

Mercy Housing, Inc.

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

December 31, 2013 and 2012

Mercy Housing, Inc.

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Independent Auditor's Report

Board of Directors
Mercy Housing, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mercy Housing, Inc., which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated statements of financial position of Mercy Housing, Inc. as of December 31, 2013 and 2012, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 43 through 249 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2014, 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 24, 2014

Mercy Housing, Inc.

**Consolidated Statements of Financial Position
December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 29,897,884	\$ 31,393,731
Cash, tenant security deposits	6,362,140	6,156,330
Cash, restricted	63,266,285	64,070,249
Investments	1,157,486	2,730,000
Investments, restricted	635,652	685,902
Accounts receivable, net	9,143,000	5,705,771
Pledges receivable, net	377,448	676,875
Grants receivable	2,144,468	9,262,523
Current portion of notes and interest receivable	7,258,931	16,698,134
Prepaid expenses and other assets	16,033,636	8,020,441
Inventory	3,333,796	3,219,948
Assets held for sale	<u>683,981</u>	<u>1,862,916</u>
Total current assets	<u>140,294,707</u>	<u>150,482,820</u>
Property and equipment, net	<u>1,746,249,870</u>	<u>1,645,480,961</u>
Other long-term assets		
Restricted property reserves	131,476,629	99,310,496
Long-term investments	5,600,000	3,900,000
Long-term investments, restricted	3,440,000	1,435,000
Pledges receivable, net	400,507	488,535
Investments in limited partnerships, net	835,830	391,289
Notes and interest receivable, net	23,555,774	22,326,676
Other assets, net	<u>25,927,628</u>	<u>24,148,483</u>
Total other long-term assets	<u>191,236,368</u>	<u>152,000,479</u>
Total assets	<u><u>\$ 2,077,780,945</u></u>	<u><u>\$ 1,947,964,260</u></u>

Mercy Housing, Inc.

**Consolidated Statements of Financial Position
December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 55,482,496	\$ 56,010,168
Accrued interest	3,016,313	3,486,218
Current portion of notes payable	106,724,228	140,888,177
Deferred revenue and other liabilities	41,411,128	33,583,741
Tenant security deposits	<u>6,293,816</u>	<u>6,068,165</u>
Total current liabilities	<u>212,927,981</u>	<u>240,036,469</u>
Long-term liabilities		
Accrued interest	80,244,888	70,490,062
Notes payable, less current portion, net	1,029,278,457	925,553,665
Deferred revenue and other liabilities	<u>41,181,845</u>	<u>36,863,788</u>
Total long-term liabilities	<u>1,150,705,190</u>	<u>1,032,907,515</u>
Total liabilities	<u>1,363,633,171</u>	<u>1,272,943,984</u>
Commitments	-	-
Net assets		
Unrestricted net assets, controlling	47,454,051	42,119,464
Unrestricted net assets, noncontrolling	<u>450,611,887</u>	<u>402,763,789</u>
Total unrestricted net assets	498,065,938	444,883,253
Temporarily restricted net assets	212,679,836	226,737,023
Permanently restricted net assets	<u>3,402,000</u>	<u>3,400,000</u>
Total net assets	<u>714,147,774</u>	<u>675,020,276</u>
Total liabilities and net assets	<u><u>\$ 2,077,780,945</u></u>	<u><u>\$ 1,947,964,260</u></u>

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Consolidated Statements of Activities Year Ended December 31, 2013

	Programs									
	Property Operations & Management	Resident Services	Housing Development	Mercy Loan Fund	Neighborhood Stabilization	Corporate Operations	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues										
Rent - net of vacancies	\$ 141,171,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,171,207	\$ 141,171,207	\$ -	\$ -
Developer fees	36,150	-	9,102,658	-	-	-	9,138,808	9,138,808	-	-
Services fees	653,117	178,331	86,744	-	-	453,281	1,371,473	1,371,473	-	-
Philanthropy	721,949	7,189,175	4,243,005	792,235	920,550	2,565,587	16,432,501	11,639,592	4,792,909	-
Capital grants	2,432,893	-	1,379,219	-	-	-	3,812,112	2,149,413	1,662,699	-
Consulting	211,782	92,844	862,868	-	3,581,877	-	4,749,371	4,749,371	-	-
Interest	3,080,349	4,583	86,573	1,463,649	76,338	118,529	4,830,021	4,830,021	-	-
Other	7,997,484	132,760	457,161	143,032	368,884	110,213	9,209,534	8,761,547	447,987	-
Release of restricted assets	-	-	-	-	-	-	-	21,171,763	(21,171,763)	-
Total revenues	156,304,931	7,597,693	16,218,228	2,398,916	4,947,649	3,247,610	190,715,027	204,983,195	(14,268,168)	-
Expenses and losses										
Compensation	44,864,085	8,552,741	7,064,825	845,356	2,549,983	9,783,766	73,660,756	73,660,756	-	-
Administrative	9,153,400	1,235,561	1,104,536	87,423	291,983	3,331,806	15,204,709	15,204,709	-	-
Professional services	4,942,447	638,946	796,006	200,183	203,026	1,138,912	7,919,520	7,919,520	-	-
Depreciation and amortization	76,012,094	-	65,186	-	8,371	66,801	76,152,452	76,152,452	-	-
Grants	4,993	-	337,727	-	674,204	40,000	1,056,924	1,056,924	-	-
Facility	50,765,483	4,081	550,753	16,346	185,684	753,740	52,276,087	52,276,087	-	-
Interest and fees	28,234,298	-	676,173	812,598	82,282	5,395	29,810,746	29,810,746	-	-
Bad debts	1,068,145	-	128,160	-	34,053	-	1,230,358	1,230,358	-	-
Provision for impaired assets	2,600,808	-	14,431	750,000	-	-	3,365,239	3,365,239	-	-
Project expenses	2,631	-	227,370	-	639	-	230,640	230,640	-	-
Allocation	5,407,539	2,052,299	2,598,191	396,429	957,106	(11,411,564)	-	-	-	-
(Gain)/loss on sale of assets	(891,678)	-	(7,417)	(750,000)	43,827	-	(1,605,268)	(1,605,268)	-	-
(Gain)/loss on investment in limited partnership	(61,269)	-	(243,724)	-	-	12,921	(292,072)	(292,072)	-	-
Total expenses and losses	222,102,976	12,483,628	13,312,217	2,358,335	5,031,158	3,721,777	259,010,091	259,010,091	-	-
Excess (deficiency) of revenues over expenses										
Consolidated	(65,798,045)	(4,885,935)	2,906,011	40,581	(83,509)	(474,167)	(68,295,064)	(54,026,896)	(14,268,168)	-
Attributable to non-controlling interest	(54,538,459)	-	(7,784)	-	-	-	(54,546,243)	(54,546,243)	-	-
Excess (deficiency) of revenues over expenses attributable to Mercy Housing, Inc.	\$ (11,259,586)	\$ (4,885,935)	\$ 2,913,795	\$ 40,581	\$ (83,509)	\$ (474,167)	\$ (13,748,821)	\$ 519,347	\$ (14,268,168)	\$ -

Mercy Housing, Inc.

**Consolidated Statements of Activities
Year Ended December 31, 2012**

	Programs									
	Property Operations & Management	Resident Services	Housing Development	Mercy Loan Fund	Neighborhood Stabilization	Corporate Operations	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues										
Rent - net of vacancies	\$ 135,108,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,108,810	\$ 135,108,810	\$ -	\$ -
Developer fees	16,483.00	-	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)
Total revenues	145,307,970	7,200,075	26,582,478	3,857,952	4,498,965	2,594,644	190,042,084	192,734,411	(2,126,621)	(565,706)
Expenses and losses										
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	219,887.00	-	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	-	-
Total expenses and losses	209,104,276	11,674,807	14,325,794	2,351,828	5,516,900	1,344,676	244,318,281	244,318,281	-	-
Excess (deficiency) of revenues over expenses										
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)	-	-
Excess (deficiency) of revenues over expenses attributable to Mercy Housing, Inc.	\$ (10,813,892)	\$ (4,474,732)	\$ 12,260,909	\$ 1,506,124	\$ (1,017,935)	\$ 1,249,968	\$ (1,289,558)	\$ 1,402,769	\$ (2,126,621)	\$ (565,706)

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

**Consolidated Statements of Changes In Net Assets
Years Ended December 31, 2013 and 2012**

	Unrestricted Net Assets			Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
	Controlling	Noncontrolling	Total			
Balance, January 1, 2012	\$ 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	42,119,464	402,763,789	444,883,253	226,737,023	3,400,000	675,020,276
Contributions	-	92,890,080	92,890,080	-	-	92,890,080
Distributions	-	(602,078)	(602,078)	-	-	(602,078)
Syndication	-	(436,477)	(436,477)	-	-	(436,477)
Other Transfers	4,815,240	10,542,816	15,358,056	210,981	2,000	15,571,037
Excess (deficiency) of revenues over expenses	<u>519,347</u>	<u>(54,546,243)</u>	<u>(54,026,896)</u>	<u>(14,268,168)</u>	<u>-</u>	<u>(68,295,064)</u>
Balance, December 31, 2013	<u>\$ 47,454,051</u>	<u>\$ 450,611,887</u>	<u>\$ 498,065,938</u>	<u>\$ 212,679,836</u>	<u>\$ 3,402,000</u>	<u>\$ 714,147,774</u>

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating activities		
Changes in net assets	\$ (68,295,064)	\$ (54,276,197)
Adjustments to reconcile changes in net assets		
to net cash provided by operating activities:		
Forgiveness of debt	(1,181,897)	(454,793)
(Gain) loss on sale of assets	(1,605,268)	(3,871,234)
Depreciation and amortization	76,152,452	72,442,782
Provisions for loan losses and impaired assets	3,365,239	498,859
Loss from investments in partnerships	(292,072)	271,159
(Gain) loss on interest rate swap contracts	(2,768,494)	400,205
Donations of land and property	-	(1,775,000)
Net changes in current assets and liabilities that provided		
(used) cash		
Cash, tenant security deposits	(205,810)	(363,373)
Accounts receivable, net	(3,437,019)	1,634,786
Grants receivable	7,118,055	1,913,413
Pledges receivable	387,455	628,650
Prepaid expenses and other assets	(7,974,221)	(1,495,223)
Inventory	(113,848)	6,001,663
Assets held for sale	536,134	(1,170,767)
Accounts payable	(20,829)	10,781,158
Accrued interest payable	6,989,976	3,544,599
Deferred revenue	12,109,928	9,749,250
Tenant security deposits	194,620	294,467
	<u>20,959,337</u>	<u>44,754,404</u>
Net cash provided by operating activities		
Investing activities		
Net change in restricted cash and reserves	(31,362,169)	(21,447,610)
Net change in investments	(2,082,236)	(952,403)
Purchases of property and equipment	(195,201,183)	(195,343,048)
Net change in investments in partnerships	(152,469)	(644,672)
Net change in notes receivable	4,919,866	5,128,342
	<u>(223,878,191)</u>	<u>(213,259,391)</u>
Net cash used in investing activities		

Mercy Housing, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	2013	2012
Financing activities		
Proceeds from notes payable	245,691,118	178,633,844
Principal payments on notes payable	(131,583,654)	(71,372,470)
Financing fees	(4,535,982)	(2,706,919)
Capital contributions from investor partners	92,890,080	70,694,213
Distributions paid to investor limited partners	(602,078)	(646,335)
Syndication costs	(436,477)	(664,953)
Net cash provided by financing activities	201,423,007	173,937,380
Net increase (decrease) in cash and cash equivalents	(1,495,847)	5,432,393
Cash and cash equivalents at beginning of year	31,393,731	25,961,338
Cash and cash equivalents at end of year	\$ 29,897,884	\$ 31,393,731
Cash paid for interest, net of amounts capitalized of \$3,574,870 and \$2,076,657, respectively	\$ 17,465,854	\$ 20,108,620
Noncash investing and financing activities:		
Net noncash net assets of transferred entities to (from) MHI	\$ 5,028,221	\$ 5,272,247
Transfers of net assets of non-controlling interests	10,542,816	(3,635,863)
Property and equipment and other assets transferred (to) from MHI	(15,571,037)	(1,636,384)
Increase in property and equipment in accounts payable	(9,781,312)	(3,442,695)
Increase in accounts payable from property and equipment purchases	9,781,312	3,442,695
Increase in property and equipment from notes payable	(1,652,045)	(20,031)
Increase in notes payable from property and equipment	1,652,045	20,031
Increase in property and equipment from capitalized amortization	579,084	2,175,797
Capitalized amortization in property and equipment	(579,084)	(2,175,797)
Increase in accounts payable from financing fees	13,193	-
Increase in financing fees in accounts payable	(13,193)	-
Increase (decrease) in unrestricted net assets	21,171,763	13,905,181
Increase in (release of) temporarily and permanently restricted net assets	(21,171,763)	(13,905,181)
Total noncash investing and financing activities	\$ -	\$ -

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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 eight 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.

The Company, through a subsidiary, holds an investment in Housing Partnership Equity Trust LLC (HPET). HPET was formed by twelve mission focused non-profit organizations and is operated by Housing Partnership Network. HPET is a social-purpose Real Estate Investment Trust that provides a ready source of long-term capital enabling it members and partners to quickly and efficiently acquire affordable multifamily properties. Through December 31, 2013 the Company has partnered with HPET to jointly acquire 2000 Illinois, a 128 unit multifamily project in Aurora, Illinois serving working class families and individuals.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of MHI and 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, 2013 and 2012 include the accounts of 127 and 129 limited partnerships or limited liability companies, respectively, in which the Company has an ownership interest. These entities are included in the consolidation according to generally

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

accepted accounting principles (GAAP) which require that partnership accounts be consolidated for all limited partnerships or limited liability companies which are deemed to be controlled by the Company. All intercompany transactions have been eliminated in consolidation.

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

Mercy Housing, Inc.
Mercy Loan Fund
Mercy Housing Management Group (MHM)
Mercy Portfolio Services, Inc.
 MPS Community I, LLC
 MPS Stabilization, 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, LTD (Wapiti Meadows)
 MHMP GP, LLC
 Mercy Housing Colorado VI, LTD. (Merced de las Animas)
 MHMP CO GP, Inc.
Mercy Housing Midwest
 Mercy House
 Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)
 Mercy Village Joplin, Inc.
 Mercy Housing Midwest Nebraska, LLC
 Northglen, LP
 Mercy Crestview Village Housing, LP
 Western Manor, LP
 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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

Vista Alegre
Willow Street Apartments
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 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 Apartments)
Mercy Housing California Family Properties
Mercy Housing California 51, LP (200 6th Street)
Mercy Housing California Senior Properties
 Bennett House, LP
 Dorothy Day Community, LP
 Junipero Serra, LP
 Monsignor Lyne, LP
 St. Andrew Senior 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 Courts)
 365 Fulton, LP (Parcel G)
 Mercy Housing California XLII, LP (Boulevard Court)
 Mercy Housing California XLIV, LP (1000 Fourth Street)
 Third and LeConte Associates LP (Bayview Hill Gardens)
 Mercy Housing California XLIII, LP (Caroline Severance Manor)
 7th & H GP, LLC

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Mercy Housing California 47, LP (7th & H Street)
Mercy Housing California 51, LP (200 6th Street)
Madonna Senior Housing LLC
Mercy Housing California 53, LP (Madonna Residences)
Mercy Housing California 52, LP (School House Station-Vista Grande)
1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apartments)
55 Laguna, LP (55 Laguna Senior Housing)
Esparto Family Apartments, LLC
Mercy Housing California 54, LP (Esperanza Crossing)
Sunset Lane Apartments LLC
Mercy Housing California 55, LP (Trailside Terrace)
Mercy Housing California 56, LP (Jefferson Park Terrace)
Caroline Severance LLC
Mercy Housing California II, LP (Columbia Park)
Coastside Senior Housing Limited Partners, LP
El Monte Veterans Apartments, LP
El Monte Veterans Apartments LLC
1028 Howard Street LLC
Mercy Housing California 60, LP (Quinn Cottages)
Mercy Housing California XI, LP (Madison Place)
Mercy Housing California 62, LP (Transbay Block 6)
Mercy Properties California
Foster Youth*
The Haven*
Leland House*
Osocales (McIntosh Mobile Homes)*
Richmond Hills*
Sycamore Center (Red Bluff)*
Sierra Vista*
Santa Monica Street*
Acacia Meadows*
San Juan Housing Corporation
Kennedy Estates Housing Associates, LP (Kennedy Estates)
Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)
Mercy Housing Northwest-Idaho, Inc.
Eagle Senior Village, Inc.
Mercy Southeast Idaho, Inc. (Hamilton Court)
Mercy Moscow, Inc. (Hawthorne)
Independence Hill, Inc.
Mercy Twin Falls, Inc. (Willswood)
Mercy Housing Idaho NSP LLC
Boise Senior 202 Owner, LP (12th Street Senior)
Boise Senior 202 GP, LLC
MHNW-ID GP, LLC

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Mercy Housing Idaho-II, LP (Comstock Apartments)
Mercy Housing Idaho-I, LP (Northside Nampa)
Mercy Housing Idaho III, LP (New Hope Apartments)
Mercy Housing Lakefront
Laverne Courts, LLC
Washington Courts, LLC
Whitmore Apartments, LLC
111th & Wentworth Apartments Corporation
111th and Wentworth Limited Partnership (Wentworth Commons)
Belray Apartments Corporation
Belray Limited Partnership (Belray Apartments)
Harold Washington Apartments Corporation
Magnolia Limited Partnership (Carlton Apartments)
Red Door Limited Partnership (Major Jenkins Apartments)
4707 Malden Limited Partnership (Miriam Apartments)
Roseland Apartments Corporation
Roseland Limited Partnership (Holland Apartments)
South Loop Apartments Corporation
South Loop Limited Partnership (South Loop Apartments)
Winthrop Apartments Corporation
5042 Winthrop Apartments Limited Partnership (Delmar Apartments)
Near North Apartments Corporation, NFP
Near North Limited Partnership (Schiff Residences)
Malden Arms Corporation II, NFP
Malden Limited Partnership II (Malden Arms II)
Englewood Apartments, NFP
901 West 63rd Limited Partnership (Englewood Apartments)
Countryside Seniors, LLC
Countryside Seniors Apartments, LP (Countryside Apartments)
Johnston Center MM, LLC
Johnston Center Re-Use, LLC
HWA-850 Eastwood GP Corp., NFP
HWA-850 Eastwood Limited Partnership
Belvidere Place Corp. I, NFP
Grayslake Senior Housing Limited Partnership
104th Street MM, LLC
104th Street Limited Partnership (Pullman Wheelworks)
MHL Holdings, LLC
MHL Keating MM, LLC
The Keating Building Little Village LLC
2000 Illinois Aurora MM, LLC
2000 Illinois Aurora, LLC
St. Catherine Residence, Inc.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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SC Residence MM, LLC
SC Residence, LLC (McAuley Apartments)
Mercy Housing Southeast
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
Adamsville Green Limited Partnership
Dublin Manor, Inc.
McAuley Manor, Inc.
Mercy Manor, Inc.
Riverview - St. Mary's Inc. (St. Mary's Riverview I)
St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)
St. Mary's Villa, Inc.
Sacred Heart Village I, Inc.
Sacred Heart Village II, Inc.
Sacred Heart Village III, Inc.
St. Theresa Village, Inc.
Siena Springs (Siena Springs I)
Siena Springs II
Charles Meadows Corporation
Charles Crest Corporation (Charles Crest I)
Charles Crest II, Corporation
Savannah Gardens Senior Residences, Inc.
Mercy Community Housing Georgia, Inc. (MCHGa)
Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apartments)
Mercy Housing Georgia IV, L.P. (Heritage Corner/Heritage Row)
Mercy Housing Georgia V, L.P. (Chamblee Senior)
Mercy Housing Georgia VI, L.P. (The Atrium at College Town)
MCHG Partners, Inc.
Acquisition Properties Georgia I, LP (Magnolia Village)
Reynoldstown Senior Apartments, LP (Reynoldstown)
Mercy Housing Georgia X, L.P. (Savannah Gardens I)
Mercy Lithonia Park View, Inc.
Mercy Housing Georgia VIII, L.P. (Terraces at Park View)
MPI Highland Place, LLC
MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)
Antioch II, LLC
Antioch Villas, L.P.
Mercy Housing Georgia XI GP, LLC
Mercy Housing Georgia XI, LP (Etowah Terrace)
MHSE Arbors, LLC
The Arbors at Ellington, Ltd.
MHSE Savannah Gardens Phase III GP, LLC

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)
MHSE Reynoldstown Senior GP, LLC
MHSE Reynoldstown Senior, LP
MHSE Savannah Gardens Phase IV GP, LLC
Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)

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 Apartments)
- Cobble Knoll I Mercy LLC
- Allegre Mercy Redevelopment LLLP
- Villa Kathleen Redevelopment LLLP
- Impact Family Village GP LLC
- Impact Family Village Limited Partnership (Emerald City Commons)
- Family Tree & Lincoln Way GP, LLC
- Family Tree & Lincoln Way LLLP

Mercy Properties Washington

- 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

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 Apartments)
- 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)
- Mercy Housing California XI, LP (Madison Place)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Marlton Affordable Housing Associates (Marlton Manor)
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 10th Avenue Associates, LP (Santana Apartments)
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 Limited Partnership
Mulberry Court LLC
Mercy Housing South Carolina I, LP (Mulberry Court Apartments)
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
 Bishop's Block, LP
South of Market Mercy Housing
 1028 Howard Street Associates, LP (1028 Howard St. Apartments)
 1101 Howard Street Associates, LP (1101 Howard St. Apartments)
 Mercy Housing California VI, LP (205 Jones Street Apartments)
 1475 167th Avenue Associates, LP (Bermuda Gardens)
 Centro Partners, LP (El Centro Residential)
 Riverside/Leibrandt Partners, LP (La Playa Residential)
 West 28th Street, LP (Montclair/Tolton Court)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

16th & Church Street Associates, LP (Padre Palou)
Mercy Housing California III, LP (Plaza Maria Apartments)
Mercy Housing California IX, LP (Sycamore St. Commons)
Visitacion Valley Affordable Housing Corporation
Visitacion Valley Family Housing Associates (Heritage Homes)
Neary Lagoon, Inc.
Neary Lagoon Partners, LP
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 XXVIII, LP (Polk Street Senior Community)
Mercy Housing California XIII, LP (Linbrook Court)
Mercy Housing California XX, LP (Mission Creek Sr.)
Mercy Housing California XVI, LP (Villa Madera)
Mercy Housing California 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 Sr. Community)
Mercy Housing California XXVII, LP (Serna Village)
Mercy Housing California XXVIII, LP (The Vineyard Townhomes)
Mercy Terrace, LLC
Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)
New Dana Strand Townhomes, LP (New Dana Strand Townhomes)
Mercy Housing California XXXII, LP (Creekview Manor)
Mercy Housing California XXXVI, LP (Kent Gardens)
Mercy Housing California XXXI, LP (Martinelli House)
Mercy Housing California XXXV, LP (Ardenaire Apartments)
Mercy Housing California XXXIII, LP (Casa Verde)
Mercy Housing California XXXVII, LP (Ross Ranch)
Colonia San Martin Associates, LP
Mercy Housing California 50, LP (Vera Haile Senior Housing)
Mercy Housing California 49, LP (McAuley Meadows)
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)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

Affordable Housing Corp.

Mercy Housing Colorado VII, LP (Holly Park West)
Mercy Housing Washington IV, L.P. (Lincoln Way I)
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)

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 Apartments)
Brentwood Green Valley Apartments
Galewood SLF Associates, LP
Sunnydale Development Company LLC
Mercy Loan Fund Sub-CDE 1, LLC
Housing Partnership Equity Trust, LLC
180 Properties, LLC
Wheatland Duplexes Associates (Sunset Valley)

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 Consolidated Statements of Activities as net assets released from restrictions. Gifts of long-lived assets with restrictions and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted revenue and are reclassified to unrestricted net assets ratably over the useful life (typically 27.5 to 40 years) of the related long-lived asset.

Unconditional 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.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

Cash and cash equivalents

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

Restricted cash

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

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

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

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

Investments

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

Accounts receivable and bad debts

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. GAAP requires that the allowance 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, indirect construction costs, 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
December 31, 2013 and 2012**

Property and equipment

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

Impairment of long-lived assets

In accordance with GAAP, management continually monitors events and changes in circumstances, which could indicate that the carrying value of real estate may not be recoverable. If events or changes in circumstances are present, management assesses the recoverability of real estate by determining whether the carrying value will be recovered through the undiscounted future cash flows expected to be generated from its uses and eventual disposition. If the carrying amount of the real estate exceeds its estimated undiscounted cash flows, the impairment to be recognized is measured by the amount of its carrying value of the real estate that exceeds its fair value. An impairment loss of \$2,600,808 and \$219,887 has been recognized for the years ended December 31, 2013 and 2012, respectively. Losses are included in the Provision for Impaired Assets line in the Consolidated Statements of Activities.

Predevelopment project costs

The Company incurs costs in connection with properties it is considering for development as well as costs associated with properties in the initial stages of development. These costs include such items as market 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.

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 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 December 31, 2013 and 2012

Amortization expense for the years ended December 31, 2013 and 2012 was \$1,910,904 and \$2,755,530 respectively. Estimated amortization expense for each of the ensuing years through December 31, 2018 is as follows:

2014	\$ 1,860,305
2015	1,787,963
2016	1,720,492
2017	1,654,723
2018	1,256,511

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 1.00 percent general partner interests, are not consolidated as they are not controlled by the Company.

Basis of presentation and net assets

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

Non-controlling interest in limited partnerships

This represents the aggregate balance of 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.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2013 and 2012

Transfers of net assets

During the years ended December 31, 2013 and 2012, four and one entities, respectively, were added to the consolidated financial statements. During the year ended December 31, 2013 two entities were removed from the consolidated financial statements. The net effect of the changes to beginning net assets for the years ended December 31, 2013 and 2012 were increases of \$15,571,037 and \$1,636,384, respectively. The following is a summary of the above net changes:

	2013		2012
Addition of entities:		Addition of entities:	
Adamsville Green Limited Partnership	\$ 6,845,779	Central Coast Housing	\$ (187,869)
SC Residence, LLC	2,023,419		
St. Catherine Residence, Inc.	3,421,259		
SC Residences MM, LLC	832,150		
Transfer of entities:			
365 Fulton, LP	3,305,345		
Mercy Twin Falls, Inc.	(101,815)		
Transfer of eliminations	(750,102)	Transfer of eliminations	1,833,339
Miscellaneous entities	(4,998)	Miscellaneous entities	(9,086)
Total	<u>\$ 15,571,037</u>	Total	<u>\$ 1,636,384</u>

Strategic health care partnerships

MHI has nine Strategic Health Care Partners (Strategic Partners). Six of the Strategic Partners, including Dignity Health, Catholic Health East, St. Joseph Health System, Bon Secours Health System, Ascension Health, and Presence 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.

Catholic Health Initiatives (CHI) provided MHI with \$5,000,000 non-interest bearing loan. Through November 2011, the principal from that loan was 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, the principal related to this loan was used for the conversion of construction financing to permanent debt related to a Company controlled property partnership.

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.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

Tenant subsidy payments

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

Income taxes

MHI and its consolidated nonprofit corporations are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state statutes. MHI did not have any unrelated business income for the years ended December 31, 2013 and 2012. All nonprofit corporations are required to file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and there are no other tax positions which must be considered for disclosure. For the years ended December 31, 2013 and 2012, 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, NFP
Harold Washington Apartments Corporation
Malden Arms Corp. II, NFP
McDermott Place
MCHG Partners, Inc.
Mercy Galewood SLF, Inc.
Mercy Lithonia Park View, Inc.
Near North Apartments Corp., NFP
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
104th Street MM, LLC
MHSE Adamsville Green Senior Partners, LLC
MHSE Savannah Gardens Phase III GP, LLC
MPI Highland Place LLC
Stapleton II Mercy, LLC

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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MHMP CO GP, Inc.
Mercy Housing Georgia XI GP, LLC
Impact Family Village GP, LLC

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 2010 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. 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, 2013 and 2012, 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 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 Statements of Activities. As of December 31, 2013 and 2012, 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.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

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, 2013 and 2012, cash and investments were as follows:

	2013	2012
Unrestricted Cash - Properties	\$ 26,741,941	\$ 29,875,106
Unrestricted Cash/Investments - MLF	1,716,772	1,590,310
Unrestricted Cash/Investments - Corporate Operating Entities	8,196,657	6,558,315
Total Unrestricted and Designated Cash/Investments	36,655,370	38,023,731
Restricted Cash - Tenant Security Deposits	6,362,140	6,156,330
Restricted Cash/Investments - Corporate Entities (including MLF)	59,873,404	51,508,901
Restricted Cash - Properties	7,468,533	14,682,250
Restricted Cash - LT Restricted Property Reserves	131,476,629	99,310,496
	<u>\$ 241,836,076</u>	<u>\$ 209,681,708</u>

MHI invests in certificates of deposits which are carried at par value as they are held to maturity. Realized and unrealized gains and losses are recorded in the Consolidated Statements of Activities as unrestricted operating income or loss. Maturity dates range from January 2014 to November 2015. The approximate market value of the investments was \$27,721,347 and \$ 14,998,232 as of December 31, 2013 and 2012 as follows:

	2013	2012
Certificates of deposit	\$ 27,710,695	\$ 14,997,330
Equities	10,652	902
	<u>\$ 27,721,347</u>	<u>\$ 14,998,232</u>

MHI recorded investment income related to all certificate of deposit investments of \$167,988 and \$189,755 as of December 31, 2013 and 2012, respectively.

Note 3 - Pledges

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

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, 2013, pledges receivable related to the charitable remainder trust was \$247,082 based on actuarial calculations using a discount rate of 2.4 percent. For December 31, 2012, pledges receivable were \$201,152 based on actuarial calculations using a discount rate of 1.2 percent. Actuarial calculations are revised annually, and changes in pledge receivables are recorded as operating income or loss.

As of December 31, 2013, future pledge payments are as follows:

For the year ending December 31, 2014	\$	377,448
2015		50,795
2016		47,067
2017		46,617
2018		23,883
Thereafter		<u>247,182</u>
Total pledges receivable		792,992
Allowance and discount		<u>(15,037)</u>
Total pledges receivable, net of allowance and discount	\$	<u><u>777,955</u></u>

The amount of pledges written off was \$7,263 and \$11,378 for the years ended December 31, 2013 and 2012, 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, 2013 of \$2,144,468, approximately \$826,716 relates to development grants awarded to Mercy Properties, Inc. and Mercy Housing West.

Of the amount due as of December 31, 2012 of \$9,262,523, approximately \$8,289,071 relates to development grants awarded to 7th & H GP, LLC, Mercy Housing West, 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 percent. Maturity dates range from 2014 to 2051. At December 31, 2013 and 2012, substantially all of the notes and interest receivable are collateralized by real estate. Allowances for notes receivable totaled \$3,899,526 and \$4,883,264, respectively for the years ended December 31, 2013 and 2012.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

Total allowances for Mercy Loan Fund at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Allowances, beginning of year	\$ 3,437,752	\$ 3,493,437
Increase/Decrease to allowance charged to:		
Expense	750,000	-
Loans written off	(1,502,837)	-
Recovery	<u>-</u>	<u>(55,685)</u>
Allowances, end of year	<u><u>\$ 2,684,915</u></u>	<u><u>\$ 3,437,752</u></u>

Note 6 - Property and equipment and assets held for sale

Property and equipment

Property and equipment at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 238,137,531	\$ 229,967,260
Buildings	1,879,624,482	1,734,630,929
Furniture and equipment	63,182,881	56,193,569
Predevelopment project costs	5,148,276	4,067,854
Construction in progress	<u>127,926,097</u>	<u>134,251,364</u>
Total property and equipment	2,314,019,267	2,159,110,976
Less accumulated depreciation	<u>(567,769,397)</u>	<u>(513,630,015)</u>
Property and equipment, net	<u><u>\$ 1,746,249,870</u></u>	<u><u>\$ 1,645,480,961</u></u>

For the years ended December 31, 2013 and 2012, depreciation expense was \$74,241,548 and \$69,687,252, respectively.

Assets held for sale

In accordance with GAAP, the results of operations for properties classified as held for sale at the end of the current period are required to be classified as held for sale in the current and prior periods. Real estate assets held for sale are measured at the lower of the carrying amount or the fair value less costs to sell. Once an asset is classified as held for sale no further depreciation is recorded. At December 31, 2013, the Company considered the assets of Somerset Senior Housing, LTD (Casitas de Merced) and Franciscan Homes IV, LP as held for sale. 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, LTD (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 2013 or 2012.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

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

	<u>2013</u>	<u>2012</u>
Total assets	\$ 821,294	\$ 2,095,365
Total liabilities	4,514,326	1,857,661
Discontinued operations	(246,464)	(163,116)

Note 7 - Notes payable

Notes payable as of December 31, 2013 and 2012 include both secured and unsecured borrowings and consist of the following:

	<u>2013</u>	<u>2012</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 \$11,000,000. The rate at December 31, 2013 and 2012 is 2.87% and 2.90%, respectively. Commitment expires September 30, 2016. ⁽¹⁾	\$ -	\$ -
JP Morgan Chase - Revolving predevelopment loan bearing interest at thirty day LIBOR plus 2.50% payable monthly. For the years ended December 31, 2013 and 2012, credit line is available to fund predevelopment expenses up to a total of \$6,750,000 and \$7,750,000, respectively. The rate as of December 31, 2013 and 2012 is 2.69% and 2.70%, respectively. Commitment expires August 1, 2014.	4,789,444	3,589,444

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Investor Loans to Mercy Loan Fund. Notes bearing interest from 0% to 5% and maturing through 2022. All funds available under these notes are fully drawn as of December 31, 2013 and 2012.	32,415,125	31,057,826
Other Notes Payable, bearing interest from 0% to 4.55% and maturing through 2018. Remaining available balances of \$1,451,736 and \$1,451,736 as of December 31, 2013 and 2012, respectively. ⁽²⁾	<u>20,914,158</u>	<u>20,544,714</u>
Subtotal - Unsecured Corporate Operating and Predevelopment Loans	58,118,727	55,191,984
Loans secured by the respective properties:		
Construction loans, bearing interest from 0% to 6.0%, with both fixed and variable interest rates, to be repaid in full or converted to permanent loans through 2016. Available balances \$119,857,778 and \$183,457,653 as of December 31, 2013 and 2012, respectively.	279,879,629	282,122,385
Permanent loans, bearing interest from 0% to 12%, generally with principal and interest due monthly, to be repaid in full through 2079. All funds available under these notes are fully drawn as of December 31, 2013 and 2012, respectively.	<u>798,004,329</u>	<u>729,127,473</u>
Total	1,136,002,685	1,066,441,842
Less: current portion	<u>(106,724,228)</u>	<u>(140,888,177)</u>
Non-current portion	<u>\$ 1,029,278,457</u>	<u>\$ 925,553,665</u>

(1) As of December 31, 2013 and 2012, the Company had standby Letters of Credit of \$1,370,000 and \$310,000, respectively, issued under the operating sub-limit.

(2) As of December 31, 2013 and 2012, the Company had a standby Letter of Credit of \$48,264 issued by California Bank & Trust, pursuant to a \$1,500,000 revolving line of credit.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

Future minimum principal maturities of notes payable are as follows:

For the year ending December 31, 2014	\$ 106,724,228
2015	52,885,714
2016	16,243,187
2017	17,818,602
2018	15,563,387
Thereafter	<u>926,767,567</u>
Total maturities	1,136,002,685
Less current maturities	<u>(106,724,228)</u>
Notes payable, less current portion	<u><u>\$ 1,029,278,457</u></u>

Included in current maturities as of December 31, 2013 and 2012 is construction debt totaling \$77,873,274 and \$118,260,664, respectively, that has committed sources of repayment including proceeds from permanent debt and/or low income housing tax credit equity.

Note 8 - Lease commitments

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

	Office and Equipment Leases	Property Land Leases	Total Operating Leases
For the year ending December 31,			
2014	\$ 1,350,769	\$ 999,556	\$ 2,350,325
2015	1,195,799	999,556	2,195,355
2016	1,127,639	999,556	2,127,195
2017	1,050,105	999,556	2,049,661
2018	1,000,474	999,556	2,000,030
Thereafter	<u>842,733</u>	<u>47,515,949</u>	<u>48,358,682</u>
Total future minimum lease payments	<u><u>\$ 6,567,519</u></u>	<u><u>\$ 52,513,729</u></u>	<u><u>\$ 59,081,248</u></u>

Lease expense for operating leases was \$2,616,374 and \$2,540,787 for the years ended December 31, 2013 and 2012, respectively, and is included in Facility Expense on the Consolidated Statements of Activities.

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

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 Services Fees. Due to a change in 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 2014 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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

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, 2013 is \$749 million relating to 108 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, 2013, MHI had provided guarantees on 25 acquisition and construction loans of \$259,146,610 of which \$153,653,880 was outstanding.

The Company has also issued other guarantees in order to secure financing on various projects. As of December 31, 2013, \$8,314,933 was outstanding. MHI has not been required to fund any amounts under these guarantees.

The Company also guarantees certain surety bonds covering construction and utilities. As of December 31, 2013, \$4,708,044 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.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2013 and 2012

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 2013 and 2012 of \$2,768,495 and (\$400,205), respectively, is classified within level 2 of the fair value hierarchy. The unrealized gain/(loss) on certificates of deposit during 2013 and 2012 of (\$29,305) and \$190,584, 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, 2013 and 2012.

The following table presents the financial assets and liabilities that the Company measured at fair value on a recurring basis as of December 31, 2013.

	Level 1	Level 2	Level 3	Total
Net interest rate swap-asset/(liability)	\$ -	\$ (2,605,401)	\$ -	\$ (2,605,401)
Certificates of deposit	27,710,695	-	-	27,710,695
Equities	10,652	-	-	10,652

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

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

Note 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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

staff are passed through to the managed projects. The Company contributed \$1,038,177 and \$937,221 for the years ended December 31, 2013 and 2012, respectively.

Note 13 - Insurance

Effective January 1, 2013, the Company began retaining risk related to workers compensation. 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.

Aggregate reserves relating to retained risk were \$4,567,876 and \$1,489,919 as of December 31, 2013 and 2012, respectively. The increase primarily relates to the addition of the Company's workers compensation self-insured retention.

The Company maintains a restricted cash balance to pay future claims related to all areas of retained risk. As of December 31, 2013 and 2012, the Company held \$2,926,083 and \$1,481,898, respectively, in restricted cash to pay future insurance claims.

As of December 31, 2013 and 2012, claims of \$520,643 and \$286,631, respectively, are outstanding and included in Accounts Payable and Accrued Expenses.

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.

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.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

Construction contracts

The Company has entered into construction contracts with various third party contractors to construct and rehabilitate projects in the original amount of \$249,910,875. During 2013, change orders were \$11,897,041. As of December 31, 2013, \$23,677,979 remains payable, which includes retainage payable of \$14,056,492, and is included in Accounts Payable and Accrued Expenses.

Surplus cash and residual receipts

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

Letters of credit

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

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2013 and 2012**

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. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2013. 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, 2013. 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 - Special event

MHI hosted a 30th anniversary celebration in June 2013 to promote the Company's activities, recognize its supporters and raise funds. All contributions and associated expenses relating to the event have been shown in the Consolidated Statements of Activities. Contributions of \$1,344,075 and \$330,500 during 2013 and 2012, respectively, are included in Philanthropy. Expenses related to the event of \$395,887 and \$34,421 in 2013 and 2012, respectively, are included in Administrative Expenses.

Note 17 - Subsequent events

Events that occur after the Consolidated Statement of Financial Position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Consolidated Statement of Financial Position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the Consolidated Statement of Financial Position date require disclosure in the accompanying notes. Management evaluated the activity of the Company through April 24, 2014 (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

Mercy Housing, Inc.

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Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing, Inc.	Mercy Loan Fund (MLF)	Mercy Housing Management Group (MHM)	Consolidated Mercy Portfolio Services, Inc.	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California
Assets						
Current assets						
Cash and cash equivalents	\$ 14,880,751	\$ 6,965,178	\$ -	\$ 1,148,145	\$ 2,246,418	\$ 11,236,656
Cash, tenant security deposits	-	-	-	-	340,426	1,243,731
Cash, restricted	5,309,448	8,116,167	123,221	35,034,829	1,243,624	5,829,846
Investments	950,000	200,000	-	-	-	-
Investments, restricted	10,652	3,870,848	-	-	-	625,000
Accounts receivable, net	659,755	60,687	1,779,798	1,194,016	654,129	2,663,190
Due from affiliate, net	4,684,032	-	1,994,456	-	537,320	3,931,070
Pledges receivable, net	91,792	650	-	-	29,066	7,048
Grants receivable	-	500,000	-	-	111,481	85,749
Current portion of notes and interest receivable	268,646	7,225,349	-	-	-	86,423
Current portion of notes and interest receivable, affiliates	6,722,375	-	-	-	175,851	143,238
Prepaid expenses and other assets	282,629	23,943	135,323	40,555	372,928	9,026,005
Inventory	-	-	-	1,301,180	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	33,860,080	26,962,822	4,032,798	38,718,725	5,711,243	34,877,956
Property and equipment						
Land and land improvements	855,000	-	-	-	9,224,522	51,363,267
Buildings	71,748	-	-	-	86,708,167	416,364,385
Furniture and equipment	3,715,889	-	11,330	201,425	3,385,634	15,114,456
Predevelopment project costs	-	-	-	-	-	2,248,623
Construction in progress	-	-	-	821	-	101,706,837
Accumulated depreciation	(3,749,408)	-	(11,330)	(184,399)	(35,128,415)	(98,423,030)
Net property and equipment	893,229	-	-	17,847	64,189,908	488,374,538
Other long-term assets						
Restricted property reserves	-	-	-	10	5,500,089	28,748,490
Cash, restricted	-	-	-	-	-	-
Long-term investments	5,600,000	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	440,000
Due from affiliates	775,972	-	-	-	173,982	221,003
Pledges receivable, net	-	-	-	-	1,654	247,082
Investments in limited partnerships, net	1,291,024	1,912	-	-	11	(3,368,599)
Notes and interest receivable, net	6,928,950	18,320,268	-	-	-	3,505,676
Notes and interest receivable, affiliates	5,216,768	-	-	-	4,661,936	6,426,170
Allowance for impaired assets	-	-	-	-	(545,883)	-
Other assets, net	11,506	-	-	-	1,373,057	5,912,558
Total other long-term assets	19,824,220	18,322,180	-	10	11,164,846	42,132,380
Total assets	\$ 54,577,529	\$ 45,285,002	\$ 4,032,798	\$ 38,736,582	\$ 81,065,997	\$ 565,384,874

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing, Inc.	Mercy Loan Fund (MLF)	Mercy Housing Management Group (MHM)	Consolidated Mercy Portfolio Services, Inc.	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 4,479,401	\$ 174,022	\$ 3,207,529	\$ 366,364	\$ 1,397,595	\$ 24,785,637
Due to affiliates	-	-	6,893,230	678,964	6,872,794	438,233
Accrued interest	28,684	217,294	-	-	66,571	1,106,777
Accrued interest, affiliates	41,239	-	-	-	23,195	87,016
Current portion of notes payable	7,013,169	7,424,825	-	1,902,369	273,589	48,427,613
Current portion of notes payable, affiliates	1,046,953	74,771	-	-	-	1,315,776
Deferred revenue and other liabilities	2,777,383	-	942,405	34,366,109	120,846	1,791,960
Tenant security deposits	-	-	-	-	322,553	1,341,803
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	15,386,829	7,890,912	11,043,164	37,313,806	9,077,143	79,294,815
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	64,212	-	-	-	522,210	17,854,144
Accrued interest, affiliates	-	-	-	-	-	124,740
Notes payable, less current portion, net	14,699,913	23,990,300	-	-	18,777,436	285,567,147
Notes payable, less current portion, affiliates	11,941,633	1,374,913	-	-	3,259,218	3,054,470
Deferred revenue and other liabilities	2,183,002	2,000,000	-	1,550,605	-	27,285,310
Total long-term liabilities	28,888,760	27,365,213	-	1,550,605	22,558,864	333,885,811
Total liabilities	44,275,589	35,256,125	11,043,164	38,864,411	31,636,007	413,180,626
Net assets						
Unrestricted net assets, controlling	8,343,831	9,451,794	(7,010,366)	(158,571)	26,397,302	70,568,687
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	8,343,831	9,451,794	(7,010,366)	(158,571)	26,397,302	70,568,687
Temporarily restricted net assets	1,203,109	577,083	-	30,742	22,532,688	79,865,561
Permanently restricted net assets	755,000	-	-	-	500,000	1,770,000
Total net assets	10,301,940	10,028,877	(7,010,366)	(127,829)	49,429,990	152,204,248
Total liabilities and net assets	\$ 54,577,529	\$ 45,285,002	\$ 4,032,798	\$ 38,736,582	\$ 81,065,997	\$ 565,384,874

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Consolidated Mercy Housing Northwest-ID, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing Southeast	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)
Assets						
Current assets						
Cash and cash equivalents	\$ 228,287	\$ 10,123,805	\$ 1,310,895	\$ 3,016,446	\$ -	\$ 431,881
Cash, tenant security deposits	76,136	567,530	577,406	384,380	-	261,000
Cash, restricted	103,269	2,952,831	997,816	692,137	-	-
Investments	-	-	7,486	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	27,265	636,828	548,629	633,913	-	490,439
Due from affiliate, net	836,588	6,370	169,175	48,644	-	52,439
Pledges receivable, net	120	148,607	1,335	98,830	-	-
Grants receivable	150,000	460,138	-	10,000	-	-
Current portion of notes and interest receivable	-	-	6,048	-	-	-
Current portion of notes and interest receivable, affiliates	20,000	40,000	172,300	-	-	-
Prepaid expenses and other assets	67,003	774,093	554,105	227,622	-	110,475
Inventory	2,032,616	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	3,541,284	15,710,202	4,345,195	5,111,972	-	1,346,234
Property and equipment						
Land and land improvements	2,228,117	23,374,573	24,949,910	18,201,764	-	5,055,707
Buildings	18,637,169	217,579,136	174,555,544	120,345,929	-	19,209,079
Furniture and equipment	714,345	6,834,575	7,271,894	3,880,735	-	323,732
Predevelopment project costs	-	3,091,003	73,991	253,073	-	-
Construction in progress	147,741	1,605,627	1,608,792	1,469,785	-	230,429
Accumulated depreciation	(6,237,352)	(54,652,228)	(39,274,352)	(22,642,856)	-	(6,804,859)
Net property and equipment	15,490,020	197,832,686	169,185,779	121,508,430	-	18,014,088
Other long-term assets						
Restricted property reserves	1,144,809	22,602,563	8,886,953	26,670,740	-	1,933,866
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	3,000,000	-	-	-
Due from affiliates	-	-	310,668	-	-	-
Pledges receivable, net	-	2,000	-	149,771	-	-
Investments in limited partnerships, net	-	(1,800,742)	-	1,069,035	-	-
Notes and interest receivable, net	108,014	131,072	-	-	-	-
Notes and interest receivable, affiliates	607,096	-	88,096	75,159	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	95,762	3,749,406	4,199,115	2,422,991	-	248,356
Total other long-term assets	1,955,681	24,684,299	16,484,832	30,387,696	-	2,182,222
Total assets	\$ 20,986,985	\$ 238,227,187	\$ 190,015,806	\$ 157,008,098	\$ -	\$ 21,542,544

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Consolidated Mercy Housing Northwest-ID, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing Southeast	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 318,544	\$ 5,823,623	\$ 2,964,118	\$ 1,913,240	\$ 5,000	\$ 793,951
Due to affiliates	1,980,986	338,993	9,806,850	192,181	1,683,445	53,253
Accrued interest	2,711	564,798	101,829	99,589	-	37,174
Accrued interest, affiliates	1,823	-	-	-	-	-
Current portion of notes payable	1,969,472	18,824,110	505,831	6,195,282	-	596,751
Current portion of notes payable, affiliates	13,467	4,833,529	619,151	538,745	166,082	-
Deferred revenue and other liabilities	45,745	504,432	202,905	56,234	-	42,266
Tenant security deposits	65,237	579,106	506,106	386,453	-	252,321
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	4,397,985	31,468,591	14,706,790	9,381,724	1,854,527	1,775,716
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	66,026	2,854,488	585,713	396,146	-	-
Accrued interest, affiliates	1,497,595	-	-	-	-	-
Notes payable, less current portion, net	2,398,840	101,325,242	56,399,488	81,423,106	-	18,836,057
Notes payable, less current portion, affiliates	1,000,185	-	-	411,469	-	-
Deferred revenue and other liabilities	27,627	2,643,290	455,736	284,757	-	-
Total long-term liabilities	4,990,273	106,823,020	57,440,937	82,515,478	-	18,836,057
Total liabilities	9,388,258	138,291,611	72,147,727	91,897,202	1,854,527	20,611,773
Net assets						
Unrestricted net assets, controlling	5,071,190	91,572,445	77,770,602	53,909,678	(1,854,527)	(758,569)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	5,071,190	91,572,445	77,770,602	53,909,678	(1,854,527)	(758,569)
Temporarily restricted net assets	6,527,537	7,986,131	40,097,477	11,201,218	-	1,689,340
Permanently restricted net assets	-	377,000	-	-	-	-
Total net assets	11,598,727	99,935,576	117,868,079	65,110,896	(1,854,527)	930,771
Total liabilities and net assets	\$ 20,986,985	\$ 238,227,187	\$ 190,015,806	\$ 157,008,098	\$ -	\$ 21,542,544

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Properties Washington II, LLC (Cobble Knoll II)	Padre Apartments	Mercy Bond Properties Colorado I (Franconia LLC)	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Assets						
Current assets						
Cash and cash equivalents	\$ 208,377	\$ 57,847	\$ 56,720	\$ 10,793,398	\$ (32,806,920)	\$ 29,897,884
Cash, tenant security deposits	115,312	16,032	10,943	2,769,244	-	6,362,140
Cash, restricted	475,100	-	603,715	1,784,282	-	63,266,285
Investments	-	-	-	-	-	1,157,486
Investments, restricted	-	-	-	-	(3,870,848)	635,652
Accounts receivable, net	68,683	9	134,793	1,414,453	(1,823,587)	9,143,000
Due from affiliate, net	815	-	-	80,657	(12,341,566)	-
Pledges receivable, net	-	-	-	-	-	377,448
Grants receivable	-	-	-	827,100	-	2,144,468
Current portion of notes and interest receivable	-	-	-	-	(327,535)	7,258,931
Current portion of notes and interest receivable, affiliates	-	-	-	-	(7,273,764)	-
Prepaid expenses and other assets	93,492	26,095	12,090	5,349,537	(1,062,259)	16,033,636
Inventory	-	-	-	-	-	3,333,796
Assets held for sale	-	-	-	683,981	-	683,981
Total current assets	961,779	99,983	818,261	23,702,652	(59,506,479)	140,294,707
Property and equipment						
Land and land improvements	1,713,921	118,488	622,232	101,726,238	(1,296,208)	238,137,531
Buildings	12,946,508	4,348,662	2,157,383	829,846,643	(23,145,871)	1,879,624,482
Furniture and equipment	151,937	92,551	83,182	21,401,196	-	63,182,881
Predevelopment project costs	-	-	-	-	(518,414)	5,148,276
Construction in progress	-	-	-	21,514,411	(358,346)	127,926,097
Accumulated depreciation	(3,849,820)	(1,801,097)	(509,341)	(297,646,805)	3,145,895	(567,769,397)
Net property and equipment	10,962,546	2,758,604	2,353,456	676,841,683	(22,172,944)	1,746,249,870
Other long-term assets						
Restricted property reserves	1,790,655	522,131	121,688	33,554,635	-	131,476,629
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	5,600,000
Long-term investments, restricted	-	-	-	-	-	3,440,000
Due from affiliates	-	-	-	-	(1,481,625)	-
Pledges receivable, net	-	-	-	-	-	400,507
Investments in limited partnerships, net	-	-	-	(1,772,501)	5,415,690	835,830
Notes and interest receivable, net	-	-	-	285,520	(5,723,726)	23,555,774
Notes and interest receivable, affiliates	-	-	-	1,197,412	(18,272,637)	-
Allowance for impaired assets	-	-	-	-	545,883	-
Other assets, net	219,765	29,552	29,649	7,663,274	(27,363)	25,927,628
Total other long-term assets	2,010,420	551,683	151,337	40,928,340	(19,543,778)	191,236,368
Total assets	\$ 13,934,745	\$ 3,410,270	\$ 3,323,054	\$ 741,472,675	\$ (101,223,201)	\$ 2,077,780,945

