block Grant / State's Program	14.228		-	
Office of Community Planning and Development-Supportive Housing Program	14.235		9,206,247	
Supportive Housing Program-Capital Advance	14.235		8,241,932	
HOME Investment Partnership Program	14.239		433,262	
Assisted Housing Stability and Energy and Green Retrofit Investments Program (ARRA)	14.318		10,645,064	
Section 8 Project Based Cluster:				
HUD Section 8 New Construction and Substantial Rehabilitation	14.182		-	
Housing Assistance Payments (HAP) Section 8	14.195		19,859,918	
<b>Passed Through:</b>				
State of Washington Department of Community Trade & Economic Development (CTED)/Supportive Housing for the Elderly Direct Loan Section 202	14.157	127-EE038		404,636
		92-012N, 97-033N,		
California Housing Finance Agency (CHFA) / Risk Sharing Loans	14.188	97-022N		5,780,335
Omaha Housing Authority of the City of Omaha / Multi-family Assisted Housing Reform and Affordability Act	14.197	103-11014-		
City of Chicago / Chicago Department of Housing / Housing & Economic Recovery Act (HERA)	14.218	PUR/CON-EC-FAM		4,336,387
City of Chicago / Chicago Department of Housing / Housing & Economic Recovery Act (HERA)	14.218			399,660
City of Chicago / Chicago Department of Housing / Housing & Economic Recovery Act (HERA)	14.218			9,488,744
City of Chicago / Chicago Department of Housing / Housing & Economic Recovery Act (HERA)	14.218			219,435
City of Chicago / Chicago Department of Housing / Housing & Economic Recovery Act (HERA)	14.218			659,593
City of Chicago / Chicago Department of Housing / CDBG Entitlement Grant	14.218			172,224
City of Chicago / Mayor's Office of Workforce Development / CDBG Entitlement Grant / Innovative Programs and Training and Placement	14.218	19246-1; 19246-2		50,490
City of Rome, Georgia / CDBG Entitlement Grant Program	14.218			75,208
Amador-Tuolumne Community Action Agency / CDBG Technical Assistance Program	14.227			63,932
City and County of Denver / CDBG State Program	14.228			275,000
City and County of San Francisco / CDBG State Program	14.228			3,770,748
City and County of San Francisco to Mayor's Office of Housing / CDBG State Program	14.228	95-F765446-00		3,442,128
City of Chicago, Illinois / Department of Housing / CDBG Multi-family Loan State Program	14.228			5,973,396
City of Chicago, Illinois / Department of Housing / CDBG State Program / SNAP Program "Strategic Neighborhood Action Program"	14.228			3,480,791
City of Colorado Springs / CDBG State Program	14.228			300,000
City of Daly City / CDBG State Loan Program	14.228			536,202
City of Daly City/ HOME Loan	14.228			491,643
City of Dubuque, Iowa / CDBG State Program	14.228	258-93		486,701
City of Durango, Colorado / CDBG State Program	14.228			250,000
City of Eagle, Ida County / Idaho Community Development Block Grant	14.228			449,531