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Properties Washington II, LLC (Cobble Knoll II)	Padre Apartments	Mercy Bond Properties Colorado I (Franconia LLC)	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 329,310	\$ 33,773	\$ 795,861	\$ 12,179,892	\$ (4,085,364)	\$ 55,482,496
Due to affiliates	-	-	94,350	11,326,112	(40,359,391)	-
Accrued interest	16,846	11,423	12,557	750,060	-	3,016,313
Accrued interest, affiliates	-	-	-	159	(153,432)	-
Current portion of notes payable	267,459	173,627	45,000	13,105,131	-	106,724,228
Current portion of notes payable, affiliates	-	-	-	683,624	(9,292,098)	-
Deferred revenue and other liabilities	19,004	855	6,154	1,821,944	(1,287,114)	41,411,128
Tenant security deposits	109,201	15,532	9,537	2,705,967	-	6,293,816
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	741,820	235,210	963,459	42,572,889	(55,177,399)	212,927,981
Long-term liabilities						
Due to affiliates	-	-	-	1,335,964	(1,335,964)	-
Accrued interest	-	156,630	-	57,745,319	-	80,244,888
Accrued interest, affiliates	-	-	-	5,079,428	(6,701,763)	-
Notes payable, less current portion, net	11,967,012	2,192,507	1,340,000	410,361,409	-	1,029,278,457
Notes payable, less current portion, affiliates	-	-	-	26,291,846	(47,333,734)	-
Deferred revenue and other liabilities	-	-	-	8,397,673	(3,646,155)	41,181,845
Total long-term liabilities	11,967,012	2,349,137	1,340,000	509,211,639	(59,017,616)	1,150,705,190
Total liabilities	12,708,832	2,584,347	2,303,459	551,784,528	(114,195,015)	1,363,633,171
Net assets						
Unrestricted net assets, controlling	(1,031,954)	825,923	821,595	150,450,410	(436,915,419)	47,454,051
Unrestricted net assets, noncontrolling	-	-	-	-	450,611,887	450,611,887
Total unrestricted net assets	(1,031,954)	825,923	821,595	150,450,410	13,696,468	498,065,938
Temporarily restricted net assets	2,257,867	-	198,000	39,237,737	(724,654)	212,679,836
Permanently restricted net assets	-	-	-	-	-	3,402,000
Total net assets	1,225,913	825,923	1,019,595	189,688,147	12,971,814	714,147,774
Total liabilities and net assets	\$ 13,934,745	\$ 3,410,270	\$ 3,323,054	\$ 741,472,675	\$ (101,223,201)	\$ 2,077,780,945

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Mercy Housing, Inc.	Mercy Loan Fund (MLF)	Mercy Housing Management Group (MHM)	Consolidated Mercy Portfolio Services, Inc.	Consolidated Mercy Housing Mountain Plains	Consolidated Mercy Housing California
Revenues						
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ 9,888,864	\$ 24,289,249
Developer fees	-	-	-	-	79,127	7,418,602
Services fees	2,410,603	-	11,835,762	-	131,285	1,893,157
Philanthropy	2,897,202	958,568	-	724,383	1,263,157	2,918,600
Capital grants	-	-	-	-	-	2,479,651
Consulting	-	-	236,622	3,395,812	-	340,083
Interest	789,083	2,045,516	-	76,338	382,755	444,661
Other	2,713,597	359,032	1,550,507	368,134	575,506	3,977,444
Total revenues	8,810,485	3,363,116	13,622,891	4,564,667	12,320,694	43,761,447
Expenses and losses						
Compensation	10,741,220	845,356	8,626,102	2,394,958	3,655,840	13,638,142
Administrative	3,447,251	87,424	1,274,167	273,459	1,864,138	5,497,167
Professional services	1,241,021	200,183	295,220	200,355	557,534	1,311,625
Depreciation and amortization	66,801	-	-	8,371	3,634,351	14,357,316
Grants	1,548,065	100,000	-	665,000	493,205	1,274,877
Facility	754,322	16,346	87,559	185,684	3,521,251	8,498,464
Interest and fees	533,862	812,598	104,130	82,210	1,329,367	5,354,465
Bad debts	9,500	-	1,144	32,808	191,285	675,844
Provision for impaired assets	274,806	750,000	-	-	348,330	72,115
Project expenses	-	-	-	-	51,465	-
Allocation	(12,170,523)	396,429	4,277,929	816,751	889,985	1,874,536
(Gain) loss on sale of assets	-	(750,000)	-	-	(133,278)	(942,203)
(Gain) loss on investment in limited partnership	(21,874)	-	-	-	(28)	9,806
Total expenses and losses	6,424,451	2,458,336	14,666,251	4,659,596	16,403,445	51,622,154
Excess (deficiency) of revenues over expenses	2,386,034	904,780	(1,043,360)	(94,929)	(4,082,751)	(7,860,707)
Net assets at the beginning of year	7,915,906	9,124,097	(5,967,006)	(32,900)	46,645,077	126,814,896
Net transfers to (from) net assets	-	-	-	-	6,867,664	33,250,059
Net assets at end of year	\$ 10,301,940	\$ 10,028,877	\$ (7,010,366)	\$ (127,829)	\$ 49,429,990	\$ 152,204,248

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Consolidated Mercy Housing Northwest-ID, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing Southeast	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)
Revenues						
Rent - net of vacancies	\$ 1,400,633	\$ 19,196,704	\$ 14,992,650	\$ 7,615,620	\$ -	\$ 4,097,882
Developer fees	-	33,266	274,148	1,333,665	-	-
Services fees	-	-	130,920	100,384	-	-
Philanthropy	371,956	6,763,378	358,187	1,263,768	-	-
Capital grants	-	511,673	800,000	-	-	-
Consulting	186,065	60,000	-	555,629	-	-
Interest	74,668	30,441	1,669,648	44,392	44,876	546
Other	95,910	1,370,407	638,831	2,891,013	-	556,417
Total revenues	2,129,232	27,965,869	18,864,384	13,804,471	44,876	4,654,845
Expenses and losses						
Compensation	777,777	10,655,870	4,353,203	3,310,289	-	762,145
Administrative	299,344	2,934,055	2,830,551	1,650,636	25	487,829
Professional services	105,509	945,447	668,766	284,777	5,058	116,099
Depreciation and amortization	818,834	8,106,935	7,515,792	4,814,102	-	768,969
Grants	925	535,887	231,524	210,388	240,351	210,619
Facility	520,763	7,510,614	7,129,383	2,389,044	-	1,542,478
Interest and fees	235,465	2,779,402	2,691,076	2,606,718	70,563	488,188
Bad debts	96,393	183,550	367,957	157,792	311,993	8,789
Provision for impaired assets	10,275	-	2,615,960	185,083	-	-
Project expenses	37,213	-	153,738	-	-	-
Allocation	240,338	1,656,185	884,042	991,801	142,527	-
(Gain) loss on sale of assets	-	-	(207,742)	-	-	-
(Gain) loss on investment in limited partnership	-	204,208	14	(29,400)	-	-
Total expenses and losses	3,142,836	35,512,153	29,234,264	16,571,230	770,517	4,385,116
Excess (deficiency) of revenues over expenses	(1,013,604)	(7,546,284)	(10,369,880)	(2,766,759)	(725,641)	269,729
Net assets at the beginning of year	11,868,820	72,233,902	110,059,789	58,054,412	(1,128,886)	661,042
Net transfers to (from) net assets	743,511	35,247,958	18,178,170	9,823,243	-	-
Net assets at end of year	\$ 11,598,727	\$ 99,935,576	\$ 117,868,079	\$ 65,110,896	\$ (1,854,527)	\$ 930,771

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Mercy Properties Washington II, LLC (Cobble Knoll II)	Padre Apartments	Mercy Bond Properties Colorado I (Franconia LLC)	Consolidated General Partners	Eliminations	Consolidated Mercy Housing, Inc.
Revenues						
Rent - net of vacancies	\$ 2,602,321	\$ 722,110	\$ 461,854	\$ 56,255,251	\$ (351,931)	\$ 141,171,207
Developer fees	-	-	-	-	-	9,138,808
Services fees	-	-	-	4,328	(15,134,966)	1,371,473
Philanthropy	-	-	-	218,296	(1,304,994)	16,432,501
Capital grants	-	-	-	20,788	-	3,812,112
Consulting	-	-	-	-	(24,840)	4,749,371
Interest	588	354	31	1,313,594	(2,087,470)	4,830,021
Other	67,623	1,296	42,797	3,868,575	(9,867,555)	9,209,534
Total revenues	<u>2,670,532</u>	<u>723,760</u>	<u>504,682</u>	<u>61,680,832</u>	<u>(28,771,756)</u>	<u>190,715,027</u>
Expenses and losses						
Compensation	595,720	81,414	59,966	13,162,754	-	73,660,756
Administrative	308,134	62,583	68,711	8,737,822	(14,618,587)	15,204,709
Professional services	91,374	9,212	10,692	3,408,035	(1,531,387)	7,919,520
Depreciation and amortization	513,471	173,646	71,880	36,079,471	(777,487)	76,152,452
Grants	148,310	-	-	2,921,541	(7,523,768)	1,056,924
Facility	831,897	164,292	122,827	20,415,360	(1,414,197)	52,276,087
Interest and fees	386,206	183,336	78,730	13,949,881	(1,875,451)	29,810,746
Bad debts	953	-	617	267,196	(1,075,463)	1,230,358
Provision for impaired assets	-	-	-	162,116	(1,053,446)	3,365,239
Project expenses	-	-	-	-	(11,776)	230,640
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	(383,273)	(3,887,705)	4,698,933	(1,605,268)
(Gain) loss on investment in limited partnership	-	-	-	(832,984)	378,186	(292,072)
Total expenses and losses	<u>2,876,065</u>	<u>674,483</u>	<u>30,150</u>	<u>94,383,487</u>	<u>(24,804,443)</u>	<u>259,010,091</u>
Excess (deficiency) of revenues over expenses	(205,533)	49,277	474,532	(32,702,655)	(3,967,313)	(68,295,064)
Net assets at the beginning of year	1,431,446	776,646	545,063	220,564,242	15,453,730	675,020,276
Net transfers to (from) net assets	-	-	-	1,826,560	1,485,397	107,422,562
Net assets at end of year	<u>\$ 1,225,913</u>	<u>\$ 825,923</u>	<u>\$ 1,019,595</u>	<u>\$ 189,688,147</u>	<u>\$ 12,971,814</u>	<u>\$ 714,147,774</u>

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Mercy Portfolio Services, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Portfolio Services, Inc.	MPS Community I, LLC	MPS Stabilization, LLC	Eliminations	Consolidated Mercy Portfolio Services, Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ 100	\$ 1,129,695	\$ 18,350	\$ -	\$ 1,148,145
Cash, tenant security deposits	-	-	-	-	-
Cash, restricted	35,034,829	-	-	-	35,034,829
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	769,643	423,554	819	-	1,194,016
Due from affiliate, net	2,775,968	-	-	(2,775,968)	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	191,544	-	-	(191,544)	-
Prepaid expenses and other assets	40,555	-	-	-	40,555
Inventory	-	1,301,180	-	-	1,301,180
Assets held for sale	-	-	-	-	-
Total current assets	38,812,639	2,854,429	19,169	(2,967,512)	38,718,725
Property and equipment					
Land and land improvements	-	-	-	-	-
Buildings	-	-	-	-	-
Furniture and equipment	201,425	-	-	-	201,425
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	821	-	821
Accumulated depreciation	(184,399)	-	-	-	(184,399)
Net property and equipment	17,026	-	821	-	17,847
Other long-term assets					
Restricted property reserves	-	-	10	-	10
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	-	-	10	-	10
Total assets	\$ 38,829,665	\$ 2,854,429	\$ 20,000	\$ (2,967,512)	\$ 38,736,582

Mercy Portfolio Services, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Portfolio Services, Inc.	MPS Community I, LLC	MPS Stabilization, LLC	Eliminations	Consolidated Mercy Portfolio Services, Inc.
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 318,110	\$ 48,254	\$ -	\$ -	\$ 366,364
Due to affiliates	856,891	191,722	-	(369,649)	678,964
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	1,902,369	-	-	-	1,902,369
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	34,366,109	-	-	-	34,366,109
Tenant security deposits	-	-	-	-	-
Total current liabilities	37,443,479	239,976	-	(369,649)	37,313,806
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-
Notes payable, less current portion, affiliates	-	1,047,258	-	(1,047,258)	-
Deferred revenue and other liabilities	1,550,605	1,550,605	-	(1,550,605)	1,550,605
Total long-term liabilities	1,550,605	2,597,863	-	(2,597,863)	1,550,605
Total liabilities	38,994,084	2,837,839	-	(2,967,512)	38,864,411
Net assets					
Unrestricted net assets, controlling	(195,161)	16,590	20,000	-	(158,571)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	(195,161)	16,590	20,000	-	(158,571)
Temporarily restricted net assets	30,742	-	-	-	30,742
Permanently restricted net assets	-	-	-	-	-
Total net assets	(164,419)	16,590	20,000	-	(127,829)
Total liabilities and net assets	\$ 38,829,665	\$ 2,854,429	\$ 20,000	\$ (2,967,512)	\$ 38,736,582

Mercy Portfolio Services, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Portfolio Services, Inc.	MPS Community I, LLC	MPS Stabilization, LLC	Eliminations	Consolidated Mercy Portfolio Services, Inc.
Revenues					
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	724,383	-	-	-	724,383
Capital grants	-	-	-	-	-
Consulting	3,395,812	-	-	-	3,395,812
Interest	76,338	-	-	-	76,338
Other	348,134	-	20,000	-	368,134
Total revenues	4,544,667	-	20,000	-	4,564,667
Expenses and losses					
Compensation	2,394,958	-	-	-	2,394,958
Administrative	273,459	-	-	-	273,459
Professional services	200,355	-	-	-	200,355
Depreciation and amortization	8,371	-	-	-	8,371
Grants	665,000	-	-	-	665,000
Facility	185,684	-	-	-	185,684
Interest and fees	82,210	-	-	-	82,210
Bad debts	32,808	-	-	-	32,808
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	816,751	-	-	-	816,751
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-
Total expenses and losses	4,659,596	-	-	-	4,659,596
Excess (deficiency) of revenues over expenses	(114,929)	-	20,000	-	(94,929)
Net assets at beginning of year	(49,490)	16,590	-	-	(32,900)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	\$ (164,419)	\$ 16,590	\$ 20,000	\$ -	\$ (127,829)

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Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2013

	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, LTD (Wapiti Meadows)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 163,106	\$ -	\$ 12,032	\$ 74,207
Cash, tenant security deposits	-	-	-	-	12,784	-	22,293	20,514
Cash, restricted	475,585	532	-	-	39,241	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	169,280	-	-	-	125,329	-	6	41,693
Due from affiliate, net	468,483	-	-	-	-	(42,650)	-	-
Pledges receivable, net	25,941	-	-	-	-	-	-	-
Grants receivable	91,294	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	215,179	-	-	-	-	-	-	-
Prepaid expenses and other assets	13,525	-	-	-	22,675	-	16,867	13,210
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	1,459,287	532	-	-	363,135	(42,650)	51,198	149,624
Property and equipment								
Land and land improvements	-	226,320	-	-	2,140,326	-	833,782	687,653
Buildings	-	378,604	-	-	12,099,326	-	4,385,073	4,303,378
Furniture and equipment	15,000	60,479	-	-	463,958	-	192,255	217,178
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(15,000)	(162,182)	-	-	(885,960)	-	(3,326,057)	(3,567,503)
Net property and equipment	-	503,221	-	-	13,817,650	-	2,085,053	1,640,706
Other long-term assets								
Restricted property reserves	-	-	-	-	629,768	-	182,407	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	173,982	-	-	-	-	-	-	-
Pledges receivable, net	1,334	-	-	-	-	-	-	-
Investments in limited partnerships, net	100	-	-	1,380,041	-	(12,425)	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	5,662,066	-	-	-	-	-	-	-
Allowance for impaired assets	(545,883)	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	321,400	-	190,059	113,546
Total other long-term assets	5,291,599	-	-	1,380,041	951,168	(12,425)	372,466	113,546
Total assets	\$ 6,750,886	\$ 503,753	\$ -	\$ 1,380,041	\$ 15,131,953	\$ (55,075)	\$ 2,508,717	\$ 1,903,876

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2013

	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, LTD (Wapiti Meadows)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 119,941	\$ 3,869	\$ -	\$ 311	\$ 58,010	\$ 311	\$ 46,999	\$ 34,486
Due to affiliates	2,648,056	-	-	4,924	16,475	30,652	149,574	65,642
Accrued interest	-	-	-	-	12,043	-	10,095	-
Accrued interest, affiliates	-	-	-	-	-	-	-	23,195
Current portion of notes payable	-	-	-	-	33,827	-	33,773	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1	-	-	-	20,384	-	11,342	8,859
Tenant security deposits	-	-	-	-	12,384	-	21,747	20,014
Total current liabilities	2,767,998	3,869	-	5,235	153,123	30,963	273,530	152,196
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	234,266	-	482,685	-
Notes payable, less current portion, net	84,198	-	-	-	1,947,962	-	2,133,076	-
Notes payable, less current portion, affiliates	-	70,000	-	-	2,235,000	-	795,653	581,634
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	84,198	70,000	-	-	4,417,228	-	3,411,414	581,634
Total liabilities	2,852,196	73,869	-	5,235	4,570,351	30,963	3,684,944	733,830
Net assets								
Unrestricted net assets, controlling	(2,323,096)	429,884	-	1,374,806	10,561,602	(86,038)	(1,176,227)	1,170,046
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(2,323,096)	429,884	-	1,374,806	10,561,602	(86,038)	(1,176,227)	1,170,046
Temporarily restricted net assets	5,721,786	-	-	-	-	-	-	-
Permanently restricted net assets	500,000	-	-	-	-	-	-	-
Total net assets	3,898,690	429,884	-	1,374,806	10,561,602	(86,038)	(1,176,227)	1,170,046
Total liabilities and net assets	\$ 6,750,886	\$ 503,753	\$ -	\$ 1,380,041	\$ 15,131,953	\$ (55,075)	\$ 2,508,717	\$ 1,903,876

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2013

	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
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 126,096	\$ -	\$ 1,345,604	\$ 525,373	\$ -	\$ 2,246,418
Cash, tenant security deposits	-	26,026	-	148,679	110,130	-	340,426
Cash, restricted	-	-	-	687,270	40,996	-	1,243,624
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	949	-	59,952	256,920	-	654,129
Due from affiliate, net	-	-	-	188,242	96,000	(172,755)	537,320
Pledges receivable, net	-	-	-	2,800	325	-	29,066
Grants receivable	-	-	-	-	20,187	-	111,481
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	2,797	4,875	(47,000)	175,851
Prepaid expenses and other assets	-	11,993	-	134,704	159,954	-	372,928
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	-	165,064	-	2,570,048	1,214,760	(219,755)	5,711,243
Property and equipment							
Land and land improvements	-	1,236,231	-	2,129,174	1,971,036	-	9,224,522
Buildings	-	5,217,214	-	32,425,534	28,155,057	(256,019)	86,708,167
Furniture and equipment	-	198,376	-	507,067	1,731,321	-	3,385,634
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(3,392,820)	-	(7,089,014)	(16,706,625)	16,746	(35,128,415)
Net property and equipment	-	3,259,001	-	27,972,761	15,150,789	(239,273)	64,189,908
Other long-term assets							
Restricted property reserves	-	221,592	-	2,478,479	1,987,843	-	5,500,089
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	173,982
Pledges receivable, net	-	-	-	300	20	-	1,654
Investments in limited partnerships, net	(5,373)	-	10	-	-	(1,362,342)	11
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	283,511	(1,283,641)	4,661,936
Allowance for impaired assets	-	-	-	-	-	-	(545,883)
Other assets, net	-	51,083	-	668,865	28,104	-	1,373,057
Total other long-term assets	(5,373)	272,675	10	3,147,644	2,299,478	(2,645,983)	11,164,846
Total assets	\$ (5,373)	\$ 3,696,740	\$ 10	\$ 33,690,453	\$ 18,665,027	\$ (3,105,011)	\$ 81,065,997

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2013

	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
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 311	\$ 18,459	\$ -	\$ 685,502	\$ 429,396	\$ -	\$ 1,397,595
Due to affiliates	19,293	-	3,001	1,678,974	2,678,824	(422,621)	6,872,794
Accrued interest	-	-	-	35,295	9,138	-	66,571
Accrued interest, affiliates	-	14,695	-	2,662	-	(17,357)	23,195
Current portion of notes payable	-	-	-	153,208	52,781	-	273,589
Current portion of notes payable, affiliates	-	26,716	-	-	-	(26,716)	-
Deferred revenue and other liabilities	1	2,462	-	47,511	30,286	-	120,846
Tenant security deposits	-	25,524	-	141,246	101,638	-	322,553
Total current liabilities	19,605	87,856	3,001	2,744,398	3,302,063	(466,694)	9,077,143
Long-term liabilities							
Due to affiliates	-	-	-	-	34,949	(34,949)	-
Accrued interest	-	-	-	517,470	4,740	-	522,210
Accrued interest, affiliates	-	552,818	-	-	-	(1,269,769)	-
Notes payable, less current portion, net	-	-	-	13,011,285	1,600,915	-	18,777,436
Notes payable, less current portion, affiliates	-	2,630,930	-	285,000	-	(3,338,999)	3,259,218
Deferred revenue and other liabilities	-	-	-	54,584	-	(54,584)	-
Total long-term liabilities	-	3,183,748	-	13,868,339	1,640,604	(4,698,301)	22,558,864
Total liabilities	19,605	3,271,604	3,001	16,612,737	4,942,667	(5,164,995)	31,636,007
Net assets							
Unrestricted net assets, controlling	(24,978)	425,136	(2,991)	12,931,236	1,057,938	2,059,984	26,397,302
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(24,978)	425,136	(2,991)	12,931,236	1,057,938	2,059,984	26,397,302
Temporarily restricted net assets	-	-	-	4,146,480	12,664,422	-	22,532,688
Permanently restricted net assets	-	-	-	-	-	-	500,000
Total net assets	(24,978)	425,136	(2,991)	17,077,716	13,722,360	2,059,984	49,429,990
Total liabilities and net assets	<u>\$ (5,373)</u>	<u>\$ 3,696,740</u>	<u>\$ 10</u>	<u>\$ 33,690,453</u>	<u>\$ 18,665,027</u>	<u>\$ (3,105,011)</u>	<u>\$ 81,065,997</u>

**Mercy Housing Mountain Plains
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013**

	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, LTD (Wapiti Meadows)
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ 62,543	\$ -	\$ 857,853	\$ -	\$ 524,437	\$ 363,237
Developer fees	79,127	-	-	-	-	-	-	-
Services fees	416,190	-	-	-	-	20,129	-	-
Philanthropy	787,030	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	600,948	-	-	-	106	-	125	12
Other	68,306	2,672	2,354	-	130,755	-	9,544	2,205,624
Total revenues	<u>1,951,601</u>	<u>2,672</u>	<u>64,897</u>	<u>-</u>	<u>988,714</u>	<u>20,129</u>	<u>534,106</u>	<u>2,568,873</u>
Expenses and losses								
Compensation	794,242	-	-	-	170,964	-	105,860	105,707
Administrative	195,817	-	16,661	-	128,709	95,357	65,510	52,022
Professional services	244,370	-	12,475	3,088	123,021	989	3,445	4,602
Depreciation and amortization	-	37,198	14,974	-	615,317	-	179,665	165,799
Grants	227,184	-	-	-	-	-	-	-
Facility	807	-	61,795	-	230,049	-	110,795	164,960
Interest and fees	47,257	-	32,010	-	324,034	-	158,314	149,608
Bad debts	1,188	-	-	-	20,641	-	1,601	2,255
Provision for impaired assets	1,598,696	-	-	-	-	-	-	-
Project expenses	51,465	-	-	-	-	-	-	-
Allocation	475,190	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	131,302	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	4	-	(1,833)	-	-
Total expenses and losses	<u>3,636,216</u>	<u>37,198</u>	<u>269,217</u>	<u>3,092</u>	<u>1,612,735</u>	<u>94,513</u>	<u>625,190</u>	<u>644,953</u>
Excess (deficiency) of revenues over expenses	(1,684,615)	(34,526)	(204,320)	(3,092)	(624,021)	(74,384)	(91,084)	1,923,920
Net assets at beginning of year	5,583,305	464,410	204,320	1,377,898	3,959,623	(11,654)	(1,085,143)	(753,874)
Other transfers to (from) net assets	-	-	-	-	7,226,000	-	-	-
Net assets at end of year	<u>\$ 3,898,690</u>	<u>\$ 429,884</u>	<u>\$ -</u>	<u>\$ 1,374,806</u>	<u>\$ 10,561,602</u>	<u>\$ (86,038)</u>	<u>\$ (1,176,227)</u>	<u>\$ 1,170,046</u>

**Mercy Housing Mountain Plains
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013**

	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
Revenues							
Rent - net of vacancies	\$ -	\$ 443,590	\$ -	\$ 3,581,328	\$ 4,055,876	\$ -	\$ 9,888,864
Developer fees	-	-	-	-	-	-	79,127
Services fees	9,365	-	-	-	50,000	(364,399)	131,285
Philanthropy	-	-	-	79,992	396,135	-	1,263,157
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	1,657	-	3,506	69,202	(292,801)	382,755
Other	6,244	6,024	-	303,788	115,619	(2,275,424)	575,506
Total revenues	<u>15,609</u>	<u>451,271</u>	<u>-</u>	<u>3,968,614</u>	<u>4,686,832</u>	<u>(2,932,624)</u>	<u>12,320,694</u>
Expenses and losses							
Compensation	-	91,578	-	983,507	1,403,982	-	3,655,840
Administrative	9,365	52,846	37	655,737	620,807	(28,730)	1,864,138
Professional services	1,043	37,804	3,034	102,536	350,127	(329,000)	557,534
Depreciation and amortization	-	219,513	-	1,343,919	1,067,348	(9,382)	3,634,351
Grants	-	-	-	79,849	186,172	-	493,205
Facility	-	97,814	-	1,505,649	1,349,382	-	3,521,251
Interest and fees	-	152,380	-	545,788	219,004	(299,028)	1,329,367
Bad debts	-	719	-	73,722	92,347	(1,188)	191,285
Provision for impaired assets	-	-	-	1,268	38,915	(1,290,549)	348,330
Project expenses	-	-	-	-	-	-	51,465
Allocation	-	-	-	174,840	239,955	-	889,985
(Gain) loss on sale of assets	-	-	-	(88,236)	(172,841)	(3,503)	(133,278)
(Gain) loss on investment in limited partnership	201	-	-	-	-	1,600	(28)
Total expenses and losses	<u>10,609</u>	<u>652,654</u>	<u>3,071</u>	<u>5,378,579</u>	<u>5,395,198</u>	<u>(1,959,780)</u>	<u>16,403,445</u>
Excess (deficiency) of revenues over expenses	<u>5,000</u>	<u>(201,383)</u>	<u>(3,071)</u>	<u>(1,409,965)</u>	<u>(708,366)</u>	<u>(972,844)</u>	<u>(4,082,751)</u>
Net assets at beginning of year	(29,978)	667,154	80	18,805,395	14,430,726	3,032,815	46,645,077
Other transfers to (from) net assets	-	(40,635)	-	(317,714)	-	13	6,867,664
Net assets at end of year	<u>\$ (24,978)</u>	<u>\$ 425,136</u>	<u>\$ (2,991)</u>	<u>\$ 17,077,716</u>	<u>\$ 13,722,360</u>	<u>\$ 2,059,984</u>	<u>\$ 49,429,990</u>

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing Midwest	Mercy House	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Village Joplin, Inc.	Mercy Housing Midwest Nebraska, LLC	Northglen, LP	Mercy Crestview Village Housing, LP
Assets							
Current assets							
Cash and cash equivalents	\$ 217,183	\$ 5,802	\$ 1,094	\$ 11,637	\$ -	\$ 189,412	\$ 663,177
Cash, tenant security deposits	-	804	42,215	23,144	-	20,272	47,445
Cash, restricted	687,270	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	2,240	1,430	43,679	954	-	1,279	6,286
Due from affiliate, net	192,390	-	115	-	-	70	-
Pledges receivable, net	2,800	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	11,103	-	-	-	-	-	-
Prepaid expenses and other assets	4,949	4,405	39,287	15,292	-	11,485	37,891
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	1,117,935	12,441	126,390	51,027	-	222,518	754,799
Property and equipment							
Land and land improvements	-	30,770	1,281,713	-	-	540,239	1,922,246
Buildings	-	457,056	7,290,130	4,718,907	-	4,168,568	11,080,384
Furniture and equipment	20,300	42,168	295,785	33,133	-	28,232	48,299
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(20,300)	(443,403)	(3,424,498)	(1,038,239)	-	(442,883)	(1,220,271)
Net property and equipment	-	86,591	5,443,130	3,713,801	-	4,294,156	11,830,658
Other long-term assets							
Restricted property reserves	-	26,479	412,281	171,136	-	484,621	972,967
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	300	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	772,765	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	261,891	-	-	96,860	178,120
Total other long-term assets	300	26,479	674,172	171,136	772,765	581,481	1,151,087
Total assets	\$ 1,118,235	\$ 125,511	\$ 6,243,692	\$ 3,935,964	\$ 772,765	\$ 5,098,155	\$ 13,736,544

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing Midwest	Mercy House	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Village Joplin, Inc.	Mercy Housing Midwest Nebraska, LLC	Northglen, LP	Mercy Crestview Village Housing, LP
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 26,283	\$ 11,990	\$ 209,073	\$ 41,296	\$ 311	\$ 108,833	\$ 168,443
Due to affiliates	-	40,000	639,422	11,671	3,151	304,827	609,074
Accrued interest	-	1,951	21,000	-	-	-	9,134
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	8,600	99,978	-	-	-	33,047
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	(1)	-	15,379	1,040	-	3,480	11,544
Tenant security deposits	-	304	38,470	21,858	-	19,771	47,276
Total current liabilities	26,282	62,845	1,023,322	75,865	3,462	436,911	878,518
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	19,318	-	498,152	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	133,228	661,262
Notes payable, less current portion, net	147,500	251,569	8,309,893	-	-	926,956	2,076,077
Notes payable, less current portion, affiliates	-	-	-	-	-	1,465,000	4,910,051
Deferred revenue and other liabilities	-	-	-	-	-	44,049	-
Total long-term liabilities	166,818	251,569	8,808,045	-	-	2,569,233	7,647,390
Total liabilities	193,100	314,414	9,831,367	75,865	3,462	3,006,144	8,525,908
Net assets							
Unrestricted net assets, controlling	240,065	(188,903)	(3,587,675)	398,689	769,303	2,092,011	5,210,636
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	240,065	(188,903)	(3,587,675)	398,689	769,303	2,092,011	5,210,636
Temporarily restricted net assets	685,070	-	-	3,461,410	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	925,135	(188,903)	(3,587,675)	3,860,099	769,303	2,092,011	5,210,636
Total liabilities and net assets	\$ 1,118,235	\$ 125,511	\$ 6,243,692	\$ 3,935,964	\$ 772,765	\$ 5,098,155	\$ 13,736,544

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2013

	Western Manor, LP	MHMMW NEB LLC	Mercy Housing Nebraska I, LTD (Capital Corners)	Eliminations	Consolidated Mercy Housing Midwest
Assets					
Current assets					
Cash and cash equivalents	\$ 257,006	\$ -	\$ 293	\$ -	\$ 1,345,604
Cash, tenant security deposits	14,799	-	-	-	148,679
Cash, restricted	-	-	-	-	687,270
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	4,084	-	-	-	59,952
Due from affiliate, net	350	-	-	(4,683)	188,242
Pledges receivable, net	-	-	-	-	2,800
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	21,395	-	-	-	134,704
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>297,634</u>	<u>-</u>	<u>293</u>	<u>(12,989)</u>	<u>2,570,048</u>
Property and equipment					
Land and land improvements	431,009	-	-	(2,076,803)	2,129,174
Buildings	5,915,757	-	-	(1,205,268)	32,425,534
Furniture and equipment	39,150	-	-	-	507,067
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	<u>(592,554)</u>	<u>-</u>	<u>-</u>	<u>93,134</u>	<u>(7,089,014)</u>
Net property and equipment	<u>5,793,362</u>	<u>-</u>	<u>-</u>	<u>(3,188,937)</u>	<u>27,972,761</u>
Other long-term assets					
Restricted property reserves	410,995	-	-	-	2,478,479
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	300
Investments in limited partnerships, net	-	-	-	(772,765)	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	<u>131,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>668,865</u>
Total other long-term assets	<u>542,989</u>	<u>-</u>	<u>-</u>	<u>(772,765)</u>	<u>3,147,644</u>
Total assets	<u>\$ 6,633,985</u>	<u>\$ -</u>	<u>\$ 293</u>	<u>\$ (3,974,691)</u>	<u>\$ 33,690,453</u>

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2013

	Western Manor, LP	MHMMW NEB LLC	Mercy Housing Nebraska I, LTD (Capital Corners)	Eliminations	Consolidated Mercy Housing Midwest
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 119,273	\$ -	\$ -	\$ -	\$ 685,502
Due to affiliates	87,412	-	293	(16,876)	1,678,974
Accrued interest	3,210	-	-	-	35,295
Accrued interest, affiliates	2,662	-	-	-	2,662
Current portion of notes payable	11,583	-	-	-	153,208
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	16,069	-	-	-	47,511
Tenant security deposits	13,567	-	-	-	141,246
Total current liabilities	253,776	-	293	(16,876)	2,744,398
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	517,470
Accrued interest, affiliates	193,374	-	-	(987,864)	-
Notes payable, less current portion, net	1,299,290	-	-	-	13,011,285
Notes payable, less current portion, affiliates	1,890,000	-	-	(7,980,051)	285,000
Deferred revenue and other liabilities	10,535	-	-	-	54,584
Total long-term liabilities	3,393,199	-	-	(8,967,915)	13,868,339
Total liabilities	3,646,975	-	293	(8,984,791)	16,612,737
Net assets					
Unrestricted net assets, controlling	2,987,010	-	-	5,010,100	12,931,236
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	2,987,010	-	-	5,010,100	12,931,236
Temporarily restricted net assets	-	-	-	-	4,146,480
Permanently restricted net assets	-	-	-	-	-
Total net assets	2,987,010	-	-	5,010,100	17,077,716
Total liabilities and net assets	\$ 6,633,985	\$ -	\$ 293	\$ (3,974,691)	\$ 33,690,453

Mercy Housing Midwest
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Housing Midwest	Mercy House	Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)	Mercy Village Joplin, Inc.	Mercy Housing Midwest Nebraska, LLC	Northglen, LP	Mercy Crestview Village Housing, LP
Revenues							
Rent - net of vacancies	\$ -	\$ 56,061	\$ 1,124,012	\$ 259,041	\$ -	\$ 364,518	\$ 1,151,354
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	79,992	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	341,688	13	868	56	-	186	838
Other	173,891	860	65,941	13,990	-	34,195	11,523
Total revenues	<u>595,571</u>	<u>56,934</u>	<u>1,190,821</u>	<u>273,087</u>	<u>-</u>	<u>398,899</u>	<u>1,163,715</u>
Expenses and losses							
Compensation	255,852	12,015	222,097	88,020	-	84,666	222,431
Administrative	73,663	11,611	172,738	53,037	-	79,787	161,449
Professional services	16,835	6,865	22,367	10,898	1,000	13,765	15,599
Depreciation and amortization	139	19,324	290,395	192,216	-	175,080	470,841
Grants	-	-	-	-	-	-	-
Facility	2,573	33,294	537,106	112,637	-	179,455	388,956
Interest and fees	1,124	23,125	304,244	-	-	42,480	319,001
Bad debts	25,021	-	24,778	339	-	11,908	6,206
Provision for impaired assets	274,231	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	174,840	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	78	-	-
Total expenses and losses	<u>824,278</u>	<u>106,234</u>	<u>1,573,725</u>	<u>457,147</u>	<u>1,078</u>	<u>587,141</u>	<u>1,584,483</u>
Excess (deficiency) of revenues over expenses	(228,707)	(49,300)	(382,904)	(184,060)	(1,078)	(188,242)	(420,768)
Net assets at beginning of year	1,153,842	(139,603)	(3,204,771)	4,044,159	770,381	2,269,055	5,558,475
Other transfers to (from) net assets	-	-	-	-	-	11,198	72,929
Net assets at end of year	<u>\$ 925,135</u>	<u>\$ (188,903)</u>	<u>\$ (3,587,675)</u>	<u>\$ 3,860,099</u>	<u>\$ 769,303</u>	<u>\$ 2,092,011</u>	<u>\$ 5,210,636</u>

Mercy Housing Midwest
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Western Manor, LP	MHMMW NEB LLC	Mercy Housing Nebraska I, LTD (Capital Corners)	Eliminations	Consolidated Mercy Housing Midwest
Revenues					
Rent - net of vacancies	\$ 547,998	\$ -	\$ 80,144	\$ (1,800)	\$ 3,581,328
Developer fees	-	-	-	-	-
Services fees	-	2,749	-	(2,749)	-
Philanthropy	-	-	-	-	79,992
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	248	-	29	(340,420)	3,506
Other	20,052	49,720	4,046	(70,430)	303,788
Total revenues	<u>568,298</u>	<u>52,469</u>	<u>84,219</u>	<u>(415,399)</u>	<u>3,968,614</u>
Expenses and losses					
Compensation	91,063	-	7,363	-	983,507
Administrative	82,700	2,749	20,754	(2,751)	655,737
Professional services	14,530	677	-	-	102,536
Depreciation and amortization	236,538	-	3,214	(43,828)	1,343,919
Grants	-	79,849	-	-	79,849
Facility	184,354	-	69,074	(1,800)	1,505,649
Interest and fees	120,422	-	75,812	(340,420)	545,788
Bad debts	5,490	-	-	(20)	73,722
Provision for impaired assets	-	-	-	(272,963)	1,268
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	174,840
(Gain) loss on sale of assets	-	(89)	(88,236)	89	(88,236)
(Gain) loss on investment in limited partnership	-	-	-	(78)	-
Total expenses and losses	<u>735,097</u>	<u>83,186</u>	<u>87,981</u>	<u>(661,771)</u>	<u>5,378,579</u>
Excess (deficiency) of revenues over expenses	(166,799)	(30,717)	(3,762)	246,372	(1,409,965)
Net assets at beginning of year	3,143,224	30,717	416,229	4,763,687	18,805,395
Other transfers to (from) net assets	10,585	-	(412,467)	41	(317,714)
Net assets at end of year	<u>\$ 2,987,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,010,100</u>	<u>\$ 17,077,716</u>

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa de Merced	Casa de Shanti, Inc.	Decatur Place	El Mirage Senior Village	Mercy Holly Park East
Assets								
Current assets								
Cash and cash equivalents	\$ 1,650	\$ 4,691	\$ 5,074	\$ 8,453	\$ 19,269	\$ 409,034	\$ 4,942	\$ 5,505
Cash, tenant security deposits	-	9,356	1,723	9,090	5,880	15,915	12,351	11,451
Cash, restricted	40,996	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	750	-	1,159	-	917	222,902	848	28,186
Due from affiliate, net	96,100	-	-	-	-	-	-	-
Pledges receivable, net	325	-	-	-	-	-	-	-
Grants receivable	20,187	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	151,666	-	-	-	-	-	-	-
Prepaid expenses and other assets	4,197	11,884	2,290	10,915	6,568	48,078	10,948	19,219
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>315,871</u>	<u>25,931</u>	<u>10,246</u>	<u>28,458</u>	<u>32,634</u>	<u>695,929</u>	<u>29,089</u>	<u>64,361</u>
Property and equipment								
Land and land improvements	-	129,200	51,954	119,815	92,256	345,979	77,415	526,647
Buildings	-	2,417,665	460,058	2,009,379	1,281,187	7,308,763	2,057,268	2,464,746
Furniture and equipment	-	110,170	5,570	101,822	65,924	622,899	143,376	256,226
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,104,967)	(210,828)	(1,292,560)	(890,959)	(5,056,284)	(1,249,245)	(1,499,464)
Net property and equipment	<u>-</u>	<u>1,552,068</u>	<u>306,754</u>	<u>938,456</u>	<u>548,408</u>	<u>3,221,357</u>	<u>1,028,814</u>	<u>1,748,155</u>
Other long-term assets								
Restricted property reserves	-	55,698	13,838	129,811	46,842	825,365	70,332	424,233
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	20	-	-	-	-	-	-	-
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	-	-	-	-	-	27,988	-	116
Total other long-term assets	<u>295,316</u>	<u>55,698</u>	<u>13,838</u>	<u>129,811</u>	<u>46,842</u>	<u>853,353</u>	<u>70,332</u>	<u>424,349</u>
Total assets	<u>\$ 611,187</u>	<u>\$ 1,633,697</u>	<u>\$ 330,838</u>	<u>\$ 1,096,725</u>	<u>\$ 627,884</u>	<u>\$ 4,770,639</u>	<u>\$ 1,128,235</u>	<u>\$ 2,236,865</u>

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2013

	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
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 36,750	\$ 42,582	\$ 10,770	\$ 21,999	\$ 19,870	\$ 59,067	\$ 21,438	\$ 76,202
Due to affiliates	2,673,735	22,328	15,000	44,686	68,910	-	-	5,089
Accrued interest	-	-	-	-	-	9,033	-	105
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	46,789	-	5,992
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	46	428	687	1,011	20,544	30	2,886
Tenant security deposits	-	8,855	971	8,431	5,568	14,714	11,583	11,041
Total current liabilities	2,710,485	73,811	27,169	75,803	95,359	150,147	33,051	101,315
Long-term liabilities								
Due to affiliates	-	-	-	-	-	34,949	-	-
Accrued interest	-	-	-	-	-	4,740	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	1,600,915	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	-	-	-	-	-	1,640,604	-	-
Total liabilities	2,710,485	73,811	27,169	75,803	95,359	1,790,751	33,051	101,315
Net assets								
Unrestricted net assets, controlling	(2,203,808)	(129,297)	2,962	(232,245)	(226,462)	2,649,333	(232,901)	2,103,606
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(2,203,808)	(129,297)	2,962	(232,245)	(226,462)	2,649,333	(232,901)	2,103,606
Temporarily restricted net assets	104,510	1,689,183	300,707	1,253,167	758,987	330,555	1,328,085	31,944
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(2,099,298)	1,559,886	303,669	1,020,922	532,525	2,979,888	1,095,184	2,135,550
Total liabilities and net assets	\$ 611,187	\$ 1,633,697	\$ 330,838	\$ 1,096,725	\$ 627,884	\$ 4,770,639	\$ 1,128,235	\$ 2,236,865

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2013

	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments	Eliminations	Consolidated Mercy Housing Southwest
Assets								
Current assets								
Cash and cash equivalents	\$ 285	\$ 11,831	\$ 10,776	\$ 10,880	\$ 24,460	\$ 8,523	\$ -	\$ 525,373
Cash, tenant security deposits	11,366	5,334	2,962	5,411	16,837	2,454	-	110,130
Cash, restricted	-	-	-	-	-	-	-	40,996
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	170	-	886	590	512	-	-	256,920
Due from affiliate, net	-	-	-	111	-	-	(211)	96,000
Pledges receivable, net	-	-	-	-	-	-	-	325
Grants receivable	-	-	-	-	-	-	-	20,187
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	(146,791)	4,875
Prepaid expenses and other assets	10,930	5,412	3,937	6,659	15,551	3,366	-	159,954
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>22,751</u>	<u>22,577</u>	<u>18,561</u>	<u>23,651</u>	<u>57,360</u>	<u>14,343</u>	<u>(147,002)</u>	<u>1,214,760</u>
Property and equipment								
Land and land improvements	192,606	45,000	72,820	55,045	211,466	50,833	-	1,971,036
Buildings	2,157,387	1,159,094	1,008,813	1,585,490	3,453,533	1,275,061	(483,387)	28,155,057
Furniture and equipment	100,560	49,045	34,583	70,057	145,677	25,412	-	1,731,321
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(1,151,633)</u>	<u>(653,710)</u>	<u>(442,133)</u>	<u>(1,077,695)</u>	<u>(1,621,364)</u>	<u>(687,897)</u>	<u>232,114</u>	<u>(16,706,625)</u>
Net property and equipment	<u>1,298,920</u>	<u>599,429</u>	<u>674,083</u>	<u>632,897</u>	<u>2,189,312</u>	<u>663,409</u>	<u>(251,273)</u>	<u>15,150,789</u>
Other long-term assets								
Restricted property reserves	146,611	41,685	16,225	38,528	124,803	53,872	-	1,987,843
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	20
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,104</u>
Total other long-term assets	<u>146,611</u>	<u>41,685</u>	<u>16,225</u>	<u>38,528</u>	<u>124,803</u>	<u>53,872</u>	<u>(11,785)</u>	<u>2,299,478</u>
Total assets	<u>\$ 1,468,282</u>	<u>\$ 663,691</u>	<u>\$ 708,869</u>	<u>\$ 695,076</u>	<u>\$ 2,371,475</u>	<u>\$ 731,624</u>	<u>\$ (410,060)</u>	<u>\$ 18,665,027</u>

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2013

	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments	Eliminations	Consolidated Mercy Housing Southwest
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 23,806	\$ 20,880	\$ 18,998	\$ 30,781	\$ 28,371	\$ 17,882	\$ -	\$ 429,396
Due to affiliates	36,162	-	35,513	66,243	-	-	(288,842)	2,678,824
Accrued interest	-	-	-	-	-	-	-	9,138
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-	52,781
Current portion of notes payable, affiliates	-	-	-	20,000	-	-	(20,000)	-
Deferred revenue and other liabilities	941	11	1,232	1,847	340	283	-	30,286
Tenant security deposits	10,632	4,466	2,531	4,930	15,963	1,953	-	101,638
Total current liabilities	71,541	25,357	58,274	123,801	44,674	20,118	(308,842)	3,302,063
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	34,949
Accrued interest	-	-	-	-	-	-	-	4,740
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	-	-	1,600,915
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	-	-	-	-	-	-	-	1,640,604
Total liabilities	71,541	25,357	58,274	123,801	44,674	20,118	(308,842)	4,942,667
Net assets								
Unrestricted net assets, controlling	(18,414)	(107,031)	(62,981)	(272,297)	(148,322)	37,013	(101,218)	1,057,938
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(18,414)	(107,031)	(62,981)	(272,297)	(148,322)	37,013	(101,218)	1,057,938
Temporarily restricted net assets	1,415,155	745,365	713,576	843,572	2,475,123	674,493	-	12,664,422
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,396,741	638,334	650,595	571,275	2,326,801	711,506	(101,218)	13,722,360
Total liabilities and net assets	\$ 1,468,282	\$ 663,691	\$ 708,869	\$ 695,076	\$ 2,371,475	\$ 731,624	\$ (410,060)	\$ 18,665,027

**Mercy Housing Southwest
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013**

	Mercy Housing Southwest	Avondale Senior Village	Camelot Casitas	Casa de Merced	Casa de Shanti, Inc.	Decatur Place	El Mirage Senior Village	Mercy Holly Park East
Revenues								
Rent - net of vacancies	\$ -	\$ 222,102	\$ 54,358	\$ 227,301	\$ 159,886	\$ 1,529,766	\$ 207,442	\$ 692,885
Developer fees	-	-	-	-	-	-	-	-
Services fees	50,000	-	-	-	-	-	-	-
Philanthropy	396,135	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	26,065	35	14	72	26	736	36	41,903
Other	-	611	434	2,316	989	20,544	1,623	38,518
Total revenues	<u>472,200</u>	<u>222,748</u>	<u>54,806</u>	<u>229,689</u>	<u>160,901</u>	<u>1,551,046</u>	<u>209,101</u>	<u>773,306</u>
Expenses and losses								
Compensation	274,740	109,124	17,660	83,610	45,404	323,896	76,918	122,280
Administrative	86,831	34,721	9,864	30,983	26,562	153,837	39,494	85,521
Professional services	13,274	9,315	9,165	9,465	8,855	195,599	9,315	37,398
Depreciation and amortization	-	89,436	17,414	74,401	47,128	267,345	78,639	119,620
Grants	186,172	-	-	-	-	-	-	-
Facility	907	75,089	21,058	77,431	62,898	366,271	83,833	286,290
Interest and fees	100,887	-	-	301	-	114,604	-	2,788
Bad debts	104,677	-	-	22	-	2,682	-	8,717
Provision for impaired assets	38,915	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	239,955	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	(172,841)	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>1,046,358</u>	<u>317,685</u>	<u>75,161</u>	<u>276,213</u>	<u>190,847</u>	<u>1,251,393</u>	<u>288,199</u>	<u>662,614</u>
Excess (deficiency) of revenues over expenses	(574,158)	(94,937)	(20,355)	(46,524)	(29,946)	299,653	(79,098)	110,692
Net assets at beginning of year	(1,525,140)	1,654,823	324,024	1,067,446	562,471	2,680,235	1,174,282	2,024,858
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ (2,099,298)</u>	<u>\$ 1,559,886</u>	<u>\$ 303,669</u>	<u>\$ 1,020,922</u>	<u>\$ 532,525</u>	<u>\$ 2,979,888</u>	<u>\$ 1,095,184</u>	<u>\$ 2,135,550</u>

Mercy Housing Southwest
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mesa Senior Meadows	Guadalupe Senior Village	Peoria Place	Plazas de Merced	Vista Alegre	Willow Street Apartments	Eliminations	Consolidated Mercy Housing Southwest
Revenues								
Rent - net of vacancies	\$ 204,880	\$ 107,303	\$ 83,137	\$ 169,280	\$ 297,504	\$ 100,032	\$ -	\$ 4,055,876
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	50,000
Philanthropy	-	-	-	-	-	-	-	396,135
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	74	23	7	31	64	116	-	69,202
Other	744	1,495	1,042	2,318	4,308	40,677	-	115,619
Total revenues	<u>205,698</u>	<u>108,821</u>	<u>84,186</u>	<u>171,629</u>	<u>301,876</u>	<u>140,825</u>	<u>-</u>	<u>4,686,832</u>
Expenses and losses								
Compensation	93,764	32,871	30,705	64,210	98,419	30,381	-	1,403,982
Administrative	34,198	17,723	14,794	22,715	48,862	14,702	-	620,807
Professional services	9,315	9,165	9,595	9,736	10,765	9,165	-	350,127
Depreciation and amortization	79,581	42,036	36,669	58,431	128,482	45,743	(17,577)	1,067,348
Grants	-	-	-	-	-	-	-	186,172
Facility	58,119	36,093	34,202	71,393	131,099	44,699	-	1,349,382
Interest and fees	102	-	220	1	101	-	-	219,004
Bad debts	-	-	3,609	277	-	-	(27,637)	92,347
Provision for impaired assets	-	-	-	-	-	-	-	38,915
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	239,955
(Gain) loss on sale of assets	-	-	-	-	-	-	-	(172,841)
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>275,079</u>	<u>137,888</u>	<u>129,794</u>	<u>226,763</u>	<u>417,728</u>	<u>144,690</u>	<u>(45,214)</u>	<u>5,395,198</u>
Excess (deficiency) of revenues over expenses	(69,381)	(29,067)	(45,608)	(55,134)	(115,852)	(3,865)	45,214	(708,366)
Net assets at beginning of year	1,466,122	667,401	696,203	626,409	2,442,653	715,371	(146,432)	14,430,726
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 1,396,741</u>	<u>\$ 638,334</u>	<u>\$ 650,595</u>	<u>\$ 571,275</u>	<u>\$ 2,326,801</u>	<u>\$ 711,506</u>	<u>\$ (101,218)</u>	<u>\$ 13,722,360</u>