# Mercy Housing, Inc.

## Schedule of Expenditures of Federal Awards - Continued

Year ended December 31, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<b>United States Department of Housing &amp; Urban Development (HUD) - Continued</b>				
<b>Passed Through: (Continued)</b>				
City of Encinitas / CDBG State Program	14.228			614,000
City of Folsom / CDBG State Program	14.228			92,940
City of Los Angeles / CDBG State Program	14.228	95-2167; C-93360		1,050,000
City of Mountain Home / Idaho Community Development Block Grant	14.228			532,475
City of Santa Cruz / CDBG Revolving Loan Fund	14.228			307,687
City of Santa Cruz / CDBG State Program	14.228	CA027HG701		221,000
City of Santa Cruz / CDBG State Program	14.228			142,239
City of Tacoma / CDBG State Program	14.228			71,517
Community Housing Services Agency / CDBG State Program	14.228			1,487,780
County of Alameda / CDBG State Program	14.228			428,241
City of Rancho Cordova / CDBG State Program	14.228			-
County of San Mateo / CDBG State Loan Program	14.228			176,797
County of Santa Barbara / State Department of Housing and Community Development / CDBG State Program	14.228			538,907
Davis County Housing Authority / CDBG States Program	14.228			370,322
Pierce County / CDBG State Program	14.228			87,936
Redevelopment Agency / City and County of San Francisco / CDBG State Program	14.228			357,660
State of California / County of Yuba / CDBG State Program	14.228			900,000
State of Colorado / Department of Housing / Town of Fraser / CDBG State Program	14.228			600,000
Tacoma Community Development Authority / CDBG State Program	14.228			517,500
Tacoma Community Redevelopment Authority / CDBG Loan Agreement	14.228			600,000
City of San Francisco/ CDBG Midtown Pre Development	14.228			134,159
Tacoma Community Redevelopment Authority / CDBG State Program	14.228			400,000
Neighborhood Stabilization Program (NSP) City of Nampa/CDBG State Program	14.228			201,001
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235			54,813
City of Greenville (Community Development Department) / Forgivable Loan	14.235			262,406
City of Chicago/ AIDS Foundation of Chicago / Substance Abuse and Mental Health Services Projects of Regional and National Significance	14.235			185,507
City of Chicago / Department of Human Services (DHS) / HUD Shelter Plus Care	14.238	18002; 17529; 17635		1,098,187
California Housing Finance Agency (CHFA) / County of Alameda Housing and Community Development / HOME Investment Partnership Program	14.239			2,744,230
California State Department of Housing and Community Development / HOME Investment Partnership Program	14.239	02-HOME-0633		1,251,789
City and County of San Francisco / HOME Investment Partnership Program	14.239			5,441,025
City and County of Denver / HOME Investment Partnership Program	14.239			1,152,240
City and County of San Francisco / HOME Program Loan Agreement	14.239			8,093,811
City and County of San Francisco / Mayor's Office of Housing / HOME Investment Partnership Program	14.239			7,576,027
City of Bakersfield / HOME Investment Partnership Program	14.239	98-284		230,000
City of Bellingham / HOME Investment Partnership Program / HAP Section 8	14.239			200,450
City of Chicago / Department of Housing / HOME Investment Partnership Program	14.239			19,760,651
City of Chicago / Department of Community Development / HOME Investment Partnership Program	14.239			6,211,488
City of Cincinnati / HOME Investment Partnership Program	14.239	65X0131; 65X015		436,154
City of Cincinnati / HOME Investment Partnership Program	14.239			1,237,863
City of Council Bluffs / HOME Investment Partnership Program	14.239			164,994
City of Glendale / HOME Investment Partnership Program	14.239			149,240
City of Lincoln, Nebraska / HOME Investment Partnership Program	14.239			352,827
City of Los Angeles / HOME Investment Partnership Program	14.239	95.1452; C92700		662,254
City of Mesa / County of Maricopa / HOME Investment Partnership Program	14.239			554,517
City of San Mateo / HOME Investment Partnership Program	14.239			1,218,419
City of Santa Cruz / HOME Investment Partnership Program	14.239			2,393,637
City of Seattle/HOME Investment Partnership Program	14.239			2,793,755
City of South Lake Tahoe / HOME Investment Partnership Program	14.239	96-HOME-0222; 97-HOME-0280		2,717,822
City of Stockton / HOME Investment Partnership Program	14.239			5,241,000
City of Tolleson / HOME Investment Partnership Program	14.239			75,000
City of Yuba City / HOME Investment Partnership Program	14.239			1,062,446
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program	14.239			493,042
Community Housing Services Agency / HOME Investment Partnership Program	14.239			339,556
County of Alameda / HOME Investment Partnership Program	14.239			798,781
County of Contra Costa / HOME Investment Partnership Program	14.239	07-52-HM		1,692,511
County of Contra Costa / HOME Investment Partnership Program	14.239			2,362,860
County of Eldorado / HOME Investment Partnership Program	14.239	02-HOME-0613		3,000,000
County of Eldorado / HOME Investment Partnership Program	14.239			1,400,000
County of Kern / HOME Investment Partnership Program	14.239	069-99		400,000

# Mercy Housing, Inc.

## Schedule of Expenditures of Federal Awards - Continued

Year ended December 31, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<b>United States Department of Housing &amp; Urban Development (HUD) - Continued</b>				
<b>Passed Through: (Continued)</b>				
County of Marin / HOME Investment Partnership Program	14.239			889,450
County of Orange / HOME Investment Partnership Program	14.239			891,201
County of Riverside / HOME Investment Partnership Program	14.239	File No: 4HM-02-003		1,038,000
County of San Mateo / HOME Investment Partnership Program	14.239			967,407
County of Santa Barbara / HOME Investment Partnership Program	14.239			1,281,795
DeKalb County, Georgia / HOME Investment Partnership Program	14.239			95,000
DeKalb County, Georgia / HOME Investment Partnership Program	14.239			900,000
Department of Housing and Community Development of the State of California / HOME Grant CHDO	14.239	96-HOME-0223		1,282,741
Georgia Housing and Finance Authority / HOME Investment Partnership Program	14.239			1,269,973
Georgia Housing and Finance Authority / HOME Investment Partnership Program	14.239			4,433,833
Housing Authority of the City of Los Angeles, California / HOME Investment Partnership Program	14.239			6,729,758
Idaho Housing Agency / HOME Investment Partnership Program	14.239	HOME-93-5		384,814
Idaho Housing and Finance Association HOME Program / HOME Investment Partnership Program	14.239			2,674,229
Idaho Housing and Finance Association (IHFA) / CHDO Grant Agreement	14.239	HOME CHDO 07-06/2; HOME CHDO 08-09		30,730
Illinois Housing Development Authority / HOME Investment Partnership Program	14.239			6,116,079
Iowa Department of Economic Development / HOME Investment Partnership Program	14.239	M-92-SG-19-0100-400-27-04		313,328
Iowa Department of Economic Development / HOME Investment Partnership Program	14.239	00-HM-430 / 00-HM-430-731		442,869
King County Dept of Community and Human Services / HOME Investment Program	14.239			1,677,233
Pierce County Community Development / HOME Investment Partnership Program	14.239			73,154
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program	14.239			9,447,982
Sacramento Housing and Redevelopment Agency / Rural California Housing Corporation / HOME Investment Partnership Program	14.239			852,910
Sacramento Housing and Redevelopment Agency / Rural California Housing Corporation / HOME Investment Partnership Program	14.239			7,380,000
Snohomish County / HOME Investment Partnership Program	14.239			870,487
State Department of Housing and Community Development / Santa Cruz Community Housing Corporation / HOME Grant CHDO	14.239			1,209,087
State of Arizona / Department of Commerce / HOME Investment Partnership Program	14.239			150,000
State of Colorado / Department of Local Affairs / HOME Investment Partnership Program	14.239	H4HOM03042 Contract Routing 00168		250,000
State of Colorado / Department of Local Affairs / HOME Investment Partnership Program	14.239	H6HOM95006 Contract Routing 01184		340,000
State of Colorado / Department of Local Affairs / HOME Investment Partnership Program	14.239	H7HOM06062 Contract Routing 00455		520,000
State of Colorado / Department of Local Affairs / HOME Investment Partnership Program	14.239	H9HOM08050		139,169
State of Colorado / Department of Local Affairs / HOME Investment Partnership Program	14.239	H1HOM10076		905,000
State of Ohio / Division of Community Development / City of Cincinnati / HOME Ownership Program	14.239			252,000
State of Texas / County of Bexar / HOME Investment Partnership Program	14.239			398,876
State of Washington / Department of Community, Trade and Economic Development / HOME Investment Partnership Program	14.239			813,392
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program	14.239			1,427,956
Thurston County / HOME Investment Partnership Program	14.239			318,116
County of Cook / HOME Investment Partnership Program	14.239			3,250,000
Tacoma Community Redevelopment Agency / HOME Investment Partnership Program	14.239			565,000
City of Chicago / Housing Opportunities for Persons with AIDS / HOPWA	14.241			500,000
City of Phoenix / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241	100486-006		150,303
County of Contra Costa / CDBG Section 108 Loan Guarantee	14.241			680,000
County of Sacramento / Sacramento County Department of Human Assistance / Housing Opportunities for Persons with AIDS / HOPWA Loan	14.241			1,065,000
County of San Diego Department of Housing and Community Development / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			1,439,383
Redevelopment Agency of the City and County of San Francisco / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			4,620,717