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2013

	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)
Assets							
Current assets							
Cash and cash equivalents	\$ 5,958,607	\$ -	\$ 111,054	\$ 99,313	\$ 1,287	\$ 28,908	\$ 162,000
Cash, tenant security deposits	-	-	12,896	7,279	12,625	12,697	78,612
Cash, restricted	2,367,355	-	-	-	150	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	625,000	-	-	-	-	-	-
Accounts receivable, net	1,243,091	-	-	151	447	3,716	33,447
Due from affiliate, net	13,508,282	-	-	-	-	-	126,000
Pledges receivable, net	7,048	-	-	-	-	-	-
Grants receivable	85,749	-	-	-	-	-	-
Current portion of notes and interest receivable	86,423	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	6,320,246	-	-	-	-	-	-
Prepaid expenses and other assets	92,638	-	18,803	9,990	20,641	8,950	30,681
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>30,294,439</u>	<u>-</u>	<u>142,753</u>	<u>116,733</u>	<u>35,150</u>	<u>54,271</u>	<u>430,740</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	8,537,747
Furniture and equipment	48,326	-	137,037	102,194	19,879	92,485	260,960
Predevelopment project costs	2,248,623	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(317,098)</u>	<u>-</u>	<u>(1,894,771)</u>	<u>(1,726,860)</u>	<u>(1,644,762)</u>	<u>(2,315,059)</u>	<u>(4,755,087)</u>
Net property and equipment	<u>3,397,459</u>	<u>-</u>	<u>1,125,309</u>	<u>414,358</u>	<u>3,537,259</u>	<u>2,247,516</u>	<u>4,617,480</u>
Other long-term assets							
Restricted property reserves	672,610	-	951,685	56,937	128,284	152,521	391,230
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	440,000	-	-	-	-	-	-
Due from affiliates	3,117,136	-	-	-	-	-	-
Pledges receivable, net	247,082	-	-	-	-	-	-
Investments in limited partnerships, net	561,008	331,012	-	-	-	-	-
Notes and interest receivable, net	3,505,676	-	-	-	-	-	-
Notes and interest receivable, affiliates	6,059,638	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	36,626	19,972	-	-	-
Total other long-term assets	<u>14,603,150</u>	<u>331,012</u>	<u>988,311</u>	<u>76,909</u>	<u>128,284</u>	<u>152,521</u>	<u>391,230</u>
Total assets	<u>\$ 48,295,048</u>	<u>\$ 331,012</u>	<u>\$ 2,256,373</u>	<u>\$ 608,000</u>	<u>\$ 3,700,693</u>	<u>\$ 2,454,308</u>	<u>\$ 5,439,450</u>

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing California	Affordable Housing Initiatives (AHI)	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)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 967,509	\$ 178	\$ 423,146	\$ 93,192	\$ 21,786	\$ 29,585	\$ 44,171
Due to affiliates	516,236	75,705	-	-	16,234	32,000	-
Accrued interest	25,535	-	12,196	6,002	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	358,237	-	94,779	51,630	-	-	-
Current portion of notes payable, affiliates	1,315,775	-	-	-	-	-	-
Deferred revenue and other liabilities	586,729	-	(1)	619	3,549	2,480	1,951
Tenant security deposits	-	-	12,073	6,779	12,255	12,197	78,112
Total current liabilities	3,770,021	75,883	542,193	158,222	53,824	76,262	124,234
Long-term liabilities							
Due to affiliates	60,000	-	-	-	-	-	-
Accrued interest	9,769	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	2,294,190	-	1,487,400	727,015	-	-	153,628
Notes payable, less current portion, affiliates	464,136	-	-	-	-	-	-
Deferred revenue and other liabilities	6,028,774	-	-	-	-	-	-
Total long-term liabilities	8,856,869	-	1,487,400	727,015	-	-	153,628
Total liabilities	12,626,890	75,883	2,029,593	885,237	53,824	76,262	277,862
Net assets							
Unrestricted net assets, controlling	29,684,220	255,129	226,780	(277,237)	435,008	(462,041)	5,161,588
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	29,684,220	255,129	226,780	(277,237)	435,008	(462,041)	5,161,588
Temporarily restricted net assets	4,213,938	-	-	-	3,211,861	2,840,087	-
Permanently restricted net assets	1,770,000	-	-	-	-	-	-
Total net assets	35,668,158	255,129	226,780	(277,237)	3,646,869	2,378,046	5,161,588
Total liabilities and net assets	\$ 48,295,048	\$ 331,012	\$ 2,256,373	\$ 608,000	\$ 3,700,693	\$ 2,454,308	\$ 5,439,450

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2013

	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
Assets							
Current assets							
Cash and cash equivalents	\$ 165,961	\$ 8,664	\$ 31,596	\$ 49,061	\$ 121,159	\$ 199,316	\$ 38,399
Cash, tenant security deposits	34,158	13,762	25,016	21,601	-	34,919	6,493
Cash, restricted	29,326	10,486	11,723	12,563	91,950	-	150
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	328	1,830	-	1,305	-	10,293	461
Due from affiliate, net	-	-	-	-	-	2,461	-
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	55,020	13,483	41,431	25,688	-	10,236	6,895
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>284,793</u>	<u>48,225</u>	<u>109,766</u>	<u>110,218</u>	<u>213,109</u>	<u>257,225</u>	<u>52,398</u>
Property and equipment							
Land and land improvements	488,232	-	1,042,148	773,219	-	1,037,824	82,531
Buildings	5,207,858	4,632,810	13,547,853	5,894,298	-	1,266,603	3,777,015
Furniture and equipment	631,129	66,363	254,154	204,698	-	9,635	48,820
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(5,402,632)</u>	<u>(1,628,764)</u>	<u>(6,004,640)</u>	<u>(3,740,623)</u>	<u>-</u>	<u>(1,315,711)</u>	<u>(1,649,128)</u>
Net property and equipment	<u>924,587</u>	<u>3,070,409</u>	<u>8,839,515</u>	<u>3,131,592</u>	<u>-</u>	<u>998,351</u>	<u>2,259,238</u>
Other long-term assets							
Restricted property reserves	342,054	131,888	259,210	404,532	-	77,420	225,180
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	-	-	-	-	4,481,999	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-
Total other long-term assets	<u>342,054</u>	<u>131,888</u>	<u>259,210</u>	<u>404,532</u>	<u>4,481,999</u>	<u>77,420</u>	<u>225,180</u>
Total assets	<u>\$ 1,551,434</u>	<u>\$ 3,250,522</u>	<u>\$ 9,208,491</u>	<u>\$ 3,646,342</u>	<u>\$ 4,695,108</u>	<u>\$ 1,332,996</u>	<u>\$ 2,536,816</u>

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2013

	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
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 224,811	\$ 25,197	\$ 85,457	\$ 80,868	\$ 6,000	\$ 19,588	\$ 22,499
Due to affiliates	-	-	10,000	-	-	13,760	8,019
Accrued interest	9,855	-	-	-	-	1,787	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	235,879	-	-	-	-	119,753	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,275	3,479	425	27	-	10,342	140
Tenant security deposits	33,374	12,924	24,516	21,101	-	34,419	5,837
Total current liabilities	505,194	41,600	120,398	101,996	6,000	199,649	36,495
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	410,874
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	1,484,242	-	-	-	-	1,356,743	1,060,319
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	1,484,242	-	-	-	-	1,356,743	1,471,193
Total liabilities	1,989,436	41,600	120,398	101,996	6,000	1,556,392	1,507,688
Net assets							
Unrestricted net assets, controlling	(438,002)	(487,098)	(977,984)	(127,792)	4,689,108	(223,396)	(903,031)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(438,002)	(487,098)	(977,984)	(127,792)	4,689,108	(223,396)	(903,031)
Temporarily restricted net assets	-	3,696,020	10,066,077	3,672,138	-	-	1,932,159
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(438,002)	3,208,922	9,088,093	3,544,346	4,689,108	(223,396)	1,029,128
Total liabilities and net assets	\$ 1,551,434	\$ 3,250,522	\$ 9,208,491	\$ 3,646,342	\$ 4,695,108	\$ 1,332,996	\$ 2,536,816

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2013

	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
Assets							
Current assets							
Cash and cash equivalents	\$ 90,117	\$ 44,606	\$ 30,510	\$ 3,182	\$ 23,089	\$ 8,923	\$ 14,119
Cash, tenant security deposits	25,643	14,455	37,574	19,171	25,088	5,101	20,640
Cash, restricted	12,488	-	-	-	321,256	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	596	168	428	223	2,845	317,800	120
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	24,763	13,662	45,826	20,058	28,520	13,344	15,479
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	153,607	72,891	114,338	42,634	400,798	345,168	50,358
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	3,573,635	13,949,262	5,614,756	11,660,326	3,660,946	7,738,716
Furniture and equipment	259,893	156,873	305,034	381,927	31,415	46,690	76,895
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	1,253,323	-
Accumulated depreciation	(5,221,082)	(2,507,309)	(6,921,292)	(3,465,315)	(2,660,560)	(1,238,864)	(2,136,947)
Net property and equipment	5,459,515	1,623,199	9,130,678	2,759,549	10,211,470	4,283,929	5,678,664
Other long-term assets							
Restricted property reserves	147,073	202,376	1,056,654	121,370	217,187	1,105,041	207,527
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	-	2,586	-	2,265	36,130	11,132	26,420
Total other long-term assets	147,073	204,962	1,056,654	123,635	253,317	1,116,173	233,947
Total assets	\$ 5,760,195	\$ 1,901,052	\$ 10,301,670	\$ 2,925,818	\$ 10,865,585	\$ 5,745,270	\$ 5,962,969

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2013

	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
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 35,326	\$ 41,149	\$ 88,211	\$ 74,862	\$ 31,506	\$ 309,988	\$ 32,680
Due to affiliates	10,980	-	-	16,114	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	2,167	88	250	5,829	5,206	730	204
Tenant security deposits	25,143	13,855	37,074	18,503	24,588	4,174	19,931
Total current liabilities	73,616	55,092	125,535	115,308	1,707,536	314,892	62,815
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	713,234	-	170,139	-	735,416	44,751
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	-	-	-	-	-	-	-
Total long-term liabilities	-	1,333,234	-	527,368	-	3,964,018	544,751
Total liabilities	73,616	1,388,326	125,535	642,676	1,707,536	4,278,910	607,566
Net assets							
Unrestricted net assets, controlling	(551,262)	(1,357,386)	(363,631)	(1,210,933)	(861,050)	(87,897)	(590,919)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(551,262)	(1,357,386)	(363,631)	(1,210,933)	(861,050)	(87,897)	(590,919)
Temporarily restricted net assets	6,237,841	1,870,112	10,539,766	3,494,075	10,019,099	1,554,257	5,946,322
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	5,686,579	512,726	10,176,135	2,283,142	9,158,049	1,466,360	5,355,403
Total liabilities and net assets	\$ 5,760,195	\$ 1,901,052	\$ 10,301,670	\$ 2,925,818	\$ 10,865,585	\$ 5,745,270	\$ 5,962,969

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2013

	MHC NSP LLC	Mercy Commercial California	Central Coast Housing	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Mercy Housing California Family Properties	Mercy Housing California 51, LP (200 6th Street)	Consolidated Mercy Housing California Senior Properties
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 92,735	\$ 70,544	\$ 147,508	\$ -	\$ -	\$ 978,006
Cash, tenant security deposits	-	-	4,576	49,325	-	-	116,701
Cash, restricted	-	-	-	1,839	-	401,969	9,648
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	3,647	237	18,934	-	-	50,642
Due from affiliate, net	-	6,029	52,633	-	-	-	-
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	-	14,191	2,912	11,180	-	375,000	147,146
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	-	116,602	130,902	228,786	-	776,969	1,302,143
Property and equipment							
Land and land improvements	-	-	211,256	479,207	-	-	2,053,255
Buildings	-	222,519	661,257	17,996,057	-	-	21,979,342
Furniture and equipment	-	-	1,941	310,857	-	-	577,975
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	2,077,547	-
Accumulated depreciation	-	(99,764)	(298,780)	(397,988)	-	-	(5,001,157)
Net property and equipment	-	122,755	575,674	18,388,133	-	2,077,547	19,609,415
Other long-term assets							
Restricted property reserves	-	-	77,880	176	-	-	2,913,594
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	10,115	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	(23)	-	(13,212)	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	107,692	-	-	620,059
Total other long-term assets	-	-	87,972	107,868	(13,212)	-	3,533,653
Total assets	\$ -	\$ 239,357	\$ 794,548	\$ 18,724,787	\$ (13,212)	\$ 2,854,516	\$ 24,445,211

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2013

	MHC NSP LLC	Mercy Commercial California	Central Coast Housing	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Mercy Housing California Family Properties	Mercy Housing California 51, LP (200 6th Street)	Consolidated Mercy Housing California Senior Properties
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 8,186	\$ 8,429	\$ 1,900,751	\$ -	\$ 23,397	\$ 502,634
Due to affiliates	-	871,180	-	577,805	1,249	10,312	475,580
Accrued interest	-	-	133	11,308	-	-	348,387
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	934	5,996,354	-	-	490,871
Current portion of notes payable, affiliates	-	-	-	36,438	-	9,789	-
Deferred revenue and other liabilities	-	1,586	246	8,773	-	-	112,897
Tenant security deposits	-	99,898	4,076	48,497	-	-	111,925
Total current liabilities	-	980,850	13,818	8,579,926	1,249	43,498	2,042,294
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	113,041	2,473,934	-	75,964	576,249
Accrued interest, affiliates	-	65,000	124,740	-	-	-	-
Notes payable, less current portion, net	-	-	227,466	7,009,067	-	2,748,267	22,011,945
Notes payable, less current portion, affiliates	-	100,000	180,000	-	-	-	-
Deferred revenue and other liabilities	-	-	-	202,298	-	-	542
Total long-term liabilities	-	165,000	645,247	9,685,299	-	2,824,231	22,588,736
Total liabilities	-	1,145,850	659,065	18,265,225	1,249	2,867,729	24,631,030
Net assets							
Unrestricted net assets, controlling	-	(906,493)	18,911	459,562	(14,461)	(13,213)	(185,819)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	-	(906,493)	18,911	459,562	(14,461)	(13,213)	(185,819)
Temporarily restricted net assets	-	-	116,572	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	-	(906,493)	135,483	459,562	(14,461)	(13,213)	(185,819)
Total liabilities and net assets	\$ -	\$ 239,357	\$ 794,548	\$ 18,724,787	\$ (13,212)	\$ 2,854,516	\$ 24,445,211

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2013

	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Assets					
Current assets					
Cash and cash equivalents	\$ 2,122,412	\$ 611,456	\$ 24,124	\$ -	\$ 11,236,656
Cash, tenant security deposits	501,564	43,446	120,389	-	1,243,731
Cash, restricted	2,553,131	5,611	201	-	5,829,846
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	625,000
Accounts receivable, net	715,099	215,229	35,535	6,618	2,663,190
Due from affiliate, net	87,178	903,280	338,157	(11,092,950)	3,931,070
Pledges receivable, net	-	-	-	-	7,048
Grants receivable	-	-	-	-	85,749
Current portion of notes and interest receivable	-	-	-	-	86,423
Current portion of notes and interest receivable, affiliates	-	-	-	(6,177,008)	143,238
Prepaid expenses and other assets	8,494,793	31,871	67,804	(615,000)	9,026,005
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>14,474,177</u>	<u>1,810,893</u>	<u>586,210</u>	<u>(17,878,340)</u>	<u>34,877,956</u>
Property and equipment					
Land and land improvements	28,061,176	7,015,055	1,435,369	-	51,363,267
Buildings	254,374,782	13,492,375	7,770,366	(11,644,592)	416,364,385
Furniture and equipment	7,141,619	165,798	3,781,859	-	15,114,456
Predevelopment project costs	-	-	-	-	2,248,623
Construction in progress	95,780,413	3,415,813	-	(820,259)	101,706,837
Accumulated depreciation	<u>(23,793,075)</u>	<u>(7,472,538)</u>	<u>(7,062,519)</u>	<u>2,249,295</u>	<u>(98,423,030)</u>
Net property and equipment	<u>361,564,915</u>	<u>16,616,503</u>	<u>5,925,075</u>	<u>(10,215,556)</u>	<u>488,374,538</u>
Other long-term assets					
Restricted property reserves	17,518,425	501,558	886,078	-	28,748,490
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	440,000
Due from affiliates	-	60,000	-	(2,966,248)	221,003
Pledges receivable, net	-	-	-	-	247,082
Investments in limited partnerships, net	(2,925,779)	-	-	(1,321,605)	(3,368,599)
Notes and interest receivable, net	-	-	-	-	3,505,676
Notes and interest receivable, affiliates	-	-	-	(4,115,467)	6,426,170
Allowance for impaired assets	-	-	-	-	-
Other assets, net	<u>4,680,496</u>	<u>202,289</u>	<u>166,891</u>	<u>-</u>	<u>5,912,558</u>
Total other long-term assets	<u>19,273,142</u>	<u>763,847</u>	<u>1,052,969</u>	<u>(8,403,320)</u>	<u>42,132,380</u>
Total assets	<u>\$ 395,312,234</u>	<u>\$ 19,191,243</u>	<u>\$ 7,564,254</u>	<u>\$ (36,497,216)</u>	<u>\$ 565,384,874</u>

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2013

	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 19,288,702	\$ 148,638	\$ 267,181	\$ (19,990)	\$ 24,785,637
Due to affiliates	7,258,335	2,559,353	285,996	(13,841,472)	438,233
Accrued interest	245,587	435,914	10,073	-	1,106,777
Accrued interest, affiliates	-	87,016	-	-	87,016
Current portion of notes payable	40,928,312	58,637	92,227	-	48,427,613
Current portion of notes payable, affiliates	3,964,483	1,080,618	-	(5,206,716)	1,315,776
Deferred revenue and other liabilities	1,505,761	4,618	18,833	(486,243)	1,791,960
Tenant security deposits	514,987	46,725	118,840	-	1,341,803
Total current liabilities	<u>73,706,167</u>	<u>4,421,519</u>	<u>793,150</u>	<u>(19,554,421)</u>	<u>79,294,815</u>
Long-term liabilities					
Due to affiliates	-	-	-	(60,000)	-
Accrued interest	10,326,910	520,629	1,683,234	-	17,854,144
Accrued interest, affiliates	193,665	-	-	(258,665)	124,740
Notes payable, less current portion, net	224,962,893	7,785,183	7,552,958	-	285,567,147
Notes payable, less current portion, affiliates	7,430,381	1,336,158	-	(6,456,205)	3,054,470
Deferred revenue and other liabilities	23,014,293	-	-	(1,960,597)	27,285,310
Total long-term liabilities	<u>265,928,142</u>	<u>9,641,970</u>	<u>9,236,192</u>	<u>(8,735,467)</u>	<u>333,885,811</u>
Total liabilities	<u>339,634,309</u>	<u>14,063,489</u>	<u>10,029,342</u>	<u>(28,289,888)</u>	<u>413,180,626</u>
Net assets					
Unrestricted net assets, controlling	50,548,226	(197,784)	(2,465,088)	(8,207,328)	70,568,687
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	50,548,226	(197,784)	(2,465,088)	(8,207,328)	70,568,687
Temporarily restricted net assets	5,129,699	5,325,538	-	-	79,865,561
Permanently restricted net assets	-	-	-	-	1,770,000
Total net assets	<u>55,677,925</u>	<u>5,127,754</u>	<u>(2,465,088)</u>	<u>(8,207,328)</u>	<u>152,204,248</u>
Total liabilities and net assets	<u>\$ 395,312,234</u>	<u>\$ 19,191,243</u>	<u>\$ 7,564,254</u>	<u>\$ (36,497,216)</u>	<u>\$ 565,384,874</u>

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Mercy Housing California	Affordable Housing Initiatives (AHI)	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)
Revenues							
Rent - net of vacancies	\$ -	\$ -	\$ 801,048	\$ 360,709	\$ 303,538	\$ 268,525	\$ 1,016,864
Developer fees	8,203,618	-	-	-	-	-	-
Services fees	2,865,613	-	-	-	-	-	-
Philanthropy	2,316,764	-	-	-	-	-	-
Capital grants	162,537	-	-	-	-	-	-
Consulting	470,408	-	-	-	-	-	-
Interest	440,592	-	3,434	62	22	48	133
Other	627,591	-	10,719	4,848	2,616	2,486	23,081
Total revenues	<u>15,087,123</u>	<u>-</u>	<u>815,201</u>	<u>365,619</u>	<u>306,176</u>	<u>271,059</u>	<u>1,040,078</u>
Expenses and losses							
Compensation	5,931,681	-	218,127	54,672	116,479	68,683	217,753
Administrative	814,011	598	119,313	92,204	64,198	36,913	149,960
Professional services	450,649	1,345	14,641	9,165	17,251	43,299	84,629
Depreciation and amortization	26,946	-	69,415	39,604	188,397	187,471	370,517
Grants	2,864,675	-	-	-	-	-	-
Facility	322,410	-	101,088	75,155	99,511	91,062	419,235
Interest and fees	82,412	-	150,077	74,056	-	-	1
Bad debts	825,625	-	-	-	405	-	9,714
Provision for impaired assets	189,270	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	1,874,536	-	-	-	-	-	-
(Gain) loss on sale of assets	(7,417)	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(61,318)	(5)	-	-	-	-	-
Total expenses and losses	<u>13,313,480</u>	<u>1,938</u>	<u>672,661</u>	<u>344,856</u>	<u>486,241</u>	<u>427,428</u>	<u>1,251,809</u>
Excess (deficiency) of revenues over expenses	<u>1,773,643</u>	<u>(1,938)</u>	<u>142,540</u>	<u>20,763</u>	<u>(180,065)</u>	<u>(156,369)</u>	<u>(211,731)</u>
Net assets at beginning of year	33,894,515	257,067	84,240	(298,000)	3,826,934	2,534,415	5,373,319
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 35,668,158</u>	<u>\$ 255,129</u>	<u>\$ 226,780</u>	<u>\$ (277,237)</u>	<u>\$ 3,646,869</u>	<u>\$ 2,378,046</u>	<u>\$ 5,161,588</u>

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	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
Revenues							
Rent - net of vacancies	\$ 1,684,694	\$ 219,609	\$ 865,606	\$ 500,320	\$ -	\$ 535,810	\$ 232,468
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	250	55	90	146	176,840	83	63
Other	9,681	3,020	25,928	8,634	-	9,742	1,817
Total revenues	<u>1,694,625</u>	<u>222,684</u>	<u>891,624</u>	<u>509,100</u>	<u>176,840</u>	<u>545,635</u>	<u>234,348</u>
Expenses and losses							
Compensation	661,311	100,322	448,058	243,344	-	47,665	71,826
Administrative	218,608	41,266	124,881	86,537	15,000	54,342	39,425
Professional services	75,103	9,315	12,445	16,154	-	17,023	9,960
Depreciation and amortization	281,145	169,421	512,389	221,771	-	146,220	132,945
Grants	-	-	-	-	-	-	-
Facility	412,106	76,744	180,036	167,066	-	160,955	59,242
Interest and fees	125,330	-	91	25	-	62,229	31,810
Bad debts	-	232	-	-	-	2,810	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	<u>1,773,603</u>	<u>397,300</u>	<u>1,277,900</u>	<u>734,897</u>	<u>15,000</u>	<u>491,244</u>	<u>345,208</u>
Excess (deficiency) of revenues over expenses	(78,978)	(174,616)	(386,276)	(225,797)	161,840	54,391	(110,860)
Net assets at beginning of year	(359,024)	3,383,538	9,474,369	3,770,143	4,527,268	(234,012)	1,139,988
Other transfers to (from) net assets	-	-	-	-	-	(43,775)	-
Net assets at end of year	<u>\$ (438,002)</u>	<u>\$ 3,208,922</u>	<u>\$ 9,088,093</u>	<u>\$ 3,544,346</u>	<u>\$ 4,689,108</u>	<u>\$ (223,396)</u>	<u>\$ 1,029,128</u>

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	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
Revenues							
Rent - net of vacancies	\$ 564,446	\$ 323,963	\$ 992,377	\$ 386,734	\$ 534,713	\$ 293,574	\$ 317,922
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	543,348	-
Capital grants	-	-	-	-	-	793,330	-
Consulting	-	-	-	-	-	-	-
Interest	73	123	492	35	202	1,197	65
Other	16,095	3,664	8,462	8,354	7,423	3,060	10,846
Total revenues	<u>580,614</u>	<u>327,750</u>	<u>1,001,331</u>	<u>395,123</u>	<u>542,338</u>	<u>1,634,509</u>	<u>328,833</u>
Expenses and losses							
Compensation	220,980	135,894	487,667	146,047	170,211	189,325	98,373
Administrative	96,760	52,095	140,762	70,032	106,499	48,474	55,934
Professional services	14,510	11,098	18,754	12,904	15,010	34,040	43,489
Depreciation and amortization	322,905	133,969	524,402	289,458	463,888	137,280	290,372
Grants	-	-	-	-	-	-	-
Facility	165,944	119,604	358,453	156,293	190,917	109,296	110,200
Interest and fees	-	36,690	45	10,795	5	92,728	5,000
Bad debts	-	-	-	-	838	529	412
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	<u>821,099</u>	<u>489,350</u>	<u>1,530,083</u>	<u>685,529</u>	<u>947,368</u>	<u>611,672</u>	<u>603,780</u>
Excess (deficiency) of revenues over expenses	(240,485)	(161,600)	(528,752)	(290,406)	(405,030)	1,022,837	(274,947)
Net assets at beginning of year	5,927,064	674,326	10,704,887	2,573,548	9,563,079	443,523	5,630,350
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 5,686,579</u>	<u>\$ 512,726</u>	<u>\$ 10,176,135</u>	<u>\$ 2,283,142</u>	<u>\$ 9,158,049</u>	<u>\$ 1,466,360</u>	<u>\$ 5,355,403</u>

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	MHC NSP LLC	Mercy Commercial California	Central Coast Housing	Mercy Housing California 58, LP (Neary Lagoon Apts.)	Mercy Housing California Family Properties	Mercy Housing California 51, LP (200 6th Street)	Consolidated Mercy Housing California Senior Properties
Revenues							
Rent - net of vacancies	\$ -	\$ 1,350,693	\$ 53,442	\$ 744,873	\$ -	\$ -	\$ 4,836,244
Developer fees	-	-	43,097	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	1	41	11	-	-	4,282
Other	49,531	246,906	352,028	3,570	-	-	100,515
Total revenues	<u>49,531</u>	<u>1,597,600</u>	<u>448,608</u>	<u>748,454</u>	<u>-</u>	<u>-</u>	<u>4,941,041</u>
Expenses and losses							
Compensation	-	3,455	22,417	171,900	-	-	1,289,833
Administrative	-	101,427	5,479	152,896	-	41	646,721
Professional services	-	62,475	-	79,759	1,249	2,101	107,308
Depreciation and amortization	-	15,084	15,677	445,106	-	-	941,454
Grants	-	-	-	-	-	-	-
Facility	-	1,372,377	11,385	227,133	-	-	946,716
Interest and fees	-	45,148	42,227	125,660	-	-	1,296,784
Bad debts	-	-	-	758	-	-	177
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	49,321	-	-	-	-	-	(123,451)
(Gain) loss on investment in limited partnership	-	-	23	-	2,142	-	-
Total expenses and losses	<u>49,321</u>	<u>1,599,966</u>	<u>97,208</u>	<u>1,203,212</u>	<u>3,391</u>	<u>2,142</u>	<u>5,105,542</u>
Excess (deficiency) of revenues over expenses	210	(2,366)	351,400	(454,758)	(3,391)	(2,142)	(164,501)
Net assets at beginning of year	(210)	(904,127)	(215,917)	965,000	-	-	(21,318)
Other transfers to (from) net assets	-	-	-	(50,680)	(11,070)	(11,071)	-
Net assets at end of year	<u>\$ -</u>	<u>\$ (906,493)</u>	<u>\$ 135,483</u>	<u>\$ 459,562</u>	<u>\$ (14,461)</u>	<u>\$ (13,213)</u>	<u>\$ (185,819)</u>

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Revenues					
Rent - net of vacancies	\$ 6,507,864	\$ 719,597	\$ -	\$ (126,384)	\$ 24,289,249
Developer fees	-	-	-	(828,113)	7,418,602
Services fees	25,000	-	-	(997,456)	1,893,157
Philanthropy	-	58,488	-	-	2,918,600
Capital grants	1,523,784	-	-	-	2,479,651
Consulting	-	-	-	(130,325)	340,083
Interest	49,258	647	-	(233,584)	444,661
Other	2,185,450	2,112,877	-	(1,861,500)	3,977,444
Total revenues	<u>10,291,356</u>	<u>2,891,609</u>	<u>-</u>	<u>(4,177,362)</u>	<u>43,761,447</u>
Expenses and losses					
Compensation	2,353,324	168,795	-	-	13,638,142
Administrative	2,200,440	63,155	-	(100,804)	5,497,167
Professional services	1,054,061	27,584	-	(933,696)	1,311,625
Depreciation and amortization	8,344,267	523,436	-	(436,223)	14,357,316
Grants	47,036	4,032	-	(1,640,866)	1,274,877
Facility	2,556,541	241,429	-	(232,434)	8,498,464
Interest and fees	3,045,871	309,222	-	(181,741)	5,354,465
Bad debts	57,907	-	-	(223,563)	675,844
Provision for impaired assets	-	808	-	(117,963)	72,115
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	1,874,536
(Gain) loss on sale of assets	(860,656)	-	-	-	(942,203)
(Gain) loss on investment in limited partnership	71,097	-	-	(2,133)	9,806
Total expenses and losses	<u>18,869,888</u>	<u>1,338,461</u>	<u>-</u>	<u>(3,869,423)</u>	<u>51,622,154</u>
Excess (deficiency) of revenues over expenses	<u>(8,578,532)</u>	<u>1,553,148</u>	<u>-</u>	<u>(307,939)</u>	<u>(7,860,707)</u>
Net assets at beginning of year	27,932,600	3,574,606	-	(7,407,275)	126,814,896
Other transfers to (from) net assets	36,323,857	-	(2,465,088)	(492,114)	33,250,059
Net assets at end of year	<u>\$ 55,677,925</u>	<u>\$ 5,127,754</u>	<u>\$ (2,465,088)</u>	<u>\$ (8,207,328)</u>	<u>\$ 152,204,248</u>

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Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St. Andrew Senior Community, LP	Villa Columba Mercy Riverside, LP
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 263,214	\$ 221,087	\$ 67,661	\$ 64,131	\$ 31,225	\$ 330,688
Cash, tenant security deposits	-	25,518	35,183	8,859	6,701	15,548	24,892
Cash, restricted	7,579	-	1,969	100	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	39,278	9,866	338	-	1,160
Due from affiliate, net	-	-	-	-	-	-	5,966
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	27,424	51,506	9,792	8,235	20,242	29,947
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	7,579	316,156	349,023	96,278	79,405	67,015	392,653
Property and equipment							
Land and land improvements	-	370,690	596,895	19,791	184,924	575,836	305,119
Buildings	-	4,293,492	6,830,073	1,637,679	1,778,390	3,375,369	4,064,339
Furniture and equipment	-	119,579	170,783	22,891	67,043	12,064	185,615
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,055,987)	(1,461,642)	(318,416)	(431,956)	(779,606)	(953,550)
Net property and equipment	-	3,727,774	6,136,109	1,361,945	1,598,401	3,183,663	3,601,523
Other long-term assets							
Restricted property reserves	-	601,938	968,491	163,764	163,280	252,719	763,402
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	279,363	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	122,661	119,094	111,597	44,287	11,819	210,601
Total other long-term assets	279,363	724,599	1,087,585	275,361	207,567	264,538	974,003
Total assets	\$ 286,942	\$ 4,768,529	\$ 7,572,717	\$ 1,733,584	\$ 1,885,373	\$ 3,515,216	\$ 4,968,179

Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St. Andrew Senior Community, LP	Villa Columba Mercy Riverside, LP
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 179,588	\$ 101,568	\$ 100,836	\$ 45,536	\$ 37,963	\$ 37,143
Due to affiliates	475,580	-	-	-	-	-	5,966
Accrued interest	-	82,463	116,203	29,323	22,220	41,488	56,690
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	96,452	150,747	40,000	48,672	80,000	75,000
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	2,055	119	100,401	1,162	2,235	6,925
Tenant security deposits	-	24,636	34,683	8,374	6,058	14,849	23,325
Total current liabilities	475,580	385,194	403,320	278,934	123,648	176,535	205,049
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	576,249	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,580,603	7,244,451	2,140,182	1,686,262	3,035,447	3,325,000
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	542	-	-	-
Total long-term liabilities	-	4,580,603	7,244,451	2,140,724	1,686,262	3,611,696	3,325,000
Total liabilities	475,580	4,965,797	7,647,771	2,419,658	1,809,910	3,788,231	3,530,049
Net assets							
Unrestricted net assets, controlling	(188,638)	(197,268)	(75,054)	(686,074)	75,463	(273,015)	1,438,130
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(188,638)	(197,268)	(75,054)	(686,074)	75,463	(273,015)	1,438,130
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(188,638)	(197,268)	(75,054)	(686,074)	75,463	(273,015)	1,438,130
Total liabilities and net assets	\$ 286,942	\$ 4,768,529	\$ 7,572,717	\$ 1,733,584	\$ 1,885,373	\$ 3,515,216	\$ 4,968,179

Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2013

		Consolidated Mercy Housing California Senior Properties
	Eliminations	
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 978,006
Cash, tenant security deposits	-	116,701
Cash, restricted	-	9,648
Investments	-	-
Investments, restricted	-	-
Accounts receivable, net	-	50,642
Due from affiliate, net	(5,966)	-
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	-	147,146
Inventory	-	-
Assets held for sale	-	-
	<u>(5,966)</u>	<u>1,302,143</u>
Total current assets		
Property and equipment		
Land and land improvements	-	2,053,255
Buildings	-	21,979,342
Furniture and equipment	-	577,975
Predevelopment project costs	-	-
Construction in progress	-	-
Accumulated depreciation	-	(5,001,157)
	<u>-</u>	<u>19,609,415</u>
Net property and equipment		
Other long-term assets		
Restricted property reserves	-	2,913,594
Long-term investments	-	-
Long-term investments, restricted	-	-
Due from affiliates	-	-
Pledges receivable, net	-	-
Investments in limited partnerships, net	(279,363)	-
Notes and interest receivable, net	-	-
Notes and interest receivable, affiliates	-	-
Allowance for impaired assets	-	-
Other assets, net	-	620,059
	<u>(279,363)</u>	<u>3,533,653</u>
Total other long-term assets		
Total assets	\$ (285,329)	\$ 24,445,211

Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2013

	Eliminations	Consolidated Mercy Housing California Senior Properties
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ -	\$ 502,634
Due to affiliates	(5,966)	475,580
Accrued interest	-	348,387
Accrued interest, affiliates	-	-
Current portion of notes payable	-	490,871
Current portion of notes payable, affiliates	-	-
Deferred revenue and other liabilities	-	112,897
Tenant security deposits	-	111,925
	<u>(5,966)</u>	<u>2,042,294</u>
Total current liabilities		
	<u>(5,966)</u>	<u>2,042,294</u>
Long-term liabilities		
Due to affiliates	-	-
Accrued interest	-	576,249
Accrued interest, affiliates	-	-
Notes payable, less current portion, net	-	22,011,945
Notes payable, less current portion, affiliates	-	-
Deferred revenue and other liabilities	-	542
	<u>-</u>	<u>22,588,736</u>
Total long-term liabilities		
	<u>-</u>	<u>22,588,736</u>
Total liabilities	<u>(5,966)</u>	<u>24,631,030</u>
Net assets		
Unrestricted net assets, controlling	(279,363)	(185,819)
Unrestricted net assets, noncontrolling	-	-
Total unrestricted net assets	(279,363)	(185,819)
Temporarily restricted net assets	-	-
Permanently restricted net assets	-	-
	<u>-</u>	<u>-</u>
Total net assets	<u>(279,363)</u>	<u>(185,819)</u>
Total liabilities and net assets	<u>\$ (285,329)</u>	<u>\$ 24,445,211</u>

Mercy Housing California Senior Properties
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Housing California Senior Properties	Bennett House, LP	Dorothy Day Community, LP	Junipero Serra, LP	Monsignor Lyne, LP	St. Andrew Senior Community, LP	Villa Columba Mercy Riverside, LP
Revenues							
Rent - net of vacancies	\$ -	\$ 1,033,150	\$ 1,707,339	\$ 395,493	\$ 300,787	\$ 573,870	\$ 825,605
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	252	3,559	129	192	65	85
Other	-	16,659	17,692	27,738	21,027	3,315	14,084
Total revenues	<u>-</u>	<u>1,050,061</u>	<u>1,728,590</u>	<u>423,360</u>	<u>322,006</u>	<u>577,250</u>	<u>839,774</u>
Expenses and losses							
Compensation	-	212,332	590,180	88,800	53,750	153,287	191,484
Administrative	-	224,999	153,191	35,876	49,953	80,016	102,687
Professional services	2,156	20,128	28,189	12,812	12,311	13,793	17,919
Depreciation and amortization	-	201,406	299,832	64,789	75,014	125,168	175,245
Grants	-	-	-	-	-	-	-
Facility	-	200,816	272,931	80,286	60,739	133,437	198,507
Interest and fees	-	278,067	443,859	110,098	85,020	169,915	209,825
Bad debts	-	-	-	-	-	-	177
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	(123,451)	-	-	-	-
(Gain) loss on investment in limited partnership	160,722	-	-	-	-	-	-
Total expenses and losses	<u>162,878</u>	<u>1,137,748</u>	<u>1,664,731</u>	<u>392,661</u>	<u>336,787</u>	<u>675,616</u>	<u>895,844</u>
Excess (deficiency) of revenues over expenses	(162,878)	(87,687)	63,859	30,699	(14,781)	(98,366)	(56,070)
Net assets at beginning of year	(25,760)	(109,581)	(138,913)	(716,773)	90,244	(174,649)	1,494,200
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ (188,638)</u>	<u>\$ (197,268)</u>	<u>\$ (75,054)</u>	<u>\$ (686,074)</u>	<u>\$ 75,463</u>	<u>\$ (273,015)</u>	<u>\$ 1,438,130</u>

Mercy Housing California Senior Properties
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

		Consolidated Mercy Housing California Senior Properties
	<u>Eliminations</u>	
Revenues		
Rent - net of vacancies	\$ -	\$ 4,836,244
Developer fees	-	-
Services fees	-	-
Philanthropy	-	-
Capital grants	-	-
Consulting	-	-
Interest	-	4,282
Other	-	100,515
	<u>-</u>	<u>4,941,041</u>
Total revenues	<u>-</u>	<u>4,941,041</u>
Expenses and losses		
Compensation	-	1,289,833
Administrative	(1)	646,721
Professional services	-	107,308
Depreciation and amortization	-	941,454
Grants	-	-
Facility	-	946,716
Interest and fees	-	1,296,784
Bad debts	-	177
Provision for impaired assets	-	-
Project expenses	-	-
Allocation	-	-
(Gain) loss on sale of assets	-	(123,451)
(Gain) loss on investment in limited partnership	(160,722)	-
	<u>(160,723)</u>	<u>5,105,542</u>
Total expenses and losses	<u>(160,723)</u>	<u>5,105,542</u>
Excess (deficiency) of revenues over expenses	160,723	(164,501)
Net assets at beginning of year	(440,086)	(21,318)
Other transfers to (from) net assets	-	-
	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ (279,363)</u>	<u>\$ (185,819)</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2013

	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)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 96,716	\$ 210,540	\$ 86,906	\$ -	\$ 170,208	\$ 10,728
Cash, tenant security deposits	-	55,384	43,518	52,798	-	11,028	-
Cash, restricted	555,523	25,031	25,639	-	-	57,385	129,347
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	5,504	174,848	13,976	-	25,154	9,000
Due from affiliate, net	184,609	2,442	-	-	-	-	-
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	-	28,235	33,792	33,607	-	20,582	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>740,132</u>	<u>213,312</u>	<u>488,337</u>	<u>187,287</u>	<u>-</u>	<u>284,357</u>	<u>149,075</u>
Property and equipment							
Land and land improvements	-	1,065,441	3,965,490	2,746,456	-	3,090,021	-
Buildings	-	19,949,426	35,530,483	19,453,560	-	13,814,224	-
Furniture and equipment	-	180,032	2,020,902	328,474	-	826,481	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	46,097,408
Accumulated depreciation	-	(2,156,882)	(2,461,684)	(4,455,917)	-	(1,953,685)	-
Net property and equipment	<u>-</u>	<u>19,038,017</u>	<u>39,055,191</u>	<u>18,072,573</u>	<u>-</u>	<u>15,777,041</u>	<u>46,097,408</u>
Other long-term assets							
Restricted property reserves	-	1,032,929	2,136,905	396,866	-	4,179,404	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	(4,736,439)	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	1,217,502	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	206,309	341,120	257,679	-	236,886	737,797
Total other long-term assets	<u>(3,518,937)</u>	<u>1,239,238</u>	<u>2,478,025</u>	<u>654,545</u>	<u>-</u>	<u>4,416,290</u>	<u>737,797</u>
Total assets	<u>\$ (2,778,805)</u>	<u>\$ 20,490,567</u>	<u>\$ 42,021,553</u>	<u>\$ 18,914,405</u>	<u>\$ -</u>	<u>\$ 20,477,688</u>	<u>\$ 46,984,280</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2013

	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)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 311	\$ 62,044	\$ 188,337	\$ 46,747	\$ -	\$ 41,419	\$ 6,656,148
Due to affiliates	330,107	15,000	24,971	24,882	-	15,450	991,248
Accrued interest	-	-	23,240	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	8,460,130	32,208	-	-	7,354,817
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	4,233	199,108	4,693	-	519,416	-
Tenant security deposits	-	54,213	43,418	52,384	-	10,293	-
Total current liabilities	330,418	135,490	8,939,204	160,914	-	586,578	15,002,213
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	2,827,687	828,688	-	257,519	249,416
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	1,380,000	21,435,554	22,521,776	11,901,477	-	10,875,825	28,890,318
Notes payable, less current portion, affiliates	1,139,500	1,201,238	-	-	-	-	-
Deferred revenue and other liabilities	-	-	10,855,077	133,000	-	9,412,721	-
Total long-term liabilities	2,519,500	22,636,792	36,204,540	12,863,165	-	20,546,065	29,139,734
Total liabilities	2,849,918	22,772,282	45,143,744	13,024,079	-	21,132,643	44,141,947
Net assets							
Unrestricted net assets, controlling	(7,258,422)	(2,281,715)	(3,122,191)	5,890,326	-	(654,955)	2,842,333
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(7,258,422)	(2,281,715)	(3,122,191)	5,890,326	-	(654,955)	2,842,333
Temporarily restricted net assets	1,629,699	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(5,628,723)	(2,281,715)	(3,122,191)	5,890,326	-	(654,955)	2,842,333
Total liabilities and net assets	\$ (2,778,805)	\$ 20,490,567	\$ 42,021,553	\$ 18,914,405	\$ -	\$ 20,477,688	\$ 46,984,280

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2013

	Third and LeConte Associates LP (Bayview Hill Gardens)	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Mercy Housing California 51, LP (200 6th Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)
Assets							
Current assets							
Cash and cash equivalents	\$ 11,384	\$ 1,620	\$ -	\$ 49,400	\$ -	\$ -	\$ 37,074
Cash, tenant security deposits	-	-	-	56,574	-	-	45,154
Cash, restricted	352,917	191,132	-	846,469	-	-	47,995
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	29,387	50,146	-	92,961	-	-	45,222
Due from affiliate, net	-	-	-	478	-	-	-
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	40,488	-	-	44,266	-	-	1,135,662
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>434,176</u>	<u>242,898</u>	<u>-</u>	<u>1,090,148</u>	<u>-</u>	<u>-</u>	<u>1,311,107</u>
Property and equipment							
Land and land improvements	-	2,084,010	-	4,434,686	-	-	-
Buildings	30,917,111	-	-	35,769,441	-	-	11,256,363
Furniture and equipment	795,930	-	-	896,879	-	-	281,969
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	28,570,114	-	-	-	-	-
Accumulated depreciation	<u>(284,089)</u>	<u>-</u>	<u>-</u>	<u>(1,555,082)</u>	<u>-</u>	<u>-</u>	<u>(720,712)</u>
Net property and equipment	<u>31,428,952</u>	<u>30,654,124</u>	<u>-</u>	<u>39,545,924</u>	<u>-</u>	<u>-</u>	<u>10,817,620</u>
Other long-term assets							
Restricted property reserves	-	-	-	3,645,984	-	-	1,324,228
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	13,751,919	-	-	29,442	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>167,881</u>	<u>468,659</u>	<u>-</u>	<u>209,680</u>	<u>-</u>	<u>-</u>	<u>53,601</u>
Total other long-term assets	<u>167,881</u>	<u>468,659</u>	<u>13,751,919</u>	<u>3,855,664</u>	<u>-</u>	<u>29,442</u>	<u>1,377,829</u>
Total assets	<u>\$ 32,031,009</u>	<u>\$ 31,365,681</u>	<u>\$ 13,751,919</u>	<u>\$ 44,491,736</u>	<u>\$ -</u>	<u>\$ 29,442</u>	<u>\$ 13,506,556</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2013

	Third and LeConte Associates LP (Bayview Hill Gardens)	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Mercy Housing California 51, LP (200 6th Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 600,965	\$ 2,195,154	\$ 311	\$ 128,908	\$ -	\$ 311	\$ 156,651
Due to affiliates	302,289	735,700	20,515	615,945	-	6,431	-
Accrued interest	-	-	-	158,197	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	349,051	-	-	-	-	-
Deferred revenue and other liabilities	1,545	1	-	9,356	-	-	764
Tenant security deposits	7,253	-	-	56,433	-	-	44,654
Total current liabilities	912,052	3,279,906	20,826	968,839	-	6,742	202,069
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	26,919	516,899	-	-	-	-	288,496
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	29,517,413	25,991,807	-	10,800,000	-	-	9,134,371
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	264,794	-	-	-	-	-
Total long-term liabilities	29,544,332	26,773,500	-	10,800,000	-	-	9,422,867
Total liabilities	30,456,384	30,053,406	20,826	11,768,839	-	6,742	9,624,936
Net assets							
Unrestricted net assets, controlling	1,574,625	1,312,275	10,231,093	32,722,897	-	22,700	3,881,620
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	1,574,625	1,312,275	10,231,093	32,722,897	-	22,700	3,881,620
Temporarily restricted net assets	-	-	3,500,000	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	1,574,625	1,312,275	13,731,093	32,722,897	-	22,700	3,881,620
Total liabilities and net assets	\$ 32,031,009	\$ 31,365,681	\$ 13,751,919	\$ 44,491,736	\$ -	\$ 29,442	\$ 13,506,556

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing California 52, LP (School House Station-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 (Esperanza Crossing)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Trailside Terrace)
Assets							
Current assets							
Cash and cash equivalents	\$ 76,015	\$ 860,029	\$ 91,333	\$ -	\$ 6,839	\$ -	\$ 18,359
Cash, tenant security deposits	77,167	-	-	-	16,779	-	20,835
Cash, restricted	56,208	-	-	-	21,833	-	11,935
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	67,470	-	-	-	66,753	-	3,848
Due from affiliate, net	-	-	-	8,500	1,700	3,542	-
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	32,000	-	7,011,380	-	8,648	-	10,815
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>308,860</u>	<u>860,029</u>	<u>7,102,713</u>	<u>8,500</u>	<u>122,552</u>	<u>3,542</u>	<u>65,792</u>
Property and equipment							
Land and land improvements	12,714	-	-	-	2,946,584	-	1,277,173
Buildings	20,434,169	-	-	-	8,373,771	-	10,202,180
Furniture and equipment	161,770	-	-	-	175,365	-	193,052
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	7,935,269	2,284,510	-	-	-	-
Accumulated depreciation	(710,122)	-	-	-	(266,940)	-	(170,092)
Net property and equipment	<u>19,898,531</u>	<u>7,935,269</u>	<u>2,284,510</u>	<u>-</u>	<u>11,228,780</u>	<u>-</u>	<u>11,502,313</u>
Other long-term assets							
Restricted property reserves	445,561	-	394,387	-	110,307	-	1,113,502
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	(52)	-	(36)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	247,835	502,682	82,640	-	215,507	-	204,625
Total other long-term assets	<u>693,396</u>	<u>502,682</u>	<u>477,027</u>	<u>(52)</u>	<u>325,814</u>	<u>(36)</u>	<u>1,318,127</u>
Total assets	<u>\$ 20,900,787</u>	<u>\$ 9,297,980</u>	<u>\$ 9,864,250</u>	<u>\$ 8,448</u>	<u>\$ 11,677,146</u>	<u>\$ 3,506</u>	<u>\$ 12,886,232</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing California 52, LP (School House Station-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 (Esperanza Crossing)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Trailside Terrace)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 169,839	\$ 2,492,155	\$ 157,135	\$ 311	\$ 76,369	\$ 311	\$ 1,184,931
Due to affiliates	1,331,737	454,648	1,728	13,960	340,679	5,421	656,799
Accrued interest	28,383	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	91,418	-	-	-	61,336	-	5,299,538
Current portion of notes payable, affiliates	29,358	11,510	5,960	-	370,000	-	49,564
Deferred revenue and other liabilities	17,502	-	729,998	-	814	(1)	690
Tenant security deposits	76,723	-	-	-	16,395	-	20,835
Total current liabilities	1,744,960	2,958,313	894,821	14,271	865,593	5,731	7,212,357
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	441,938	148,713	171,918	-	65,093	-	173,170
Accrued interest, affiliates	193,665	-	-	-	-	-	-
Notes payable, less current portion, net	8,405,341	6,034,375	8,756,863	-	4,327,164	-	5,123,800
Notes payable, less current portion, affiliates	4,452,969	-	-	-	-	-	-
Deferred revenue and other liabilities	536,913	-	-	-	-	-	-
Total long-term liabilities	14,030,826	6,183,088	8,928,781	-	4,392,257	-	5,296,970
Total liabilities	15,775,786	9,141,401	9,823,602	14,271	5,257,850	5,731	12,509,327
Net assets							
Unrestricted net assets, controlling	5,125,001	156,579	40,648	(5,823)	6,419,296	(2,225)	376,905
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	5,125,001	156,579	40,648	(5,823)	6,419,296	(2,225)	376,905
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	5,125,001	156,579	40,648	(5,823)	6,419,296	(2,225)	376,905
Total liabilities and net assets	\$ 20,900,787	\$ 9,297,980	\$ 9,864,250	\$ 8,448	\$ 11,677,146	\$ 3,506	\$ 12,886,232