# Mercy Housing, Inc.

## Schedule of Expenditures of Federal Awards - Continued

**Year ended December 31, 2012**

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<b>United States Department of Housing &amp; Urban Development (HUD) - Continued</b>				
<b>Passed Through: (Continued)</b>				
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement	14.241			618,054
State of California / Department of Housing & Community Development / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241	91-HRL-PH-002 4-807-0503; 4-712-		837,774
Housing Assistance Council Self-Help Housing Opportunity Program (SHOP)	14.247	0312; 4-105-0612 SH-03-007; SH-02- 007; SH-01-007; SH- 00-007; SH-05-007; SH-06-007; 99-007		175,135
Northwest Regional Facilitators Self-Help Housing Opportunity Program (SHOP)	14.247			1,270,000
Community Development Commission of the City of Oxnard / CDBG Section 108 Loan Guarantee	14.248	96-164218		720,846
County of Alameda / CDBG Section 108 Loan Guarantee	14.248	99346211		153,628
County of Contra Costa / CDBG Section 108 Loan Guarantee	14.248			1,277,092
County of San Mateo / HOME Investment Partnership Program	14.248			329,136
City of Chicago / Chicago Department of Housing / American Recovery & Reinvestment Act (ARRA)	14.256			6,660,683
City of Chicago / Chicago Department of Housing / American Recovery & Reinvestment Act (ARRA)	14.256			2,515,241
Wisconsin Housing and Economic Development Authority / Tax Credit Assistance Program	14.258	468-0323-100-8 & 468-0210-1		1,825,586
Washington State Tax Credit Assistance Program TCAP	14.258			1,400,000
California State Tax Credit Assistance Program TCAP	14.258			24,705,821
Housing Authority of the City of Atlanta, Georgia / Hope VI	14.866			5,986,326
Section 8 Project Based Cluster:				
Illinois Housing Development Authority / Section 8 New Construction and Substantial Rehabilitation	14.182			746,915
Boise Housing Authority / HOME Investment Partnership Program / HAP Section 8	14.195			49,568
Chicago Housing Authority / HAP Section 8	14.195			622,088
City and County of San Francisco / Mayor's Office of Housing / HAP Program Section 8	14.195			527,516
City of Chicago / Department of Housing / CDBG State Program Entitlement / HAP Section 8	14.195	8613		380,088
City of Chicago / Department of Housing / CDBG State Program / HAP Section 8	14.195			218,037
City of Chicago / Department of Housing / HOME Investment Partnership Program / HAP Section 8	14.195			822,262
City of Chicago Illinois / Department of Finance / HOME Investment Partnership Program	14.195			852,897
City of Chicago, Illinois / Department of Housing / CDBG Multi-family Loan State Program / HAP Section 8	14.195			271,913
City of Cincinnati / HOME Investment Partnership / HAP Section 8	14.195			103,386
City of Council Bluffs / HOME Investment Partnership Program / HAP Section 8	14.195			77,777
City of Daly / HOME Investment Partnership Program / HAP Section 8	14.195			93,894
City of Lincoln, Nebraska / HOME Investment Partnership Program / HAP Section 8	14.195			-
City of Los Angeles / CDBG State Programs and HOME Investment Partnership Program / HAP Section 8	14.195			-
City of Yuba City / HOME Investment Partnership Program / HAP Section 8	14.195			130,942
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program / HAP Section 8	14.195			733,700
Wisconsin Housing and Economic Development Authority / Tax Credit Assistance Program/ HAP Section 8	14.195			552,155
County of Contra Costa / Housing Opportunities for Persons with AIDS HOPWA Grant / HAP Section 8	14.195			224,870
Davis County Housing Authority / CDBG States Program	14.195			610,791
Housing Authority of the County of Santa Cruz / HAP / Section 8	14.195			112,681
Idaho Housing Agency / HOME Investment Partnership Program / HAP Section 8	14.195			9,500
Illinois Housing Development Authority / HOME Investment Partnership Program / Multifamily Program / HAP Section 8	14.195			315,661
Omaha Housing Authority of the City of Omaha / Housing Assistance payment (HAP) Section 8	14.195			275,789
Redevelopment Agency of the City and County of San Francisco / Housing Assistance Payment (HAP) Section 8	14.195			1,048,865
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program / HAP Section 8	14.195			215,397
Sacramento Housing and Redevelopment Agency / Rural California Housing Corporation / HOME Investment Partnership Program	14.195			66,557