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing California 56, LP (Jefferson Park Terrace)	Caroline Severance LLC	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	EI Monte Veterans Apartments, LP	EI Monte Veterans Apartments LLC	1028 Howard Street LLC
Assets							
Current assets							
Cash and cash equivalents	\$ 8,960	\$ -	\$ 326,693	\$ -	\$ -	\$ -	\$ 35,076
Cash, tenant security deposits	-	-	57,113	-	-	-	27,307
Cash, restricted	110,441	-	-	45,030	49,200	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	8,843	-	21,389	2,160	-	-	90,561
Due from affiliate, net	-	-	60,000	-	-	-	-
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	-	-	29,541	-	-	-	11,505
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>128,244</u>	<u>-</u>	<u>494,736</u>	<u>47,190</u>	<u>49,200</u>	<u>-</u>	<u>164,449</u>
Property and equipment							
Land and land improvements	1,600,650	-	1,472,392	530,997	731,958	-	-
Buildings	15,244,523	-	8,554,855	13,105,974	-	-	3,467,815
Furniture and equipment	255,839	-	275,901	352,067	-	-	58,991
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	9,298,687	-	-
Accumulated depreciation	<u>(106,189)</u>	<u>-</u>	<u>(5,879,470)</u>	<u>(24,376)</u>	<u>-</u>	<u>-</u>	<u>(155,027)</u>
Net property and equipment	<u>16,994,823</u>	<u>-</u>	<u>4,423,678</u>	<u>13,964,662</u>	<u>10,030,645</u>	<u>-</u>	<u>3,371,779</u>
Other long-term assets							
Restricted property reserves	-	-	609,456	-	195	-	68,141
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	(5,522)	-	-	-	81,570	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>257,751</u>	<u>-</u>	<u>23,406</u>	<u>210,130</u>	<u>126,820</u>	<u>-</u>	<u>15,328</u>
Total other long-term assets	<u>257,751</u>	<u>(5,522)</u>	<u>632,862</u>	<u>210,130</u>	<u>127,015</u>	<u>81,570</u>	<u>83,469</u>
Total assets	<u>\$ 17,380,818</u>	<u>\$ (5,522)</u>	<u>\$ 5,551,276</u>	<u>\$ 14,221,982</u>	<u>\$ 10,206,860</u>	<u>\$ 81,570</u>	<u>\$ 3,619,697</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing California 56, LP (Jefferson Park Terrace)	Caroline Severance LLC	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	El Monte Veterans Apartments, LP	El Monte Veterans Apartments LLC	1028 Howard Street LLC
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 1,314,396	\$ 311	\$ 158,768	\$ 1,781,829	\$ 1,285,687	\$ -	\$ 74,893
Due to affiliates	305,538	2,918	29,219	456,801	438,774	1,040	9,620
Accrued interest	12,441	-	6,561	6,334	7,155	-	1,177
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	8,081,405	-	57,458	4,418,591	4,254,140	-	25,411
Current portion of notes payable, affiliates	149,860	-	-	-	7,526	-	-
Deferred revenue and other liabilities	2,584	-	20	(1)	(1)	-	189
Tenant security deposits	13,733	-	55,875	-	-	-	26,806
Total current liabilities	9,879,957	3,229	307,901	6,663,554	5,993,281	1,040	138,096
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	144,359	-	2,078,236	-	70,095	-	1,225,047
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	4,093,051	-	3,893,951	3,000,000	4,100,000	-	2,290,223
Notes payable, less current portion, affiliates	1,074,176	-	-	780,000	-	-	-
Deferred revenue and other liabilities	448,592	-	-	1,363,196	-	-	-
Total long-term liabilities	5,760,178	-	5,972,187	5,143,196	4,170,095	-	3,515,270
Total liabilities	15,640,135	3,229	6,280,088	11,806,750	10,163,376	1,040	3,653,366
Net assets							
Unrestricted net assets, controlling	1,740,683	(8,751)	(728,812)	2,415,232	43,484	80,530	(33,669)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	1,740,683	(8,751)	(728,812)	2,415,232	43,484	80,530	(33,669)
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	1,740,683	(8,751)	(728,812)	2,415,232	43,484	80,530	(33,669)
Total liabilities and net assets	\$ 17,380,818	\$ (5,522)	\$ 5,551,276	\$ 14,221,982	\$ 10,206,860	\$ 81,570	\$ 3,619,697

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)	Mercy Housing California 62, LP (Transbay Block 6)	Eliminations	Consolidated Mercy Housing Calwest
Assets					
Current assets					
Cash and cash equivalents	\$ 6,130	\$ 18,402	\$ -	\$ -	\$ 2,122,412
Cash, tenant security deposits	8,651	29,256	-	-	501,564
Cash, restricted	27,046	-	-	-	2,553,131
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	4,125	3,752	-	-	715,099
Due from affiliate, net	-	-	-	(174,093)	87,178
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	32,702	21,570	-	-	8,494,793
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>78,654</u>	<u>72,980</u>	<u>-</u>	<u>(174,093)</u>	<u>14,474,177</u>
Property and equipment					
Land and land improvements	1,076,977	324,803	-	700,824	28,061,176
Buildings	4,234,982	4,065,905	-	-	254,374,782
Furniture and equipment	183,077	154,890	-	-	7,141,619
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	1,594,425	-	95,780,413
Accumulated depreciation	(116,307)	(2,776,501)	-	-	(23,793,075)
Net property and equipment	<u>5,378,729</u>	<u>1,769,097</u>	<u>1,594,425</u>	<u>700,824</u>	<u>361,564,915</u>
Other long-term assets					
Restricted property reserves	352,442	166,155	1,541,963	-	17,518,425
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	(12,046,661)	(2,925,779)
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	(1,217,502)	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	93,248	20,912	-	-	4,680,496
Total other long-term assets	<u>445,690</u>	<u>187,067</u>	<u>1,541,963</u>	<u>(13,264,163)</u>	<u>19,273,142</u>
Total assets	<u>\$ 5,903,073</u>	<u>\$ 2,029,144</u>	<u>\$ 3,136,388</u>	<u>\$ (12,737,432)</u>	<u>\$ 395,312,234</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)	Mercy Housing California 62, LP (Transbay Block 6)	Eliminations	Consolidated Mercy Housing Calwest
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 336,112	\$ 72,472	\$ 144,377	\$ (38,500)	\$ 19,288,702
Due to affiliates	258,749	137,068	-	(268,902)	7,258,335
Accrued interest	-	2,099	-	-	245,587
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	2,769,343	22,517	-	-	40,928,312
Current portion of notes payable, affiliates	512	-	2,991,142	-	3,964,483
Deferred revenue and other liabilities	8,259	6,593	(1)	-	1,505,761
Tenant security deposits	7,615	28,357	-	-	514,987
Total current liabilities	3,380,590	269,106	3,135,518	(307,402)	73,706,167
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	812,717	-	-	10,326,910
Accrued interest, affiliates	-	-	-	-	193,665
Notes payable, less current portion, net	1,404,000	1,085,584	-	-	224,962,893
Notes payable, less current portion, affiliates	-	-	-	(1,217,502)	7,430,381
Deferred revenue and other liabilities	-	-	-	-	23,014,293
Total long-term liabilities	1,404,000	1,898,301	-	(1,217,502)	265,928,142
Total liabilities	4,784,590	2,167,407	3,135,518	(1,524,904)	339,634,309
Net assets					
Unrestricted net assets, controlling	1,118,483	(138,263)	870	(11,212,528)	50,548,226
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	1,118,483	(138,263)	870	(11,212,528)	50,548,226
Temporarily restricted net assets	-	-	-	-	5,129,699
Permanently restricted net assets	-	-	-	-	-
Total net assets	1,118,483	(138,263)	870	(11,212,528)	55,677,925
Total liabilities and net assets	\$ 5,903,073	\$ 2,029,144	\$ 3,136,388	\$ (12,737,432)	\$ 395,312,234

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	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)
Revenues							
Rent - net of vacancies	\$ -	\$ 653,059	\$ 754,125	\$ 604,064	\$ 47,417	\$ 301,291	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	189,888	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	706,832	-	422,013	-	-	394,939	-
Consulting	-	-	-	-	-	-	-
Interest	6,466	(2,916)	8,629	158	64	11,924	3,407
Other	685,665	20,674	616,867	24,474	37,524	100,780	-
Total revenues	1,588,851	670,817	1,801,634	628,696	85,005	808,934	3,407
Expenses and losses							
Compensation	-	148,678	458,008	94,778	40,563	232,891	-
Administrative	121,185	126,603	258,912	110,280	14,088	86,193	13,437
Professional services	3,159	87,012	243,207	20,619	1,920	101,066	11,712
Depreciation and amortization	-	842,878	1,452,740	967,519	109,752	730,124	-
Grants	47,036	-	-	-	-	-	-
Facility	-	219,187	352,268	264,448	26,418	186,401	-
Interest and fees	2,775	42	632,599	282,850	152,023	85,278	-
Bad debts	28,160	1,950	1,561	4,618	-	10,800	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(858,321)	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	3,020,807	-	-	-	-	-	-
Total expenses and losses	2,364,801	1,426,350	3,399,295	1,745,112	344,764	1,432,753	25,149
Excess (deficiency) of revenues over expenses	(775,950)	(755,533)	(1,597,661)	(1,116,416)	(259,759)	(623,819)	(21,742)
Net assets at beginning of year	(5,279,815)	(1,526,182)	(1,524,530)	7,006,742	(3,045,586)	(31,136)	2,899,075
Other transfers to (from) net assets	427,042	-	-	-	3,305,345	-	(35,000)
Net assets at end of year	\$ (5,628,723)	\$ (2,281,715)	\$ (3,122,191)	\$ 5,890,326	\$ -	\$ (654,955)	\$ 2,842,333

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Third and LeConte Associates LP (Bayview Hill Gardens)	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Mercy Housing California 51, LP (200 6th Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)
Revenues							
Rent - net of vacancies	\$ 20,884	\$ -	\$ -	\$ 785,109	\$ -	\$ -	\$ 600,867
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	1	248	-	14,465	-	-	935
Other	-	1,620	-	26,950	-	29,492	30,420
Total revenues	<u>20,885</u>	<u>1,868</u>	<u>-</u>	<u>826,524</u>	<u>-</u>	<u>29,492</u>	<u>632,222</u>
Expenses and losses							
Compensation	12,947	592	-	372,812	-	-	259,871
Administrative	289,359	28,771	800	342,347	69	800	118,376
Professional services	14,500	11,712	3,109	180,460	1,666	1,958	92,775
Depreciation and amortization	308,342	-	-	1,633,858	-	-	457,914
Grants	-	-	-	-	-	-	-
Facility	18,790	273	-	327,194	-	-	219,859
Interest and fees	-	111	-	421,735	-	-	147,167
Bad debts	-	-	-	1,622	-	-	4,305
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	123	-	-	67	-
Total expenses and losses	<u>643,938</u>	<u>41,459</u>	<u>4,032</u>	<u>3,280,028</u>	<u>1,735</u>	<u>2,825</u>	<u>1,300,267</u>
Excess (deficiency) of revenues over expenses	(623,053)	(39,591)	(4,032)	(2,453,504)	(1,735)	26,667	(668,045)
Net assets at beginning of year	(52,560)	(64,619)	13,735,125	14,411,731	(9,336)	(3,967)	2,756,665
Other transfers to (from) net assets	<u>2,250,238</u>	<u>1,416,485</u>	<u>-</u>	<u>20,764,670</u>	<u>11,071</u>	<u>-</u>	<u>1,793,000</u>
Net assets at end of year	<u>\$ 1,574,625</u>	<u>\$ 1,312,275</u>	<u>\$ 13,731,093</u>	<u>\$ 32,722,897</u>	<u>\$ -</u>	<u>\$ 22,700</u>	<u>\$ 3,881,620</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Mercy Housing California 52, LP (School House Station-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 (Esperanza Crossing)	Sunset Lane Apartments LLC	Mercy Housing California 55, LP (Trailside Terrace)
Revenues							
Rent - net of vacancies	\$ 1,055,328	\$ -	\$ -	\$ -	\$ 150,502	\$ -	\$ 97,330
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	8,500	-	3,542	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	82	-	-	-	670	-	1,029
Other	132,028	20,217	50,000	-	4,121	-	3,439
Total revenues	<u>1,187,438</u>	<u>20,217</u>	<u>50,000</u>	<u>8,500</u>	<u>155,293</u>	<u>3,542</u>	<u>101,798</u>
Expenses and losses							
Compensation	195,264	-	-	-	40,087	-	24,501
Administrative	176,621	9,701	14	9,300	104,020	800	131,449
Professional services	78,995	3,684	7,099	1,958	19,214	1,958	12,651
Depreciation and amortization	495,507	-	-	-	276,103	-	172,958
Grants	-	-	-	-	-	-	-
Facility	345,632	-	-	-	48,551	-	32,524
Interest and fees	693,615	-	-	-	172,905	-	70,624
Bad debts	2,954	-	-	-	277	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	51	-	34	-
Total expenses and losses	<u>1,988,588</u>	<u>13,385</u>	<u>7,113</u>	<u>11,309</u>	<u>661,157</u>	<u>2,792</u>	<u>444,707</u>
Excess (deficiency) of revenues over expenses	(801,150)	6,832	42,887	(2,809)	(505,864)	750	(342,909)
Net assets at beginning of year	1,310,230	(5,353)	(2,239)	(3,014)	736,937	(2,975)	757,034
Other transfers to (from) net assets	4,615,921	155,100	-	-	6,188,223	-	(37,220)
Net assets at end of year	<u>\$ 5,125,001</u>	<u>\$ 156,579</u>	<u>\$ 40,648</u>	<u>\$ (5,823)</u>	<u>\$ 6,419,296</u>	<u>\$ (2,225)</u>	<u>\$ 376,905</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Mercy Housing California 56, LP (Jefferson Park Terrace)	Caroline Severance LLC	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	El Monte Veterans Apartments, LP	El Monte Veterans Apartments LLC	1028 Howard Street LLC
Revenues							
Rent - net of vacancies	\$ 10,100	\$ -	\$ 814,493	\$ -	\$ -	\$ -	\$ 386,679
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	-	325	2,492	-	-	3
Other	5,700	-	197,314	-	-	79,020	78,264
Total revenues	<u>15,800</u>	<u>-</u>	<u>1,012,132</u>	<u>2,492</u>	<u>-</u>	<u>79,020</u>	<u>464,946</u>
Expenses and losses							
Compensation	12,067	-	164,687	2,370	-	-	70,206
Administrative	88,096	-	116,040	35,693	1,140	-	49,839
Professional services	8,663	1,958	74,195	14,040	13,179	989	32,392
Depreciation and amortization	108,179	-	367,255	24,867	-	-	156,434
Grants	-	-	-	-	-	-	-
Facility	12,123	-	219,687	1,871	-	-	120,106
Interest and fees	140	-	239,646	-	-	-	69,638
Bad debts	-	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	4	-	-	-	1	-
Total expenses and losses	<u>229,268</u>	<u>1,962</u>	<u>1,181,510</u>	<u>78,841</u>	<u>14,319</u>	<u>990</u>	<u>498,615</u>
Excess (deficiency) of revenues over expenses	(213,468)	(1,962)	(169,378)	(76,349)	(14,319)	78,030	(33,669)
Net assets at beginning of year	2,602,240	(6,789)	(559,434)	2,549,331	(21,217)	2,500	-
Other transfers to (from) net assets	(648,089)	-	-	(57,750)	79,020	-	-
Net assets at end of year	<u>\$ 1,740,683</u>	<u>\$ (8,751)</u>	<u>\$ (728,812)</u>	<u>\$ 2,415,232</u>	<u>\$ 43,484</u>	<u>\$ 80,530</u>	<u>\$ (33,669)</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)	Mercy Housing California 62, LP (Transbay Block 6)	Eliminations	Consolidated Mercy Housing Calwest
Revenues					
Rent - net of vacancies	\$ 56,350	\$ 170,266	\$ -	\$ -	\$ 6,507,864
Developer fees	-	-	-	-	-
Services fees	-	-	-	(176,930)	25,000
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	1,523,784
Consulting	-	-	-	-	-
Interest	345	61	870	-	49,258
Other	33,702	7,179	-	-	2,185,450
Total revenues	<u>90,397</u>	<u>177,506</u>	<u>870</u>	<u>(176,930)</u>	<u>10,291,356</u>
Expenses and losses					
Compensation	177,228	45,774	-	-	2,353,324
Administrative	100,554	32,277	-	(166,324)	2,200,440
Professional services	3,228	4,983	-	-	1,054,061
Depreciation and amortization	160,115	79,722	-	-	8,344,267
Grants	-	-	-	-	47,036
Facility	78,200	83,009	-	-	2,556,541
Interest and fees	23,503	51,220	-	-	3,045,871
Bad debts	1,660	-	-	-	57,907
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	(2,335)	(860,656)
(Gain) loss on investment in limited partnership	-	-	-	(2,949,990)	71,097
Total expenses and losses	<u>544,488</u>	<u>296,985</u>	<u>-</u>	<u>(3,118,649)</u>	<u>18,869,888</u>
Excess (deficiency) of revenues over expenses	<u>(454,091)</u>	<u>(119,479)</u>	<u>870</u>	<u>2,941,719</u>	<u>(8,578,532)</u>
Net assets at beginning of year	-	-	-	(8,696,258)	27,932,600
Other transfers to (from) net assets	1,572,574	(18,784)	-	(5,457,989)	36,323,857
Net assets at end of year	<u>\$ 1,118,483</u>	<u>\$ (138,263)</u>	<u>\$ 870</u>	<u>\$ (11,212,528)</u>	<u>\$ 55,677,925</u>

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Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales (McIntosh Mobile Homes)	Richmond Hills	Sycamore Center (Red Bluff)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 13,171	\$ 55,582	\$ 336,961	\$ 107,474	\$ 10,414	\$ 87,854
Cash, tenant security deposits	-	-	11,707	-	27,456	-	4,283
Cash, restricted	353	-	-	-	1,388	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	1,910	205,824	4,467	-	3,028
Due from affiliate, net	901,747	-	-	-	-	1,171	362
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	-	924	10,769	-	9,599	4,031	6,548
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>902,100</u>	<u>14,095</u>	<u>79,968</u>	<u>542,785</u>	<u>150,384</u>	<u>15,616</u>	<u>102,075</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	664,528	-	-	-	-	-	-
Accumulated depreciation	<u>(45,819)</u>	<u>(102,689)</u>	<u>(304,186)</u>	<u>(2,636,080)</u>	<u>(1,864,487)</u>	<u>(1,408,622)</u>	<u>(1,110,655)</u>
Net property and equipment	<u>5,468,709</u>	<u>183,176</u>	<u>441,660</u>	<u>2,454,709</u>	<u>2,391,944</u>	<u>1,187,059</u>	<u>1,522,986</u>
Other long-term assets							
Restricted property reserves	-	-	59,245	127,567	108,632	34,640	171,474
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	-	-	-	-	-	-	-
Total other long-term assets	<u>60,000</u>	<u>-</u>	<u>59,245</u>	<u>127,567</u>	<u>108,632</u>	<u>34,640</u>	<u>171,474</u>
Total assets	<u>\$ 6,430,809</u>	<u>\$ 197,271</u>	<u>\$ 580,873</u>	<u>\$ 3,125,061</u>	<u>\$ 2,650,960</u>	<u>\$ 1,237,315</u>	<u>\$ 1,796,535</u>

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales (McIntosh Mobile Homes)	Richmond Hills	Sycamore Center (Red Bluff)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 33,644	\$ 6,000	\$ 18,995	\$ 51,690	\$ 18,095	\$ 2,499	\$ 8,515
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	371,451	13,916	-	2,119
Accrued interest, affiliates	87,016	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	39,797	-	18,840
Current portion of notes payable, affiliates	-	-	-	-	-	122,379	-
Deferred revenue and other liabilities	-	-	251	-	4,370	(1)	1
Tenant security deposits	-	-	10,986	-	26,956	5,000	3,783
Total current liabilities	<u>120,660</u>	<u>6,000</u>	<u>30,232</u>	<u>423,141</u>	<u>103,134</u>	<u>129,877</u>	<u>33,258</u>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	50,128	-	-	-	470,501	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	1,646,692	262,025	-	1,260,000	2,376,520	-	506,382
Notes payable, less current portion, affiliates	1,336,158	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	<u>3,032,978</u>	<u>262,025</u>	<u>-</u>	<u>1,260,000</u>	<u>2,847,021</u>	<u>-</u>	<u>506,382</u>
Total liabilities	<u>3,153,638</u>	<u>268,025</u>	<u>30,232</u>	<u>1,683,141</u>	<u>2,950,155</u>	<u>129,877</u>	<u>539,640</u>
Net assets							
Unrestricted net assets, controlling	3,277,171	(70,754)	323,079	(951,562)	(1,535,939)	(360,312)	1,256,895
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	<u>3,277,171</u>	<u>(70,754)</u>	<u>323,079</u>	<u>(951,562)</u>	<u>(1,535,939)</u>	<u>(360,312)</u>	<u>1,256,895</u>
Temporarily restricted net assets	-	-	227,562	2,393,482	1,236,744	1,467,750	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	<u>3,277,171</u>	<u>(70,754)</u>	<u>550,641</u>	<u>1,441,920</u>	<u>(299,195)</u>	<u>1,107,438</u>	<u>1,256,895</u>
Total liabilities and net assets	<u>\$ 6,430,809</u>	<u>\$ 197,271</u>	<u>\$ 580,873</u>	<u>\$ 3,125,061</u>	<u>\$ 2,650,960</u>	<u>\$ 1,237,315</u>	<u>\$ 1,796,535</u>

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2013

	Sierra Vista	Santa Monica Street	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 611,456
Cash, tenant security deposits	-	-	-	-	43,446
Cash, restricted	2,908	-	962	-	5,611
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	-	-	-	215,229
Due from affiliate, net	-	-	-	-	903,280
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	31,871
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	2,908	-	962	-	1,810,893
Property and equipment					
Land and land improvements	-	-	214,975	-	7,015,055
Buildings	-	-	-	-	13,492,375
Furniture and equipment	-	-	-	-	165,798
Predevelopment project costs	-	-	-	-	-
Construction in progress	2,289,732	-	461,553	-	3,415,813
Accumulated depreciation	-	-	-	-	(7,472,538)
Net property and equipment	2,289,732	-	676,528	-	16,616,503
Other long-term assets					
Restricted property reserves	-	-	-	-	501,558
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	129,682	-	72,607	-	202,289
Total other long-term assets	129,682	-	72,607	-	763,847
Total assets	\$ 2,422,322	\$ -	\$ 750,097	\$ -	\$ 19,191,243

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2013

	Sierra Vista	Santa Monica Street	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 4,600	\$ -	\$ 4,600	\$ -	\$ 148,638
Due to affiliates	1,710,216	-	849,137	-	2,559,353
Accrued interest	43,817	-	4,611	-	435,914
Accrued interest, affiliates	-	-	-	-	87,016
Current portion of notes payable	-	-	-	-	58,637
Current portion of notes payable, affiliates	121,852	-	836,387	-	1,080,618
Deferred revenue and other liabilities	(2)	-	(1)	-	4,618
Tenant security deposits	-	-	-	-	46,725
Total current liabilities	<u>1,880,483</u>	<u>-</u>	<u>1,694,734</u>	<u>-</u>	<u>4,421,519</u>
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	520,629
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	1,562,024	-	171,540	-	7,785,183
Notes payable, less current portion, affiliates	-	-	-	-	1,336,158
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	<u>1,562,024</u>	<u>-</u>	<u>171,540</u>	<u>-</u>	<u>9,641,970</u>
Total liabilities	<u>3,442,507</u>	<u>-</u>	<u>1,866,274</u>	<u>-</u>	<u>14,063,489</u>
Net assets					
Unrestricted net assets, controlling	(1,020,185)	-	(1,116,177)	-	(197,784)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	<u>(1,020,185)</u>	<u>-</u>	<u>(1,116,177)</u>	<u>-</u>	<u>(197,784)</u>
Temporarily restricted net assets	-	-	-	-	5,325,538
Permanently restricted net assets	-	-	-	-	-
Total net assets	<u>(1,020,185)</u>	<u>-</u>	<u>(1,116,177)</u>	<u>-</u>	<u>5,127,754</u>
Total liabilities and net assets	<u>\$ 2,422,322</u>	<u>\$ -</u>	<u>\$ 750,097</u>	<u>\$ -</u>	<u>\$ 19,191,243</u>

Mercy Properties California
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales (McIntosh Mobile Homes)	Richmond Hills	Sycamore Center (Red Bluff)
Revenues							
Rent - net of vacancies	\$ -	\$ 15,600	\$ 152,764	\$ 20,577	\$ 369,658	\$ 35,127	\$ 125,871
Developer fees	-	-	-	-	-	-	-
Services fees	4,032	-	-	-	-	-	-
Philanthropy	-	-	-	58,488	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	3	50	435	52	15	92
Other	805,627	3,974	4,433	-	3,344	-	27,765
Total revenues	<u>809,659</u>	<u>19,577</u>	<u>157,247</u>	<u>79,500</u>	<u>373,054</u>	<u>35,142</u>	<u>153,728</u>
Expenses and losses							
Compensation	-	-	78,843	-	67,580	-	22,372
Administrative	-	10,000	12,073	642	35,282	183	9,007
Professional services	-	3,000	5,224	2,750	4,170	3,066	2,625
Depreciation and amortization	-	8,965	23,910	167,960	143,615	81,071	97,915
Grants	4,032	-	-	-	-	-	-
Facility	-	3,892	56,031	20,891	85,462	9,668	65,485
Interest and fees	110,144	279	-	37,800	129,407	6,227	25,365
Bad debts	-	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	<u>114,176</u>	<u>26,136</u>	<u>176,081</u>	<u>230,043</u>	<u>465,516</u>	<u>100,215</u>	<u>222,769</u>
Excess (deficiency) of revenues over expenses	695,483	(6,559)	(18,834)	(150,543)	(92,462)	(65,073)	(69,041)
Net assets at beginning of year	2,581,688	(64,195)	569,475	1,592,463	(206,733)	1,172,511	1,325,936
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 3,277,171</u>	<u>\$ (70,754)</u>	<u>\$ 550,641</u>	<u>\$ 1,441,920</u>	<u>\$ (299,195)</u>	<u>\$ 1,107,438</u>	<u>\$ 1,256,895</u>

Mercy Properties California
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Sierra Vista	Santa Monica Street	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Revenues					
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ 719,597
Developer fees	-	-	-	-	-
Services fees	-	-	-	(4,032)	-
Philanthropy	-	-	-	-	58,488
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	-	-	-	647
Other	1,170,526	18,081	79,127	-	2,112,877
Total revenues	<u>1,170,526</u>	<u>18,081</u>	<u>79,127</u>	<u>(4,032)</u>	<u>2,891,609</u>
Expenses and losses					
Compensation	-	-	-	-	168,795
Administrative	-	-	-	(4,032)	63,155
Professional services	2,500	1,750	2,499	-	27,584
Depreciation and amortization	-	-	-	-	523,436
Grants	-	-	-	-	4,032
Facility	-	-	-	-	241,429
Interest and fees	-	-	-	-	309,222
Bad debts	-	-	-	-	-
Provision for impaired assets	-	808	-	-	808
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-
Total expenses and losses	<u>2,500</u>	<u>2,558</u>	<u>2,499</u>	<u>(4,032)</u>	<u>1,338,461</u>
Excess (deficiency) of revenues over expenses	<u>1,168,026</u>	<u>15,523</u>	<u>76,628</u>	<u>-</u>	<u>1,553,148</u>
Net assets at beginning of year	(2,188,211)	(15,523)	(1,192,805)	-	3,574,606
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (1,020,185)</u>	<u>\$ -</u>	<u>\$ (1,116,177)</u>	<u>\$ -</u>	<u>\$ 5,127,754</u>

San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2013

	San Juan Housing Corporation	Kennedy Estates Housing Associates, LP (Kennedy Estates)	Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 19,035	\$ 5,089	\$ -	\$ 24,124
Cash, tenant security deposits	-	60,621	59,768	-	120,389
Cash, restricted	-	201	-	-	201
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	23,650	11,885	-	35,535
Due from affiliate, net	405,057	338,157	-	(405,057)	338,157
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	-	36,734	31,070	-	67,804
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>405,057</u>	<u>478,398</u>	<u>107,812</u>	<u>(405,057)</u>	<u>586,210</u>
Property and equipment					
Land and land improvements	-	601,511	833,858	-	1,435,369
Buildings	-	5,660,497	2,109,869	-	7,770,366
Furniture and equipment	-	150,376	3,631,483	-	3,781,859
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(3,484,799)	(3,577,720)	-	(7,062,519)
Net property and equipment	<u>-</u>	<u>2,927,585</u>	<u>2,997,490</u>	<u>-</u>	<u>5,925,075</u>
Other long-term assets					
Restricted property reserves	-	695,983	190,095	-	886,078
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(35,939)	-	-	35,939	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	107,918	58,973	-	166,891
Total other long-term assets	<u>(35,939)</u>	<u>803,901</u>	<u>249,068</u>	<u>35,939</u>	<u>1,052,969</u>
Total assets	<u>\$ 369,118</u>	<u>\$ 4,209,884</u>	<u>\$ 3,354,370</u>	<u>\$ (369,118)</u>	<u>\$ 7,564,254</u>

San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2013

	San Juan Housing Corporation	Kennedy Estates Housing Associates, LP (Kennedy Estates)	Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 116,817	\$ 95,183	\$ 55,181	\$ -	\$ 267,181
Due to affiliates	282,966	321,727	298,030	(616,727)	285,996
Accrued interest	-	-	10,073	-	10,073
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	19,225	73,002	-	92,227
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	11,999	6,834	-	18,833
Tenant security deposits	-	59,572	59,268	-	118,840
Total current liabilities	399,783	507,706	502,388	(616,727)	793,150
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	432,442	1,250,792	-	1,683,234
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	-	2,686,047	4,866,911	-	7,552,958
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Total long-term liabilities	-	3,118,489	6,117,703	-	9,236,192
Total liabilities	399,783	3,626,195	6,620,091	(616,727)	10,029,342
Net assets					
Unrestricted net assets, controlling	(30,665)	583,689	(3,265,721)	247,609	(2,465,088)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	(30,665)	583,689	(3,265,721)	247,609	(2,465,088)
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(30,665)	583,689	(3,265,721)	247,609	(2,465,088)
Total liabilities and net assets	\$ 369,118	\$ 4,209,884	\$ 3,354,370	\$ (369,118)	\$ 7,564,254

San Juan Housing Corporation
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	San Juan Housing Corporation	Kennedy Estates Housing Associates, LP (Kennedy Estates)	Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Revenues					
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-
Services fees	-	-	-	-	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenses and losses					
Compensation	-	-	-	-	-
Administrative	-	-	-	-	-
Professional services	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-
Grants	-	-	-	-	-
Facility	-	-	-	-	-
Interest and fees	-	-	-	-	-
Bad debts	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-
Total expenses and losses	-	-	-	-	-
Excess (deficiency) of revenues over expenses	-	-	-	-	-
Net assets at beginning of year	-	-	-	-	-
Other transfers to (from) net assets	(30,665)	583,689	(3,265,721)	247,609	(2,465,088)
Net assets at end of year	<u>\$ (30,665)</u>	<u>\$ 583,689</u>	<u>\$ (3,265,721)</u>	<u>\$ 247,609</u>	<u>\$ (2,465,088)</u>

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Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	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	Boise Senior 202 Owner, LP (12th Street Senior)
Assets								
Current assets								
Cash and cash equivalents	\$ 1,426	\$ 649	\$ 38,643	\$ 27,334	\$ 634	\$ -	\$ 77,758	\$ 48,004
Cash, tenant security deposits	-	6,045	13,903	17,297	3,654	-	-	14,312
Cash, restricted	93,119	-	-	-	-	-	-	10,000
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	769	9,001	1,787	1,139	6,134	-	-	2,709
Due from affiliate, net	980,387	-	-	-	-	-	-	-
Pledges receivable, net	120	-	-	-	-	-	-	-
Grants receivable	150,000	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	127,670	-	-	-	-	-	-	-
Prepaid expenses and other assets	4,928	4,172	9,180	12,494	3,709	-	-	14,795
Inventory	-	-	-	-	-	-	2,032,616	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>1,358,419</u>	<u>19,867</u>	<u>63,513</u>	<u>58,264</u>	<u>14,131</u>	<u>-</u>	<u>2,110,374</u>	<u>89,820</u>
Property and equipment								
Land and land improvements	306,157	122,374	45,055	241,100	570	-	-	1,215,108
Buildings	-	1,343,135	1,055,765	1,741,334	1,443,238	-	-	9,630,857
Furniture and equipment	5,493	12,033	27,396	87,751	7,609	-	-	310,316
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(5,493)</u>	<u>(499,115)</u>	<u>(666,158)</u>	<u>(1,135,404)</u>	<u>(421,969)</u>	<u>-</u>	<u>-</u>	<u>(627,200)</u>
Net property and equipment	<u>306,157</u>	<u>978,427</u>	<u>462,058</u>	<u>934,781</u>	<u>1,029,448</u>	<u>-</u>	<u>-</u>	<u>10,529,081</u>
Other long-term assets								
Restricted property reserves	-	116,526	119,613	95,471	43,601	-	-	558,485
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-	-
Notes and interest receivable, net	108,014	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	653,008	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,171</u>
Total other long-term assets	<u>761,022</u>	<u>116,526</u>	<u>119,613</u>	<u>95,471</u>	<u>43,601</u>	<u>-</u>	<u>-</u>	<u>616,656</u>
Total assets	<u>\$ 2,425,598</u>	<u>\$ 1,114,820</u>	<u>\$ 645,184</u>	<u>\$ 1,088,516</u>	<u>\$ 1,087,180</u>	<u>\$ -</u>	<u>\$ 2,110,374</u>	<u>\$ 11,235,557</u>

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	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	Boise Senior 202 Owner, LP (12th Street Senior)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 55,699	\$ 21,735	\$ 24,187	\$ 32,533	\$ 22,052	\$ -	\$ 6,894	\$ 51,425
Due to affiliates	1,960,473	-	-	-	2,901	-	14,362	16,863
Accrued interest	-	-	1,915	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	2,300	-	-	-	1,962,230	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	99,423	-
Deferred revenue and other liabilities	-	3,561	889	2,730	441	-	(1)	20,408
Tenant security deposits	-	4,875	8,746	17,722	2,509	-	-	13,811
Total current liabilities	2,016,172	30,171	38,037	52,985	27,903	-	2,082,908	102,507
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	40,135	-	-	-	-	14,484
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	260,000	778,469	-	290,000	-	-	590,000
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	4,297,700
Deferred revenue and other liabilities	-	-	-	-	-	-	27,627	-
Total long-term liabilities	-	260,000	818,604	-	290,000	-	27,627	4,902,184
Total liabilities	2,016,172	290,171	856,641	52,985	317,903	-	2,110,535	5,004,691
Net assets								
Unrestricted net assets, controlling	(37,498)	(158,800)	(211,457)	1,035,531	(182,397)	-	(161)	6,230,866
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(37,498)	(158,800)	(211,457)	1,035,531	(182,397)	-	(161)	6,230,866
Temporarily restricted net assets	446,924	983,449	-	-	951,674	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	409,426	824,649	(211,457)	1,035,531	769,277	-	(161)	6,230,866
Total liabilities and net assets	\$ 2,425,598	\$ 1,114,820	\$ 645,184	\$ 1,088,516	\$ 1,087,180	\$ -	\$ 2,110,374	\$ 11,235,557

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Boise Senior 202 GP, LLC	MHNW-ID GP, LLC	Mercy Housing Idaho-II, LP (Comstock Apartments)	Mercy Housing Idaho-I, LP (Northside Nampa)	Mercy Housing Idaho III, LP (New Hope Apartments)	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Assets							
Current assets							
Cash and cash equivalents	\$ 512	\$ -	\$ 1,700	\$ 10,469	\$ 21,158	\$ -	\$ 228,287
Cash, tenant security deposits	-	-	7,151	9,734	4,040	-	76,136
Cash, restricted	-	-	48	64	38	-	103,269
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	1,720	2,408	1,598	-	27,265
Due from affiliate, net	-	167,136	-	-	692	(311,627)	836,588
Pledges receivable, net	-	-	-	-	-	-	120
Grants receivable	-	-	-	-	-	-	150,000
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	(107,670)	20,000
Prepaid expenses and other assets	-	-	5,425	6,861	5,439	-	67,003
Inventory	-	-	-	-	-	-	2,032,616
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>512</u>	<u>167,136</u>	<u>16,044</u>	<u>29,536</u>	<u>32,965</u>	<u>(419,297)</u>	<u>3,541,284</u>
Property and equipment							
Land and land improvements	-	-	103,800	103,429	90,524	-	2,228,117
Buildings	-	-	1,113,947	1,333,258	1,112,897	(137,262)	18,637,169
Furniture and equipment	-	-	46,360	136,838	80,549	-	714,345
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	147,741	-	-	147,741
Accumulated depreciation	-	-	(877,086)	(1,180,211)	(884,623)	59,907	(6,237,352)
Net property and equipment	<u>-</u>	<u>-</u>	<u>387,021</u>	<u>541,055</u>	<u>399,347</u>	<u>(77,355)</u>	<u>15,490,020</u>
Other long-term assets							
Restricted property reserves	-	-	87,829	34,292	88,992	-	1,144,809
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	624	66,499	-	-	-	(67,123)	-
Notes and interest receivable, net	-	-	-	-	-	-	108,014
Notes and interest receivable, affiliates	-	-	-	-	-	(45,912)	607,096
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	34,036	3,555	-	95,762
Total other long-term assets	<u>624</u>	<u>66,499</u>	<u>87,829</u>	<u>68,328</u>	<u>92,547</u>	<u>(113,035)</u>	<u>1,955,681</u>
Total assets	<u>\$ 1,136</u>	<u>\$ 233,635</u>	<u>\$ 490,894</u>	<u>\$ 638,919</u>	<u>\$ 524,859</u>	<u>\$ (609,687)</u>	<u>\$ 20,986,985</u>

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Boise Senior 202 GP, LLC	MHNW-ID GP, LLC	Mercy Housing Idaho-II, LP (Comstock Apartments)	Mercy Housing Idaho-I, LP (Northside Nampa)	Mercy Housing Idaho III, LP (New Hope Apartments)	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 2,853	\$ 311	\$ 14,647	\$ 75,420	\$ 12,276	\$ (1,488)	\$ 318,544
Due to affiliates	-	40,514	97,740	206,027	22,570	(380,464)	1,980,986
Accrued interest	-	-	-	-	796	-	2,711
Accrued interest, affiliates	-	-	1,823	-	-	-	1,823
Current portion of notes payable	-	-	-	-	4,942	-	1,969,472
Current portion of notes payable, affiliates	-	-	13,467	-	-	(99,423)	13,467
Deferred revenue and other liabilities	-	-	4,709	7,600	5,407	1	45,745
Tenant security deposits	-	-	5,750	8,284	3,540	-	65,237
Total current liabilities	2,853	40,825	138,136	297,331	49,531	(481,374)	4,397,985
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	11,407	-	66,026
Accrued interest, affiliates	-	-	-	1,466,471	54,306	(23,182)	1,497,595
Notes payable, less current portion, net	-	-	-	-	480,371	-	2,398,840
Notes payable, less current portion, affiliates	-	-	611,704	314,787	127,341	(4,351,347)	1,000,185
Deferred revenue and other liabilities	-	-	-	-	-	-	27,627
Total long-term liabilities	-	-	611,704	1,781,258	673,425	(4,374,529)	4,990,273
Total liabilities	2,853	40,825	749,840	2,078,589	722,956	(4,855,903)	9,388,258
Net assets							
Unrestricted net assets, controlling	(4,147,207)	192,810	(258,946)	(1,439,670)	(198,097)	4,246,216	5,071,190
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(4,147,207)	192,810	(258,946)	(1,439,670)	(198,097)	4,246,216	5,071,190
Temporarily restricted net assets	4,145,490	-	-	-	-	-	6,527,537
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(1,717)	192,810	(258,946)	(1,439,670)	(198,097)	4,246,216	11,598,727
Total liabilities and net assets	\$ 1,136	\$ 233,635	\$ 490,894	\$ 638,919	\$ 524,859	\$ (609,687)	\$ 20,986,985

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	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	Boise Senior 202 Owner, LP (12th Street Senior)
Revenues								
Rent - net of vacancies	\$ -	\$ 91,573	\$ 211,158	\$ 280,865	\$ 90,299	\$ 88,119	\$ -	\$ 288,589
Developer fees	-	-	-	-	-	-	-	-
Services fees	28,054	-	-	-	-	-	-	-
Philanthropy	371,956	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	186,065	-	-	-	-	-	-	-
Interest	47,521	38	16,664	34	9	9,874	-	5
Other	33,661	745	37,144	6,454	230	9,986	-	7,260
Total revenues	667,257	92,356	264,966	287,353	90,538	107,979	-	295,854
Expenses and losses								
Compensation	328,683	28,903	69,022	93,301	34,515	29,859	-	89,491
Administrative	52,719	18,034	24,716	50,375	10,039	15,476	-	51,492
Professional services	30,503	9,165	1,261	36,961	9,165	3,507	-	21,282
Depreciation and amortization	112	48,534	43,132	65,093	53,214	20,049	-	481,555
Grants	22,434	-	-	-	-	-	-	-
Facility	4,138	41,979	87,023	104,151	37,174	22,735	-	100,849
Interest and fees	90,528	8	27,479	-	70	3,439	-	5,968
Bad debts	78,803	-	1,265	144	440	449	-	-
Provision for impaired assets	10,021	-	-	-	-	-	-	-
Project expenses	37,213	-	-	-	-	-	-	-
Allocation	240,338	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	895,492	146,623	253,898	350,025	144,617	95,514	-	750,637
Excess (deficiency) of revenues over expenses	(228,235)	(54,267)	11,068	(62,672)	(54,079)	12,465	-	(454,783)
Net assets at beginning of year	637,661	878,916	(222,525)	1,098,203	823,356	89,350	(161)	5,728,756
Other transfers to (from) net assets	-	-	-	-	-	(101,815)	-	956,893
Net assets at end of year	\$ 409,426	\$ 824,649	\$ (211,457)	\$ 1,035,531	\$ 769,277	\$ -	\$ (161)	\$ 6,230,866

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Boise Senior 202 GP, LLC	MHNW-ID GP, LLC	Mercy Housing Idaho-II, LP (Comstock Apartments)	Mercy Housing Idaho-I, LP (Northside Nampa)	Mercy Housing Idaho III, LP (New Hope Apartments)	Eliminations	Consolidated Mercy Housing Northwest - Idaho, Inc.
Revenues							
Rent - net of vacancies	\$ -	\$ -	\$ 126,365	\$ 137,801	\$ 85,864	\$ -	\$ 1,400,633
Developer fees	-	-	-	-	-	-	-
Services fees	-	19,776	-	-	-	(47,830)	-
Philanthropy	-	-	-	-	-	-	371,956
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	186,065
Interest	-	-	224	1	44	254	74,668
Other	-	-	20,890	6,840	1,133	(28,433)	95,910
Total revenues	-	19,776	147,479	144,642	87,041	(76,009)	2,129,232
Expenses and losses							
Compensation	-	-	34,535	43,889	25,579	-	777,777
Administrative	-	19,525	23,205	37,681	15,890	(19,808)	299,344
Professional services	988	988	8,365	5,409	5,969	(28,054)	105,509
Depreciation and amortization	-	-	30,224	48,236	34,055	(5,370)	818,834
Grants	-	-	-	-	-	(21,509)	925
Facility	-	-	33,711	63,048	25,955	-	520,763
Interest and fees	-	-	22,091	74,530	11,098	254	235,465
Bad debts	-	-	989	2,481	1,759	10,063	96,393
Provision for impaired assets	-	-	-	-	-	254	10,275
Project expenses	-	-	-	-	-	-	37,213
Allocation	-	-	-	-	-	-	240,338
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	45	520	-	-	-	(565)	-
Total expenses and losses	1,033	21,033	153,120	275,274	120,305	(64,735)	3,142,836
Excess (deficiency) of revenues over expenses	(1,033)	(1,257)	(5,641)	(130,632)	(33,264)	(11,274)	(1,013,604)
Net assets at beginning of year	(684)	163,870	(253,305)	(1,309,038)	-	4,234,421	11,868,820
Other transfers to (from) net assets	-	30,197	-	-	(164,833)	23,069	743,511
Net assets at end of year	<u>\$ (1,717)</u>	<u>\$ 192,810</u>	<u>\$ (258,946)</u>	<u>\$ (1,439,670)</u>	<u>\$ (198,097)</u>	<u>\$ 4,246,216</u>	<u>\$ 11,598,727</u>

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartments Corporation	111th and Wentworth Limited Partnership (Wentworth Commons)	Belray Apartments Corporation	Belray Limited Partnership (Belray Apartments)
Assets								
Current assets								
Cash and cash equivalents	\$ 6,368,439	\$ 295,149	\$ 260,440	\$ 101,466	\$ -	\$ 24,995	\$ -	\$ 298,105
Cash, tenant security deposits	-	29,665	19,684	9,546	-	15,054	-	11,707
Cash, restricted	2,381,040	250	250	-	-	-	-	320,883
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	287,365	6,467	4,494	2,320	-	36,084	-	-
Due from affiliate, net	1,998,302	736	355	4,032	-	4,526	3,602	-
Pledges receivable, net	148,607	-	-	-	-	-	-	-
Grants receivable	460,138	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	2,364,284	-	-	-	-	-	-	-
Prepaid expenses and other assets	79,742	54,081	36,417	20,856	-	19,383	-	24,033
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>14,087,917</u>	<u>386,348</u>	<u>321,640</u>	<u>138,220</u>	<u>-</u>	<u>100,042</u>	<u>3,602</u>	<u>654,728</u>
Property and equipment								
Land and land improvements	174,915	179,452	77,099	54,100	-	823,255	-	182,045
Buildings	516,847	7,515,163	4,856,524	1,784,997	-	8,300,956	-	3,397,427
Furniture and equipment	64,092	167,405	82,209	10,565	-	511,830	-	115,235
Predevelopment project costs	3,091,003	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(262,648)</u>	<u>(1,945,144)</u>	<u>(1,294,391)</u>	<u>(519,880)</u>	<u>-</u>	<u>(3,631,573)</u>	<u>-</u>	<u>(2,345,512)</u>
Net property and equipment	<u>3,584,209</u>	<u>5,916,876</u>	<u>3,721,441</u>	<u>1,329,782</u>	<u>-</u>	<u>6,004,468</u>	<u>-</u>	<u>1,349,195</u>
Other long-term assets								
Restricted property reserves	-	302,803	719,226	249,660	-	255,257	-	444,377
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	3,458,694	-	-	-	-	-	-	-
Pledges receivable, net	2,000	-	-	-	-	-	-	-
Investments in limited partnerships, net	1,604,275	-	-	-	981,868	-	240,231	-
Notes and interest receivable, net	56,072	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	10,036,675	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	36,519	36,588	149,842	-	35,235	-	211
Total other long-term assets	<u>15,157,716</u>	<u>339,322</u>	<u>755,814</u>	<u>399,502</u>	<u>981,868</u>	<u>290,492</u>	<u>240,231</u>	<u>444,588</u>
Total assets	<u>\$ 32,829,842</u>	<u>\$ 6,642,546</u>	<u>\$ 4,798,895</u>	<u>\$ 1,867,504</u>	<u>\$ 981,868</u>	<u>\$ 6,395,002</u>	<u>\$ 243,833</u>	<u>\$ 2,448,511</u>

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	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartments Corporation	111th and Wentworth Limited Partnership (Wentworth Commons)	Belray Apartments Corporation	Belray Limited Partnership (Belray Apartments)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 1,159,174	\$ 145,954	\$ 109,804	\$ 63,054	\$ 156	\$ 40,831	\$ 191	\$ 52,031
Due to affiliates	270,530	41,721	25,865	14,166	61,164	5,000	67,231	3,602
Accrued interest	-	13,670	9,130	4,864	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	1,721,127	126,415	51,952	24,541	-	-	-	6,000
Current portion of notes payable, affiliates	4,832,651	-	-	29,016	-	-	-	-
Deferred revenue and other liabilities	322,877	16,660	17,611	6,297	-	1,309	1	8,075
Tenant security deposits	-	28,942	19,371	8,929	-	13,848	-	11,408
Total current liabilities	8,306,359	373,362	233,733	150,867	61,320	60,988	67,423	81,116
Long-term liabilities								
Due to affiliates	-	-	-	-	982,369	-	300,250	-
Accrued interest	-	43,948	28,871	-	-	-	-	-
Accrued interest, affiliates	-	365,719	180,545	30,238	-	-	-	-
Notes payable, less current portion, net	8,123,396	4,972,090	3,470,634	948,268	-	-	-	3,259,874
Notes payable, less current portion, affiliates	-	720,210	473,012	486,690	-	6,474,243	-	-
Deferred revenue and other liabilities	624,486	-	-	-	-	-	-	-
Total long-term liabilities	8,747,882	6,101,967	4,153,062	1,465,196	982,369	6,474,243	300,250	3,259,874
Total liabilities	17,054,241	6,475,329	4,386,795	1,616,063	1,043,689	6,535,231	367,673	3,340,990
Net assets								
Unrestricted net assets, controlling	10,137,258	167,217	412,100	251,441	(61,821)	(140,229)	(123,840)	(892,479)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	10,137,258	167,217	412,100	251,441	(61,821)	(140,229)	(123,840)	(892,479)
Temporarily restricted net assets	5,263,343	-	-	-	-	-	-	-
Permanently restricted net assets	375,000	-	-	-	-	-	-	-
Total net assets	15,775,601	167,217	412,100	251,441	(61,821)	(140,229)	(123,840)	(892,479)
Total liabilities and net assets	\$ 32,829,842	\$ 6,642,546	\$ 4,798,895	\$ 1,867,504	\$ 981,868	\$ 6,395,002	\$ 243,833	\$ 2,448,511

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	Harold Washington Apartments Corporation	Magnolia Limited Partnership (Carlton Apartments)	Red Door Limited Partnership (Major Jenkins Apartments)	4707 Malden Limited Partnership (Miriam Apartments)	Roseland Apartments Corporation	Roseland Limited Partnership (Holland Apartments)	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 31,829	\$ 310,658	\$ 250	\$ -	\$ 5,396	\$ -	\$ 641,526
Cash, tenant security deposits	-	7,473	21,345	6,411	-	9,145	-	53,730
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	9,554	3,709	4,257	-	9,432	-	11,748
Due from affiliate, net	9,740	-	-	3,691	-	-	34,054	16,749
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	-	21,729	45,336	22,294	-	23,974	-	45,086
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>9,740</u>	<u>70,585</u>	<u>381,048</u>	<u>36,903</u>	<u>-</u>	<u>47,947</u>	<u>34,054</u>	<u>768,839</u>
Property and equipment								
Land and land improvements	-	65,063	103,750	65,000	-	295,356	-	881,175
Buildings	-	2,533,436	6,043,099	2,385,947	-	8,380,450	-	14,819,402
Furniture and equipment	-	137,546	255,442	62,448	-	419,586	-	454,870
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,970,836)	(4,362,189)	(1,569,381)	-	(4,242,903)	-	(7,626,399)
Net property and equipment	<u>-</u>	<u>765,209</u>	<u>2,040,102</u>	<u>944,014</u>	<u>-</u>	<u>4,852,489</u>	<u>-</u>	<u>8,529,048</u>
Other long-term assets								
Restricted property reserves	-	293,269	1,142,475	30,276	-	912,610	-	4,067,070
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	417,663	-	-	-	355,698	-	263,121	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	3,420	9,040	228	-	15,637	-	22,695
Total other long-term assets	<u>417,663</u>	<u>296,689</u>	<u>1,151,515</u>	<u>30,504</u>	<u>355,698</u>	<u>928,247</u>	<u>263,121</u>	<u>4,089,765</u>
Total assets	<u>\$ 427,403</u>	<u>\$ 1,132,483</u>	<u>\$ 3,572,665</u>	<u>\$ 1,011,421</u>	<u>\$ 355,698</u>	<u>\$ 5,828,683</u>	<u>\$ 297,175</u>	<u>\$ 13,387,652</u>

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	Harold Washington Apartments Corporation	Magnolia Limited Partnership (Carlton Apartments)	Red Door Limited Partnership (Major Jenkins Apartments)	4707 Malden Limited Partnership (Miriam Apartments)	Roseland Apartments Corporation	Roseland Limited Partnership (Holland Apartments)	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 45,612	\$ 62,675	\$ 83,684	\$ 156	\$ 63,330	\$ 156	\$ 98,681
Due to affiliates	346,849	27,746	81,140	39,600	91,491	3,691	109,141	92,209
Accrued interest	-	-	-	311	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	55,152	98,772	24,197	-	2,400	-	1,200
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1,409	6,823	3,811	-	2,494	-	29,005
Tenant security deposits	-	7,023	21,082	5,302	-	8,700	-	52,545
Total current liabilities	346,849	136,942	270,492	156,905	91,647	80,615	109,297	273,640
Long-term liabilities								
Due to affiliates	504,204	-	-	-	354,265	-	263,620	461,302
Accrued interest	-	-	-	-	-	-	-	2,465,231
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	684,011	2,256,556	304,926	-	4,347,642	-	8,380,498
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	1,080,500
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	504,204	684,011	2,256,556	304,926	354,265	4,347,642	263,620	12,387,531
Total liabilities	851,053	820,953	2,527,048	461,831	445,912	4,428,257	372,917	12,661,171
Net assets								
Unrestricted net assets, controlling	(423,650)	311,530	1,045,617	549,590	(90,214)	1,400,426	(75,742)	726,481
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(423,650)	311,530	1,045,617	549,590	(90,214)	1,400,426	(75,742)	726,481
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(423,650)	311,530	1,045,617	549,590	(90,214)	1,400,426	(75,742)	726,481
Total liabilities and net assets	\$ 427,403	\$ 1,132,483	\$ 3,572,665	\$ 1,011,421	\$ 355,698	\$ 5,828,683	\$ 297,175	\$ 13,387,652

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	Winthrop Apartments 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 63rd Limited Partnership (Englewood Apartments)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 56,270	\$ -	\$ 220,385	\$ -	\$ 64,508	\$ -	\$ 444,261
Cash, tenant security deposits	-	35,295	-	13,756	-	22,042	-	13,281
Cash, restricted	-	-	-	-	-	-	-	189,482
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	37,606	-	81,876	17,000	130,268	-	58,259
Due from affiliate, net	2,432	18,517	7,828	321	88,381	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	40,008	-	33,976	-	26,216	-	26,002
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	2,432	187,696	7,828	350,314	105,381	243,034	-	731,285
Property and equipment								
Land and land improvements	-	125,000	-	4,276,912	-	670,314	-	1,432,081
Buildings	-	5,897,718	-	12,587,553	-	4,340,388	-	15,697,619
Furniture and equipment	-	355,975	-	488,818	-	229,662	-	368,721
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(4,494,397)	-	(3,746,844)	-	(961,783)	-	(2,136,248)
Net property and equipment	-	1,884,296	-	13,606,439	-	4,278,581	-	15,362,173
Other long-term assets								
Restricted property reserves	-	238,883	-	855,908	-	2,548,088	-	855,565
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(80,814)	-	5,379,177	-	512,890	-	2,599,748	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	3,190	-	44,276	-	35,379	-	61,816
Total other long-term assets	(80,814)	242,073	5,379,177	900,184	512,890	2,583,467	2,599,748	917,381
Total assets	\$ (78,382)	\$ 2,314,065	\$ 5,387,005	\$ 14,856,937	\$ 618,271	\$ 7,105,082	\$ 2,599,748	\$ 17,010,839

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	Winthrop Apartments 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 63rd Limited Partnership (Englewood Apartments)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 156	\$ 64,519	\$ 250	\$ 45,231	\$ 156	\$ 66,440	\$ 311	\$ 990,436
Due to affiliates	131,130	75,329	33,298	23,453	93,112	88,381	13,268	298,244
Accrued interest	-	-	-	-	-	-	-	1,581
Accrued interest, affiliates	-	-	-	-	-	-	-	49,565
Current portion of notes payable	-	-	-	1,200	-	1,200	-	41,907
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	20,295
Deferred revenue and other liabilities	-	5,523	1	7,714	(1)	4,371	-	2,301
Tenant security deposits	-	34,471	-	13,039	-	21,472	-	12,579
Total current liabilities	131,286	179,842	33,549	90,637	93,267	181,864	13,579	1,416,908
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	187,248	-	-
Accrued interest, affiliates	-	-	-	458,340	13,044	75,095	-	-
Notes payable, less current portion, net	-	4,712,865	-	3,241,000	-	2,429,613	-	1,855,141
Notes payable, less current portion, affiliates	-	-	-	2,922,000	3,525	576,000	2,000,000	1,074,579
Deferred revenue and other liabilities	-	-	-	-	-	1,359,006	-	640,000
Total long-term liabilities	-	4,712,865	-	6,621,340	16,569	4,626,962	2,000,000	3,569,720
Total liabilities	131,286	4,892,707	33,549	6,711,977	109,836	4,808,826	2,013,579	4,986,628
Net assets								
Unrestricted net assets, controlling	(209,668)	(2,578,642)	5,353,456	8,144,960	508,435	2,296,256	586,169	12,024,211
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(209,668)	(2,578,642)	5,353,456	8,144,960	508,435	2,296,256	586,169	12,024,211
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(209,668)	(2,578,642)	5,353,456	8,144,960	508,435	2,296,256	586,169	12,024,211
Total liabilities and net assets	\$ (78,382)	\$ 2,314,065	\$ 5,387,005	\$ 14,856,937	\$ 618,271	\$ 7,105,082	\$ 2,599,748	\$ 17,010,839

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	Countryside Seniors Apartments, LP (Countryside Apartments)	Johnston Center MM, LLC	Johnston Center Re-Use, LLC	HWA-850 Eastwood GP Corp., NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corp. I, NFP	Grayslake Senior Housing Limited Partnership
	Countryside Seniors, LLC						
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 30,222	\$ -	\$ 113,440	\$ -	\$ 336,018	\$ 43,948
Cash, tenant security deposits	-	47,075	-	23,139	-	93,607	38,517
Cash, restricted	-	-	-	28,858	-	-	31,960
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	4,598	-	521	-	154,593	7,335
Due from affiliate, net	10,000	-	-	2,365	12,604	497,393	23,952
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	-	28,710	-	26,105	-	80,442	27,111
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	10,000	110,605	-	194,428	12,604	1,162,053	23,952
Property and equipment							
Land and land improvements	-	2,599,688	-	478,583	-	4,575,852	2,113,338
Buildings	-	11,928,568	-	11,686,784	-	54,459,465	17,206,860
Furniture and equipment	-	234,156	-	332,472	-	200,858	332,223
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,744,854)	-	(1,591,771)	-	(5,590,784)	(642,699)
Net property and equipment	-	13,017,558	-	10,906,068	-	53,645,391	19,009,722
Other long-term assets							
Restricted property reserves	-	279,961	-	913,779	-	3,191,061	840
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	2,515,907	-	(107)	-	7,380,443	-	(50)
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	490,406	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	91,845	-	138,284	-	1,509,755	457,738
Total other long-term assets	3,006,313	371,806	(107)	1,052,063	7,380,443	4,700,816	(50)
Total assets	\$ 3,016,313	\$ 13,499,969	\$ (107)	\$ 12,152,559	\$ 7,393,047	\$ 59,508,260	\$ 23,902
							\$ 19,617,171

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	Countryside Seniors Apartments, LP (Countryside Apartments)	Johnston Center MM, LLC	Johnston Center Re-Use, LLC	HWA-850 Eastwood GP Corp., NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corp. I, NFP	Grayslake Senior Housing Limited Partnership
	Countryside Seniors, LLC						
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 311	\$ 131,975	\$ 311	\$ 157,016	\$ 311	\$ 278,137	\$ 114,417
Due to affiliates	18,097	94,539	4,529	-	23,130	728,360	492,863
Accrued interest	-	7,567	-	-	-	508,589	-
Accrued interest, affiliates	-	-	-	14,423	-	-	-
Current portion of notes payable	-	14,771	-	-	-	445,000	8,944,005
Current portion of notes payable, affiliates	-	9,786	-	-	-	879	674,385
Deferred revenue and other liabilities	(1)	1,490	1	6,546	(1)	20,827	8,730
Tenant security deposits	-	46,575	-	21,992	-	92,864	37,917
Total current liabilities	18,407	306,703	4,841	199,977	23,440	2,074,656	10,272,317
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	104,996	-	-	-	-	-
Accrued interest, affiliates	-	26,915	-	315,796	-	624,405	46,457
Notes payable, less current portion, net	-	4,552,513	-	1,825,586	-	32,745,320	-
Notes payable, less current portion, affiliates	-	590,326	-	2,403,500	4,381,647	4,263,520	250,926
Deferred revenue and other liabilities	-	-	-	40,623	-	4,490,412	507,579
Total long-term liabilities	-	5,274,750	-	4,585,505	4,381,647	42,123,657	804,962
Total liabilities	18,407	5,581,453	4,841	4,785,482	4,405,087	44,198,313	11,077,279
Net assets							
Unrestricted net assets, controlling	2,997,906	7,918,516	(4,948)	7,367,077	371,293	15,309,947	8,539,892
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	2,997,906	7,918,516	(4,948)	7,367,077	371,293	15,309,947	8,539,892
Temporarily restricted net assets	-	-	-	-	2,616,667	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	2,997,906	7,918,516	(4,948)	7,367,077	2,987,960	15,309,947	8,539,892
Total liabilities and net assets	\$ 3,016,313	\$ 13,499,969	\$ (107)	\$ 12,152,559	\$ 7,393,047	\$ 59,508,260	\$ 19,617,171

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	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC	MHL Keating MM, LLC	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 4,891	\$ 16,317	\$ -	\$ -	\$ 5,616	\$ 200,433	\$ 140,868
Cash, tenant security deposits	-	48,273	-	-	-	-	32,401	-
Cash, restricted	-	-	-	-	-	-	-	108
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	34,310	-	-	-	-	8,389	68,331
Due from affiliate, net	-	-	-	-	-	6,534	-	13,169
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	-	43,065	-	-	28,542	-	19,162	1,823
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	130,539	16,317	-	28,542	12,150	260,385	224,299
Property and equipment								
Land and land improvements	-	1,795,692	-	-	2,500,000	-	544,150	174,944
Buildings	-	23,902,362	-	-	-	-	5,586,610	4,051,996
Furniture and equipment	-	882,538	-	-	-	-	45,647	825,129
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	1,318,738	-	301,936	-
Accumulated depreciation	-	(824,990)	-	-	-	-	(73,405)	(3,044,280)
Net property and equipment	-	25,755,602	-	-	3,818,738	-	6,404,938	2,007,789
Other long-term assets								
Restricted property reserves	-	3,985,548	-	-	-	-	1,091,918	4,224
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	102,310	-	(5,456,280)	-	-	366,417	-	776,472
Notes and interest receivable, net	-	-	-	-	-	-	-	75,000
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	414,640
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	1,075,256	-	-	1,187	-	-	-
Total other long-term assets	102,310	5,060,804	(5,456,280)	-	1,187	366,417	1,091,918	1,270,336
Total assets	\$ 102,310	\$ 30,946,945	\$ (5,439,963)	\$ -	\$ 3,848,467	\$ 378,567	\$ 7,757,241	\$ 3,502,424

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2013

	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC	MHL Keating MM, LLC	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 311	\$ 1,513,918	\$ 311	\$ -	\$ 29,894	\$ -	\$ 387,921	\$ 215,397
Due to affiliates	8,753	458,979	-	-	-	6,534	29,869	-
Accrued interest	-	15,569	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	4,666,801	-	-	2,575,000	-	-	-
Current portion of notes payable, affiliates	-	370,398	-	-	1,243,573	-	-	-
Deferred revenue and other liabilities	-	6,924	-	-	-	-	14,672	4,265
Tenant security deposits	-	45,926	-	-	-	-	32,172	27,200
Total current liabilities	9,064	7,078,515	311	-	3,848,467	6,534	464,634	246,862
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	24,194	-	-	-	-	-	-
Accrued interest, affiliates	-	26,595	-	-	-	-	-	-
Notes payable, less current portion, net	-	12,419,892	-	-	-	-	-	-
Notes payable, less current portion, affiliates	-	3,496,694	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1,876,286	-	-	-	-	-	-
Total long-term liabilities	-	17,843,661	-	-	-	-	-	-
Total liabilities	9,064	24,922,176	311	-	3,848,467	6,534	464,634	246,862
Net assets								
Unrestricted net assets, controlling	93,246	6,024,769	(5,440,274)	-	-	372,033	7,292,607	3,147,441
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	93,246	6,024,769	(5,440,274)	-	-	372,033	7,292,607	3,147,441
Temporarily restricted net assets	-	-	-	-	-	-	-	106,121
Permanently restricted net assets	-	-	-	-	-	-	-	2,000
Total net assets	93,246	6,024,769	(5,440,274)	-	-	372,033	7,292,607	3,255,562
Total liabilities and net assets	\$ 102,310	\$ 30,946,945	\$ (5,439,963)	\$ -	\$ 3,848,467	\$ 378,567	\$ 7,757,241	\$ 3,502,424

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2013

	SC Residence MM, LLC	SC Residence, LLC (McAuley Apartments)	Eliminations	Consolidated Mercy Housing Lakefront
Assets				
Current assets				
Cash and cash equivalents	\$ 1,383	\$ 106,992	\$ -	\$ 10,123,805
Cash, tenant security deposits	-	16,384	-	567,530
Cash, restricted	-	-	-	2,952,831
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	7,593	(349,281)	636,828
Due from affiliate, net	-	-	(2,752,913)	6,370
Pledges receivable, net	-	-	-	148,607
Grants receivable	-	-	-	460,138
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	(2,324,284)	40,000
Prepaid expenses and other assets	-	-	-	774,093
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>1,383</u>	<u>130,969</u>	<u>(5,426,478)</u>	<u>15,710,202</u>
Property and equipment				
Land and land improvements	-	400,000	(1,213,191)	23,374,573
Buildings	-	4,220,669	(14,521,704)	217,579,136
Furniture and equipment	-	257,148	-	6,834,575
Predevelopment project costs	-	-	-	3,091,003
Construction in progress	-	-	(15,047)	1,605,627
Accumulated depreciation	-	(1,100,812)	1,071,495	(54,652,228)
Net property and equipment	<u>-</u>	<u>3,777,005</u>	<u>(14,678,447)</u>	<u>197,832,686</u>
Other long-term assets				
Restricted property reserves	-	219,765	-	22,602,563
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	(3,458,694)	-
Pledges receivable, net	-	-	-	2,000
Investments in limited partnerships, net	(101)	-	(19,759,610)	(1,800,742)
Notes and interest receivable, net	-	-	-	131,072
Notes and interest receivable, affiliates	830,862	-	(11,772,583)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	21,265	-	3,749,406
Total other long-term assets	<u>830,761</u>	<u>241,030</u>	<u>(34,990,887)</u>	<u>24,684,299</u>
Total assets	<u>\$ 832,144</u>	<u>\$ 4,149,004</u>	<u>\$ (55,095,812)</u>	<u>\$ 238,227,187</u>

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2013

	SC Residence MM, LLC	SC Residence, LLC (McAuley Apartments)	Eliminations	Consolidated Mercy Housing Lakefront
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 67,519	\$ (167,425)	\$ 5,823,623
Due to affiliates	-	1,449	(3,594,027)	338,993
Accrued interest	-	3,517	-	564,798
Accrued interest, affiliates	-	44,554	(108,542)	-
Current portion of notes payable	-	22,470	-	18,824,110
Current portion of notes payable, affiliates	-	-	(2,347,454)	4,833,529
Deferred revenue and other liabilities	(1)	4,700	(2)	504,432
Tenant security deposits	-	15,749	-	579,106
Total current liabilities	(1)	159,958	(6,217,450)	31,468,591
Long-term liabilities				
Due to affiliates	-	-	(2,866,010)	-
Accrued interest	-	-	-	2,854,488
Accrued interest, affiliates	-	-	(2,163,149)	-
Notes payable, less current portion, net	-	795,417	-	101,325,242
Notes payable, less current portion, affiliates	-	1,217,332	(32,414,704)	-
Deferred revenue and other liabilities	-	-	(6,895,102)	2,643,290
Total long-term liabilities	-	2,012,749	(44,338,965)	106,823,020
Total liabilities	(1)	2,172,707	(50,556,415)	138,291,611
Net assets				
Unrestricted net assets, controlling	832,145	1,976,297	(4,539,397)	91,572,445
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	832,145	1,976,297	(4,539,397)	91,572,445
Temporarily restricted net assets	-	-	-	7,986,131
Permanently restricted net assets	-	-	-	377,000
Total net assets	832,145	1,976,297	(4,539,397)	99,935,576
Total liabilities and net assets	\$ 832,144	\$ 4,149,004	\$ (55,095,812)	\$ 238,227,187

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartments Corporation	111th and Wentworth Limited Partnership (Wentworth Commons)	Belray Apartments Corporation	Belray Limited Partnership (Belray Apartments)
Revenues								
Rent - net of vacancies	\$ -	\$ 1,986,200	\$ 1,393,141	\$ 773,907	\$ -	\$ 482,950	\$ -	\$ 491,310
Developer fees	84,029	-	-	-	-	-	-	-
Services fees	824,240	-	-	-	-	-	3,602	-
Philanthropy	6,763,228	-	-	-	-	-	-	-
Capital grants	509,850	-	-	-	-	-	-	-
Consulting	60,000	-	-	-	-	-	-	-
Interest	673,612	205	585	4,567	-	397	-	498
Other	604,942	4,882	10,714	176	-	71,097	-	21,071
Total revenues	9,519,901	1,991,287	1,404,440	778,650	-	554,444	3,602	512,879
Expenses and losses								
Compensation	4,893,573	410,958	243,679	114,064	-	215,556	-	248,300
Administrative	527,364	230,985	137,205	90,245	-	65,183	3,603	80,147
Professional services	387,939	123,901	126,479	39,912	1,026	27,209	990	33,180
Depreciation and amortization	25,505	365,484	196,631	108,204	-	322,516	-	110,620
Grants	1,891,401	-	-	-	-	-	-	-
Facility	209,085	546,954	366,549	333,617	-	185,570	-	135,042
Interest and fees	96,810	257,695	189,520	105,724	-	2,069	-	381
Bad debts	149,235	11,378	5,751	-	-	20,439	-	8,145
Provision for impaired assets	252,959	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	1,656,185	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(36,942)	-	-	-	28	-	1,029	-
Total expenses and losses	10,053,114	1,947,355	1,265,814	791,766	1,054	838,542	5,622	615,815
Excess (deficiency) of revenues over expenses	(533,213)	43,932	138,626	(13,116)	(1,054)	(284,098)	(2,020)	(102,936)
Net assets at beginning of year	16,308,814	177,370	420,749	264,557	(60,767)	143,869	(121,820)	(781,364)
Other transfers to (from) net assets	-	(54,085)	(147,275)	-	-	-	-	(8,179)
Net assets at end of year	\$ 15,775,601	\$ 167,217	\$ 412,100	\$ 251,441	\$ (61,821)	\$ (140,229)	\$ (123,840)	\$ (892,479)

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Harold Washington Apartments Corporation	Magnolia Limited Partnership (Carlton Apartments)	Red Door Limited Partnership (Major Jenkins Apartments)	4707 Malden Limited Partnership (Miriam Apartments)	Roseland Apartments Corporation	Roseland Limited Partnership (Holland Apartments)	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)
Revenues								
Rent - net of vacancies	\$ -	\$ 510,029	\$ 1,162,236	\$ 464,446	\$ -	\$ 418,939	\$ -	\$ 751,847
Developer fees	-	-	-	-	-	-	-	-
Services fees	9,740	-	-	-	-	-	32,021	-
Philanthropy	-	-	-	-	-	-	-	150
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	7,150	134	-	10	-	597
Other	-	4,619	15,577	5,632	-	83,479	-	97,602
Total revenues	<u>9,740</u>	<u>514,648</u>	<u>1,184,963</u>	<u>470,212</u>	<u>-</u>	<u>502,428</u>	<u>32,021</u>	<u>850,196</u>
Expenses and losses								
Compensation	-	261,810	298,534	245,357	-	202,433	-	362,911
Administrative	10,346	88,533	191,599	66,627	156	80,757	32,176	168,348
Professional services	834	21,572	164,214	35,793	990	155,845	990	91,541
Depreciation and amortization	-	92,270	225,763	87,164	-	325,935	-	547,884
Grants	-	-	-	-	-	-	-	-
Facility	-	134,983	363,329	172,734	-	168,897	-	403,316
Interest and fees	-	49	88	3,854	-	-	-	176,250
Bad debts	-	7,378	13,170	3,355	-	4,906	-	22,692
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	3,084	-	-	-	436	-	92	-
Total expenses and losses	<u>14,264</u>	<u>606,595</u>	<u>1,256,697</u>	<u>614,884</u>	<u>1,582</u>	<u>938,773</u>	<u>33,258</u>	<u>1,772,942</u>
Excess (deficiency) of revenues over expenses	(4,524)	(91,947)	(71,734)	(144,672)	(1,582)	(436,345)	(1,237)	(922,746)
Net assets at beginning of year	(419,126)	403,477	1,268,745	694,262	(88,632)	1,836,771	(74,505)	1,649,227
Other transfers to (from) net assets	-	-	(151,394)	-	-	-	-	-
Net assets at end of year	<u>\$ (423,650)</u>	<u>\$ 311,530</u>	<u>\$ 1,045,617</u>	<u>\$ 549,590</u>	<u>\$ (90,214)</u>	<u>\$ 1,400,426</u>	<u>\$ (75,742)</u>	<u>\$ 726,481</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Winthrop Apartments 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 63rd Limited Partnership (Englewood Apartments)
Revenues								
Rent - net of vacancies	\$ -	\$ 655,223	\$ -	\$ 811,091	\$ -	\$ 497,354	\$ -	\$ 876,447
Developer fees	-	-	-	-	-	-	-	-
Services fees	10,129	-	24,644	-	20,000	-	23,000	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	-	-	22	-	2,204	-	7
Other	-	97,211	-	12,547	-	41,401	-	5,243
Total revenues	<u>10,129</u>	<u>752,434</u>	<u>24,644</u>	<u>823,660</u>	<u>20,000</u>	<u>540,959</u>	<u>23,000</u>	<u>881,697</u>
Expenses and losses								
Compensation	-	324,878	-	277,706	-	266,577	-	284,882
Administrative	10,129	148,561	29,142	117,323	20,054	86,702	23,000	124,359
Professional services	990	47,876	1,026	61,328	1,026	18,609	3,125	29,505
Depreciation and amortization	-	220,570	-	478,956	-	206,940	-	646,863
Grants	-	-	-	-	-	-	-	-
Facility	-	310,121	-	224,018	-	145,889	-	428,385
Interest and fees	-	29,847	-	61,029	1,874	50,754	-	86,665
Bad debts	-	15,647	-	1,605	-	2,837	-	392
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	3,451	-	40	-	24	-	72	-
Total expenses and losses	<u>14,570</u>	<u>1,097,500</u>	<u>30,208</u>	<u>1,221,965</u>	<u>22,978</u>	<u>778,308</u>	<u>26,197</u>	<u>1,601,051</u>
Excess (deficiency) of revenues over expenses	<u>(4,441)</u>	<u>(345,066)</u>	<u>(5,564)</u>	<u>(398,305)</u>	<u>(2,978)</u>	<u>(237,349)</u>	<u>(3,197)</u>	<u>(719,354)</u>
Net assets at beginning of year	(205,227)	(2,224,331)	5,359,020	8,553,446	511,413	2,533,605	589,366	12,743,565
Other transfers to (from) net assets	-	(9,245)	-	(10,181)	-	-	-	-
Net assets at end of year	<u>\$ (209,668)</u>	<u>\$ (2,578,642)</u>	<u>\$ 5,353,456</u>	<u>\$ 8,144,960</u>	<u>\$ 508,435</u>	<u>\$ 2,296,256</u>	<u>\$ 586,169</u>	<u>\$ 12,024,211</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Countryside Seniors Apartments, LP (Countryside Apartments)	Johnston Center MM, LLC	Johnston Center Re-Use, LLC	HWA-850 Eastwood GP Corp., NFP	HWA-850 Eastwood Limited Partnership	Belvidere Place Corp. I, NFP	Grayslake Senior Housing Limited Partnership
	Countryside Seniors, LLC						
Revenues							
Rent - net of vacancies	\$ -	\$ 514,737	\$ -	\$ 681,107	\$ -	\$ 4,185,548	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	5,000	-	-	-	12,604	-	22,159
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	1,647	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	412	-	370	-	1,291	-
Other	-	14,304	-	41,115	-	33,097	-
Total revenues	<u>5,000</u>	<u>529,453</u>	<u>-</u>	<u>724,239</u>	<u>12,604</u>	<u>4,219,936</u>	<u>22,159</u>
Expenses and losses							
Compensation	-	110,266	-	166,113	59	792,440	-
Administrative	5,000	76,864	4,550	106,280	13,103	257,336	22,159
Professional services	3,089	21,765	1,038	42,211	5,624	59,170	3,089
Depreciation and amortization	-	538,269	-	492,054	-	2,355,484	-
Grants	-	-	-	-	-	-	-
Facility	-	208,679	-	354,748	-	1,098,844	-
Interest and fees	-	136,557	-	100,340	13,172	1,712,654	-
Bad debts	-	-	-	2,338	-	9,156	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	56	-	54	-	206	-	107
Total expenses and losses	<u>8,145</u>	<u>1,092,400</u>	<u>5,642</u>	<u>1,264,084</u>	<u>32,164</u>	<u>6,285,084</u>	<u>25,355</u>
Excess (deficiency) of revenues over expenses	<u>(3,145)</u>	<u>(562,947)</u>	<u>(5,642)</u>	<u>(539,845)</u>	<u>(19,560)</u>	<u>(2,065,148)</u>	<u>(3,196)</u>
Net assets at beginning of year	3,001,051	8,481,463	694	7,906,922	2,738,096	6,568,027	(1,771)
Other transfers to (from) net assets	-	-	-	-	269,424	10,807,068	-
Net assets at end of year	<u>\$ 2,997,906</u>	<u>\$ 7,918,516</u>	<u>\$ (4,948)</u>	<u>\$ 7,367,077</u>	<u>\$ 2,987,960</u>	<u>\$ 15,309,947</u>	<u>\$ (4,967)</u>
							<u>\$ 8,539,892</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	104th Street MM, LLC	104th Street Limited Partnership (Pullman Wheelworks)	MHL Holdings, LLC	MHL Keating MM, LLC	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.
Revenues								
Rent - net of vacancies	\$ -	\$ 2,134,703	\$ -	\$ -	\$ -	\$ -	\$ 649,100	\$ 276,319
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	6,534	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	363	-	-	-	-	-	8,262
Other	102,300	540,466	-	-	-	-	15,969	182,155
Total revenues	<u>102,300</u>	<u>2,675,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,534</u>	<u>665,069</u>	<u>466,736</u>
Expenses and losses								
Compensation	-	523,468	-	-	-	-	92,448	171,819
Administrative	-	247,469	-	-	-	6,534	72,850	35,758
Professional services	3,189	51,116	933	-	-	-	17,103	138,486
Depreciation and amortization	-	425,631	-	-	-	-	73,405	34,285
Grants	-	-	-	-	-	-	-	-
Facility	-	949,005	-	-	-	-	306,105	214,717
Interest and fees	-	107,658	-	-	-	-	-	3,257
Bad debts	-	-	-	-	-	-	15,557	34,111
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(37)	-	515,232	-	-	(4,380)	-	-
Total expenses and losses	<u>3,152</u>	<u>2,304,347</u>	<u>516,165</u>	<u>-</u>	<u>-</u>	<u>2,154</u>	<u>577,468</u>	<u>632,433</u>
Excess (deficiency) of revenues over expenses	<u>99,148</u>	<u>371,185</u>	<u>(516,165)</u>	<u>-</u>	<u>-</u>	<u>4,380</u>	<u>87,601</u>	<u>(165,697)</u>
Net assets at beginning of year	(5,902)	1,261,133	(4,924,109)	-	-	-	-	-
Other transfers to (from) net assets	-	4,392,451	-	-	-	367,653	7,205,006	3,421,259
Net assets at end of year	<u>\$ 93,246</u>	<u>\$ 6,024,769</u>	<u>\$ (5,440,274)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,033</u>	<u>\$ 7,292,607</u>	<u>\$ 3,255,562</u>

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	SC Residence MM, LLC	SC Residence, LLC (McAuley Apartments)	Eliminations	Consolidated Mercy Housing Lakefront
Revenues				
Rent - net of vacancies	\$ -	\$ 153,003	\$ (1,053,263)	\$ 19,196,704
Developer fees	-	-	(50,763)	33,266
Services fees	-	-	(993,673)	-
Philanthropy	-	-	-	6,763,378
Capital grants	-	176	-	511,673
Consulting	-	-	-	60,000
Interest	16,384	171	(686,800)	30,441
Other	-	1,453	(647,084)	1,370,407
Total revenues	<u>16,384</u>	<u>154,803</u>	<u>(3,431,583)</u>	<u>27,965,869</u>
Expenses and losses				
Compensation	-	18,033	(3,610)	10,655,870
Administrative	-	12,883	(394,650)	2,934,055
Professional services	-	10,925	(795,656)	945,447
Depreciation and amortization	-	62,806	(438,868)	8,106,935
Grants	-	-	(1,355,514)	535,887
Facility	-	51,102	(14,795)	7,510,614
Interest and fees	-	42,318	(768,705)	2,779,402
Bad debts	-	3,858	(149,235)	183,550
Provision for impaired assets	16,384	-	(269,343)	-
Project expenses	-	-	-	-
Allocation	-	-	-	1,656,185
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	5	-	(278,349)	204,208
Total expenses and losses	<u>16,389</u>	<u>201,925</u>	<u>(4,468,725)</u>	<u>35,512,153</u>
Excess (deficiency) of revenues over expenses	(5)	(47,122)	1,037,142	(7,546,284)
Net assets at beginning of year	-	-	(3,919,046)	72,233,902
Other transfers to (from) net assets	832,150	2,023,419	(1,657,493)	35,247,958
Net assets at end of year	<u>\$ 832,145</u>	<u>\$ 1,976,297</u>	<u>\$ (4,539,397)</u>	<u>\$ 99,935,576</u>

Mercy Housing Southeast
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing Southeast	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
Assets							
Current assets							
Cash and cash equivalents	\$ 3,647	\$ 6,175	\$ 8,964	\$ 519	\$ 5,089	\$ 14,576	\$ 4,166
Cash, tenant security deposits	-	12,859	7,991	-	10,806	18,849	-
Cash, restricted	721,112	1,091	2,568	-	-	38,560	-
Investments	7,486	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	71,587	-	-	-	-	1,133	-
Due from affiliate, net	411,957	-	-	-	-	-	2,655
Pledges receivable, net	1,335	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	6,048	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	4,278,292	-	-	-	-	-	-
Prepaid expenses and other assets	28,331	7,767	5,193	546	7,424	14,940	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>5,529,795</u>	<u>27,892</u>	<u>24,716</u>	<u>1,065</u>	<u>23,319</u>	<u>88,058</u>	<u>6,821</u>
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	58,966	60,348	14,714	4,596	108,319	112,202	-
Predevelopment project costs	73,991	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(10,530)	(1,098,945)	(613,689)	(88,830)	(921,342)	(1,197,221)	-
Net property and equipment	<u>122,427</u>	<u>2,251,579</u>	<u>1,229,922</u>	<u>229,382</u>	<u>2,967,515</u>	<u>5,151,261</u>	<u>-</u>
Other long-term assets							
Restricted property reserves	-	117,465	88,279	-	169,873	171,915	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	3,000,000	-	-	-	-	-	-
Due from affiliates	1,150,933	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	787,380	-	-	-	-	-	(36,183)
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	88,096	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	1,985	-	37,111	-
Total other long-term assets	<u>5,026,409</u>	<u>117,465</u>	<u>88,279</u>	<u>1,985</u>	<u>169,873</u>	<u>209,026</u>	<u>(36,183)</u>
Total assets	<u>\$ 10,678,631</u>	<u>\$ 2,396,936</u>	<u>\$ 1,342,917</u>	<u>\$ 232,432</u>	<u>\$ 3,160,707</u>	<u>\$ 5,448,345</u>	<u>\$ (29,362)</u>

Mercy Housing Southeast
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing Southeast	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
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 212,912	\$ 44,936	\$ 39,766	\$ 9,833	\$ 82,173	\$ 31,761	\$ 311
Due to affiliates	9,694,784	67,470	46,683	-	-	-	-
Accrued interest	-	-	-	441	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	5,981	-	-	-
Current portion of notes payable, affiliates	619,151	-	-	46,078	-	-	-
Deferred revenue and other liabilities	1	249	313	-	(1)	2,314	(1)
Tenant security deposits	-	12,376	7,220	-	10,758	17,719	-
Total current liabilities	10,526,848	125,031	93,982	62,333	92,930	51,794	310
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	134,653	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	57,781	-	-	-	-	-	-
Total long-term liabilities	57,781	-	-	134,653	-	-	-
Total liabilities	10,584,629	125,031	93,982	196,986	92,930	51,794	310
Net assets							
Unrestricted net assets, controlling	(3,863,098)	(310,966)	(193,257)	35,446	(317,369)	(42,387)	(29,672)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(3,863,098)	(310,966)	(193,257)	35,446	(317,369)	(42,387)	(29,672)
Temporarily restricted net assets	3,957,100	2,582,871	1,442,192	-	3,385,146	5,438,938	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	94,002	2,271,905	1,248,935	35,446	3,067,777	5,396,551	(29,672)
Total liabilities and net assets	\$ 10,678,631	\$ 2,396,936	\$ 1,342,917	\$ 232,432	\$ 3,160,707	\$ 5,448,345	\$ (29,362)

Mercy Housing Southeast
Consolidating Statement of Financial Position
December 31, 2013

	Adamsville Green Limited Partnership	Dublin Manor, Inc.	McAuley Manor, Inc.	Mercy Manor, Inc.	Riverview - St. Mary's Inc. (St. Mary's Riverview I)	St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)	St. Mary's Villa, Inc.
Assets							
Current assets							
Cash and cash equivalents	\$ 286,086	\$ 10,288	\$ 14,076	\$ 11,680	\$ 32,371	\$ 36,659	\$ 3,361
Cash, tenant security deposits	9,562	8,727	8,893	8,591	12,676	10,212	15,975
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	23,816	3,454	-	-	9,773	9,401	7,761
Due from affiliate, net	42	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	27,255	7,213	8,777	8,343	8,264	7,227	9,047
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	346,761	29,682	31,746	28,614	63,084	63,499	36,144
Property and equipment							
Land and land improvements	2,076,465	80,000	108,170	55,000	75,000	84,000	109,340
Buildings	7,569,534	2,120,879	1,606,483	1,600,369	2,311,652	2,415,433	2,457,135
Furniture and equipment	1,095,585	20,176	38,215	37,942	29,392	25,000	48,957
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(1,409,157)	(511,722)	(585,577)	(583,662)	(733,649)	(697,629)	(905,337)
Net property and equipment	9,332,427	1,709,333	1,167,291	1,109,649	1,682,395	1,826,804	1,710,095
Other long-term assets							
Restricted property reserves	601,696	79,347	72,320	152,963	128,896	110,665	114,603
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	182,052	-	-	-	-	-	-
Total other long-term assets	783,748	79,347	72,320	152,963	128,896	110,665	114,603
Total assets	\$ 10,462,936	\$ 1,818,362	\$ 1,271,357	\$ 1,291,226	\$ 1,874,375	\$ 2,000,968	\$ 1,860,842

Mercy Housing Southeast
Consolidating Statement of Financial Position
December 31, 2013

	Adamsville Green Limited Partnership	Dublin Manor, Inc.	McAuley Manor, Inc.	Mercy Manor, Inc.	Riverview - St. Mary's Inc. (St. Mary's Riverview I)	St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)	St. Mary's Villa, Inc.
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 208,539	\$ 19,305	\$ 17,404	\$ 17,304	\$ 68,293	\$ 65,010	\$ 50,310
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	42,086	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,542	-	135	48	2,428	2,166	2,760
Tenant security deposits	9,115	8,009	8,393	7,628	11,467	9,040	15,377
Total current liabilities	261,282	27,314	25,932	24,980	82,188	76,216	68,447
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	58,222	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	3,522,495	-	-	-	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	3,580,717	-	-	-	-	-	-
Total liabilities	3,841,999	27,314	25,932	24,980	82,188	76,216	68,447
Net assets							
Unrestricted net assets, controlling	6,620,937	157,087	124,426	170,197	312,269	284,826	195,833
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	6,620,937	157,087	124,426	170,197	312,269	284,826	195,833
Temporarily restricted net assets	-	1,633,961	1,120,999	1,096,049	1,479,918	1,639,926	1,596,562
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	6,620,937	1,791,048	1,245,425	1,266,246	1,792,187	1,924,752	1,792,395
Total liabilities and net assets	\$ 10,462,936	\$ 1,818,362	\$ 1,271,357	\$ 1,291,226	\$ 1,874,375	\$ 2,000,968	\$ 1,860,842

Mercy Housing Southeast
Consolidating Statement of Financial Position
December 31, 2013

	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	Charles Meadows Corporation
Assets							
Current assets							
Cash and cash equivalents	\$ 38,592	\$ 11,351	\$ 9,677	\$ 11,310	\$ 28,866	\$ 30,570	\$ 834
Cash, tenant security deposits	14,839	19,070	12,933	16,700	16,525	11,071	9,823
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	243	1,231	682	1,664	6,007	30,742	8,102
Due from affiliate, net	25	64	-	-	839	1,307	-
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	9,995	9,524	9,546	8,832	10,343	7,252	7,803
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>63,694</u>	<u>41,240</u>	<u>32,838</u>	<u>38,506</u>	<u>62,580</u>	<u>80,942</u>	<u>26,562</u>
Property and equipment							
Land and land improvements	130,000	298,801	200,000	142,169	65,459	45,918	30,834
Buildings	2,715,488	3,146,219	3,007,374	2,714,825	2,065,668	2,211,057	1,239,041
Furniture and equipment	59,232	86,983	59,938	15,884	84,959	85,080	23,000
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(1,184,224)	(1,072,842)	(936,883)	(1,144,156)	(1,630,687)	(596,171)	(669,666)
Net property and equipment	<u>1,720,496</u>	<u>2,459,161</u>	<u>2,330,429</u>	<u>1,728,722</u>	<u>585,399</u>	<u>1,745,884</u>	<u>623,209</u>
Other long-term assets							
Restricted property reserves	172,384	81,027	76,510	178,327	260,812	286,454	36,889
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	-	-	-	-	77,977	-	-
Total other long-term assets	<u>172,384</u>	<u>81,027</u>	<u>76,510</u>	<u>178,327</u>	<u>338,789</u>	<u>286,454</u>	<u>36,889</u>
Total assets	<u>\$ 1,956,574</u>	<u>\$ 2,581,428</u>	<u>\$ 2,439,777</u>	<u>\$ 1,945,555</u>	<u>\$ 986,768</u>	<u>\$ 2,113,280</u>	<u>\$ 686,660</u>

Mercy Housing Southeast
Consolidating Statement of Financial Position
December 31, 2013

	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	Charles Meadows Corporation
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 27,605	\$ 25,603	\$ 24,863	\$ 109,604	\$ 70,101	\$ 109,923	\$ 51,001
Due to affiliates	-	-	-	886	-	-	-
Accrued interest	-	-	-	-	8,168	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	18,146	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,727	310	1,217	709	724	20,062	79
Tenant security deposits	14,339	18,211	12,221	16,048	15,826	10,162	8,972
Total current liabilities	43,671	44,124	38,301	127,247	112,965	140,147	60,052
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	1,501,514	18,000	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	-	-	-	-	1,501,514	18,000	-
Total liabilities	43,671	44,124	38,301	127,247	1,614,479	158,147	60,052
Net assets							
Unrestricted net assets, controlling	404,947	482,712	220,329	267,399	(627,711)	611,258	34,125
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	404,947	482,712	220,329	267,399	(627,711)	611,258	34,125
Temporarily restricted net assets	1,507,956	2,054,592	2,181,147	1,550,909	-	1,343,875	592,483
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	1,912,903	2,537,304	2,401,476	1,818,308	(627,711)	1,955,133	626,608
Total liabilities and net assets	\$ 1,956,574	\$ 2,581,428	\$ 2,439,777	\$ 1,945,555	\$ 986,768	\$ 2,113,280	\$ 686,660

Mercy Housing Southeast
Consolidating Statement of Financial Position
December 31, 2013

	Charles Crest Corporation (Charles Crest I)	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc.	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
Assets						
Current assets						
Cash and cash equivalents	\$ 220	\$ 28,328	\$ 38,372	\$ 675,118	\$ -	\$ 1,310,895
Cash, tenant security deposits	15,966	17,637	11,665	306,036	-	577,406
Cash, restricted	-	-	36,472	198,013	-	997,816
Investments	-	-	-	-	-	7,486
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	3,336	1,031	8,216	417,115	(56,665)	548,629
Due from affiliate, net	-	-	14,100	102,583	(364,397)	169,175
Pledges receivable, net	-	-	-	-	-	1,335
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	6,048
Current portion of notes and interest receivable, affiliates	-	-	-	-	(4,105,992)	172,300
Prepaid expenses and other assets	10,499	9,490	7,437	323,057	-	554,105
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	<u>30,021</u>	<u>56,486</u>	<u>116,262</u>	<u>2,021,922</u>	<u>(4,527,054)</u>	<u>4,345,195</u>
Property and equipment						
Land and land improvements	320,690	89,305	573,978	19,840,852	-	24,949,910
Buildings	1,095,320	2,746,251	3,147,939	122,559,136	(6,999,837)	174,555,544
Furniture and equipment	618,837	26,774	314,277	4,242,518	-	7,271,894
Predevelopment project costs	-	-	-	-	-	73,991
Construction in progress	-	-	-	1,874,644	(265,852)	1,608,792
Accumulated depreciation	(1,518,806)	(1,364,612)	(242,986)	(20,496,049)	940,020	(39,274,352)
Net property and equipment	<u>516,041</u>	<u>1,497,718</u>	<u>3,793,208</u>	<u>128,021,101</u>	<u>(6,325,669)</u>	<u>169,185,779</u>
Other long-term assets						
Restricted property reserves	87,760	280,453	221,009	5,397,306	-	8,886,953
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	3,000,000
Due from affiliates	-	-	-	-	(840,265)	310,668
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	(751,197)	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	88,096
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	-	7,258	3,892,732	-	4,199,115
Total other long-term assets	<u>87,760</u>	<u>280,453</u>	<u>228,267</u>	<u>9,290,038</u>	<u>(1,591,462)</u>	<u>16,484,832</u>
Total assets	<u>\$ 633,822</u>	<u>\$ 1,834,657</u>	<u>\$ 4,137,737</u>	<u>\$ 139,333,061</u>	<u>\$ (12,444,185)</u>	<u>\$ 190,015,806</u>

Mercy Housing Southeast
Consolidating Statement of Financial Position
December 31, 2013

	Charles Crest Corporation (Charles Crest I)	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc.	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 59,303	\$ 73,894	\$ 21,123	\$ 1,621,479	\$ (98,238)	\$ 2,964,118
Due to affiliates	-	-	51,423	3,431,446	(3,485,842)	9,806,850
Accrued interest	11,117	-	-	82,103	-	101,829
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	41,007	-	-	398,611	-	505,831
Current portion of notes payable, affiliates	-	-	-	3,562,234	(3,608,312)	619,151
Deferred revenue and other liabilities	311	363	254	165,194	1	202,905
Tenant security deposits	15,689	16,380	11,165	249,991	-	506,106
Total current liabilities	127,427	90,637	83,965	9,511,058	(7,192,391)	14,706,790
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	527,491	-	585,713
Accrued interest, affiliates	-	-	-	-	-	-
Notes payable, less current portion, net	1,441,200	-	-	49,781,626	-	56,399,488
Notes payable, less current portion, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	7,147,008	(6,749,053)	455,736
Total long-term liabilities	1,441,200	-	-	57,456,125	(6,749,053)	57,440,937
Total liabilities	1,568,627	90,637	83,965	66,967,183	(13,941,444)	72,147,727
Net assets						
Unrestricted net assets, controlling	(934,805)	327,615	26,036	72,317,166	1,497,259	77,770,602
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	(934,805)	327,615	26,036	72,317,166	1,497,259	77,770,602
Temporarily restricted net assets	-	1,416,405	4,027,736	48,712	-	40,097,477
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	(934,805)	1,744,020	4,053,772	72,365,878	1,497,259	117,868,079
Total liabilities and net assets	\$ 633,822	\$ 1,834,657	\$ 4,137,737	\$ 139,333,061	\$ (12,444,185)	\$ 190,015,806

Mercy Housing Southeast
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Housing Southeast	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
Revenues							
Rent - net of vacancies	\$ -	\$ 215,909	\$ 148,060	\$ -	\$ 232,942	\$ 309,027	\$ -
Developer fees	540,000	-	-	-	-	-	-
Services fees	514,006	-	-	-	-	-	94,239
Philanthropy	358,187	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	42,778	54	23	-	152	39	-
Other	850,967	3,343	1,855	-	2,475	5,789	-
Total revenues	<u>2,305,938</u>	<u>219,306</u>	<u>149,938</u>	<u>-</u>	<u>235,569</u>	<u>314,855</u>	<u>94,239</u>
Expenses and losses							
Compensation	1,162,320	104,914	34,521	-	101,031	94,436	-
Administrative	191,579	42,562	34,342	104	61,106	78,064	10
Professional services	24,439	9,850	8,956	2,496	9,315	11,063	3,139
Depreciation and amortization	8,424	121,173	62,259	11,824	141,979	231,006	-
Grants	1,383,804	-	-	-	-	-	91,584
Facility	94,000	65,540	73,288	1,453	87,122	133,712	-
Interest and fees	377,944	14	432	7,144	15	43	-
Bad debts	959,571	-	-	-	-	413	-
Provision for impaired assets	15,960	-	-	-	-	-	-
Project expenses	151,107	-	-	-	-	-	-
Allocation	884,042	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(787,380)	-	-	-	-	-	39
Total expenses and losses	<u>4,465,810</u>	<u>344,053</u>	<u>213,798</u>	<u>23,021</u>	<u>400,568</u>	<u>548,737</u>	<u>94,772</u>
Excess (deficiency) of revenues over expenses	<u>(2,159,872)</u>	<u>(124,747)</u>	<u>(63,860)</u>	<u>(23,021)</u>	<u>(164,999)</u>	<u>(233,882)</u>	<u>(533)</u>
Net assets at beginning of year	2,253,874	2,396,652	1,312,795	58,467	3,232,776	5,630,433	(3,580)
Other transfers to (from) net assets	-	-	-	-	-	-	(25,559)
Net assets at end of year	<u>\$ 94,002</u>	<u>\$ 2,271,905</u>	<u>\$ 1,248,935</u>	<u>\$ 35,446</u>	<u>\$ 3,067,777</u>	<u>\$ 5,396,551</u>	<u>\$ (29,672)</u>

Mercy Housing Southeast
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Adamsville Green Limited Partnership	Dublin Manor, Inc.	McAuley Manor, Inc.	Mercy Manor, Inc.	Riverview - St. Mary's Inc. (St. Mary's Riverview I)	St. Mary's Villa at Riverview II, Inc. (St. Mary's Riverview II)	St. Mary's Villa, Inc.
Revenues							
Rent - net of vacancies	\$ 287,752	\$ 168,432	\$ 166,589	\$ 140,664	\$ 157,615	\$ 171,700	\$ 202,308
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	101	16	17	44	214	192	158
Other	1,335	25,134	35,254	26,138	98,058	95,859	113,311
Total revenues	289,188	193,582	201,860	166,846	255,887	267,751	315,777
Expenses and losses							
Compensation	50,476	48,797	55,143	45,558	47,811	48,559	72,518
Administrative	149,801	31,533	32,978	30,225	33,160	33,874	45,709
Professional services	36,121	11,603	11,603	11,603	11,603	11,603	11,603
Depreciation and amortization	160,739	56,258	40,818	41,986	57,896	59,403	67,482
Grants	-	-	-	-	-	-	-
Facility	99,763	66,936	88,142	60,573	97,806	105,191	115,423
Interest and fees	16,817	140	95	-	45	45	-
Bad debts	313	-	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	514,030	215,267	228,779	189,945	248,321	258,675	312,735
Excess (deficiency) of revenues over expenses	(224,842)	(21,685)	(26,919)	(23,099)	7,566	9,076	3,042
Net assets at beginning of year	-	1,812,733	1,272,344	1,289,345	1,784,621	1,915,676	1,789,353
Other transfers to (from) net assets	6,845,779	-	-	-	-	-	-
Net assets at end of year	\$ 6,620,937	\$ 1,791,048	\$ 1,245,425	\$ 1,266,246	\$ 1,792,187	\$ 1,924,752	\$ 1,792,395

Mercy Housing Southeast
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	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	Charles Meadows Corporation
Revenues							
Rent - net of vacancies	\$ 252,387	\$ 241,169	\$ 237,835	\$ 323,854	\$ 423,802	\$ 164,460	\$ 166,170
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	40	19	17	111	161	145	18
Other	27,701	44,493	105,808	16,716	14,869	91,201	69,446
Total revenues	<u>280,128</u>	<u>285,681</u>	<u>343,660</u>	<u>340,681</u>	<u>438,832</u>	<u>255,806</u>	<u>235,634</u>
Expenses and losses							
Compensation	59,960	69,656	64,935	122,980	64,625	50,560	45,363
Administrative	62,395	54,933	60,071	45,050	40,282	38,075	29,642
Professional services	11,753	11,977	11,753	12,393	11,603	11,603	11,603
Depreciation and amortization	74,450	78,440	75,081	68,756	54,317	44,817	33,705
Grants	-	-	-	-	-	-	-
Facility	105,435	113,777	121,855	190,799	170,781	150,102	112,787
Interest and fees	-	-	80	2,752	101,016	188	393
Bad debts	-	-	209	206	-	172	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	(207,742)	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	<u>313,993</u>	<u>328,783</u>	<u>333,984</u>	<u>442,936</u>	<u>442,624</u>	<u>87,775</u>	<u>233,493</u>
Excess (deficiency) of revenues over expenses	(33,865)	(43,102)	9,676	(102,255)	(3,792)	168,031	2,141
Net assets at beginning of year	1,946,768	2,580,406	2,391,800	1,920,563	(623,919)	1,787,102	624,467
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 1,912,903</u>	<u>\$ 2,537,304</u>	<u>\$ 2,401,476</u>	<u>\$ 1,818,308</u>	<u>\$ (627,711)</u>	<u>\$ 1,955,133</u>	<u>\$ 626,608</u>