**Mercy Housing, Inc.**

**Schedule of Expenditures of Federal Awards - Continued**

**Year ended December 31, 2012**

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
<b>United States Department of Housing &amp; Urban Development (HUD) - Continued</b>				
<b>Passed Through: (Continued)</b>				
San Francisco Housing Authority / HAP Section 8	14.195			-
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement / HAP Section 8	14.195			777,728
State of Ohio / Division of Community Development / City of Cincinnati / HOME Ownership Program / HAP Section 8	14.195			81,099
Tacoma Community Development Authority / CDBG State Program	14.195			211,168
Tacoma Community Redevelopment Authority / CDBG State Program / HAP Section 8	14.195			177,074
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program / HAP Section 8	14.195			126,763
			266,336,245	262,697,622
<b>Passed Through:</b>				
<b>United States Department of Energy</b>				
Weatherization Assistance Program (WAP)	81.042			934,247
King County Dept of Community and Human Services / HOME Weatherization	81.042			750,000
<b>Passed Through:</b>				
<b>United States Department of Treasury</b>				
Department of Treasury - General Programs	21.020		1,500,000	
<b>Passed Through:</b>				
<b>United States Department of Health and Human Services</b>				
Illinois Department of Human Services / Department of Substance Abuse and Mental Health Services	93.959			9,278
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243			413,403
			-	422,681
			\$ 299,921,313	\$ 265,164,280
<b>Total Expenditures of Federal Awards</b>				<b>\$ 565,085,593</b>

Summary by CFDA Number:		Federal Expenditures
USDA Rural Rental Housing Loans	10.415	\$ 26,784,337
USDA Rural Rental Assistance Payments	10.427	4,469,683
USDA Food Stamp Nutrition Education	10.561	98,287
USDA Intermediary Relending Program	10.767	1,092,490
HUD Interest Reduction Payments Section 236	14.103	612,526
HUD Mortgage Insurance for the Purchase Section 223(a)(7)	14.155	19,759,243
HUD Supportive Housing for the Elderly Direct Loan Section/Capital Advance Section 202/ HUD Project Rental Assistance contract (PRAC) Section 202	14.157	181,223,458
HUD Supportive Housing for Persons with Disabilities Capital Advance Section 811/ HUD Project Rental Assistance Contract (PRAC) Section 811	14.181	8,816,365
HUD Housing Finance Agencies (HFA) Risk Sharing Loans	14.188	5,780,335
HUD Multi-Family Services Coordinator Grant	14.191	75,915
HUD Multi-Family Assisted Housing Reform & Affordability Act	14.197	12,203,338
HUD Community Development Block Grant Entitlement Grant	14.218	11,065,354
HUD Comm. Dev. Block Grant/Technical Assistance Program	14.227	63,932
HUD Community Development Block Grant/State's Program	14.228	29,288,301
HUD Supportive Housing Program - Capital Advance/Office of Community Planning & Development - Supportive Housing Program/ Forgivable Loan	14.235	17,950,905
HUD Shelter Plus Care	14.238	1,098,187
HUD HOME Investment Partnership Program/HOME Grant CHDO	14.239	143,223,221
HUD Housing Opportunities for Persons with AIDS HOPWA Grant	14.241	9,911,231
HUD Self-Help Home Ownership Opportunity Program (SHOP)	14.247	1,445,135
HUD Community Development Block Section 108 Loan Guarantee	14.248	2,480,702
City of Chicago / Chicago Department of Housing / American Recovery & Reinvestment Act (ARRA)	14.256	9,175,924
HUD Tax Credit Assistance Program (Recovery Act Funded)	14.258	27,931,407

# Mercy Housing, Inc.

## Schedule of Expenditures of Federal Awards - Continued

Year ended December 31, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
Summary by CFDA Number: (Continued)				<u>Federal Expenditures</u>
Assisted Housing Stability and Energy and Green Retrofit Investments Program (ARRA)	14.318			10,645,064
Revitalization of Severely Distressed Public Housing (Hope VI)	14.866			5,986,326
Department of Treasury	21.020			1,500,000
Department of Energy Weatherization Assistance Program (WAP)	81.042			1,684,247
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243			413,403
Department of Health and Human Services Substance Abuse and Mental Health Services Administration	93.959			9,278
Section 8 Project Based Cluster:				
HUD Section 8 New Construction and Substantial Rehabilitation	14.182			746,915
HUD Housing Assistance Payments (HAP) Section 8	14.195			29,550,084
<b>Total Expenditures of Federal Awards</b>				<b><u>\$ 565,085,593</u></b>

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

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

To the Board of Directors  
Mercy Housing, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Mercy Housing, Inc., which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon April 25, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mercy Housing, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mercy Housing, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2012-1.

We noted certain matters that we reported to the management of Mercy Housing, Inc. in a separate letter dated April 25, 2013.

Mercy Housing Inc.'s responses to the findings identified in our audit are described in the accompanying schedule findings and questioned costs. We did not audit Mercy Housing, Inc.'s responses and, accordingly, we express no opinion on them.