Mercy Housing Southeast
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Charles Crest Corporation (Charles Crest I)	Charles Crest II, Corporation	Savannah Gardens Senior Residences, Inc.	Consolidated Mercy Community Housing Georgia, Inc.	Eliminations	Consolidated Mercy Housing South East
Revenues						
Rent - net of vacancies	\$ 453,381	\$ 301,148	\$ 159,809	\$ 10,067,637	\$ -	\$ 14,992,650
Developer fees	-	-	-	-	(265,852)	274,148
Services fees	-	-	-	-	(477,325)	130,920
Philanthropy	-	-	-	-	-	358,187
Capital grants	-	-	-	800,000	-	800,000
Consulting	-	-	-	-	-	-
Interest	122	482	60	1,632,337	(7,652)	1,669,648
Other	102,360	14,114	12,488	865,203	(1,985,086)	638,831
Total revenues	555,863	315,744	172,357	13,365,177	(2,735,915)	18,864,384
Expenses and losses						
Compensation	66,747	67,959	32,001	1,842,333	-	4,353,203
Administrative	40,284	45,773	39,986	1,611,668	(2,655)	2,830,551
Professional services	11,985	11,753	17,461	844,555	(474,670)	668,766
Depreciation and amortization	44,928	70,118	165,721	5,988,063	(243,851)	7,515,792
Grants	-	-	-	-	(1,243,864)	231,524
Facility	167,052	160,679	100,118	4,647,049	-	7,129,383
Interest and fees	134,802	44	-	2,056,719	(7,652)	2,691,076
Bad debts	220	-	-	276,505	(869,652)	367,957
Provision for impaired assets	-	-	-	2,600,000	-	2,615,960
Project expenses	-	-	-	2,631	-	153,738
Allocation	-	-	-	-	-	884,042
(Gain) loss on sale of assets	-	-	-	-	-	(207,742)
(Gain) loss on investment in limited partnership	-	-	-	(4)	787,359	14
Total expenses and losses	466,018	356,326	355,287	19,869,519	(2,054,985)	29,234,264
Excess (deficiency) of revenues over expenses	89,845	(40,582)	(182,930)	(6,504,342)	(680,930)	(10,369,880)
Net assets at beginning of year	(1,024,650)	1,784,602	4,236,702	67,548,432	2,142,027	110,059,789
Other transfers to (from) net assets	-	-	-	11,321,788	36,162	18,178,170
Net assets at end of year	\$ (934,805)	\$ 1,744,020	\$ 4,053,772	\$ 72,365,878	\$ 1,497,259	\$ 117,868,079

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Corner/ Heritage Row)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 32,601	\$ 23,628	\$ 30,799	\$ 87,177	\$ -	\$ 11,180
Cash, tenant security deposits	-	24,108	20,528	9,302	47,598	-	17,312
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	12,780	7,759	14,041	259,964	-	2,072
Due from affiliate, net	167,190	-	-	-	-	153,249	-
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	-	21,137	30,651	16,285	38,258	-	19,816
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	167,190	90,626	82,566	70,427	432,997	153,249	50,380
Property and equipment							
Land and land improvements	-	535,412	979,190	743,196	140,506	-	667,047
Buildings	-	1,177,138	7,966,021	5,425,251	16,049,527	-	6,610,246
Furniture and equipment	-	10,527	98,271	204,852	449,671	-	405,415
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(2,649,172)	(1,681,522)	(3,272,666)	-	(1,452,911)
Net property and equipment	-	1,723,077	6,394,310	4,691,777	13,367,038	-	6,229,797
Other long-term assets							
Restricted property reserves	-	207,079	129,430	153,188	279,702	-	662,222
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	(13,655)	-	-	-	-	430	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	3,984	74,828	118,427	349,925	-	86,009
Total other long-term assets	(13,655)	211,063	204,258	271,615	629,627	430	748,231
Total assets	\$ 153,535	\$ 2,024,766	\$ 6,681,134	\$ 5,033,819	\$ 14,429,662	\$ 153,679	\$ 7,028,408

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Corner/ Heritage Row)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 156	\$ 180,574	\$ 130,118	\$ 47,706	\$ 188,577	\$ 311	\$ 117,240
Due to affiliates	121,441	611,004	217,467	52,190	204,402	165,264	175,166
Accrued interest	-	1,528	4,717	5,888	13,850	-	2,253
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	29,293	33,292	13,214	30,929	-	60,577
Current portion of notes payable, affiliates	-	-	87,646	-	-	-	-
Deferred revenue and other liabilities	1	4,524	4,251	9,345	32,955	-	1,168
Tenant security deposits	-	22,605	19,125	8,200	900	-	16,926
Total current liabilities	121,598	849,528	496,616	136,543	471,613	165,575	373,330
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	503,201	-	-
Accrued interest, affiliates	-	-	-	2,037	-	-	-
Notes payable, less current portion, net	-	420,948	1,022,403	898,445	7,898,763	-	560,942
Notes payable, less current portion, affiliates	-	-	-	56,107	-	-	-
Deferred revenue and other liabilities	-	-	761,816	-	-	-	131,403
Total long-term liabilities	-	420,948	1,784,219	956,589	8,401,964	-	692,345
Total liabilities	121,598	1,270,476	2,280,835	1,093,132	8,873,577	165,575	1,065,675
Net assets							
Unrestricted net assets, controlling	(16,775)	754,290	4,400,299	3,940,687	5,556,085	(11,896)	5,962,733
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(16,775)	754,290	4,400,299	3,940,687	5,556,085	(11,896)	5,962,733
Temporarily restricted net assets	48,712	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	31,937	754,290	4,400,299	3,940,687	5,556,085	(11,896)	5,962,733
Total liabilities and net assets	\$ 153,535	\$ 2,024,766	\$ 6,681,134	\$ 5,033,819	\$ 14,429,662	\$ 153,679	\$ 7,028,408

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Reynoldstown Senior Apartments, LP (Reynoldstown)	Mercy Housing Georgia X, L.P. (Savannah Gardens I)	Mercy Lithonia Park View, Inc.	Mercy Housing Georgia VIII, L.P. (Terraces at Park View)	MPI Highland Place, LLC	MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)	Antioch II, LLC
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 43,677	\$ -	\$ 46,356	\$ -	\$ 50,390	\$ -
Cash, tenant security deposits	-	35,975	-	18,934	-	60,498	-
Cash, restricted	-	41,743	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	30,573	-	1,992	-	28,943	-
Due from affiliate, net	-	-	-	-	-	100,000	27,500
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	-	22,743	-	26,435	-	84,594	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	-	174,711	-	93,717	-	324,425	27,500
Property and equipment							
Land and land improvements	-	2,777,550	-	2,630,109	-	2,156,146	-
Buildings	-	10,036,962	-	7,485,911	-	37,742,500	-
Furniture and equipment	-	855,093	-	186,212	-	797,959	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,218,085)	-	(1,656,516)	-	(6,385,749)	-
Net property and equipment	-	12,451,520	-	8,645,716	-	34,310,856	-
Other long-term assets							
Restricted property reserves	-	372,310	-	267,102	-	1,814,523	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	(15)	-	(1,069)	-	(11)
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	423,017	-	164,015	-	1,250,379	-
Total other long-term assets	-	795,327	(15)	431,117	(1,069)	3,064,902	(11)
Total assets	\$ -	\$ 13,421,558	\$ (15)	\$ 9,170,550	\$ (1,069)	\$ 37,700,183	\$ 27,489

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Reynoldstown Senior Apartments, LP (Reynoldstown)	Mercy Housing Georgia X, L.P. (Savannah Gardens I)	Mercy Lithonia Park View, Inc.	Mercy Housing Georgia VIII, L.P. (Terraces at Park View)	MPI Highland Place, LLC	MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)	Antioch II, LLC
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 62,607	\$ 311	\$ 99,118	\$ 311	\$ 474,680	\$ 311
Due to affiliates	-	17,980	10,182	13,716	13,384	2,040,907	37,280
Accrued interest	-	6,061	-	10,359	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	10,595	-	97,917	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	2,899,304	-
Deferred revenue and other liabilities	-	11,231	-	538	(1)	86,745	-
Tenant security deposits	-	35,475	-	17,633	-	60,092	-
Total current liabilities	-	143,949	10,493	239,281	13,694	5,561,728	37,591
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	10,534	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	5,884,744	-	2,799,470	-	16,333,835	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	109,145	-	5,089,572	-
Total long-term liabilities	-	5,895,278	-	2,908,615	-	21,423,407	-
Total liabilities	-	6,039,227	10,493	3,147,896	13,694	26,985,135	37,591
Net assets							
Unrestricted net assets, controlling	-	7,382,331	(10,508)	6,022,654	(14,763)	10,715,048	(10,102)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	-	7,382,331	(10,508)	6,022,654	(14,763)	10,715,048	(10,102)
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	-	7,382,331	(10,508)	6,022,654	(14,763)	10,715,048	(10,102)
Total liabilities and net assets	\$ -	\$ 13,421,558	\$ (15)	\$ 9,170,550	\$ (1,069)	\$ 37,700,183	\$ 27,489

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	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)
Assets							
Current assets							
Cash and cash equivalents	\$ 107,706	\$ -	\$ 24,424	\$ -	\$ 61,323	\$ -	\$ 155,857
Cash, tenant security deposits	21,156	-	14,702	-	8,400	-	27,523
Cash, restricted	58,619	-	16,468	-	29,645	-	22,439
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	9,409	-	14,052	-	38	-	35,492
Due from affiliate, net	2,378	-	205	-	-	10,000	-
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	21,418	-	16,086	-	6,725	-	18,909
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>220,686</u>	<u>-</u>	<u>85,937</u>	<u>-</u>	<u>106,131</u>	<u>10,000</u>	<u>260,220</u>
Property and equipment							
Land and land improvements	2,689,193	-	1,096,699	-	1,538,810	-	1,952,981
Buildings	9,580,949	-	7,965,927	-	3,537,855	-	8,980,849
Furniture and equipment	609,293	-	132,528	-	307,389	-	185,308
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(728,172)</u>	<u>-</u>	<u>(566,799)</u>	<u>-</u>	<u>(392,570)</u>	<u>-</u>	<u>(491,887)</u>
Net property and equipment	<u>12,151,263</u>	<u>-</u>	<u>8,628,355</u>	<u>-</u>	<u>4,991,484</u>	<u>-</u>	<u>10,627,251</u>
Other long-term assets							
Restricted property reserves	454,896	-	141,856	-	154,718	-	391,330
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	926	-	487,087	-	27	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>485,987</u>	<u>-</u>	<u>127,266</u>	<u>-</u>	<u>164,398</u>	<u>-</u>	<u>357,212</u>
Total other long-term assets	<u>940,883</u>	<u>926</u>	<u>269,122</u>	<u>487,087</u>	<u>319,116</u>	<u>27</u>	<u>748,542</u>
Total assets	<u>\$ 13,312,832</u>	<u>\$ 926</u>	<u>\$ 8,983,414</u>	<u>\$ 487,087</u>	<u>\$ 5,416,731</u>	<u>\$ 10,027</u>	<u>\$ 11,636,013</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	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)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 101,228	\$ 311	\$ 88,915	\$ 311	\$ 57,779	\$ 311	\$ 95,104
Due to affiliates	21,718	5,143	69,499	4,429	19,762	6,532	2,236
Accrued interest	22,496	-	1,308	-	2,280	-	11,363
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	39,044	-	43,265	-	12,826	-	27,659
Current portion of notes payable, affiliates	-	-	-	-	2,149	-	852
Deferred revenue and other liabilities	176	-	4,410	-	1	-	9,850
Tenant security deposits	20,235	-	14,000	-	8,400	-	26,400
Total current liabilities	204,897	5,454	221,397	4,740	103,197	6,843	173,464
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	9,567	-	-	-	4,189	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	5,844,612	-	1,496,243	-	2,601,269	-	3,098,341
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	645,746	-	108,456	-	35,018	-	-
Total long-term liabilities	6,499,925	-	1,604,699	-	2,640,476	-	3,098,341
Total liabilities	6,704,822	5,454	1,826,096	4,740	2,743,673	6,843	3,271,805
Net assets							
Unrestricted net assets, controlling	6,608,010	(4,528)	7,157,318	482,347	2,673,058	3,184	8,364,208
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	6,608,010	(4,528)	7,157,318	482,347	2,673,058	3,184	8,364,208
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	6,608,010	(4,528)	7,157,318	482,347	2,673,058	3,184	8,364,208
Total liabilities and net assets	\$ 13,312,832	\$ 926	\$ 8,983,414	\$ 487,087	\$ 5,416,731	\$ 10,027	\$ 11,636,013

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 675,118
Cash, tenant security deposits	-	-	-	-	-	306,036
Cash, restricted	-	29,099	-	-	-	198,013
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	417,115
Due from affiliate, net	-	-	-	-	(357,939)	102,583
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	-	-	-	-	-	323,057
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	-	29,099	-	-	(357,939)	2,021,922
Property and equipment						
Land and land improvements	-	794,013	-	1,140,000	-	19,840,852
Buildings	-	-	-	-	-	122,559,136
Furniture and equipment	-	-	-	-	-	4,242,518
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	544,281	-	1,330,363	-	1,874,644
Accumulated depreciation	-	-	-	-	-	(20,496,049)
Net property and equipment	-	1,338,294	-	2,470,363	-	128,021,101
Other long-term assets						
Restricted property reserves	-	-	-	368,950	-	5,397,306
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net	7,953	-	-	-	(481,673)	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	6,977	-	280,308	-	3,892,732
Total other long-term assets	7,953	6,977	-	649,258	(481,673)	9,290,038
Total assets	\$ 7,953	\$ 1,374,370	\$ -	\$ 3,119,621	\$ (839,612)	\$ 139,333,061

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ -	\$ 4,600	\$ -	\$ 8,400	\$ (37,500)	\$ 1,621,479
Due to affiliates	-	2,153	-	-	(380,409)	3,431,446
Accrued interest	-	-	-	-	-	82,103
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	398,611
Current portion of notes payable, affiliates	-	572,283	-	-	-	3,562,234
Deferred revenue and other liabilities	-	1	-	-	(1)	165,194
Tenant security deposits	-	-	-	-	-	249,991
Total current liabilities	-	579,037	-	8,400	(417,910)	9,511,058
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	527,491
Accrued interest, affiliates	-	-	-	-	(2,037)	-
Notes payable, less current portion, net	-	-	-	921,611	-	49,781,626
Notes payable, less current portion, affiliates	-	-	-	-	(56,107)	-
Deferred revenue and other liabilities	-	-	-	265,852	-	7,147,008
Total long-term liabilities	-	-	-	1,187,463	(58,144)	57,456,125
Total liabilities	-	579,037	-	1,195,863	(476,054)	66,967,183
Net assets						
Unrestricted net assets, controlling	7,953	795,333	-	1,923,758	(363,558)	72,317,166
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	7,953	795,333	-	1,923,758	(363,558)	72,317,166
Temporarily restricted net assets	-	-	-	-	-	48,712
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	7,953	795,333	-	1,923,758	(363,558)	72,365,878
Total liabilities and net assets	\$ 7,953	\$ 1,374,370	\$ -	\$ 3,119,621	\$ (839,612)	\$ 139,333,061

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Corner/ Heritage Row)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)
Revenues							
Rent - net of vacancies	\$ -	\$ 479,631	\$ 363,103	\$ 410,520	\$ 1,860,091	\$ -	\$ 459,146
Developer fees	-	-	-	-	-	-	-
Services fees	64,500	-	-	-	-	23,881	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	281	159	10	19	123	-	11
Other	-	41,015	9,192	263	6,447	-	6,349
Total revenues	<u>64,781</u>	<u>520,805</u>	<u>372,305</u>	<u>410,802</u>	<u>1,866,661</u>	<u>23,881</u>	<u>465,506</u>
Expenses and losses							
Compensation	-	110,596	80,635	105,560	326,168	-	113,064
Administrative	64,452	115,292	59,233	87,937	279,308	23,891	116,619
Professional services	1,220	20,802	11,260	29,911	364,363	3,289	14,880
Depreciation and amortization	-	340,194	340,731	283,741	687,795	-	255,800
Grants	-	-	-	-	-	-	-
Facility	-	321,281	236,465	124,657	799,595	-	283,287
Interest and fees	-	26,005	57,439	72,501	305,274	-	29,148
Bad debts	-	29,888	28,200	855	3,597	-	648
Provision for impaired assets	280	2,600,000	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(10,699)	-	-	-	-	45	-
Total expenses and losses	<u>55,253</u>	<u>3,564,058</u>	<u>813,963</u>	<u>705,162</u>	<u>2,766,100</u>	<u>27,225</u>	<u>813,446</u>
Excess (deficiency) of revenues over expenses	9,528	(3,043,253)	(441,658)	(294,360)	(899,439)	(3,344)	(347,940)
Net assets at beginning of year	24,463	3,797,543	4,841,957	4,235,047	6,531,906	(8,552)	6,310,673
Other transfers to (from) net assets	(2,054)	-	-	-	(76,382)	-	-
Net assets at end of year	<u>\$ 31,937</u>	<u>\$ 754,290</u>	<u>\$ 4,400,299</u>	<u>\$ 3,940,687</u>	<u>\$ 5,556,085</u>	<u>\$ (11,896)</u>	<u>\$ 5,962,733</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Reynoldstown Senior Apartments, LP (Reynoldstown)	Mercy Housing Georgia X, L.P. (Savannah Gardens I)	Mercy Lithonia Park View, Inc.	Mercy Housing Georgia VIII, L.P. (Terraces at Park View)	MPI Highland Place, LLC	MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)	Antioch II, LLC
Revenues							
Rent - net of vacancies	\$ -	\$ 772,525	\$ -	\$ 690,771	\$ -	\$ 2,754,840	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	27,500
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	47	-	122	-	1,631,373	-
Other	23,217	24,134	-	11,491	-	72,840	-
Total revenues	<u>23,217</u>	<u>796,706</u>	<u>-</u>	<u>702,384</u>	<u>-</u>	<u>4,459,053</u>	<u>27,500</u>
Expenses and losses							
Compensation	-	149,409	-	106,967	-	511,054	-
Administrative	274	196,510	10	95,762	10	243,761	27,511
Professional services	6,266	109,949	1,038	41,242	3,139	58,510	3,152
Depreciation and amortization	-	596,168	-	409,087	-	1,573,206	-
Grants	-	-	-	-	-	-	-
Facility	-	253,878	-	249,102	-	1,563,253	-
Interest and fees	-	89,627	-	124,324	-	751,482	-
Bad debts	-	18,762	-	40,373	-	132,246	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	2,631	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	16	-	37	-	35
Total expenses and losses	<u>9,171</u>	<u>1,414,303</u>	<u>1,064</u>	<u>1,066,857</u>	<u>3,186</u>	<u>4,833,512</u>	<u>30,698</u>
Excess (deficiency) of revenues over expenses	14,046	(617,597)	(1,064)	(364,473)	(3,186)	(374,459)	(3,198)
Net assets at beginning of year	(14,046)	7,999,928	(9,444)	6,387,127	(11,577)	11,089,507	(6,904)
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>\$ 7,382,331</u>	<u>\$ (10,508)</u>	<u>\$ 6,022,654</u>	<u>\$ (14,763)</u>	<u>\$ 10,715,048</u>	<u>\$ (10,102)</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	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)
Revenues							
Rent - net of vacancies	\$ 1,040,758	\$ -	\$ 465,009	\$ -	\$ 194,140	\$ -	\$ 577,103
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	10,000	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	406	-	33	-	26	-	6
Other	7,755	-	27,373	487,024	60,761	-	87,342
Total revenues	<u>1,048,919</u>	<u>-</u>	<u>492,415</u>	<u>487,024</u>	<u>254,927</u>	<u>10,000</u>	<u>664,451</u>
Expenses and losses							
Compensation	159,018	-	102,287	-	23,776	-	53,799
Administrative	157,525	10	68,093	-	40,795	10	160,511
Professional services	83,162	3,089	19,339	3,239	13,306	3,189	45,610
Depreciation and amortization	398,398	-	365,087	-	299,190	-	438,666
Grants	-	-	-	-	-	-	-
Facility	297,066	-	196,410	-	92,131	-	229,924
Interest and fees	342,617	-	14,411	-	132,106	-	112,031
Bad debts	4,940	-	1,069	-	-	-	15,927
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	27	-	17	-	39	-
Total expenses and losses	<u>1,442,726</u>	<u>3,126</u>	<u>766,696</u>	<u>3,256</u>	<u>601,304</u>	<u>3,238</u>	<u>1,056,468</u>
Excess (deficiency) of revenues over expenses	(393,807)	(3,126)	(274,281)	483,768	(346,377)	6,762	(392,017)
Net assets at beginning of year	2,969,377	(1,402)	5,161,905	(1,421)	1,822,019	(3,578)	6,294,347
Other transfers to (from) net assets	<u>4,032,440</u>	<u>-</u>	<u>2,269,694</u>	<u>-</u>	<u>1,197,416</u>	<u>-</u>	<u>2,461,878</u>
Net assets at end of year	<u>\$ 6,608,010</u>	<u>\$ (4,528)</u>	<u>\$ 7,157,318</u>	<u>\$ 482,347</u>	<u>\$ 2,673,058</u>	<u>\$ 3,184</u>	<u>\$ 8,364,208</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Revenues						
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,067,637
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	(125,881)	-
Philanthropy	-	-	-	-	-	-
Capital grants	-	800,000	-	-	-	800,000
Consulting	-	-	-	-	-	-
Interest	-	2	-	-	(281)	1,632,337
Other	-	-	-	-	-	865,203
Total revenues	-	800,002	-	-	(126,162)	13,365,177
Expenses and losses						
Compensation	-	-	-	-	-	1,842,333
Administrative	-	34	-	-	(125,880)	1,611,668
Professional services	-	4,600	-	-	-	844,555
Depreciation and amortization	-	-	-	-	-	5,988,063
Grants	-	-	-	-	-	-
Facility	-	-	-	-	-	4,647,049
Interest and fees	-	35	-	-	(281)	2,056,719
Bad debts	-	-	-	-	-	276,505
Provision for impaired assets	-	-	-	-	(280)	2,600,000
Project expenses	-	-	-	-	-	2,631
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(7,953)	-	-	-	18,432	(4)
Total expenses and losses	(7,953)	4,669	-	-	(108,009)	19,869,519
Excess (deficiency) of revenues over expenses	7,953	795,333	-	-	(18,153)	(6,504,342)
Net assets at beginning of year	-	-	-	-	139,557	67,548,432
Other transfers to (from) net assets	-	-	-	1,923,758	(484,962)	11,321,788
Net assets at end of year	<u>\$ 7,953</u>	<u>\$ 795,333</u>	<u>\$ -</u>	<u>\$ 1,923,758</u>	<u>\$ (363,558)</u>	<u>\$ 72,365,878</u>

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 1,391,070	\$ 50,679	\$ 7,385	\$ -	\$ 198,889	\$ 110,289	\$ 64,870	\$ -
Cash, tenant security deposits	-	7,670	6,235	-	66,255	-	19,334	-
Cash, restricted	447,608	-	8,874	-	-	-	22	19,341
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	465,764	4,700	270	-	16,093	-	-	-
Due from affiliate, net	1,683,889	-	-	-	-	31,062	-	-
Pledges receivable, net	98,830	-	-	-	-	-	-	-
Grants receivable	10,000	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	318,536	-	-	-	-	-	-	-
Prepaid expenses and other assets	7,959	6,555	4,780	-	50,794	-	16,997	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>4,423,656</u>	<u>69,604</u>	<u>27,544</u>	<u>-</u>	<u>332,031</u>	<u>141,351</u>	<u>101,223</u>	<u>19,341</u>
Property and equipment								
Land and land improvements	-	173,288	303,978	-	1,940,823	-	3,033,659	823,041
Buildings	37,073	2,475,408	2,190,185	-	21,311,422	-	16,064,570	-
Furniture and equipment	11,952	67,811	7,629	-	868,782	-	413,401	-
Predevelopment project costs	253,073	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	290,918
Accumulated depreciation	(37,331)	(868,883)	(611,822)	-	(4,216,321)	-	(2,048,511)	-
Net property and equipment	<u>264,767</u>	<u>1,847,624</u>	<u>1,889,970</u>	<u>-</u>	<u>19,904,706</u>	<u>-</u>	<u>17,463,119</u>	<u>1,113,959</u>
Other long-term assets								
Restricted property reserves	233,865	281,814	56,949	-	524,702	-	599,825	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	1,703,544	-	-	-	-	-	-	-
Pledges receivable, net	149,771	-	-	-	-	-	-	-
Investments in limited partnerships, net	1,069,101	-	-	294,601	-	1,647,178	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	4,782,004	-	-	-	-	8,216,406	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	2,241	-	-	596,606	-	246,863	-
Total other long-term assets	<u>7,938,285</u>	<u>284,055</u>	<u>56,949</u>	<u>294,601</u>	<u>1,121,308</u>	<u>9,863,584</u>	<u>846,688</u>	<u>-</u>
Total assets	<u>\$ 12,626,708</u>	<u>\$ 2,201,283</u>	<u>\$ 1,974,463</u>	<u>\$ 294,601</u>	<u>\$ 21,358,045</u>	<u>\$ 10,004,935</u>	<u>\$ 18,411,030</u>	<u>\$ 1,133,300</u>

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 265,527	\$ 18,528	\$ 17,085	\$ 311	\$ 102,316	\$ 311	\$ 80,517	\$ 1,666
Due to affiliates	9,692	-	-	4,369	-	10,712	30,017	119,616
Accrued interest	-	1,938	-	-	28,548	-	2,287	1,531
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	10,032	18,371	-	-	106,175	-	5,973	300,348
Current portion of notes payable, affiliates	538,744	-	-	-	-	-	-	104,256
Deferred revenue and other liabilities	(1)	1,165	2	-	19,239	-	2,447	-
Tenant security deposits	-	7,195	5,502	-	65,754	-	18,833	-
Total current liabilities	823,994	47,197	22,589	4,680	322,032	11,023	140,074	527,417
Long-term liabilities								
Due to affiliates	-	-	-	-	26,198	-	-	-
Accrued interest	-	-	-	-	-	-	-	28,740
Accrued interest, affiliates	-	-	-	-	965,122	-	-	-
Notes payable, less current portion, net	32,063	881,629	-	-	10,229,721	-	5,298,141	575,000
Notes payable, less current portion, affiliates	-	-	79,106	-	4,385,089	-	8,216,406	-
Deferred revenue and other liabilities	160,641	-	-	-	358,371	-	969	-
Total long-term liabilities	192,704	881,629	79,106	-	15,964,501	-	13,515,516	603,740
Total liabilities	1,016,698	928,826	101,695	4,680	16,286,533	11,023	13,655,590	1,131,157
Net assets								
Unrestricted net assets, controlling	10,660,106	665,352	(77,431)	289,921	5,071,512	2,599,152	4,755,440	2,143
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	10,660,106	665,352	(77,431)	289,921	5,071,512	2,599,152	4,755,440	2,143
Temporarily restricted net assets	949,904	607,105	1,950,199	-	-	7,394,760	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	11,610,010	1,272,457	1,872,768	289,921	5,071,512	9,993,912	4,755,440	2,143
Total liabilities and net assets	\$ 12,626,708	\$ 2,201,283	\$ 1,974,463	\$ 294,601	\$ 21,358,045	\$ 10,004,935	\$ 18,411,030	\$ 1,133,300

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2013

	Evergreen Vista 1 GP LLC	Evergreen Vista 1 Owner, LP	Rainier Vista Block 43 GP, LLC	Rainier Vista Block 43 Owner, LP (Columbia City Station Apts)	Cobble Knoll I Mercy LLC	Allegre Mercy Redevelopment LLLP	Villa Kathleen Redevelopment LLLP	Impact Family Village GP LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 506	\$ -	\$ 177,598	\$ -	\$ 113,770	\$ -	\$ 6,917
Cash, tenant security deposits	-	35,411	-	18,950	-	45,957	-	-
Cash, restricted	-	-	-	5,509	-	4,284	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	35,549	-	24,748	-	6,545	-	-
Due from affiliate, net	-	-	10,888	-	15,450	27,599	-	1,875
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	-	17,580	-	11,999	-	13,558	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	89,046	10,888	238,804	15,450	211,713	-	8,792
Property and equipment								
Land and land improvements	-	1,068,023	-	2,144,069	-	710,670	-	-
Buildings	-	11,499,556	-	9,563,579	-	10,453,020	-	-
Furniture and equipment	-	397,925	-	271,228	-	279,058	-	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,201,766)	-	(603,718)	-	(216,669)	-	-
Net property and equipment	-	11,763,738	-	11,375,158	-	11,226,079	-	-
Other long-term assets								
Restricted property reserves	-	505,210	-	162,327	-	431,798	977,960	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	227	-	34	-	595,288	-	-	903,954
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	124,225	-	185,572	-	129,301	-	-
Total other long-term assets	227	629,435	34	347,899	595,288	561,099	977,960	903,954
Total assets	\$ 227	\$ 12,482,219	\$ 10,922	\$ 11,961,861	\$ 610,738	\$ 11,998,891	\$ 977,960	\$ 912,746

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2013

	Evergreen Vista 1 GP LLC	Evergreen Vista 1 Owner, LP	Rainier Vista Block 43 GP, LLC	Rainier Vista Block 43 Owner, LP (Columbia City Station Apts)	Cobble Knoll I Mercy LLC	Allegre Mercy Redevelopment LLLP	Villa Kathleen Redevelopment LLLP	Impact Family Village GP LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 311	\$ 59,020	\$ 311	\$ 52,594	\$ -	\$ 57,751	\$ -	\$ 311
Due to affiliates	2,684	-	10,064	10,888	15,505	1,054,995	-	-
Accrued interest	-	22,486	-	11,090	-	3,251	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	70,395	-	35,362	-	20,275	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	5,180	-	947	-	1,362	-	-
Tenant security deposits	-	34,632	-	18,800	-	45,138	-	-
Total current liabilities	2,995	191,713	10,375	129,681	15,505	1,182,772	-	311
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	413,132	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,708,026	-	9,070,138	-	2,515,283	767,341	-
Notes payable, less current portion, affiliates	-	4,110,219	-	-	-	-	-	-
Deferred revenue and other liabilities	-	853,831	-	529,001	-	-	-	-
Total long-term liabilities	-	10,085,208	-	9,599,139	-	2,515,283	767,341	-
Total liabilities	2,995	10,276,921	10,375	9,728,820	15,505	3,698,055	767,341	311
Net assets								
Unrestricted net assets, controlling	(2,768)	2,205,298	547	2,233,041	595,233	8,300,836	210,619	912,435
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(2,768)	2,205,298	547	2,233,041	595,233	8,300,836	210,619	912,435
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(2,768)	2,205,298	547	2,233,041	595,233	8,300,836	210,619	912,435
Total liabilities and net assets	\$ 227	\$ 12,482,219	\$ 10,922	\$ 11,961,861	\$ 610,738	\$ 11,998,891	\$ 977,960	\$ 912,746

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2013

	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
Assets						
Current assets						
Cash and cash equivalents	\$ 46,170	\$ -	\$ -	\$ 848,303	\$ -	\$ 3,016,446
Cash, tenant security deposits	-	-	-	184,568	-	384,380
Cash, restricted	206,499	-	-	-	-	692,137
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	37,747	-	-	59,517	(17,020)	633,913
Due from affiliate, net	-	-	3,158	-	(1,725,277)	48,644
Pledges receivable, net	-	-	-	-	-	98,830
Grants receivable	-	-	-	-	-	10,000
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	(318,536)	-
Prepaid expenses and other assets	-	-	-	97,400	-	227,622
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	<u>290,416</u>	<u>-</u>	<u>3,158</u>	<u>1,189,788</u>	<u>(2,060,833)</u>	<u>5,111,972</u>
Property and equipment						
Land and land improvements	2,449,639	-	173,056	5,907,634	(526,116)	18,201,764
Buildings	13,205,856	-	19,190,273	32,148,965	(17,793,978)	120,345,929
Furniture and equipment	370,641	-	-	842,492	349,816	3,880,735
Predevelopment project costs	-	-	-	-	-	253,073
Construction in progress	-	-	1,178,867	-	-	1,469,785
Accumulated depreciation	<u>(130,144)</u>	<u>-</u>	<u>(29,076)</u>	<u>(13,610,138)</u>	<u>931,523</u>	<u>(22,642,856)</u>
Net property and equipment	<u>15,895,992</u>	<u>-</u>	<u>20,513,120</u>	<u>25,288,953</u>	<u>(17,038,755)</u>	<u>121,508,430</u>
Other long-term assets						
Restricted property reserves	-	-	21,502,268	1,394,022	-	26,670,740
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	(1,703,544)	-
Pledges receivable, net	-	-	-	-	-	149,771
Investments in limited partnerships, net	-	462,067	-	-	(3,903,415)	1,069,035
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	(12,923,251)	75,159
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	<u>233,179</u>	<u>-</u>	<u>677,528</u>	<u>227,476</u>	<u>-</u>	<u>2,422,991</u>
Total other long-term assets	<u>233,179</u>	<u>462,067</u>	<u>22,179,796</u>	<u>1,621,498</u>	<u>(18,530,210)</u>	<u>30,387,696</u>
Total assets	<u>\$ 16,419,587</u>	<u>\$ 462,067</u>	<u>\$ 42,696,074</u>	<u>\$ 28,100,239</u>	<u>\$ (37,629,798)</u>	<u>\$ 157,008,098</u>

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2013

	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 1,009,227	\$ -	\$ 3,916	\$ 298,779	\$ (55,241)	\$ 1,913,240
Due to affiliates	413,816	-	100,000	157,516	(1,747,693)	192,181
Accrued interest	9,917	-	-	18,541	-	99,589
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	5,469,541	-	12,653	146,157	-	6,195,282
Current portion of notes payable, affiliates	-	-	214,281	-	(318,536)	538,745
Deferred revenue and other liabilities	326	-	-	25,568	(1)	56,234
Tenant security deposits	10,565	-	-	180,034	-	386,453
Total current liabilities	<u>6,913,392</u>	<u>-</u>	<u>330,850</u>	<u>826,595</u>	<u>(2,121,471)</u>	<u>9,381,724</u>
Long-term liabilities						
Due to affiliates	-	-	-	180,000	(206,198)	-
Accrued interest	47,275	-	72,936	247,195	-	396,146
Accrued interest, affiliates	-	-	-	56,176	(1,434,430)	-
Notes payable, less current portion, net	7,198,197	-	29,891,960	10,255,607	-	81,423,106
Notes payable, less current portion, affiliates	-	-	10,068,092	499,950	(26,947,393)	411,469
Deferred revenue and other liabilities	383,465	-	-	35,165	(2,036,686)	284,757
Total long-term liabilities	<u>7,628,937</u>	<u>-</u>	<u>40,032,988</u>	<u>11,274,093</u>	<u>(30,624,707)</u>	<u>82,515,478</u>
Total liabilities	<u>14,542,329</u>	<u>-</u>	<u>40,363,838</u>	<u>12,100,688</u>	<u>(32,746,178)</u>	<u>91,897,202</u>
Net assets						
Unrestricted net assets, controlling	1,877,258	462,067	2,332,236	15,700,301	(4,883,620)	53,909,678
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	1,877,258	462,067	2,332,236	15,700,301	(4,883,620)	53,909,678
Temporarily restricted net assets	-	-	-	299,250	-	11,201,218
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	<u>1,877,258</u>	<u>462,067</u>	<u>2,332,236</u>	<u>15,999,551</u>	<u>(4,883,620)</u>	<u>65,110,896</u>
Total liabilities and net assets	<u>\$ 16,419,587</u>	<u>\$ 462,067</u>	<u>\$ 42,696,074</u>	<u>\$ 28,100,239</u>	<u>\$ (37,629,798)</u>	<u>\$ 157,008,098</u>

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 277,132	\$ 110,476	\$ -	\$ 1,365,952	\$ -	\$ 426,767	\$ -
Developer fees	1,466,091	-	-	-	-	-	-	-
Services fees	422,262	-	-	-	-	10,712	-	-
Philanthropy	1,263,768	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	555,629	-	-	-	-	-	-	-
Interest	403,797	368	44	-	134	-	305	-
Other	11,078,670	3,290	1,346	-	73,943	-	5,437	-
Total revenues	15,190,217	280,790	111,866	-	1,440,029	10,712	432,509	-
Expenses and losses								
Compensation	1,795,613	76,054	47,717	-	208,115	-	101,823	-
Administrative	366,318	38,170	17,679	-	142,021	10,712	94,612	21
Professional services	31,236	14,633	14,385	988	42,692	1,057	55,103	1,666
Depreciation and amortization	4,199	89,289	80,151	-	942,435	-	751,885	-
Grants	1,026,009	-	-	-	-	-	-	-
Facility	99,258	123,511	44,860	-	427,969	-	136,596	-
Interest and fees	(5,548)	2,038	180	-	553,135	79	27,608	-
Bad debts	103,184	1,184	-	-	8,384	-	-	-
Provision for impaired assets	10,446,432	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	991,801	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(29,400)	-	-	88	-	74	-	-
Total expenses and losses	14,829,102	344,879	204,972	1,076	2,324,751	11,922	1,167,627	1,687
Excess (deficiency) of revenues over expenses	361,115	(64,089)	(93,106)	(1,076)	(884,722)	(1,210)	(735,118)	(1,687)
Net assets at beginning of year	11,248,895	1,336,546	1,965,874	290,997	5,956,234	9,995,122	5,490,558	3,830
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 11,610,010	\$ 1,272,457	\$ 1,872,768	\$ 289,921	\$ 5,071,512	\$ 9,993,912	\$ 4,755,440	\$ 2,143

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Evergreen Vista 1 GP LLC	Evergreen Vista 1 Owner, LP	Rainier Vista Block 43 GP, LLC	Rainier Vista Block 43 Owner, LP (Columbia City Station Apts.)	Cobble Knoll I Mercy LLC	Allegre Mercy Redevelopment LLLP	Villa Kathleen Redevelopment LLLP	Impact Family Village GP LLC
Revenues								
Rent - net of vacancies	\$ -	\$ 960,698	\$ -	\$ 498,239	\$ -	\$ 596,734	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	7,763	-	15,450	-	-	1,875
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	188	-	28	-	91	-	-
Other	-	25,877	-	10,970	358,928	22,816	-	45,000
Total revenues	<u>-</u>	<u>986,763</u>	<u>7,763</u>	<u>509,237</u>	<u>374,378</u>	<u>619,641</u>	<u>-</u>	<u>46,875</u>
Expenses and losses								
Compensation	-	173,908	-	103,929	-	110,721	-	-
Administrative	-	108,320	7,764	68,992	15,450	157,387	-	-
Professional services	987	29,458	(1,044)	18,838	55	15,941	-	3,089
Depreciation and amortization	-	487,721	-	408,335	-	204,251	-	-
Grants	-	-	-	-	-	-	-	-
Facility	-	227,319	-	113,327	-	250,066	-	-
Interest and fees	-	436,221	-	174,631	-	41,581	-	-
Bad debts	-	39,918	-	3,371	-	6,189	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	52	-	38	-	16	-	-	18
Total expenses and losses	<u>1,039</u>	<u>1,502,865</u>	<u>6,758</u>	<u>891,423</u>	<u>15,521</u>	<u>786,136</u>	<u>-</u>	<u>3,107</u>
Excess (deficiency) of revenues over expenses	(1,039)	(516,102)	1,005	(382,186)	358,857	(166,495)	-	43,768
Net assets at beginning of year	(1,729)	2,721,400	(458)	180,162	236,376	3,147,022	-	868,667
Other transfers to (from) net assets	-	-	-	2,435,065	-	5,320,309	210,619	-
Net assets at end of year	<u>\$ (2,768)</u>	<u>\$ 2,205,298</u>	<u>\$ 547</u>	<u>\$ 2,233,041</u>	<u>\$ 595,233</u>	<u>\$ 8,300,836</u>	<u>\$ 210,619</u>	<u>\$ 912,435</u>

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
Revenues						
Rent - net of vacancies	\$ 57,292	\$ -	\$ -	\$ 3,462,121	\$ (139,791)	\$ 7,615,620
Developer fees	-	-	-	-	(132,426)	1,333,665
Services fees	-	-	-	-	(357,678)	100,384
Philanthropy	-	-	-	-	-	1,263,768
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	555,629
Interest	-	-	-	1,130	(361,693)	44,392
Other	3,678	462,070	-	82,531	(9,283,543)	2,891,013
Total revenues	<u>60,970</u>	<u>462,070</u>	<u>-</u>	<u>3,545,782</u>	<u>(10,275,131)</u>	<u>13,804,471</u>
Expenses and losses						
Compensation	-	-	-	692,409	-	3,310,289
Administrative	86,096	-	-	587,476	(50,382)	1,650,636
Professional services	16,311	-	-	346,678	(307,296)	284,777
Depreciation and amortization	136,907	-	29,076	1,941,591	(261,738)	4,814,102
Grants	-	-	-	8,485,022	(9,300,643)	210,388
Facility	-	-	758	998,247	(32,867)	2,389,044
Interest and fees	-	-	-	1,738,486	(361,693)	2,606,718
Bad debts	-	-	-	17,579	(22,017)	157,792
Provision for impaired assets	-	-	-	-	(10,261,349)	185,083
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	991,801
(Gain) loss on sale of assets	-	-	-	(9,503,511)	9,503,511	-
(Gain) loss on investment in limited partnership	-	3	-	-	(289)	(29,400)
Total expenses and losses	<u>239,314</u>	<u>3</u>	<u>29,834</u>	<u>5,303,977</u>	<u>(11,094,763)</u>	<u>16,571,230</u>
Excess (deficiency) of revenues over expenses	(178,344)	462,067	(29,834)	(1,758,195)	819,632	(2,766,759)
Net assets at beginning of year	1,619,533	-	-	17,842,637	(4,847,254)	58,054,412
Other transfers to (from) net assets	436,069	-	2,362,070	(84,891)	(855,998)	9,823,243
Net assets at end of year	<u>\$ 1,877,258</u>	<u>\$ 462,067</u>	<u>\$ 2,332,236</u>	<u>\$ 15,999,551</u>	<u>\$ (4,883,620)</u>	<u>\$ 65,110,896</u>

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Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Properties Washington	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)
Assets							
Current assets							
Cash and cash equivalents	\$ 23,943	\$ 436,259	\$ 27,948	\$ 139,057	\$ 117,140	\$ 15,771	\$ 46,691
Cash, tenant security deposits	-	56,638	14,696	34,041	26,513	23,813	15,553
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	4,136	23,600	412	2,127	16,352
Due from affiliate, net	342,249	-	-	-	-	-	-
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	-	32,506	6,669	12,955	10,572	9,836	14,296
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>366,192</u>	<u>525,403</u>	<u>53,449</u>	<u>209,653</u>	<u>154,637</u>	<u>51,547</u>	<u>92,892</u>
Property and equipment							
Land and land improvements	-	-	384,489	1,582,770	882,415	615,966	1,845,921
Buildings	-	-	3,065,590	4,569,419	4,961,136	5,099,984	7,446,553
Furniture and equipment	-	-	113,316	173,796	133,458	185,131	129,998
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(1,440,938)	(2,914,118)	(2,548,072)	(2,239,650)	(2,449,618)
Net property and equipment	<u>-</u>	<u>-</u>	<u>2,122,457</u>	<u>3,411,867</u>	<u>3,428,937</u>	<u>3,661,431</u>	<u>6,972,854</u>
Other long-term assets							
Restricted property reserves	-	172,646	65,022	234,833	180,823	151,250	244,895
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	1,972,153	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	20,996	6,614	8,049	11,454	119,506
Total other long-term assets	<u>1,972,153</u>	<u>172,646</u>	<u>86,018</u>	<u>241,447</u>	<u>188,872</u>	<u>162,704</u>	<u>364,401</u>
Total assets	<u>\$ 2,338,345</u>	<u>\$ 698,049</u>	<u>\$ 2,261,924</u>	<u>\$ 3,862,967</u>	<u>\$ 3,772,446</u>	<u>\$ 3,875,682</u>	<u>\$ 7,430,147</u>

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Properties Washington	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)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 156	\$ 41,590	\$ 19,806	\$ 39,879	\$ 81,403	\$ 31,551	\$ 60,603
Due to affiliates	139,700	24,226	164,768	181,287	-	90,596	4,658
Accrued interest	-	-	-	5,847	6,154	1,790	4,750
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	6,048	26,237	17,307	14,775	36,656
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	3,345	13,521	4,479	1,068	1
Tenant security deposits	-	55,733	14,196	33,584	25,595	23,313	14,800
Total current liabilities	139,856	121,549	208,163	300,355	134,938	163,093	121,468
Long-term liabilities							
Due to affiliates	180,000	-	-	-	-	-	-
Accrued interest	-	-	-	247,195	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	56,176
Notes payable, less current portion, net	-	-	838,984	2,743,842	803,256	1,122,148	3,107,560
Notes payable, less current portion, affiliates	-	-	-	-	-	-	499,950
Deferred revenue and other liabilities	-	-	-	-	35,165	-	-
Total long-term liabilities	180,000	-	838,984	2,991,037	838,421	1,122,148	3,663,686
Total liabilities	319,856	121,549	1,047,147	3,291,392	973,359	1,285,241	3,785,154
Net assets							
Unrestricted net assets, controlling	1,719,239	576,500	1,214,777	571,575	2,799,087	2,590,441	3,644,993
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	1,719,239	576,500	1,214,777	571,575	2,799,087	2,590,441	3,644,993
Temporarily restricted net assets	299,250	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	2,018,489	576,500	1,214,777	571,575	2,799,087	2,590,441	3,644,993
Total liabilities and net assets	\$ 2,338,345	\$ 698,049	\$ 2,261,924	\$ 3,862,967	\$ 3,772,446	\$ 3,875,682	\$ 7,430,147

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Assets			
Current assets			
Cash and cash equivalents	\$ 41,494	\$ -	\$ 848,303
Cash, tenant security deposits	13,314	-	184,568
Cash, restricted	-	-	-
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	12,890	-	59,517
Due from affiliate, net	-	(342,249)	-
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	10,566	-	97,400
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	<u>78,264</u>	<u>(342,249)</u>	<u>1,189,788</u>
Property and equipment			
Land and land improvements	758,573	(162,500)	5,907,634
Buildings	7,006,283	-	32,148,965
Furniture and equipment	106,793	-	842,492
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	<u>(2,017,742)</u>	<u>-</u>	<u>(13,610,138)</u>
Net property and equipment	<u>5,853,907</u>	<u>(162,500)</u>	<u>25,288,953</u>
Other long-term assets			
Restricted property reserves	344,553	-	1,394,022
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net	-	(1,972,153)	-
Notes and interest receivable, net	-	-	-
Notes and interest receivable, affiliates	-	-	-
Allowance for impaired assets	-	-	-
Other assets, net	<u>60,857</u>	<u>-</u>	<u>227,476</u>
Total other long-term assets	<u>405,410</u>	<u>(1,972,153)</u>	<u>1,621,498</u>
Total assets	<u>\$ 6,337,581</u>	<u>\$ (2,476,902)</u>	<u>\$ 28,100,239</u>

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 23,791	\$ -	\$ 298,779
Due to affiliates	69,420	(517,139)	157,516
Accrued interest	-	-	18,541
Accrued interest, affiliates	-	-	-
Current portion of notes payable	45,134	-	146,157
Current portion of notes payable, affiliates	-	-	-
Deferred revenue and other liabilities	3,154	-	25,568
Tenant security deposits	12,813	-	180,034
Total current liabilities	154,312	(517,139)	826,595
Long-term liabilities			
Due to affiliates	-	-	180,000
Accrued interest	-	-	247,195
Accrued interest, affiliates	-	-	56,176
Notes payable, less current portion, net	1,639,817	-	10,255,607
Notes payable, less current portion, affiliates	-	-	499,950
Deferred revenue and other liabilities	-	-	35,165
Total long-term liabilities	1,639,817	-	11,274,093
Total liabilities	1,794,129	(517,139)	12,100,688
Net assets			
Unrestricted net assets, controlling	4,543,452	(1,959,763)	15,700,301
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	4,543,452	(1,959,763)	15,700,301
Temporarily restricted net assets	-	-	299,250
Permanently restricted net assets	-	-	-
Total net assets	4,543,452	(1,959,763)	15,999,551
Total liabilities and net assets	\$ 6,337,581	\$ (2,476,902)	\$ 28,100,239

Mercy Properties Washington
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Properties Washington	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)
Revenues							
Rent - net of vacancies	\$ -	\$ 1,316,632	\$ 187,382	\$ 413,802	\$ 379,400	\$ 312,905	\$ 474,599
Developer fees	-	-	-	-	-	-	-
Services fees	186,987	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	518	16	125	71	316	67
Other	-	45,222	5,676	7,919	3,734	7,718	6,165
Total revenues	<u>186,987</u>	<u>1,362,372</u>	<u>193,074</u>	<u>421,846</u>	<u>383,205</u>	<u>320,939</u>	<u>480,831</u>
Expenses and losses							
Compensation	-	202,421	36,803	100,333	82,210	79,369	85,422
Administrative	154,282	195,653	45,941	109,680	58,961	69,870	72,186
Professional services	1,000	110,131	9,640	25,576	27,562	26,837	108,273
Depreciation and amortization	-	483,234	131,040	226,215	206,875	199,038	395,380
Grants	-	8,485,022	-	-	-	-	-
Facility	-	303,171	83,337	123,892	158,186	122,975	113,047
Interest and fees	-	1,540,767	-	90,787	8,248	21,691	64,938
Bad debts	-	6,316	120	-	1,021	2,631	7,469
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	(9,503,511)	-	-	-	-	-
(Gain) loss on investment in limited partnership	738	-	-	-	-	-	-
Total expenses and losses	<u>156,020</u>	<u>1,823,204</u>	<u>306,881</u>	<u>676,483</u>	<u>543,063</u>	<u>522,411</u>	<u>846,715</u>
Excess (deficiency) of revenues over expenses	30,967	(460,832)	(113,807)	(254,637)	(159,858)	(201,472)	(365,884)
Net assets at beginning of year	1,987,522	1,122,223	1,328,584	826,212	2,958,945	2,791,913	4,010,877
Other transfers to (from) net assets	-	(84,891)	-	-	-	-	-
Net assets at end of year	<u>\$ 2,018,489</u>	<u>\$ 576,500</u>	<u>\$ 1,214,777</u>	<u>\$ 571,575</u>	<u>\$ 2,799,087</u>	<u>\$ 2,590,441</u>	<u>\$ 3,644,993</u>

Mercy Properties Washington
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Revenues			
Rent - net of vacancies	\$ 377,401	\$ -	\$ 3,462,121
Developer fees	-	-	-
Services fees	-	(186,987)	-
Philanthropy	-	-	-
Capital grants	-	-	-
Consulting	-	-	-
Interest	17	-	1,130
Other	6,097	-	82,531
Total revenues	<u>383,515</u>	<u>(186,987)</u>	<u>3,545,782</u>
Expenses and losses			
Compensation	105,851	-	692,409
Administrative	67,890	(186,987)	587,476
Professional services	37,659	-	346,678
Depreciation and amortization	299,809	-	1,941,591
Grants	-	-	8,485,022
Facility	93,639	-	998,247
Interest and fees	12,055	-	1,738,486
Bad debts	22	-	17,579
Provision for impaired assets	-	-	-
Project expenses	-	-	-
Allocation	-	-	-
(Gain) loss on sale of assets	-	-	(9,503,511)
(Gain) loss on investment in limited partnership	-	(738)	-
Total expenses and losses	<u>616,925</u>	<u>(187,725)</u>	<u>5,303,977</u>
Excess (deficiency) of revenues over expenses	(233,410)	738	(1,758,195)
Net assets at beginning of year	4,776,862	(1,960,501)	17,842,637
Other transfers to (from) net assets	-	-	(84,891)
Net assets at end of year	<u>\$ 4,543,452</u>	<u>\$ (1,959,763)</u>	<u>\$ 15,999,551</u>

General Partners
Consolidating Statement of Financial Position
December 31, 2013

	Consolidated Mercy Properties, Inc. (MPI)	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue Housing, Inc.	Mercy Affordable Housing, Inc. (MAHI)	Consolidated McDermott Place	Consolidated South of Market Mercy Housing	Consolidated Visitation Valley Affordable Housing Corporation
Assets							
Current assets							
Cash and cash equivalents	\$ 2,851,355	\$ 389,141	\$ 157,392	\$ -	\$ 12,776	\$ 682,240	\$ 81,612
Cash, tenant security deposits	702,852	61,581	20,303	-	12,528	293,056	114,152
Cash, restricted	1,460	-	4,420	-	-	800	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	336,043	13,596	34,311	-	10,336	79,567	93,476
Due from affiliate, net	3,137	25	-	-	-	852	10,000
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	55,000	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	658,506	56,245	54,778	-	9,242	198,717	64,496
Inventory	-	-	-	-	-	-	-
Assets held for sale	683,981	-	-	-	-	-	-
Total current assets	5,292,334	520,588	271,204	-	44,882	1,255,232	363,736
Property and equipment							
Land and land improvements	16,389,084	2,264,421	561,839	-	66,022	6,394,594	-
Buildings	162,980,924	13,679,769	9,366,212	-	1,070,861	43,025,696	26,264,984
Furniture and equipment	5,394,270	525,665	254,260	-	49,456	1,194,408	610,016
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(73,743,661)	(6,837,773)	(5,856,207)	-	(800,418)	(25,617,639)	(13,295,987)
Net property and equipment	111,020,617	9,632,082	4,326,104	-	385,921	24,997,059	13,579,013
Other long-term assets							
Restricted property reserves	8,893,972	554,770	951,803	-	64,638	2,295,269	787,525
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	418,861	-	-	(25,675)	-	(20,083,187)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	1,197,412	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	1,893,565	101,876	6,096	-	16,670	166,679	34,601
Total other long-term assets	11,206,398	656,646	957,899	(25,675)	81,308	(16,423,827)	822,126
Total assets	\$ 127,519,349	\$ 10,809,316	\$ 5,555,207	\$ (25,675)	\$ 512,111	\$ 9,828,464	\$ 14,764,875

General Partners
Consolidating Statement of Financial Position
December 31, 2013

	Consolidated Mercy Properties, Inc. (MPI)	Consolidated Mercy Properties II, Inc.	Consolidated 2101 Telegraph Avenue Housing, Inc.	Mercy Affordable Housing, Inc. (MAHI)	Consolidated McDermott Place	Consolidated South of Market Mercy Housing	Consolidated Visitation Valley Affordable Housing Corporation
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 2,317,102	\$ 161,375	\$ 147,914	\$ 156	\$ 52,337	\$ 416,531	\$ 182,646
Due to affiliates	4,586,046	387,214	63,102	46,885	260,241	954,670	179,169
Accrued interest	301,436	46,645	-	-	1,559	31,186	22,215
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	2,333,863	117,026	-	-	6,628	311,277	57,536
Current portion of notes payable, affiliates	447,648	20,000	-	-	-	52,735	-
Deferred revenue and other liabilities	1,199,985	19,211	28,426	-	64,745	80,355	27,748
Tenant security deposits	675,095	59,675	19,803	-	12,028	285,759	111,661
Total current liabilities	11,861,175	811,146	259,245	47,041	397,538	2,132,513	580,975
Long-term liabilities							
Due to affiliates	-	-	-	-	-	1,335,964	-
Accrued interest	16,089,991	100,073	2,935,015	-	269,770	7,514,636	580,238
Accrued interest, affiliates	2,614,008	144,656	-	-	-	822,886	-
Notes payable, less current portion, net	62,196,776	6,729,763	3,532,176	-	1,051,442	23,263,149	6,227,376
Notes payable, less current portion, affiliates	13,266,654	1,042,728	-	-	-	545,068	-
Deferred revenue and other liabilities	1,260,996	-	-	-	-	259,345	-
Total long-term liabilities	95,428,425	8,017,220	6,467,191	-	1,321,212	33,741,048	6,807,614
Total liabilities	107,289,600	8,828,366	6,726,436	47,041	1,718,750	35,873,561	7,388,589
Net assets							
Unrestricted net assets, controlling	20,004,205	1,980,950	(1,171,229)	(72,716)	(1,206,639)	(26,045,097)	5,666,286
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	20,004,205	1,980,950	(1,171,229)	(72,716)	(1,206,639)	(26,045,097)	5,666,286
Temporarily restricted net assets	225,544	-	-	-	-	-	1,710,000
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	20,229,749	1,980,950	(1,171,229)	(72,716)	(1,206,639)	(26,045,097)	7,376,286
Total liabilities and net assets	\$ 127,519,349	\$ 10,809,316	\$ 5,555,207	\$ (25,675)	\$ 512,111	\$ 9,828,464	\$ 14,764,875

General Partners
Consolidating Statement of Financial Position
December 31, 2013

	Consolidated Neary Lagoon, Inc.	Consolidated Mercy Housing West	Consolidated San Juan Housing Corporation	Consolidated Florin Housing Corporation	Consolidated Affordable Housing Corp.	Eliminations	Consolidated General Partners
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 6,294,336	\$ -	\$ 6,094	\$ 318,452	\$ -	\$ 10,793,398
Cash, tenant security deposits	-	1,462,940	-	46,822	55,010	-	2,769,244
Cash, restricted	-	1,777,352	-	250	-	-	1,784,282
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	813,433	-	7,396	26,295	-	1,414,453
Due from affiliate, net	-	61,906	-	-	5,089	(352)	80,657
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	772,100	-	-	-	-	827,100
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	4,228,947	-	32,237	46,369	-	5,349,537
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	683,981
Total current assets	-	15,411,014	-	92,799	451,215	(352)	23,702,652
Property and equipment							
Land and land improvements	-	74,772,004	-	731,386	546,888	-	101,726,238
Buildings	-	559,349,491	-	7,110,961	6,997,745	-	829,846,643
Furniture and equipment	-	13,158,897	-	33,184	181,040	-	21,401,196
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	21,514,411	-	-	-	-	21,514,411
Accumulated depreciation	-	(164,096,956)	-	(3,503,003)	(3,895,161)	-	(297,646,805)
Net property and equipment	-	504,697,847	-	4,372,528	3,830,512	-	676,841,683
Other long-term assets							
Restricted property reserves	-	19,000,490	-	225,459	780,709	-	33,554,635
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	(2,147,607)	-	-	-	20,065,107	(1,772,501)
Notes and interest receivable, net	-	285,520	-	-	-	-	285,520
Notes and interest receivable, affiliates	-	-	-	-	-	-	1,197,412
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	5,326,778	-	72,138	44,871	-	7,663,274
Total other long-term assets	-	22,465,181	-	297,597	825,580	20,065,107	40,928,340
Total assets	\$ -	\$ 542,574,042	\$ -	\$ 4,762,924	\$ 5,107,307	\$ 20,064,755	\$ 741,472,675

General Partners
Consolidating Statement of Financial Position
December 31, 2013

	Consolidated Neary Lagoon, Inc.	Consolidated Mercy Housing West	Consolidated San Juan Housing Corporation	Consolidated Florin Housing Corporation	Consolidated Affordable Housing Corp.	Eliminations	Consolidated General Partners
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 8,485,322	\$ -	\$ 200,290	\$ 216,219	\$ -	\$ 12,179,892
Due to affiliates	-	4,220,077	-	238,549	390,511	(352)	11,326,112
Accrued interest	-	331,910	-	7,048	8,061	-	750,060
Accrued interest, affiliates	-	-	-	-	159	-	159
Current portion of notes payable	-	10,148,851	-	46,613	83,337	-	13,105,131
Current portion of notes payable, affiliates	-	78,848	-	-	84,393	-	683,624
Deferred revenue and other liabilities	-	374,490	-	7,364	19,620	-	1,821,944
Tenant security deposits	-	1,442,691	-	45,911	53,344	-	2,705,967
Total current liabilities	-	25,082,189	-	545,775	855,644	(352)	42,572,889
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	1,335,964
Accrued interest	-	28,936,216	-	1,178,784	140,596	-	57,745,319
Accrued interest, affiliates	-	953,947	-	-	543,931	-	5,079,428
Notes payable, less current portion, net	-	301,348,768	-	3,390,633	2,621,326	-	410,361,409
Notes payable, less current portion, affiliates	-	10,779,199	-	-	658,197	-	26,291,846
Deferred revenue and other liabilities	-	6,877,332	-	-	-	-	8,397,673
Total long-term liabilities	-	348,895,462	-	4,569,417	3,964,050	-	509,211,639
Total liabilities	-	373,977,651	-	5,115,192	4,819,694	(352)	551,784,528
Net assets							
Unrestricted net assets, controlling	-	131,294,198	-	(352,268)	287,613	20,065,107	150,450,410
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	-	131,294,198	-	(352,268)	287,613	20,065,107	150,450,410
Temporarily restricted net assets	-	37,302,193	-	-	-	-	39,237,737
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	-	168,596,391	-	(352,268)	287,613	20,065,107	189,688,147
Total liabilities and net assets	\$ -	\$ 542,574,042	\$ -	\$ 4,762,924	\$ 5,107,307	\$ 20,064,755	\$ 741,472,675

General Partners
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	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
Revenues							
Rent - net of vacancies	\$ 16,831,632	\$ 1,487,497	\$ 916,996	\$ -	\$ 207,574	\$ 4,027,572	\$ 1,820,979
Developer fees	-	-	-	-	-	-	-
Services fees	(7,000)	-	-	-	-	8,757	-
Philanthropy	80,432	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	97,010	337	486	-	100	18,723	388
Other	790,106	35,880	43,019	-	99,318	133,446	42,903
Total revenues	<u>17,792,180</u>	<u>1,523,714</u>	<u>960,501</u>	<u>-</u>	<u>306,992</u>	<u>4,188,498</u>	<u>1,864,270</u>
Expenses and losses							
Compensation	4,101,224	277,754	335,938	-	62,922	762,029	347,268
Administrative	2,717,821	291,623	143,329	31	50,602	765,628	202,628
Professional services	864,890	37,716	82,044	990	9,743	340,281	55,641
Depreciation and amortization	6,547,231	578,384	358,693	-	16,863	1,546,424	965,887
Grants	-	-	-	-	-	752,584	-
Facility	6,503,483	413,058	381,318	-	136,565	1,373,844	744,180
Interest and fees	3,251,024	370,669	175,550	-	37,823	954,566	338,926
Bad debts	141,463	2,802	221	-	1,391	21,079	33,653
Provision for impaired assets	(11,774)	-	-	-	-	17,010	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(949,356)	-	-	-	-	(1,342,245)	-
(Gain) loss on investment in limited partnership	(376,050)	-	-	1,701	-	1,242,932	-
Total expenses and losses	<u>22,789,956</u>	<u>1,972,006</u>	<u>1,477,093</u>	<u>2,722</u>	<u>315,909</u>	<u>6,434,132</u>	<u>2,688,183</u>
Excess (deficiency) of revenues over expenses	(4,997,776)	(448,292)	(516,592)	(2,722)	(8,917)	(2,245,634)	(823,913)
Net assets at beginning of year	25,740,043	2,429,242	(654,637)	(69,994)	(1,197,722)	(22,368,845)	8,210,199
Other transfers to (from) net assets	(512,518)	-	-	-	-	(1,430,618)	(10,000)
Net assets at end of year	<u>\$ 20,229,749</u>	<u>\$ 1,980,950</u>	<u>\$ (1,171,229)</u>	<u>\$ (72,716)</u>	<u>\$ (1,206,639)</u>	<u>\$ (26,045,097)</u>	<u>\$ 7,376,286</u>

General Partners
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013

	Consolidated Neary Lagoon, Inc.	Consolidated Mercy Housing West	Consolidated San Juan Housing Corporation	Consolidated Florin Housing Corporation	Consolidated Affordable Housing Corp.	Eliminations	Consolidated General Partners
Revenues							
Rent - net of vacancies	\$ -	\$ 27,433,842	\$ 1,263,206	\$ 565,878	\$ 1,700,075	\$ -	\$ 56,255,251
Developer fees	-	-	-	-	-	-	-
Services fees	-	6,150	-	-	-	(3,579)	4,328
Philanthropy	-	137,864	-	-	-	-	218,296
Capital grants	-	20,788	-	-	-	-	20,788
Consulting	-	-	-	-	-	-	-
Interest	17,245	1,177,989	395	235	686	-	1,313,594
Other	109,270	1,967,356	62,616	17,981	581,992	(15,312)	3,868,575
Total revenues	<u>126,515</u>	<u>30,743,989</u>	<u>1,326,217</u>	<u>584,094</u>	<u>2,282,753</u>	<u>(18,891)</u>	<u>61,680,832</u>
Expenses and losses							
Compensation	-	6,484,439	309,443	123,593	358,144	-	13,162,754
Administrative	645	4,027,692	196,483	82,742	262,177	(3,579)	8,737,822
Professional services	386	1,816,780	51,361	61,290	86,913	-	3,408,035
Depreciation and amortization	-	24,952,946	472,661	206,167	434,215	-	36,079,471
Grants	-	-	-	-	2,168,957	-	2,921,541
Facility	9,824	9,562,208	449,834	222,024	619,022	-	20,415,360
Interest and fees	4	7,804,607	459,230	153,166	404,316	-	13,949,881
Bad debts	-	47,339	6,167	1,183	11,898	-	267,196
Provision for impaired assets	156,880	-	-	-	-	-	162,116
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	(1,537,608)	(58,496)	(3,887,705)
(Gain) loss on investment in limited partnership	-	121,104	-	-	-	(1,822,671)	(832,984)
Total expenses and losses	<u>167,739</u>	<u>54,817,115</u>	<u>1,945,179</u>	<u>850,165</u>	<u>2,808,034</u>	<u>(1,884,746)</u>	<u>94,383,487</u>
Excess (deficiency) of revenues over expenses	(41,224)	(24,073,126)	(618,962)	(266,071)	(525,281)	1,865,855	(32,702,655)
Net assets at beginning of year	225,057	192,438,850	(1,846,126)	(86,197)	648,061	17,096,311	220,564,242
Other transfers to (from) net assets	(183,833)	230,667	2,465,088	-	164,833	1,102,941	1,826,560
Net assets at end of year	<u>\$ -</u>	<u>\$ 168,596,391</u>	<u>\$ -</u>	<u>\$ (352,268)</u>	<u>\$ 287,613</u>	<u>\$ 20,065,107</u>	<u>\$ 189,688,147</u>

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Properties, Inc. (MPI)	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing California VII, LP (Casa San Juan)	Somerset Senior Housing, LTD (Casitas de Merced)	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado I, LTD (Grace)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 108,565	\$ 17,465	\$ 295,165	\$ 23,708	\$ 160,490	\$ 97,518
Cash, tenant security deposits	-	79,226	74,316	55,659	5,502	21,002	10,948
Cash, restricted	-	-	300	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	6,534	25,626	8,218	32	6,729	1,989
Due from affiliate, net	658,272	-	-	-	2,642	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	55,000	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	53,720	47,274	21,227	6,195	11,677	14,422
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	584,881	-	-
Total current assets	<u>713,272</u>	<u>248,045</u>	<u>164,981</u>	<u>380,269</u>	<u>622,960</u>	<u>199,898</u>	<u>124,877</u>
Property and equipment							
Land and land improvements	-	5,300	1,737,711	924,450	-	937,456	160,654
Buildings	-	9,980,488	15,671,544	7,687,648	-	6,416,446	3,188,279
Furniture and equipment	-	373,164	336,379	323,828	-	151,331	45,789
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(8,548,669)	(7,926,249)	(4,912,765)	-	(2,544,132)	(1,334,601)
Net property and equipment	<u>-</u>	<u>1,810,283</u>	<u>9,819,385</u>	<u>4,023,161</u>	<u>-</u>	<u>4,961,101</u>	<u>2,060,121</u>
Other long-term assets							
Restricted property reserves	-	848,578	520,754	477,531	61,408	244,970	36,781
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	286,653	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	281,000	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	67,977	21,814	61,282	-	58,197	28,392
Total other long-term assets	<u>567,653</u>	<u>916,555</u>	<u>542,568</u>	<u>538,813</u>	<u>61,408</u>	<u>303,167</u>	<u>65,173</u>
Total assets	<u>\$ 1,280,925</u>	<u>\$ 2,974,883</u>	<u>\$ 10,526,934</u>	<u>\$ 4,942,243</u>	<u>\$ 684,368</u>	<u>\$ 5,464,166</u>	<u>\$ 2,250,171</u>

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Properties, Inc. (MPI)	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing California VII, LP (Casa San Juan)	Somerset Senior Housing, LTD (Casitas de Merced)	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado I, LTD (Grace)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 467	\$ 106,244	\$ 117,799	\$ 33,716	\$ 13,474	\$ 24,932	\$ 98,466
Due to affiliates	1,601,903	20,000	206,287	16,919	8,733	275,000	-
Accrued interest	-	-	4,927	7,074	-	26,189	2,335
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	477,917	62,509	-	38,661	3,615
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	(2)	70	38,638	11,245	81	2,442	91,388
Tenant security deposits	-	79,477	72,510	54,444	5,200	20,302	9,498
Total current liabilities	1,602,368	205,791	918,078	185,907	27,488	387,526	205,302
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	4,379,286	4,165,814	60,045	291,139	168,421	-
Accrued interest, affiliates	30,106	-	-	-	-	334,538	4,283
Notes payable, less current portion, net	-	6,635,103	8,605,257	1,478,797	611,470	1,884,292	382,785
Notes payable, less current portion, affiliates	955,833	-	-	-	-	774,312	1,330,000
Deferred revenue and other liabilities	-	-	-	-	-	228,956	182,418
Total long-term liabilities	985,939	11,014,389	12,771,071	1,538,842	902,609	3,390,519	1,899,486
Total liabilities	2,588,307	11,220,180	13,689,149	1,724,749	930,097	3,778,045	2,104,788
Net assets							
Unrestricted net assets, controlling	(1,532,926)	(8,245,297)	(3,162,215)	3,217,494	(245,729)	1,686,121	145,383
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(1,532,926)	(8,245,297)	(3,162,215)	3,217,494	(245,729)	1,686,121	145,383
Temporarily restricted net assets	225,544	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(1,307,382)	(8,245,297)	(3,162,215)	3,217,494	(245,729)	1,686,121	145,383
Total liabilities and net assets	\$ 1,280,925	\$ 2,974,883	\$ 10,526,934	\$ 4,942,243	\$ 684,368	\$ 5,464,166	\$ 2,250,171

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	Mercy Housing California XI, LP (Madison Place)	Marlton Affordable Housing Associates (Marlton Manor)	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
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 1,312,269	\$ 11,180	\$ 35,965	\$ -	\$ 85,675	\$ 23,807
Cash, tenant security deposits	-	38,475	47,406	30,636	-	20,298	10,515
Cash, restricted	-	300	200	400	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	16,819	2,383	14,952	-	6,222	120
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	-	63,050	42,609	17,928	-	31,250	12,472
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	-	1,430,913	103,778	99,881	-	143,445	46,914
Property and equipment							
Land and land improvements	-	27,431	785,272	832,080	-	-	145,725
Buildings	-	15,078,727	10,477,990	5,017,713	-	6,317,140	1,803,830
Furniture and equipment	-	615,983	424,290	138,151	-	253,376	6,718
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(6,562,022)	(4,343,965)	(2,652,425)	-	(2,057,636)	(1,185,105)
Net property and equipment	-	9,160,119	7,343,587	3,335,519	-	4,512,880	771,168
Other long-term assets							
Restricted property reserves	-	1,064,560	362,272	558,975	-	293,597	196,145
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	-	92,086	99,525	59,902	-	7,145	-
Total other long-term assets	-	1,156,646	461,797	618,877	-	300,742	196,145
Total assets	\$ -	\$ 11,747,678	\$ 7,909,162	\$ 4,054,277	\$ -	\$ 4,957,067	\$ 1,014,227

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	Mercy Housing California XI, LP (Madison Place)	Marlton Affordable Housing Associates (Marlton Manor)	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
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 223,898	\$ 63,934	\$ 89,377	\$ -	\$ 63,910	\$ 16,975
Due to affiliates	-	76,878	365,949	10,937	-	187,785	2,756
Accrued interest	-	12,709	4,537	1,113	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	345,390	73,350	88,139	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	3,379	1,550	21,680	-	966,898	816
Tenant security deposits	-	37,806	44,139	29,714	-	19,805	9,776
Total current liabilities	-	700,060	553,459	240,960	-	1,238,398	30,323
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	337,937	121,946	-	595,059	1,156,722
Accrued interest, affiliates	-	-	206,277	-	-	-	-
Notes payable, less current portion, net	-	1,817,830	4,434,293	1,102,673	-	1,430,603	1,900,000
Notes payable, less current portion, affiliates	-	-	1,361,970	-	-	-	-
Deferred revenue and other liabilities	-	260,004	100,000	-	-	-	-
Total long-term liabilities	-	2,077,834	6,440,477	1,224,619	-	2,025,662	3,056,722
Total liabilities	-	2,777,894	6,993,936	1,465,579	-	3,264,060	3,087,045
Net assets							
Unrestricted net assets, controlling	-	8,969,784	915,226	2,588,698	-	1,693,007	(2,072,818)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	-	8,969,784	915,226	2,588,698	-	1,693,007	(2,072,818)
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	-	8,969,784	915,226	2,588,698	-	1,693,007	(2,072,818)
Total liabilities and net assets	\$ -	\$ 11,747,678	\$ 7,909,162	\$ 4,054,277	\$ -	\$ 4,957,067	\$ 1,014,227

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	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Arizona I, LP (Villas de Merced)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)	Mercy Housing Arizona II, LP (Page Commons)
Assets							
Current assets							
Cash and cash equivalents	\$ 32,370	\$ 12,629	\$ 11,339	\$ 40,736	\$ 2,560	\$ 18,482	\$ 70,126
Cash, tenant security deposits	16,012	8,842	26,991	7,101	9,173	15,449	16,150
Cash, restricted	-	100	160	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	12,117	1,540	8,190	6,036	9,962	1,836	6,225
Due from affiliate, net	-	-	-	-	216	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	9,401	7,583	19,378	36,899	13,737	18,341	24,006
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>69,900</u>	<u>30,694</u>	<u>66,058</u>	<u>90,772</u>	<u>35,648</u>	<u>54,108</u>	<u>116,507</u>
Property and equipment							
Land and land improvements	-	516,164	891,045	644,491	1,064,406	1,800,201	862,581
Buildings	3,255,428	2,432,522	4,859,315	6,458,993	3,621,481	7,358,475	7,156,523
Furniture and equipment	45,451	112,257	218,085	166,493	173,936	225,296	388,890
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(1,710,533)</u>	<u>(1,350,078)</u>	<u>(4,631,062)</u>	<u>(3,396,814)</u>	<u>(1,785,797)</u>	<u>(2,958,056)</u>	<u>(3,054,571)</u>
Net property and equipment	<u>1,590,346</u>	<u>1,710,865</u>	<u>1,337,383</u>	<u>3,873,163</u>	<u>3,074,026</u>	<u>6,425,916</u>	<u>5,353,423</u>
Other long-term assets							
Restricted property reserves	319,625	115,876	164,161	59,800	180,906	115,920	371,783
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>4,268</u>	<u>2,095</u>	<u>4,679</u>	<u>239,883</u>	<u>28,851</u>	<u>60,449</u>	<u>50,038</u>
Total other long-term assets	<u>323,893</u>	<u>117,971</u>	<u>168,840</u>	<u>299,683</u>	<u>209,757</u>	<u>176,369</u>	<u>421,821</u>
Total assets	<u>\$ 1,984,139</u>	<u>\$ 1,859,530</u>	<u>\$ 1,572,281</u>	<u>\$ 4,263,618</u>	<u>\$ 3,319,431</u>	<u>\$ 6,656,393</u>	<u>\$ 5,891,751</u>

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	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Arizona I, LP (Villas de Merced)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)	Mercy Housing Arizona II, LP (Page Commons)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 23,949	\$ 140,595	\$ 34,036	\$ 74,985	\$ 64,903	\$ 85,443	\$ 35,318
Due to affiliates	5,000	27,718	65,105	360,943	162,269	28,794	20,000
Accrued interest	-	3,065	1,512	19,264	-	11,978	10,188
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	12,960	17,931	79,130	4,363	41,652	34,618
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	4,859	1,027	1,274	3,326	5,536	2,086	8,822
Tenant security deposits	15,512	7,892	26,420	6,501	8,150	14,749	16,050
Total current liabilities	49,320	193,257	146,278	544,149	245,221	184,702	124,996
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	1,425,854	-	1,563,311	267,817	-	-	-
Accrued interest, affiliates	-	11,952	-	216,274	-	547,494	836
Notes payable, less current portion, net	2,670,923	883,099	2,918,057	4,232,308	581,600	1,911,221	2,739,146
Notes payable, less current portion, affiliates	-	126,779	281,000	229,447	386,000	2,283,443	41,800
Deferred revenue and other liabilities	5,000	-	-	-	345,187	750	-
Total long-term liabilities	4,101,777	1,021,830	4,762,368	4,945,846	1,312,787	4,742,908	2,781,782
Total liabilities	4,151,097	1,215,087	4,908,646	5,489,995	1,558,008	4,927,610	2,906,778
Net assets							
Unrestricted net assets, controlling	(2,166,958)	644,443	(3,336,365)	(1,226,377)	1,761,423	1,728,783	2,984,973
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(2,166,958)	644,443	(3,336,365)	(1,226,377)	1,761,423	1,728,783	2,984,973
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(2,166,958)	644,443	(3,336,365)	(1,226,377)	1,761,423	1,728,783	2,984,973
Total liabilities and net assets	\$ 1,984,139	\$ 1,859,530	\$ 1,572,281	\$ 4,263,618	\$ 3,319,431	\$ 6,656,393	\$ 5,891,751

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	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)	Mercy Housing South Dakota I, LLC (Driftwood Estates)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 11,178	\$ -	\$ 13,256	\$ -	\$ 27,542	\$ 178,674
Cash, tenant security deposits	-	36,278	-	7,849	-	80,749	13,160
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	20,366	-	3,688	-	26,681	10,560
Due from affiliate, net	-	279	-	-	65,320	-	-
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	-	21,294	-	11,057	-	59,710	10,127
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	-	89,395	-	35,850	65,320	194,682	212,521
Property and equipment							
Land and land improvements	-	48,604	-	834,890	-	224,224	614,740
Buildings	-	3,523,784	-	3,908,377	-	10,362,864	4,194,624
Furniture and equipment	-	50,691	-	36,005	-	118,317	266,701
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,842,790)	-	(1,060,840)	-	(2,670,478)	(1,413,472)
Net property and equipment	-	1,780,289	-	3,718,432	-	8,034,927	3,662,593
Other long-term assets							
Restricted property reserves	-	356,413	-	88,993	-	742,383	418,807
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	49,850	-	(245)	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	14,517	-	70,123	-	614,451	14,819
Total other long-term assets	-	370,930	49,850	159,116	(245)	1,356,834	433,626
Total assets	\$ -	\$ 2,240,614	\$ 49,850	\$ 3,913,398	\$ 65,075	\$ 9,586,443	\$ 4,308,740

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	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)	Mercy Housing South Dakota I, LLC (Driftwood Estates)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 311	\$ 70,948	\$ 311	\$ 65,563	\$ 156	\$ 273,222	\$ 62,240
Due to affiliates	18,900	50,185	54,518	89,361	126,422	238,818	88,923
Accrued interest	-	2,701	-	4,171	-	20,576	8,961
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	30,403	-	12,981	-	55,675	60,226
Current portion of notes payable, affiliates	-	40,000	-	142,640	-	-	-
Deferred revenue and other liabilities	-	9,585	-	3,213	-	3,764	769
Tenant security deposits	-	35,803	-	7,349	-	79,613	11,601
Total current liabilities	19,211	239,625	54,829	325,278	126,578	671,668	232,720
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	730,080	-
Accrued interest, affiliates	-	-	-	165,767	-	-	356,138
Notes payable, less current portion, net	-	3,807,840	-	632,850	-	6,620,773	957,766
Notes payable, less current portion, affiliates	-	-	-	489,778	-	-	1,271,688
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	-	3,807,840	-	1,288,395	-	7,350,853	2,585,592
Total liabilities	19,211	4,047,465	54,829	1,613,673	126,578	8,022,521	2,818,312
Net assets							
Unrestricted net assets, controlling	(19,211)	(1,806,851)	(4,979)	2,299,725	(61,503)	1,563,922	1,490,428
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(19,211)	(1,806,851)	(4,979)	2,299,725	(61,503)	1,563,922	1,490,428
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(19,211)	(1,806,851)	(4,979)	2,299,725	(61,503)	1,563,922	1,490,428
Total liabilities and net assets	\$ -	\$ 2,240,614	\$ 49,850	\$ 3,913,398	\$ 65,075	\$ 9,586,443	\$ 4,308,740

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	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
Assets							
Current assets							
Cash and cash equivalents	\$ 86,626	\$ 24,524	\$ -	\$ 60,189	\$ 65,038	\$ -	\$ 5,669
Cash, tenant security deposits	21,674	23,686	-	8,217	6,965	-	-
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	99,811	7,188	-	12,319	12,819	-	-
Due from affiliate, net	-	-	-	-	-	-	57,000
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	15,716	21,017	-	24,933	18,215	-	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>223,827</u>	<u>76,415</u>	<u>-</u>	<u>105,658</u>	<u>103,037</u>	<u>-</u>	<u>62,669</u>
Property and equipment							
Land and land improvements	804,386	1,645,782	-	76,315	762,319	-	-
Buildings	4,461,256	10,117,623	-	2,296,170	7,350,687	-	-
Furniture and equipment	189,210	170,331	-	26,008	537,590	-	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(1,426,406)	(2,468,485)	-	(328,327)	(1,582,170)	-	-
Net property and equipment	<u>4,028,446</u>	<u>9,465,251</u>	<u>-</u>	<u>2,070,166</u>	<u>7,068,426</u>	<u>-</u>	<u>-</u>
Other long-term assets							
Restricted property reserves	377,182	223,069	-	346,016	310,957	-	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	403,437
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	3,828,676	-	-	376,003	89,075
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>25,778</u>	<u>172,245</u>	<u>-</u>	<u>55,059</u>	<u>38,486</u>	<u>-</u>	<u>-</u>
Total other long-term assets	<u>402,960</u>	<u>395,314</u>	<u>3,828,676</u>	<u>401,075</u>	<u>349,443</u>	<u>376,003</u>	<u>492,512</u>
Total assets	<u>\$ 4,655,233</u>	<u>\$ 9,936,980</u>	<u>\$ 3,828,676</u>	<u>\$ 2,576,899</u>	<u>\$ 7,520,906</u>	<u>\$ 376,003</u>	<u>\$ 555,181</u>

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	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
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 163,549	\$ 56,873	\$ 311	\$ 73,602	\$ 62,490	\$ 311	\$ -
Due to affiliates	133,385	26,972	75,732	453,029	8,441	8,407	9,500
Accrued interest	4,562	3,860	-	147	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	11,574	10,788	-	5,371	-	-	-
Current portion of notes payable, affiliates	-	-	-	190,591	-	-	-
Deferred revenue and other liabilities	4,937	4,059	-	842	6,647	-	1
Tenant security deposits	17,347	23,307	-	7,367	5,940	-	-
Total current liabilities	335,354	125,859	76,043	730,949	83,518	8,718	9,501
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	9,086	-	32,525	-	-	-
Accrued interest, affiliates	29,428	256,716	-	-	577,909	-	-
Notes payable, less current portion, net	728,325	938,405	-	417,345	-	-	-
Notes payable, less current portion, affiliates	902,974	1,057,500	-	-	2,551,500	-	-
Deferred revenue and other liabilities	-	-	-	138,681	-	-	-
Total long-term liabilities	1,660,727	2,261,707	-	588,551	3,129,409	-	-
Total liabilities	1,996,081	2,387,566	76,043	1,319,500	3,212,927	8,718	9,501
Net assets							
Unrestricted net assets, controlling	2,659,152	7,549,414	3,752,633	1,257,399	4,307,979	367,285	545,680
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	2,659,152	7,549,414	3,752,633	1,257,399	4,307,979	367,285	545,680
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	2,659,152	7,549,414	3,752,633	1,257,399	4,307,979	367,285	545,680
Total liabilities and net assets	\$ 4,655,233	\$ 9,936,980	\$ 3,828,676	\$ 2,576,899	\$ 7,520,906	\$ 376,003	\$ 555,181

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Franciscan Homes III, LP	Franciscan Homes IV, LP	Eliminations	Consolidated Mercy Properties, Inc.
Assets				
Current assets				
Cash and cash equivalents	\$ 13,001	\$ 5,609	\$ -	\$ 2,851,355
Cash, tenant security deposits	5,798	4,775	-	702,852
Cash, restricted	-	-	-	1,460
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	2,411	4,670	-	336,043
Due from affiliate, net	-	-	(780,592)	3,137
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	55,000
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	10,800	14,468	-	658,506
Inventory	-	-	-	-
Assets held for sale	-	99,100	-	683,981
Total current assets	<u>32,010</u>	<u>128,622</u>	<u>(780,592)</u>	<u>5,292,334</u>
Property and equipment				
Land and land improvements	42,857	-	-	16,389,084
Buildings	-	-	(17,003)	162,980,924
Furniture and equipment	-	-	-	5,394,270
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	-	3,787	(73,743,661)
Net property and equipment	<u>42,857</u>	<u>-</u>	<u>(13,216)</u>	<u>111,020,617</u>
Other long-term assets				
Restricted property reserves	29,710	6,800	-	8,893,972
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	(403,437)	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	-	-	(4,211,151)	418,861
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	(281,000)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	1,504	-	1,893,565
Total other long-term assets	<u>29,710</u>	<u>8,304</u>	<u>(4,895,588)</u>	<u>11,206,398</u>
Total assets	<u>\$ 104,577</u>	<u>\$ 136,926</u>	<u>\$ (5,689,396)</u>	<u>\$ 127,519,349</u>

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Franciscan Homes III, LP	Franciscan Homes IV, LP	Eliminations	Consolidated Mercy Properties, Inc.
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 70,043	\$ 104,751	\$ -	\$ 2,317,102
Due to affiliates	501,573	845,451	(1,586,547)	4,586,046
Accrued interest	151,137	430	-	301,436
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	858,000	8,610	-	2,333,863
Current portion of notes payable, affiliates	193,868	-	(119,451)	447,648
Deferred revenue and other liabilities	260	792	1	1,199,985
Tenant security deposits	5,098	3,725	-	675,095
Total current liabilities	1,779,979	963,759	(1,705,997)	11,861,175
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	784,949	-	16,089,991
Accrued interest, affiliates	-	-	(123,710)	2,614,008
Notes payable, less current portion, net	294,735	1,579,280	-	62,196,776
Notes payable, less current portion, affiliates	236,027	167,410	(1,180,807)	13,266,654
Deferred revenue and other liabilities	-	88,831	(88,831)	1,260,996
Total long-term liabilities	530,762	2,620,470	(1,393,348)	95,428,425
Total liabilities	2,310,741	3,584,229	(3,099,345)	107,289,600
Net assets				
Unrestricted net assets, controlling	(2,206,164)	(3,447,303)	(2,590,051)	20,004,205
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(2,206,164)	(3,447,303)	(2,590,051)	20,004,205
Temporarily restricted net assets	-	-	-	225,544
Permanently restricted net assets	-	-	-	-
Total net assets	(2,206,164)	(3,447,303)	(2,590,051)	20,229,749
Total liabilities and net assets	\$ 104,577	\$ 136,926	\$ (5,689,396)	\$ 127,519,349

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Properties, Inc. (MPI)	111 Jones Street Associates, LP (111 Jones Street Apts.)	Britton Street Associates, LP (Britton Street Apts.)	Mercy Housing California VII, LP (Casa San Juan)	Somerset Senior Housing, LTD (Casitas de Merced)	Mercy Housing Colorado VIII, LP (Valle de Merced)	Mercy Housing Colorado I, LTD (Grace)
Revenues							
Rent - net of vacancies	\$ -	\$ 1,181,248	\$ 1,455,572	\$ 752,989	\$ 129,212	\$ 395,027	\$ 463,914
Developer fees	-	-	-	-	-	-	-
Services fees	307,487	-	-	-	-	-	-
Philanthropy	55,000	-	-	-	-	-	1,513
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	35,035	1,830	761	171	21	101	20
Other	119,959	20,222	36,417	16,139	212	7,059	12,628
Total revenues	<u>517,481</u>	<u>1,203,300</u>	<u>1,492,750</u>	<u>769,299</u>	<u>129,445</u>	<u>402,187</u>	<u>478,075</u>
Expenses and losses							
Compensation	-	404,369	335,364	87,477	30,980	57,680	126,036
Administrative	392,923	148,423	132,799	98,509	25,054	74,046	53,328
Professional services	2,611	104,423	39,054	70,545	5,128	10,715	33,865
Depreciation and amortization	-	300,158	587,584	301,635	53,634	288,226	128,112
Grants	-	-	-	-	-	-	-
Facility	-	499,402	515,327	214,563	59,833	113,056	181,698
Interest and fees	7,899	199,193	347,156	93,713	22,020	118,094	32,453
Bad debts	3,015	1,913	35,688	4,331	-	(576)	481
Provision for impaired assets	(268,189)	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	612,168	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	3,940	-	-	-	-	-	-
Total expenses and losses	<u>754,367</u>	<u>1,657,881</u>	<u>1,992,972</u>	<u>870,773</u>	<u>196,649</u>	<u>661,241</u>	<u>555,973</u>
Excess (deficiency) of revenues over expenses	(236,886)	(454,581)	(500,222)	(101,474)	(67,204)	(259,054)	(77,898)
Net assets at beginning of year	(908,429)	(7,790,716)	(2,661,993)	3,318,968	(178,525)	1,945,175	223,281
Other transfers to (from) net assets	<u>(162,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ (1,307,382)</u>	<u>\$ (8,245,297)</u>	<u>\$ (3,162,215)</u>	<u>\$ 3,217,494</u>	<u>\$ (245,729)</u>	<u>\$ 1,686,121</u>	<u>\$ 145,383</u>

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Housing California XI, LP (Madison Place)	Marlton Affordable Housing Associates (Marlton Manor)	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
Revenues							
Rent - net of vacancies	\$ 171,286	\$ 2,509,071	\$ 579,626	\$ 426,453	\$ 14,008	\$ 852,708	\$ 187,360
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	23,919	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	41	15,668	912	60,571	-	39	43
Other	8,182	79,754	12,749	13,972	12,811	16,595	12,200
Total revenues	<u>179,509</u>	<u>2,604,493</u>	<u>593,287</u>	<u>500,996</u>	<u>26,819</u>	<u>893,261</u>	<u>199,603</u>
Expenses and losses							
Compensation	41,672	665,576	105,057	103,492	12,000	324,708	45,706
Administrative	32,160	307,039	87,429	72,261	5,429	142,262	30,192
Professional services	4,983	32,804	70,386	70,961	830	85,837	8,185
Depreciation and amortization	80,909	580,342	452,392	204,500	10,696	131,135	31,642
Grants	-	-	-	-	-	-	-
Facility	65,410	638,836	172,484	165,836	5,950	219,817	78,791
Interest and fees	54,013	166,273	169,743	25,527	3,510	33,600	57,000
Bad debts	839	2,499	3,870	409	511	1,987	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	(903,272)	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	<u>279,986</u>	<u>2,393,369</u>	<u>1,061,361</u>	<u>642,986</u>	<u>(864,346)</u>	<u>939,346</u>	<u>251,516</u>
Excess (deficiency) of revenues over expenses	(100,477)	211,124	(468,074)	(141,990)	891,165	(46,085)	(51,913)
Net assets at beginning of year	86,693	8,986,741	1,383,300	2,730,688	(751,641)	1,739,092	(2,020,905)
Other transfers to (from) net assets	<u>13,784</u>	<u>(228,081)</u>	<u>-</u>	<u>-</u>	<u>(139,524)</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ 8,969,784</u>	<u>\$ 915,226</u>	<u>\$ 2,588,698</u>	<u>\$ -</u>	<u>\$ 1,693,007</u>	<u>\$ (2,072,818)</u>

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	2220 10th Avenue Associates, LP (Santana Apts.)	Mercy Housing Iowa II, LP (Sherwood Place Apts.)	Mercy Housing California I, LP (St. Francis Terrace)	Mercy Housing Arizona I, LP (Villas de Merced)	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)	Mercy Housing Arizona II, LP (Page Commons)
Revenues							
Rent - net of vacancies	\$ 258,123	\$ 202,343	\$ 334,232	\$ 795,586	\$ 318,508	\$ 514,051	\$ 655,404
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	20	40	282	40	18	28	121
Other	19,735	1,148	1,017	19,645	8,189	9,065	3,241
Total revenues	<u>277,878</u>	<u>203,531</u>	<u>335,531</u>	<u>815,271</u>	<u>326,715</u>	<u>523,144</u>	<u>658,766</u>
Expenses and losses							
Compensation	99,558	33,448	88,658	165,315	73,959	103,298	116,790
Administrative	51,100	36,389	45,265	80,837	53,811	103,102	121,030
Professional services	27,272	8,515	8,695	14,652	11,560	13,582	61,977
Depreciation and amortization	92,062	104,135	181,257	247,667	172,593	332,702	334,567
Grants	-	-	-	-	-	-	-
Facility	147,543	66,792	146,072	259,640	196,869	162,432	147,749
Interest and fees	80,237	38,281	104,629	276,780	685	213,180	132,723
Bad debts	1,492	2,144	-	1,214	7,720	7,243	1,688
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	<u>499,264</u>	<u>289,704</u>	<u>574,576</u>	<u>1,046,105</u>	<u>517,197</u>	<u>935,539</u>	<u>916,524</u>
Excess (deficiency) of revenues over expenses	(221,386)	(86,173)	(239,045)	(230,834)	(190,482)	(412,395)	(257,758)
Net assets at beginning of year	(1,945,572)	730,616	(3,097,320)	(995,543)	1,951,905	2,141,178	3,247,811
Other transfers to (from) net assets	-	-	-	-	-	-	(5,080)
Net assets at end of year	<u>\$ (2,166,958)</u>	<u>\$ 644,443</u>	<u>\$ (3,336,365)</u>	<u>\$ (1,226,377)</u>	<u>\$ 1,761,423</u>	<u>\$ 1,728,783</u>	<u>\$ 2,984,973</u>

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC	Mercy Housing Georgia III, LP (Rose of Sharon)	Mercy Housing South Dakota I, LLC (Driftwood Estates)
Revenues							
Rent - net of vacancies	\$ -	\$ 464,550	\$ -	\$ 246,318	\$ -	\$ 1,273,894	\$ 561,467
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	15,000	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	463	-	8	-	114	409
Other	-	6,070	-	3,816	-	65,765	11,033
Total revenues	<u>-</u>	<u>471,083</u>	<u>-</u>	<u>250,142</u>	<u>15,000</u>	<u>1,339,773</u>	<u>572,909</u>
Expenses and losses							
Compensation	-	86,713	-	42,135	-	184,031	87,353
Administrative	309	64,783	-	57,140	15,010	248,709	81,402
Professional services	988	14,734	1,043	9,763	1,095	21,537	11,439
Depreciation and amortization	-	76,785	-	177,545	-	414,866	199,474
Grants	-	-	-	-	-	-	-
Facility	-	238,581	-	139,599	-	740,806	184,147
Interest and fees	-	35,855	-	79,978	-	349,776	150,860
Bad debts	-	25,412	-	6,945	-	7,087	2,700
Provision for impaired assets	(72)	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	(55,180)
(Gain) loss on investment in limited partnership	72	-	26	-	63	-	-
Total expenses and losses	<u>1,297</u>	<u>542,863</u>	<u>1,069</u>	<u>513,105</u>	<u>16,168</u>	<u>1,966,812</u>	<u>662,195</u>
Excess (deficiency) of revenues over expenses	(1,297)	(71,780)	(1,069)	(262,963)	(1,168)	(627,039)	(89,286)
Net assets at beginning of year	(17,914)	(1,735,071)	(3,910)	2,562,688	(60,335)	2,190,961	1,579,714
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ (19,211)</u>	<u>\$ (1,806,851)</u>	<u>\$ (4,979)</u>	<u>\$ 2,299,725</u>	<u>\$ (61,503)</u>	<u>\$ 1,563,922</u>	<u>\$ 1,490,428</u>

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	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
Revenues							
Rent - net of vacancies	\$ 595,288	\$ 436,549	\$ -	\$ 307,575	\$ 474,728	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	9,500
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	131	713	-	1	1	-	-
Other	15,125	13,264	-	142,378	2,540	-	-
Total revenues	<u>610,544</u>	<u>450,526</u>	<u>-</u>	<u>449,954</u>	<u>477,269</u>	<u>-</u>	<u>9,500</u>
Expenses and losses							
Compensation	114,759	110,709	-	120,770	214,580	-	-
Administrative	106,815	93,892	-	98,638	80,080	-	9,500
Professional services	26,345	46,966	988	11,485	10,225	3,033	120
Depreciation and amortization	205,378	393,980	-	114,699	348,710	-	-
Grants	-	-	-	-	-	-	-
Facility	237,485	167,029	-	282,383	146,066	-	-
Interest and fees	100,264	122,390	-	6,409	112,087	-	-
Bad debts	6,541	6,197	-	8,918	278	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(38,483)	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	19	-	-	(376,050)	1,453
Total expenses and losses	<u>759,104</u>	<u>941,163</u>	<u>1,007</u>	<u>643,302</u>	<u>912,026</u>	<u>(373,017)</u>	<u>11,073</u>
Excess (deficiency) of revenues over expenses	(148,560)	(490,637)	(1,007)	(193,348)	(434,757)	373,017	(1,573)
Net assets at beginning of year	2,807,712	8,040,051	3,753,640	1,450,747	4,742,736	(5,732)	547,253
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 2,659,152</u>	<u>\$ 7,549,414</u>	<u>\$ 3,752,633</u>	<u>\$ 1,257,399</u>	<u>\$ 4,307,979</u>	<u>\$ 367,285</u>	<u>\$ 545,680</u>

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Franciscan Homes III, LP	Franciscan Homes IV, LP	Eliminations	Consolidated Mercy Properties, Inc.
Revenues				
Rent - net of vacancies	\$ 133,440	\$ 141,102	\$ -	\$ 16,831,632
Developer fees	-	-	-	-
Services fees	-	-	(338,987)	(7,000)
Philanthropy	-	-	-	80,432
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	11	2	(20,605)	97,010
Other	29,315	81,111	(11,250)	790,106
Total revenues	<u>162,766</u>	<u>222,215</u>	<u>(370,842)</u>	<u>17,792,180</u>
Expenses and losses				
Compensation	59,722	59,309	-	4,101,224
Administrative	55,901	47,178	(334,924)	2,717,821
Professional services	9,099	9,450	-	864,890
Depreciation and amortization	-	464	(618)	6,547,231
Grants	-	-	-	-
Facility	155,539	153,748	-	6,503,483
Interest and fees	8,511	128,790	(20,605)	3,251,024
Bad debts	1,395	2,537	(3,015)	141,463
Provision for impaired assets	-	-	256,487	(11,774)
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	(564,589)	(949,356)
(Gain) loss on investment in limited partnership	-	-	(5,573)	(376,050)
Total expenses and losses	<u>290,167</u>	<u>401,476</u>	<u>(672,837)</u>	<u>22,789,956</u>
Excess (deficiency) of revenues over expenses	(127,401)	(179,261)	301,995	(4,997,776)
Net assets at beginning of year	(2,078,763)	(3,268,042)	(2,900,496)	25,740,043
Other transfers to (from) net assets	-	-	8,450	(512,518)
Net assets at end of year	<u>\$ (2,206,164)</u>	<u>\$ (3,447,303)</u>	<u>\$ (2,590,051)</u>	<u>\$ 20,229,749</u>

Mercy Properties II, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	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.
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ 367,086	\$ 516	\$ 21,539	\$ -	\$ 389,141
Cash, tenant security deposits	-	33,752	14,180	13,649	-	61,581
Cash, restricted	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	7,638	3,509	2,449	-	13,596
Due from affiliate, net	68,252	25	-	-	(68,252)	25
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	-	28,432	16,791	11,022	-	56,245
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	<u>68,252</u>	<u>436,933</u>	<u>34,996</u>	<u>48,659</u>	<u>(68,252)</u>	<u>520,588</u>
Property and equipment						
Land and land improvements	-	1,190,644	64,487	1,009,290	-	2,264,421
Buildings	-	6,730,690	3,045,842	3,903,237	-	13,679,769
Furniture and equipment	-	215,630	261,391	48,644	-	525,665
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	-	(3,208,013)	(1,995,650)	(1,634,110)	-	(6,837,773)
Net property and equipment	<u>-</u>	<u>4,928,951</u>	<u>1,376,070</u>	<u>3,327,061</u>	<u>-</u>	<u>9,632,082</u>
Other long-term assets						
Restricted property reserves	-	306,765	83,686	164,319	-	554,770
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net	(410)	-	-	-	410	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	23,100	1,435	77,341	-	101,876
Total other long-term assets	<u>(410)</u>	<u>329,865</u>	<u>85,121</u>	<u>241,660</u>	<u>410</u>	<u>656,646</u>
Total assets	<u>\$ 67,842</u>	<u>\$ 5,695,749</u>	<u>\$ 1,496,187</u>	<u>\$ 3,617,380</u>	<u>\$ (67,842)</u>	<u>\$ 10,809,316</u>

Mercy Properties II, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	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.
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 156	\$ 45,014	\$ 56,195	\$ 60,010	\$ -	\$ 161,375
Due to affiliates	180,563	21,025	260,781	22,768	(97,923)	387,214
Accrued interest	-	36,407	3,828	6,410	-	46,645
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	76,275	21,821	18,930	-	117,026
Current portion of notes payable, affiliates	-	-	20,000	-	-	20,000
Deferred revenue and other liabilities	(1)	12,082	3,365	3,765	-	19,211
Tenant security deposits	-	32,950	12,275	14,450	-	59,675
Total current liabilities	180,718	223,753	378,265	126,333	(97,923)	811,146
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	8,000	75,594	16,479	-	100,073
Accrued interest, affiliates	-	-	105,228	39,428	-	144,656
Notes payable, less current portion, net	-	3,886,888	1,066,736	1,776,139	-	6,729,763
Notes payable, less current portion, affiliates	-	-	628,482	414,246	-	1,042,728
Deferred revenue and other liabilities	-	-	-	-	-	-
Total long-term liabilities	-	3,894,888	1,876,040	2,246,292	-	8,017,220
Total liabilities	180,718	4,118,641	2,254,305	2,372,625	(97,923)	8,828,366
Net assets						
Unrestricted net assets, controlling	(112,876)	1,577,108	(758,118)	1,244,755	30,081	1,980,950
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	(112,876)	1,577,108	(758,118)	1,244,755	30,081	1,980,950
Temporarily restricted net assets	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	(112,876)	1,577,108	(758,118)	1,244,755	30,081	1,980,950
Total liabilities and net assets	\$ 67,842	\$ 5,695,749	\$ 1,496,187	\$ 3,617,380	\$ (67,842)	\$ 10,809,316

Mercy Properties II, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	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.
Revenues						
Rent - net of vacancies	\$ -	\$ 871,099	\$ 287,088	\$ 329,310	\$ -	\$ 1,487,497
Developer fees	-	-	-	-	-	-
Services fees	31,786	-	-	-	(31,786)	-
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	-	257	26	54	-	337
Other	-	19,491	9,519	6,870	-	35,880
Total revenues	<u>31,786</u>	<u>890,847</u>	<u>296,633</u>	<u>336,234</u>	<u>(31,786)</u>	<u>1,523,714</u>
Expenses and losses						
Compensation	-	125,277	93,977	58,500	-	277,754
Administrative	31,785	175,189	56,242	60,193	(31,786)	291,623
Professional services	1,055	15,060	10,622	10,979	-	37,716
Depreciation and amortization	-	310,062	109,798	158,524	-	578,384
Grants	-	-	-	-	-	-
Facility	-	182,105	138,373	92,580	-	413,058
Interest and fees	-	197,594	57,452	115,623	-	370,669
Bad debts	-	820	1,982	-	-	2,802
Provision for impaired assets	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	45	-	-	-	(45)	-
Total expenses and losses	<u>32,885</u>	<u>1,006,107</u>	<u>468,446</u>	<u>496,399</u>	<u>(31,831)</u>	<u>1,972,006</u>
Excess (deficiency) of revenues over expenses	(1,099)	(115,260)	(171,813)	(160,165)	45	(448,292)
Net assets at beginning of year	(111,777)	1,692,368	(586,305)	1,404,920	30,036	2,429,242
Other transfers to (from) net assets	-	-	-	-	-	-
Net assets at end of year	<u>\$ (112,876)</u>	<u>\$ 1,577,108</u>	<u>\$ (758,118)</u>	<u>\$ 1,244,755</u>	<u>\$ 30,081</u>	<u>\$ 1,980,950</u>