## 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.



Charlotte, North Carolina  
April 25, 2013

Independent Auditor's Report on Compliance with  
Requirements Applicable to Each Major Program  
And on Internal Control over Compliance in  
Accordance with OMB Circular A-133

Report on Compliance for Each Major Program

We have audited Mercy Housing, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2012. Mercy Housing, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Mercy Housing, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133)*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the major federal programs 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 with each major program. However, our audit does not provide a legal determination of Mercy Housing, Inc.'s compliance.

*Opinion on Each Major Program*

In our opinion, Mercy Housing, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs identified above for the year ended December 31, 2012.



### *Other Matters*

The results of our auditing procedures also disclosed an instance of noncompliance which is to be reported in accordance with *OMB Circular A-133* which is described in the accompanying schedule of findings and questioned costs as item 2012-01. Our opinion is not modified with respect to this matter.

Mercy Housing Inc.'s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Mercy Housing, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### Report on Internal Control over Compliance

Management of Mercy Housing, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mercy Housing, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mercy Housing, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, *significant deficiencies*, or *material weaknesses* in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a *significant deficiency*, as described in the accompanying schedule of findings and questioned costs as finding 2012-01.

Mercy Housing Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Mercy Housing, Inc.'s responses and, accordingly, we express no opinion on the responses.

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 *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



Charlotte, North Carolina  
April 25, 2013

**Mercy Housing, Inc.**

**Schedule of Findings and Questioned Costs**

**December 31, 2012**

**A. Summary of Auditor's Results**

1. The Auditor's report expresses an unmodified opinion on the financial statements of Mercy Housing, Inc.
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. were disclosed during the audit.
4. One significant deficiency related to the audit of the major federal award programs was disclosed in the Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133. 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.
6. There is one audit finding relative to the major federal award programs for Mercy Housing, Inc. required to be reported under Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include:

HUD Supportive Housing for the Elderly	14.157
HUD Section 8 Project Based Cluster:	
HUD Section 8 New Construction and Substantial Rehabilitation	14.182
HUD Housing Assistance Payments (HAP) Section 8	14.195
HUD Housing Finance Agencies (HFA) Risk Sharing Loans	14.188
HUD Multi-Family Assisted Housing Reform & Affordability Act	14.197
HUD Community Development Block Grant /State's Program	14.228
HUD HOME Investment Partnership Program/HOME Grant CHDO	14.239
HUD Housing Opportunities for Persons with AIDS HOPWA Grant	14.241
HUD Neighborhood Stabilization Program (Recovery Act Funded)	14.256
HUD Tax Credit Assistance Program (Recovery Act Funded)	14.258
HUD Assisted Housing Stability and Energy and Green Retrofit Investments Program (Recovery Act Funded)	14.318
Department of Energy Weatherization Assistance Program (WAP)	81.042

**Mercy Housing, Inc.**

**Schedule of Findings and Questioned Costs - Continued**

**December 31, 2012**

8. The threshold for distinguishing Type A and B programs was \$1,355,429.
9. Mercy Housing, Inc. qualified as a low-risk auditee under Section .530.

**B. Findings - Financial Statements Audit**

None.

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

**Finding 2012-1**

**Statement of Condition**

The Company acted as the administrator of the Neighborhood Stabilization 1 Program (NSP1) for the City of West Sacramento. While the Company was administrating the Program, two homes were sold to ineligible households over the HUD moderate-income limit.

**Criteria**

The Company was required to maintain compliance with NSP1 income limit provisions when qualifying buyers under the Program.

**Effect**

The Company was required to repay the City of West Sacramento \$129,628.

**Cause**

The procedures to ensure compliance with the provisions of NSP1 regarding income restrictions of potential buyers were not followed.

**Recommendation**

All employees of the Company should adhere to the procedures put in place for NSP1 so that all qualified buyers meet the NSP1 income limits.

**View of Responsible Officials**

Management understands the importance of full compliance with all regulations found in Major Programs. The Company would also note that it has been the administrator of major Neighborhood Stabilization Programs in other metropolitan areas with no identified conditions. On investigation of the facts in this particular

**Mercy Housing, Inc.**

**Schedule of Findings and Questioned Costs - Continued**

**December 31, 2012**

program related to these two households it was ascertained that the program administrator had failed to review every pay stub and as a result overlooked some one-time bonus related earnings, which pushed these households just over the eligibility limit. All staff in NSP programs administered by the Company have been reminded that they are required to review all supporting documents before approving any application.

**D. Status of Prior Year Findings and Questioned Costs**

None.