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2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP (Hamilton Apts.)	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 157,392	\$ -	\$ 157,392
Cash, tenant security deposits	-	20,303	-	20,303
Cash, restricted	-	4,420	-	4,420
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	34,311	-	34,311
Due from affiliate, net	1,250	-	(1,250)	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	54,778	-	54,778
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
	<u>1,250</u>	<u>271,204</u>	<u>(1,250)</u>	<u>271,204</u>
Total current assets				
	<u>1,250</u>	<u>271,204</u>	<u>(1,250)</u>	<u>271,204</u>
Property and equipment				
Land and land improvements	-	561,839	-	561,839
Buildings	-	9,366,212	-	9,366,212
Furniture and equipment	-	254,260	-	254,260
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(5,856,207)	-	(5,856,207)
	<u>-</u>	<u>4,326,104</u>	<u>-</u>	<u>4,326,104</u>
Net property and equipment				
	<u>-</u>	<u>4,326,104</u>	<u>-</u>	<u>4,326,104</u>
Other long-term assets				
Restricted property reserves	-	951,803	-	951,803
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	(88,653)	-	88,653	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	304,891	-	(304,891)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	6,096	-	6,096
	<u>216,238</u>	<u>957,899</u>	<u>(216,238)</u>	<u>957,899</u>
Total other long-term assets				
	<u>216,238</u>	<u>957,899</u>	<u>(216,238)</u>	<u>957,899</u>
Total assets	<u>\$ 217,488</u>	<u>\$ 5,555,207</u>	<u>\$ (217,488)</u>	<u>\$ 5,555,207</u>

**2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2013**

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP (Hamilton Apts.)	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 156	\$ 147,758	\$ -	\$ 147,914
Due to affiliates	63,102	5,000	(5,000)	63,102
Accrued interest	-	-	-	-
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	28,426	-	28,426
Tenant security deposits	-	19,803	-	19,803
Total current liabilities	63,258	200,987	(5,000)	259,245
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	2,935,015	-	2,935,015
Accrued interest, affiliates	-	176,199	(176,199)	-
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	-	7,067,510	(600,319)	6,467,191
Total liabilities	63,258	7,268,497	(605,319)	6,726,436
Net assets				
Unrestricted net assets, controlling	154,230	(1,713,290)	387,831	(1,171,229)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	154,230	(1,713,290)	387,831	(1,171,229)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	154,230	(1,713,290)	387,831	(1,171,229)
Total liabilities and net assets	\$ 217,488	\$ 5,555,207	\$ (217,488)	\$ 5,555,207

**2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013**

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP (Hamilton Apts.)	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
Revenues				
Rent - net of vacancies	\$ -	\$ 916,996	\$ -	\$ 916,996
Developer fees	-	-	-	-
Services fees	10,000	-	(10,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	14,527	486	(14,527)	486
Other	-	43,019	-	43,019
Total revenues	<u>24,527</u>	<u>960,501</u>	<u>(24,527)</u>	<u>960,501</u>
Expenses and losses				
Compensation	-	335,938	-	335,938
Administrative	10,000	143,330	(10,001)	143,329
Professional services	990	81,054	-	82,044
Depreciation and amortization	-	358,693	-	358,693
Grants	-	-	-	-
Facility	-	381,318	-	381,318
Interest and fees	-	190,077	(14,527)	175,550
Bad debts	-	221	-	221
Provision for impaired assets	14,527	-	(14,527)	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	5,301	-	(5,301)	-
Total expenses and losses	<u>30,818</u>	<u>1,490,631</u>	<u>(44,356)</u>	<u>1,477,093</u>
Excess (deficiency) of revenues over expenses	(6,291)	(530,130)	19,829	(516,592)
Net assets at beginning of year	160,521	(1,183,160)	368,002	(654,637)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 154,230</u>	<u>\$ (1,713,290)</u>	<u>\$ 387,831</u>	<u>\$ (1,171,229)</u>

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McDermott Place
Consolidating Statement of Financial Position
December 31, 2013

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 12,776	\$ -	\$ 12,776
Cash, tenant security deposits	-	12,528	-	12,528
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	10,336	-	10,336
Due from affiliate, net	29,965	-	(29,965)	-
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	-	9,242	-	9,242
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>29,965</u>	<u>44,882</u>	<u>(29,965)</u>	<u>44,882</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	-	(800,418)	-	(800,418)
Net property and equipment	<u>-</u>	<u>385,921</u>	<u>-</u>	<u>385,921</u>
Other long-term assets				
Restricted property reserves	-	64,638	-	64,638
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	(986,853)	-	986,853	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	16,670	-	16,670
Total other long-term assets	<u>(986,853)</u>	<u>81,308</u>	<u>986,853</u>	<u>81,308</u>
Total assets	<u>\$ (956,888)</u>	<u>\$ 512,111</u>	<u>\$ 956,888</u>	<u>\$ 512,111</u>

McDermott Place
Consolidating Statement of Financial Position
December 31, 2013

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 156	\$ 52,181	\$ -	\$ 52,337
Due to affiliates	87,334	247,872	(74,965)	260,241
Accrued interest	-	1,559	-	1,559
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	6,628	-	6,628
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	64,745	-	64,745
Tenant security deposits	-	12,028	-	12,028
Total current liabilities	87,490	385,013	(74,965)	397,538
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	269,770	-	269,770
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	1,051,442	-	1,051,442
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	1,321,212	-	1,321,212
Total liabilities	87,490	1,706,225	(74,965)	1,718,750
Net assets				
Unrestricted net assets, controlling	(1,044,378)	(1,194,114)	1,031,853	(1,206,639)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(1,044,378)	(1,194,114)	1,031,853	(1,206,639)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	(1,044,378)	(1,194,114)	1,031,853	(1,206,639)
Total liabilities and net assets	<u>\$ (956,888)</u>	<u>\$ 512,111</u>	<u>\$ 956,888</u>	<u>\$ 512,111</u>

McDermott Place
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Revenues				
Rent - net of vacancies	\$ -	\$ 207,574	\$ -	\$ 207,574
Developer fees	-	-	-	-
Services fees	6,030	-	(6,030)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	100	-	100
Other	-	99,318	-	99,318
Total revenues	<u>6,030</u>	<u>306,992</u>	<u>(6,030)</u>	<u>306,992</u>
Expenses and losses				
Compensation	-	62,922	-	62,922
Administrative	6,030	50,602	(6,030)	50,602
Professional services	1,068	8,675	-	9,743
Depreciation and amortization	-	16,863	-	16,863
Grants	-	-	-	-
Facility	-	136,565	-	136,565
Interest and fees	-	37,823	-	37,823
Bad debts	-	1,391	-	1,391
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	1	-	(1)	-
Total expenses and losses	<u>7,099</u>	<u>314,841</u>	<u>(6,031)</u>	<u>315,909</u>
Excess (deficiency) of revenues over expenses	(1,069)	(7,849)	1	(8,917)
Net assets at beginning of year	(1,043,309)	(1,186,265)	1,031,852	(1,197,722)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ (1,044,378)</u>	<u>\$ (1,194,114)</u>	<u>\$ 1,031,853</u>	<u>\$ (1,206,639)</u>

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South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2013

	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 (EI Centro Residential)	Riverside/ Leibrandt Partners, LP (La Playa Residential)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ -	\$ 58,344	\$ 75,281	\$ 28,922	\$ 613	\$ 79,269
Cash, tenant security deposits	-	-	26,384	29,947	56,054	38,455	8,388
Cash, restricted	-	-	-	-	500	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	4,224	715	43,500	6,961	-
Due from affiliate, net	141,685	-	-	-	-	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	-	-	14,539	18,180	40,153	63,363	3,448
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	141,685	-	103,491	124,123	169,129	109,892	91,105
Property and equipment							
Land and land improvements	-	-	807,358	233,860	835,000	913,787	568,985
Buildings	-	-	5,339,086	3,595,868	5,153,718	4,576,665	1,946,483
Furniture and equipment	-	-	125,921	133,081	77,931	148,369	21,527
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(2,610,897)	(2,437,033)	(2,980,562)	(2,465,230)	(994,101)
Net property and equipment	-	-	3,661,468	1,525,776	3,086,087	3,173,591	1,542,894
Other long-term assets							
Restricted property reserves	-	-	62,890	177,285	222,817	283,797	186,262
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	(18,866,381)	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	1,197,412	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	16,684	52,379	23,077	342
Total other long-term assets	(17,668,969)	-	62,890	193,969	275,196	306,874	186,604
Total assets	\$ (17,527,284)	\$ -	\$ 3,827,849	\$ 1,843,868	\$ 3,530,412	\$ 3,590,357	\$ 1,820,603

**South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2013**

	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 (EI Centro Residential)	Riverside/ Leibrandt Partners, LP (La Playa Residential)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 312	\$ -	\$ 23,711	\$ 23,700	\$ 121,463	\$ 60,922	\$ 11,566
Due to affiliates	327,996	-	15,000	15,000	713,402	33,272	10,000
Accrued interest	-	-	1,507	1,725	11,918	1,457	1,044
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	29,595	16,233	84,689	56,275	9,340
Current portion of notes payable, affiliates	-	-	-	-	52,735	-	-
Deferred revenue and other liabilities	1	-	1,518	13,776	25,744	9,239	109
Tenant security deposits	-	-	25,444	27,836	55,162	37,955	7,888
Total current liabilities	328,309	-	96,775	98,270	1,065,113	199,120	39,947
Long-term liabilities							
Due to affiliates	775,972	-	-	-	-	-	-
Accrued interest	-	-	1,345,245	901,702	808,755	2,041,504	603,068
Accrued interest, affiliates	-	-	-	-	154,636	-	-
Notes payable, less current portion, net	-	-	2,639,985	2,073,570	4,401,610	3,080,873	1,089,435
Notes payable, less current portion, affiliates	-	-	-	-	-	312,729	232,339
Deferred revenue and other liabilities	-	-	-	-	259,345	-	-
Total long-term liabilities	775,972	-	3,985,230	2,975,272	5,624,346	5,435,106	1,924,842
Total liabilities	1,104,281	-	4,082,005	3,073,542	6,689,459	5,634,226	1,964,789
Net assets							
Unrestricted net assets, controlling	(18,631,565)	-	(254,156)	(1,229,674)	(3,159,047)	(2,043,869)	(144,186)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(18,631,565)	-	(254,156)	(1,229,674)	(3,159,047)	(2,043,869)	(144,186)
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(18,631,565)	-	(254,156)	(1,229,674)	(3,159,047)	(2,043,869)	(144,186)
Total liabilities and net assets	\$ (17,527,284)	\$ -	\$ 3,827,849	\$ 1,843,868	\$ 3,530,412	\$ 3,590,357	\$ 1,820,603

South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2013

	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)	Eliminations	Consolidated South of Market Mercy Housing
Assets						
Current assets						
Cash and cash equivalents	\$ 110,213	\$ 103,609	\$ 163,900	\$ 62,089	\$ -	\$ 682,240
Cash, tenant security deposits	18,329	13,246	55,971	46,282	-	293,056
Cash, restricted	-	-	300	-	-	800
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	262	4,992	4,794	14,119	-	79,567
Due from affiliate, net	-	-	-	-	(141,333)	852
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	10,740	8,765	18,738	20,791	-	198,717
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	<u>139,544</u>	<u>130,612</u>	<u>243,703</u>	<u>143,281</u>	<u>(141,333)</u>	<u>1,255,232</u>
Property and equipment						
Land and land improvements	720,004	5,600	750,000	1,560,000	-	6,394,594
Buildings	4,559,165	2,386,743	6,734,669	8,733,299	-	43,025,696
Furniture and equipment	138,219	89,746	218,065	241,549	-	1,194,408
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	<u>(2,417,421)</u>	<u>(1,872,702)</u>	<u>(4,580,787)</u>	<u>(5,258,906)</u>	<u>-</u>	<u>(25,617,639)</u>
Net property and equipment	<u>2,999,967</u>	<u>609,387</u>	<u>3,121,947</u>	<u>5,275,942</u>	<u>-</u>	<u>24,997,059</u>
Other long-term assets						
Restricted property reserves	230,546	164,072	120,099	847,501	-	2,295,269
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	(1,216,806)	(20,083,187)
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	1,197,412
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	<u>-</u>	<u>3,478</u>	<u>14,826</u>	<u>55,893</u>	<u>-</u>	<u>166,679</u>
Total other long-term assets	<u>230,546</u>	<u>167,550</u>	<u>134,925</u>	<u>903,394</u>	<u>(1,216,806)</u>	<u>(16,423,827)</u>
Total assets	<u>\$ 3,370,057</u>	<u>\$ 907,549</u>	<u>\$ 3,500,575</u>	<u>\$ 6,322,617</u>	<u>\$ (1,358,139)</u>	<u>\$ 9,828,464</u>

**South of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2013**

	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)	Eliminations	Consolidated South of Market Mercy Housing
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 58,120	\$ 17,116	\$ 62,011	\$ 37,610	\$ -	\$ 416,531
Due to affiliates	31,138	49,211	15,000	30,000	(285,349)	954,670
Accrued interest	-	-	7,322	6,213	-	31,186
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	-	58,908	56,237	-	311,277
Current portion of notes payable, affiliates	-	-	-	-	-	52,735
Deferred revenue and other liabilities	1,546	268	9,252	18,902	-	80,355
Tenant security deposits	17,829	12,746	57,544	43,355	-	285,759
Total current liabilities	108,633	79,341	210,037	192,317	(285,349)	2,132,513
Long-term liabilities						
Due to affiliates	-	559,992	-	-	-	1,335,964
Accrued interest	-	665,178	230,107	919,077	-	7,514,636
Accrued interest, affiliates	-	668,250	-	-	-	822,886
Notes payable, less current portion, net	1,763,245	1,115,000	2,693,290	4,406,141	-	23,263,149
Notes payable, less current portion, affiliates	-	-	-	-	-	545,068
Deferred revenue and other liabilities	-	-	-	-	-	259,345
Total long-term liabilities	1,763,245	3,008,420	2,923,397	5,325,218	-	33,741,048
Total liabilities	1,871,878	3,087,761	3,133,434	5,517,535	(285,349)	35,873,561
Net assets						
Unrestricted net assets, controlling	1,498,179	(2,180,212)	367,141	805,082	(1,072,790)	(26,045,097)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	1,498,179	(2,180,212)	367,141	805,082	(1,072,790)	(26,045,097)
Temporarily restricted net assets	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	1,498,179	(2,180,212)	367,141	805,082	(1,072,790)	(26,045,097)
Total liabilities and net assets	\$ 3,370,057	\$ 907,549	\$ 3,500,575	\$ 6,322,617	\$ (1,358,139)	\$ 9,828,464

**South of Market Mercy Housing
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013**

	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)
Revenues							
Rent - net of vacancies	\$ -	\$ 34,562	\$ 423,496	\$ 440,993	\$ 771,120	\$ 314,493	\$ 131,649
Developer fees	-	-	-	-	-	-	-
Services fees	127,641	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	17,010	41	88	117	471	254	93
Other	1,570	95,785	94,247	15,856	24,439	8,307	1,465
Total revenues	<u>146,221</u>	<u>130,388</u>	<u>517,831</u>	<u>456,966</u>	<u>796,030</u>	<u>323,054</u>	<u>133,207</u>
Expenses and losses							
Compensation	-	(5,524)	50,994	101,423	116,778	102,383	23,509
Administrative	178,865	5,455	67,433	95,841	114,335	71,390	33,390
Professional services	1,271	6,970	45,433	21,239	50,801	50,845	10,165
Depreciation and amortization	-	20,502	174,910	134,075	193,143	143,570	49,361
Grants	752,584	-	-	-	-	-	-
Facility	-	5,322	120,956	140,532	259,245	161,718	35,857
Interest and fees	-	5,664	86,198	68,765	251,868	129,247	47,983
Bad debts	33,830	-	-	2,836	12,466	5,777	-
Provision for impaired assets	6,118	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	71,894	(1,400,832)	-	-	-	-	-
(Gain) loss on investment in limited partnership	1,236,850	-	-	-	-	-	-
Total expenses and losses	<u>2,281,412</u>	<u>(1,362,443)</u>	<u>545,924</u>	<u>564,711</u>	<u>998,636</u>	<u>664,930</u>	<u>200,265</u>
Excess (deficiency) of revenues over expenses	(2,135,191)	1,492,831	(28,093)	(107,745)	(202,606)	(341,876)	(67,058)
Net assets at beginning of year	(15,221,569)	(1,444,022)	(118,584)	(1,121,929)	(2,956,441)	(1,701,993)	(77,128)
Other transfers to (from) net assets	(1,274,805)	(48,809)	(107,479)	-	-	-	-
Net assets at end of year	<u>\$ (18,631,565)</u>	<u>\$ -</u>	<u>\$ (254,156)</u>	<u>\$ (1,229,674)</u>	<u>\$ (3,159,047)</u>	<u>\$ (2,043,869)</u>	<u>\$ (144,186)</u>

**South of Market Mercy Housing
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013**

	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)	Eliminations	Consolidated South of Market Mercy Housing
Revenues						
Rent - net of vacancies	\$ 275,782	\$ 248,950	\$ 737,757	\$ 648,770	\$ -	\$ 4,027,572
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	(118,884)	8,757
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	67	116	58	408	-	18,723
Other	16,481	5,656	13,713	13,747	(157,820)	133,446
Total revenues	<u>292,330</u>	<u>254,722</u>	<u>751,528</u>	<u>662,925</u>	<u>(276,704)</u>	<u>4,188,498</u>
Expenses and losses						
Compensation	83,087	36,162	117,149	136,068	-	762,029
Administrative	41,538	32,928	138,291	105,047	(118,885)	765,628
Professional services	8,515	8,545	69,351	67,146	-	340,281
Depreciation and amortization	166,894	74,799	254,742	334,428	-	1,546,424
Grants	-	-	-	-	-	752,584
Facility	103,652	120,753	217,000	208,809	-	1,373,844
Interest and fees	1	104,031	117,881	142,928	-	954,566
Bad debts	-	-	-	-	(33,830)	21,079
Provision for impaired assets	-	-	-	-	10,892	17,010
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	(13,307)	(1,342,245)
(Gain) loss on investment in limited partnership	-	-	-	-	6,082	1,242,932
Total expenses and losses	<u>403,687</u>	<u>377,218</u>	<u>914,414</u>	<u>994,426</u>	<u>(149,048)</u>	<u>6,434,132</u>
Excess (deficiency) of revenues over expenses	(111,357)	(122,496)	(162,886)	(331,501)	(127,656)	(2,245,634)
Net assets at beginning of year	1,609,536	(2,057,716)	530,027	1,136,583	(945,609)	(22,368,845)
Other transfers to (from) net assets	-	-	-	-	475	(1,430,618)
Net assets at end of year	<u>\$ 1,498,179</u>	<u>\$ (2,180,212)</u>	<u>\$ 367,141</u>	<u>\$ 805,082</u>	<u>\$ (1,072,790)</u>	<u>\$ (26,045,097)</u>

**Visitacion Valley Affordable Housing
Consolidating Statement of Financial Position
December 31, 2013**

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 81,612	\$ -	\$ 81,612
Cash, tenant security deposits	-	114,152	-	114,152
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	93,476	-	93,476
Due from affiliate, net	33,750	10,000	(33,750)	10,000
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	-	64,496	-	64,496
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>33,750</u>	<u>363,736</u>	<u>(33,750)</u>	<u>363,736</u>
Property and equipment				
Land and land improvements	-	-	-	-
Buildings	-	26,264,984	-	26,264,984
Furniture and equipment	-	610,016	-	610,016
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(13,295,987)	-	(13,295,987)
Net property and equipment	<u>-</u>	<u>13,579,013</u>	<u>-</u>	<u>13,579,013</u>
Other long-term assets				
Restricted property reserves	-	787,525	-	787,525
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	3,122,774	-	(3,122,774)	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	34,601	-	34,601
Total other long-term assets	<u>3,122,774</u>	<u>822,126</u>	<u>(3,122,774)</u>	<u>822,126</u>
Total assets	<u>\$ 3,156,524</u>	<u>\$ 14,764,875</u>	<u>\$ (3,156,524)</u>	<u>\$ 14,764,875</u>

Visitacion Valley Affordable Housing
Consolidating Statement of Financial Position
December 31, 2013

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 156	\$ 182,490	\$ -	\$ 182,646
Due to affiliates	179,169	45,000	(45,000)	179,169
Accrued interest	-	22,215	-	22,215
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	57,536	-	57,536
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	27,748	-	27,748
Tenant security deposits	-	111,661	-	111,661
Total current liabilities	<u>179,325</u>	<u>446,650</u>	<u>(45,000)</u>	<u>580,975</u>
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	580,238	-	580,238
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	6,227,376	-	6,227,376
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	<u>-</u>	<u>6,807,614</u>	<u>-</u>	<u>6,807,614</u>
Total liabilities	<u>179,325</u>	<u>7,254,264</u>	<u>(45,000)</u>	<u>7,388,589</u>
Net assets				
Unrestricted net assets, controlling	1,267,199	7,510,611	(3,111,524)	5,666,286
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	<u>1,267,199</u>	<u>7,510,611</u>	<u>(3,111,524)</u>	<u>5,666,286</u>
Temporarily restricted net assets	1,710,000	-	-	1,710,000
Permanently restricted net assets	-	-	-	-
Total net assets	<u>2,977,199</u>	<u>7,510,611</u>	<u>(3,111,524)</u>	<u>7,376,286</u>
Total liabilities and net assets	<u>\$ 3,156,524</u>	<u>\$ 14,764,875</u>	<u>\$ (3,156,524)</u>	<u>\$ 14,764,875</u>

**Visitacion Valley Affordable Housing
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013**

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing
Revenues				
Rent - net of vacancies	\$ -	\$ 1,820,979	\$ -	\$ 1,820,979
Developer fees	-	-	-	-
Services fees	15,000	-	(15,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	388	-	388
Other	-	42,903	-	42,903
Total revenues	<u>15,000</u>	<u>1,864,270</u>	<u>(15,000)</u>	<u>1,864,270</u>
Expenses and losses				
Compensation	-	347,268	-	347,268
Administrative	14,941	202,688	(15,001)	202,628
Professional services	990	54,651	-	55,641
Depreciation and amortization	-	965,887	-	965,887
Grants	-	-	-	-
Facility	-	744,180	-	744,180
Interest and fees	-	338,926	-	338,926
Bad debts	-	33,653	-	33,653
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	411	-	(411)	-
Total expenses and losses	<u>16,342</u>	<u>2,687,253</u>	<u>(15,412)</u>	<u>2,688,183</u>
Excess (deficiency) of revenues over expenses	(1,342)	(822,983)	412	(823,913)
Net assets at beginning of year	2,978,541	8,343,594	(3,111,936)	8,210,199
Other transfers to (from) net assets	-	(10,000)	-	(10,000)
Net assets at end of year	<u>\$ 2,977,199</u>	<u>\$ 7,510,611</u>	<u>\$ (3,111,524)</u>	<u>\$ 7,376,286</u>

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Neary Lagoon, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Neary Lagoon, Inc.	Neary Lagoon Partners, LP	Eliminations	Consolidated Neary Lagoon, Inc.
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	-	-	-
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	-	-	-
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	-	-	-	-
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	-	-	-	-
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	-	-	-	-
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	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -

Neary Lagoon, Inc.
Consolidating Statement of Financial Position
December 31, 2013

	Neary Lagoon, Inc.	Neary Lagoon Partners, LP	Eliminations	Consolidated Neary Lagoon, Inc.
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -
Due to affiliates	-	-	-	-
Accrued interest	-	-	-	-
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Tenant security deposits	-	-	-	-
Total current liabilities	-	-	-	-
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	-	-	-	-
Total liabilities	-	-	-	-
Net assets				
Unrestricted net assets, controlling	-	-	-	-
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	-	-	-	-
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	-	-	-	-
Total liabilities and net assets	\$ -	\$ -	\$ -	\$ -

Neary Lagoon, Inc.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Neary Lagoon, Inc.	Neary Lagoon Partners, LP	Eliminations	Consolidated Neary Lagoon, Inc.
Revenues				
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -
Developer fees	-	-	-	-
Services fees	-	-	-	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	17,213	32	-	17,245
Other	108,683	587	-	109,270
Total revenues	<u>125,896</u>	<u>619</u>	<u>-</u>	<u>126,515</u>
Expenses and losses				
Compensation	-	-	-	-
Administrative	-	644	1	645
Professional services	386	-	-	386
Depreciation and amortization	-	-	-	-
Grants	-	-	-	-
Facility	-	9,824	-	9,824
Interest and fees	-	4	-	4
Bad debts	-	-	-	-
Provision for impaired assets	156,880	-	-	156,880
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	(56,131)	-	56,131	-
(Gain) loss on investment in limited partnership	99	-	(99)	-
Total expenses and losses	<u>101,234</u>	<u>10,472</u>	<u>56,033</u>	<u>167,739</u>
Excess (deficiency) of revenues over expenses	24,662	(9,853)	(56,033)	(41,224)
Net assets at beginning of year	(24,662)	195,543	54,176	225,057
Other transfers to (from) net assets	-	(185,690)	1,857	(183,833)
Net assets at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing West	Mercy Housing California XIV, LP (10th & Mission Apartments)	Mercy Housing California XV, LP (Nueva Vista)	Mercy Housing California XVII, LP (Derek Silva Community)	Mercy Housing California XXIV, LP (Carter Terrace Apartments)	Mercy Housing California XVIII, LP (Polk Street Senior Community)	Mercy Housing California XIII, LP (Linbrook Court)	Mercy Housing California XX, LP (Mission Creek Sr.)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 561,302	\$ 37,946	\$ 128,076	\$ 198,855	\$ 58,551	\$ 258,506	\$ 185,284
Cash, tenant security deposits	-	115,728	37,866	19,691	104,496	21,667	33,563	64,960
Cash, restricted	-	-	300	-	150	-	-	25,331
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	8,386	346	24,493	31,215	12,443	5,537	282,780
Due from affiliate, net	1,863,152	-	-	-	-	-	-	560
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	771,716	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	109,482	43,369	35,305	52,502	55,648	27,813	119,076
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>2,634,868</u>	<u>794,898</u>	<u>119,827</u>	<u>207,565</u>	<u>387,218</u>	<u>148,309</u>	<u>325,419</u>	<u>677,991</u>
Property and equipment								
Land and land improvements	-	1,323,633	917,754	135,399	3,630,293	1,028,700	1,804,059	28,240
Buildings	-	63,239,670	10,990,356	14,624,415	20,956,238	15,945,953	10,001,809	39,686,826
Furniture and equipment	-	1,482,683	311,250	40,207	1,522,830	95,740	266,801	984,651
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(11,016,803)	(4,886,006)	(5,773,447)	(10,583,321)	(5,380,785)	(4,535,602)	(12,165,058)
Net property and equipment	<u>-</u>	<u>55,029,183</u>	<u>7,333,354</u>	<u>9,026,574</u>	<u>15,526,040</u>	<u>11,689,608</u>	<u>7,537,067</u>	<u>28,534,659</u>
Other long-term assets								
Restricted property reserves	-	947,572	420,228	548,401	1,133,867	599,989	404,516	1,801,102
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	14,590,772	-	-	-	-	-	-	-
Notes and interest receivable, net	285,520	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	22,981,700	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	378,438	59,394	165,293	133,611	95,435	60,727	408,563
Total other long-term assets	<u>37,857,992</u>	<u>1,326,010</u>	<u>479,622</u>	<u>713,694</u>	<u>1,267,478</u>	<u>695,424</u>	<u>465,243</u>	<u>2,209,665</u>
Total assets	<u>\$ 40,492,860</u>	<u>\$ 57,150,091</u>	<u>\$ 7,932,803</u>	<u>\$ 9,947,833</u>	<u>\$ 17,180,736</u>	<u>\$ 12,533,341</u>	<u>\$ 8,327,729</u>	<u>\$ 31,422,315</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing West	Mercy Housing California XIV, LP (10th & Mission Apartments)	Mercy Housing California XV, LP (Nueva Vista)	Mercy Housing California XVII, LP (Derek Silva Community)	Mercy Housing California XXIV, LP (Carter Terrace Apartments)	Mercy Housing California XVIII, LP (Polk Street Senior Community)	Mercy Housing California XIII, LP (Linbrook Court)	Mercy Housing California XX, LP (Mission Creek Sr.)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 311	\$ 105,077	\$ 27,832	\$ 77,255	\$ 94,684	\$ 76,280	\$ 39,793	\$ 134,396
Due to affiliates	2,349,777	40,211	30,475	123,121	101,154	91,799	20,000	49,572
Accrued interest	-	-	3,295	1,534	16,288	10,700	11,645	5,564
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	57,677	300,000	400,000	400,000	50,826	430,000
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1	6,115	875	10,630	1,647	148,471	8,567	6,286
Tenant security deposits	-	114,548	37,366	18,946	104,182	21,167	32,827	64,560
Total current liabilities	2,350,089	265,951	157,520	531,486	717,955	748,417	163,658	690,378
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	986,605	-	602,272	3,448,075	3,520,171	601,364	1,228,432
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	38,042,481	3,993,632	8,274,207	17,023,159	10,013,939	4,130,930	22,679,821
Notes payable, less current portion, affiliates	6,717,672	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	73,803	8	1,201,895	-	678,750	-	-
Total long-term liabilities	6,717,672	39,102,889	3,993,640	10,078,374	20,471,234	14,212,860	4,732,294	23,908,253
Total liabilities	9,067,761	39,368,840	4,151,160	10,609,860	21,189,189	14,961,277	4,895,952	24,598,631
Net assets								
Unrestricted net assets, controlling	(5,877,094)	17,781,251	3,781,643	(662,027)	(4,008,453)	(2,427,936)	3,431,777	6,823,684
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(5,877,094)	17,781,251	3,781,643	(662,027)	(4,008,453)	(2,427,936)	3,431,777	6,823,684
Temporarily restricted net assets	37,302,193	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	31,425,099	17,781,251	3,781,643	(662,027)	(4,008,453)	(2,427,936)	3,431,777	6,823,684
Total liabilities and net assets	\$ 40,492,860	\$ 57,150,091	\$ 7,932,803	\$ 9,947,833	\$ 17,180,736	\$ 12,533,341	\$ 8,327,729	\$ 31,422,315

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2013

	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)	Mercy Housing California XXV, LP (Casa Alegre)	Pinewood Court Apartments, LP (Terracina Pinewood Court)
Assets								
Current assets								
Cash and cash equivalents	\$ 17,054	\$ 214,160	\$ 28,296	\$ 7,366	\$ 1,891,909	\$ 150,483	\$ 136,133	\$ 6,714
Cash, tenant security deposits	53,353	34,024	81,950	32,789	122,873	45,370	17,390	40,760
Cash, restricted	-	2,832	2,866	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	16,120	14,220	4,732	14,495	26,865	83,743	4,583	2,284
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	16,461	771,852	39,437	17,118	77,029	1,977,156	20,162	17,963
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>102,988</u>	<u>1,037,088</u>	<u>157,281</u>	<u>71,768</u>	<u>2,118,676</u>	<u>2,256,752</u>	<u>178,268</u>	<u>67,721</u>
Property and equipment								
Land and land improvements	2,223,946	8,487,572	6,265,525	214,579	5,531,488	164,151	873,574	2,014,938
Buildings	12,008,565	26,121,884	26,973,420	4,513,871	20,731,803	19,954,944	3,404,005	6,983,230
Furniture and equipment	186,762	574,044	674,962	75,244	369,798	170,359	47,308	96,855
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	2,345,896	-	-	-
Accumulated depreciation	<u>(4,726,718)</u>	<u>(8,433,315)</u>	<u>(7,904,671)</u>	<u>(3,364,406)</u>	<u>(7,296,907)</u>	<u>(6,192,840)</u>	<u>(1,595,957)</u>	<u>(3,207,125)</u>
Net property and equipment	<u>9,692,555</u>	<u>26,750,185</u>	<u>26,009,236</u>	<u>1,439,288</u>	<u>21,682,078</u>	<u>14,096,614</u>	<u>2,728,930</u>	<u>5,887,898</u>
Other long-term assets								
Restricted property reserves	390,991	962,734	524,119	186,570	307,809	300,470	176,086	186,515
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>58,312</u>	<u>58,708</u>	<u>344,127</u>	<u>6,290</u>	<u>276,805</u>	<u>89,943</u>	<u>6,514</u>	<u>105,984</u>
Total other long-term assets	<u>449,303</u>	<u>1,021,442</u>	<u>868,246</u>	<u>192,860</u>	<u>584,614</u>	<u>390,413</u>	<u>182,600</u>	<u>292,499</u>
Total assets	<u>\$ 10,244,846</u>	<u>\$ 28,808,715</u>	<u>\$ 27,034,763</u>	<u>\$ 1,703,916</u>	<u>\$ 24,385,368</u>	<u>\$ 16,743,779</u>	<u>\$ 3,089,798</u>	<u>\$ 6,248,118</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2013

	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)	Mercy Housing California XXV, LP (Casa Alegre)	Pinewood Court Apartments, LP (Terracina Pinewood Court)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 65,927	\$ 34,481	\$ 83,683	\$ 68,499	\$ 324,154	\$ 50,307	\$ 15,387	\$ 54,595
Due to affiliates	259,212	35,002	48,028	131,297	313,230	148,575	97,285	125,515
Accrued interest	29,308	20,335	51,131	2,089	67,905	5,062	-	9,595
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	148,735	337,495	42,479	22,456	293,143	15,488	-	33,511
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	10,996	4,509	7,740	302	51,740	3,470	1,111	773
Tenant security deposits	52,994	33,914	81,450	32,489	121,361	44,289	16,105	39,568
Total current liabilities	567,172	465,736	314,511	257,132	1,171,533	267,191	129,888	263,557
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	659,271	2,973,043	1,994,121	1,247,073	1,174,036	1,706,295	249,316	281,886
Accrued interest, affiliates	-	-	1,265	-	-	-	-	-
Notes payable, less current portion, net	8,172,928	17,441,583	16,770,612	2,348,763	18,807,857	7,043,321	897,000	2,964,206
Notes payable, less current portion, affiliates	284,000	-	28,751	-	-	-	-	503,459
Deferred revenue and other liabilities	595,752	-	-	-	930,383	2,184,865	-	-
Total long-term liabilities	9,711,951	20,414,626	18,794,749	3,595,836	20,912,276	10,934,481	1,146,316	3,749,551
Total liabilities	10,279,123	20,880,362	19,109,260	3,852,968	22,083,809	11,201,672	1,276,204	4,013,108
Net assets								
Unrestricted net assets, controlling	(34,277)	7,928,353	7,925,503	(2,149,052)	2,301,559	5,542,107	1,813,594	2,235,010
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(34,277)	7,928,353	7,925,503	(2,149,052)	2,301,559	5,542,107	1,813,594	2,235,010
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(34,277)	7,928,353	7,925,503	(2,149,052)	2,301,559	5,542,107	1,813,594	2,235,010
Total liabilities and net assets	\$ 10,244,846	\$ 28,808,715	\$ 27,034,763	\$ 1,703,916	\$ 24,385,368	\$ 16,743,779	\$ 3,089,798	\$ 6,248,118

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2013

	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)	Mercy Housing California XXVIII, LP (The Vineyard Townhomes)	Mercy Terrace, LLC	Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)
Assets								
Current assets								
Cash and cash equivalents	\$ 58,274	\$ 65,616	\$ 235,939	\$ 22,272	\$ 202,054	\$ 287,185	\$ 897,394	\$ 384
Cash, tenant security deposits	23,409	11,993	56,442	34,806	55,561	62,298	60,923	33,556
Cash, restricted	-	-	14,729	10,005	-	266	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	10,251	60,493	32,056	4,099	22,844	13,982	16,289	4,384
Due from affiliate, net	-	-	-	-	-	1,115	60,000	231
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	33,327	28,438	45,144	67,269	22,449	30,478	74,237	17,950
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>125,261</u>	<u>166,540</u>	<u>384,310</u>	<u>138,835</u>	<u>302,908</u>	<u>395,324</u>	<u>1,108,843</u>	<u>56,505</u>
Property and equipment								
Land and land improvements	121,460	2,783,667	693,387	1,781,588	1,779,284	2,269,564	78,149	2,921,288
Buildings	7,291,280	10,361,410	24,646,715	41,689,343	14,470,825	14,454,293	20,909,272	13,138,049
Furniture and equipment	224,508	349,061	257,442	938,544	173,899	192,137	261,893	155,101
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(2,995,885)</u>	<u>(3,084,931)</u>	<u>(3,107,113)</u>	<u>(6,035,586)</u>	<u>(5,072,818)</u>	<u>(4,227,418)</u>	<u>(6,590,244)</u>	<u>(4,791,854)</u>
Net property and equipment	<u>4,641,363</u>	<u>10,409,207</u>	<u>22,490,431</u>	<u>38,373,889</u>	<u>11,351,190</u>	<u>12,688,576</u>	<u>14,659,070</u>	<u>11,422,584</u>
Other long-term assets								
Restricted property reserves	394,011	932,167	203,287	1,163,224	403,088	292,523	1,982,637	167,712
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>37,645</u>	<u>35,691</u>	<u>234,136</u>	<u>116,300</u>	<u>80,465</u>	<u>157,211</u>	<u>643,880</u>	<u>51,039</u>
Total other long-term assets	<u>431,656</u>	<u>967,858</u>	<u>437,423</u>	<u>1,279,524</u>	<u>483,553</u>	<u>449,734</u>	<u>2,626,517</u>	<u>218,751</u>
Total assets	<u>\$ 5,198,280</u>	<u>\$ 11,543,605</u>	<u>\$ 23,312,164</u>	<u>\$ 39,792,248</u>	<u>\$ 12,137,651</u>	<u>\$ 13,533,634</u>	<u>\$ 18,394,430</u>	<u>\$ 11,697,840</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2013

	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)	Mercy Housing California XXVIII, LP (The Vineyard Townhomes)	Mercy Terrace, LLC	Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 85,421	\$ 106,703	\$ 36,399	\$ 98,167	\$ 63,600	\$ 55,685	\$ 114,286	\$ 79,445
Due to affiliates	422,611	18,000	59,197	61,613	35,229	150,000	881,920	49,339
Accrued interest	-	24,999	1,039	-	3,795	19,888	339	3,536
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	30,540	-	194,947	54,770	300,000	38,320
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	2,825	3,986	15,468	35,924	743	10,436	1,101	40
Tenant security deposits	22,641	11,475	57,692	34,254	55,253	60,830	60,423	32,232
Total current liabilities	533,498	165,163	200,335	229,958	353,567	351,609	1,358,069	202,912
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	1,207,861	965,490	1,055,997	-	309,731	27,792	-	1,483,755
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	4,276,660	8,427,210	7,242,476	16,814,804	1,768,138	3,704,049	13,000,000	7,786,285
Notes payable, less current portion, affiliates	-	-	-	12,626,500	-	-	-	-
Deferred revenue and other liabilities	138,738	-	18,205	-	-	242,796	-	251,710
Total long-term liabilities	5,623,259	9,392,700	8,316,678	29,441,304	2,077,869	3,974,637	13,000,000	9,521,750
Total liabilities	6,156,757	9,557,863	8,517,013	29,671,262	2,431,436	4,326,246	14,358,069	9,724,662
Net assets								
Unrestricted net assets, controlling	(958,477)	1,985,742	14,795,151	10,120,986	9,706,215	9,207,388	4,036,361	1,973,178
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(958,477)	1,985,742	14,795,151	10,120,986	9,706,215	9,207,388	4,036,361	1,973,178
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(958,477)	1,985,742	14,795,151	10,120,986	9,706,215	9,207,388	4,036,361	1,973,178
Total liabilities and net assets	\$ 5,198,280	\$ 11,543,605	\$ 23,312,164	\$ 39,792,248	\$ 12,137,651	\$ 13,533,634	\$ 18,394,430	\$ 11,697,840

Mercy Housing West
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	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
Assets								
Current assets								
Cash and cash equivalents	\$ 59,979	\$ 148,293	\$ 43,380	\$ 174,945	\$ 6,236	\$ 167,043	\$ -	\$ 44,707
Cash, tenant security deposits	72,706	82,936	26,489	35,714	20,257	38,116	-	21,254
Cash, restricted	-	-	-	-	-	-	15,148	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	53,925	4,048	3,532	32,135	15,520	4,865	-	2,768
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	368,148	39,771	30,554	31,011	17,963	22,422	-	19,413
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>554,758</u>	<u>275,048</u>	<u>103,955</u>	<u>273,805</u>	<u>59,976</u>	<u>232,446</u>	<u>15,148</u>	<u>88,142</u>
Property and equipment								
Land and land improvements	5,022,013	8,258,174	2,954,452	388,345	996,396	812,667	1,200,000	3,427,557
Buildings	33,388,657	16,565,454	14,753,746	9,639,147	9,642,639	10,536,051	-	9,607,884
Furniture and equipment	1,080,784	629,140	437,990	414,180	223,746	352,433	-	267,831
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	540,648	-
Accumulated depreciation	<u>(10,133,852)</u>	<u>(6,581,278)</u>	<u>(3,859,375)</u>	<u>(2,503,395)</u>	<u>(2,195,788)</u>	<u>(2,821,240)</u>	<u>-</u>	<u>(3,006,973)</u>
Net property and equipment	<u>29,357,602</u>	<u>18,871,490</u>	<u>14,286,813</u>	<u>7,938,277</u>	<u>8,666,993</u>	<u>8,879,911</u>	<u>1,740,648</u>	<u>10,296,299</u>
Other long-term assets								
Restricted property reserves	383,720	412,409	1,083,449	521,110	593,465	615,810	-	929,563
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>463,560</u>	<u>242,623</u>	<u>100,326</u>	<u>72,573</u>	<u>110,776</u>	<u>42,736</u>	<u>1,167</u>	<u>86,388</u>
Total other long-term assets	<u>847,280</u>	<u>655,032</u>	<u>1,183,775</u>	<u>593,683</u>	<u>704,241</u>	<u>658,546</u>	<u>1,167</u>	<u>1,015,951</u>
Total assets	<u>\$ 30,759,640</u>	<u>\$ 19,801,570</u>	<u>\$ 15,574,543</u>	<u>\$ 8,805,765</u>	<u>\$ 9,431,210</u>	<u>\$ 9,770,903</u>	<u>\$ 1,756,963</u>	<u>\$ 11,400,392</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2013

	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
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 131,560	\$ 46,719	\$ 37,656	\$ 39,017	\$ 80,850	\$ 56,803	\$ 4,600	\$ 60,382
Due to affiliates	142,055	91,133	16,883	-	-	15,362	14,879	31,500
Accrued interest	7,793	12,420	-	11,061	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	47,688	29,867	-	51,225	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	49,292	-
Deferred revenue and other liabilities	19,245	4,885	379	4,926	4,449	5,500	-	1,351
Tenant security deposits	71,611	81,606	25,989	36,514	17,978	37,616	-	20,811
Total current liabilities	419,952	266,630	80,907	142,743	103,277	115,281	68,771	114,044
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	1,192,447	389,816	-	-	581,203	-	294,979	273,678
Accrued interest, affiliates	-	-	-	952,682	-	-	-	-
Notes payable, less current portion, net	21,158,401	4,841,328	1,479,431	2,711,091	7,009,500	-	1,414,722	3,010,844
Notes payable, less current portion, affiliates	-	-	10,355,200	3,529,317	-	-	-	-
Deferred revenue and other liabilities	239,034	3,179	-	-	175,001	-	-	-
Total long-term liabilities	22,589,882	5,234,323	11,834,631	7,193,090	7,765,704	-	1,709,701	3,284,522
Total liabilities	23,009,834	5,500,953	11,915,538	7,335,833	7,868,981	115,281	1,778,472	3,398,566
Net assets								
Unrestricted net assets, controlling	7,749,806	14,300,617	3,659,005	1,469,932	1,562,229	9,655,622	(21,509)	8,001,826
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	7,749,806	14,300,617	3,659,005	1,469,932	1,562,229	9,655,622	(21,509)	8,001,826
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	7,749,806	14,300,617	3,659,005	1,469,932	1,562,229	9,655,622	(21,509)	8,001,826
Total liabilities and net assets	\$ 30,759,640	\$ 19,801,570	\$ 15,574,543	\$ 8,805,765	\$ 9,431,210	\$ 9,770,903	\$ 1,756,963	\$ 11,400,392

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing California 50, LP (Vera Haile Senior Housing)	Mercy Housing California 49, LP (McAuley Meadows)	Eliminations	Consolidated Mercy Housing West
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 6,294,336
Cash, tenant security deposits	-	-	-	1,462,940
Cash, restricted	1,332,351	373,374	-	1,777,352
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	-	-	813,433
Due from affiliate, net	-	-	(1,863,152)	61,906
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	772,100
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	-	-	4,228,947
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>1,332,351</u>	<u>373,374</u>	<u>(1,863,152)</u>	<u>15,411,014</u>
Property and equipment				
Land and land improvements	2,700,000	1,940,162	-	74,772,004
Buildings	-	12,117,737	-	559,349,491
Furniture and equipment	-	300,714	-	13,158,897
Predevelopment project costs	-	-	-	-
Construction in progress	18,627,867	-	-	21,514,411
Accumulated depreciation	<u>-</u>	<u>(26,245)</u>	<u>-</u>	<u>(164,096,956)</u>
Net property and equipment	<u>21,327,867</u>	<u>14,332,368</u>	<u>-</u>	<u>504,697,847</u>
Other long-term assets				
Restricted property reserves	-	31,346	-	19,000,490
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	-	-	(16,738,379)	(2,147,607)
Notes and interest receivable, net	-	-	-	285,520
Notes and interest receivable, affiliates	-	-	(22,981,700)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	<u>438,445</u>	<u>163,673</u>	<u>-</u>	<u>5,326,778</u>
Total other long-term assets	<u>438,445</u>	<u>195,019</u>	<u>(39,720,079)</u>	<u>22,465,181</u>
Total assets	<u>\$ 23,098,663</u>	<u>\$ 14,900,761</u>	<u>\$ (41,583,231)</u>	<u>\$ 542,574,042</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2013

	Mercy Housing California 50, LP (Vera Haile Senior Housing)	Mercy Housing California 49, LP (McAuley Meadows)	Eliminations	Consolidated Mercy Housing West
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 3,901,418	\$ 2,233,950	\$ -	\$ 8,485,322
Due to affiliates	662,726	12,275	(2,408,898)	4,220,077
Accrued interest	-	12,589	-	331,910
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	6,869,684	-	10,148,851
Current portion of notes payable, affiliates	29,505	51	-	78,848
Deferred revenue and other liabilities	-	(1)	-	374,490
Tenant security deposits	-	-	-	1,442,691
Total current liabilities	<u>4,593,649</u>	<u>9,128,548</u>	<u>(2,408,898)</u>	<u>25,082,189</u>
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	481,507	-	-	28,936,216
Accrued interest, affiliates	-	-	-	953,947
Notes payable, less current portion, net	18,099,390	-	-	301,348,768
Notes payable, less current portion, affiliates	-	5,345,217	(28,610,917)	10,779,199
Deferred revenue and other liabilities	-	143,213	-	6,877,332
Total long-term liabilities	<u>18,580,897</u>	<u>5,488,430</u>	<u>(28,610,917)</u>	<u>348,895,462</u>
Total liabilities	<u>23,174,546</u>	<u>14,616,978</u>	<u>(31,019,815)</u>	<u>373,977,651</u>
Net assets				
Unrestricted net assets, controlling	(75,883)	283,783	(10,563,416)	131,294,198
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	<u>(75,883)</u>	<u>283,783</u>	<u>(10,563,416)</u>	<u>131,294,198</u>
Temporarily restricted net assets	-	-	-	37,302,193
Permanently restricted net assets	-	-	-	-
Total net assets	<u>(75,883)</u>	<u>283,783</u>	<u>(10,563,416)</u>	<u>168,596,391</u>
Total liabilities and net assets	<u>\$ 23,098,663</u>	<u>\$ 14,900,761</u>	<u>\$ (41,583,231)</u>	<u>\$ 542,574,042</u>

Mercy Housing West
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Housing West	Mercy Housing California XIV, LP (10th & Mission Apartments)	Mercy Housing California XV, LP (Nueva Vista)	Mercy Housing California XVII, LP (Derek Silva Community)	Mercy Housing California XXIV, LP (Carter Terrace Apartments)	Mercy Housing California XVIII, LP (Polk Street Senior Community)	Mercy Housing California XIII, LP (Linbrook Court)	Mercy Housing California XX, LP (Mission Creek Sr.)
Revenues								
Rent - net of vacancies	\$ -	\$ 1,467,264	\$ 552,089	\$ 1,075,601	\$ 1,531,285	\$ 1,132,374	\$ 743,434	\$ 2,257,383
Developer fees	-	-	-	-	-	-	-	-
Services fees	667,982	-	-	-	-	-	-	-
Philanthropy	43,333	-	-	-	-	-	-	-
Capital grants	-	-	-	20,788	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	(305)	-	76,680	339,691	114,881	101	572,988
Other	200,000	474,729	12,779	73,632	16,363	52,403	7,077	83,425
Total revenues	911,315	1,941,688	564,868	1,246,701	1,887,339	1,299,658	750,612	2,913,796
Expenses and losses								
Compensation	-	576,114	109,662	333,106	254,536	284,321	119,881	770,768
Administrative	852,602	227,268	95,983	87,394	151,781	101,138	141,260	256,174
Professional services	1,475	89,810	73,219	18,239	98,717	78,978	87,173	90,108
Depreciation and amortization	-	2,605,147	461,254	572,181	1,021,725	680,506	406,248	1,540,097
Grants	-	-	-	-	-	-	-	-
Facility	-	824,487	155,096	388,680	686,372	277,216	161,050	541,576
Interest and fees	-	340,024	40,109	196,672	625,946	467,088	219,017	621,256
Bad debts	-	812	-	930	115	-	-	-
Provision for impaired assets	3,469,476	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	125,459	-	-	-	-	-	-	-
Total expenses and losses	4,449,012	4,663,662	935,323	1,597,202	2,839,192	1,889,247	1,134,629	3,819,979
Excess (deficiency) of revenues over expenses	(3,537,697)	(2,721,974)	(370,455)	(350,501)	(951,853)	(589,589)	(384,017)	(906,183)
Net assets at beginning of year	34,713,015	20,503,225	4,152,098	(311,526)	(3,365,924)	(1,838,347)	3,815,794	7,729,867
Other transfers to (from) net assets	249,781	-	-	-	309,324	-	-	-
Net assets at end of year	\$ 31,425,099	\$ 17,781,251	\$ 3,781,643	\$ (662,027)	\$ (4,008,453)	\$ (2,427,936)	\$ 3,431,777	\$ 6,823,684

Mercy Housing West
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	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)	Mercy Housing California XXV, LP (Casa Alegre)	Pinewood Court Apartments, LP (Terracina Pinewood Court)
Revenues								
Rent - net of vacancies	\$ 749,304	\$ 1,181,799	\$ 1,038,183	\$ 333,728	\$ 1,609,998	\$ 669,916	\$ 227,510	\$ 491,717
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	819	1,386	893	87	54	54	39	29
Other	12,798	7,339	20,925	2,204	21,512	156,818	2,219	19,210
Total revenues	<u>762,921</u>	<u>1,190,524</u>	<u>1,060,001</u>	<u>336,019</u>	<u>1,631,564</u>	<u>826,788</u>	<u>229,768</u>	<u>510,956</u>
Expenses and losses								
Compensation	61,479	52,676	154,599	82,503	262,789	134,546	53,711	114,510
Administrative	113,369	118,383	101,243	55,798	187,910	103,036	46,853	71,728
Professional services	15,070	70,726	72,753	8,802	89,567	22,785	45,634	9,965
Depreciation and amortization	512,079	1,586,787	1,386,828	119,648	841,541	739,824	157,902	363,489
Grants	-	-	-	-	-	-	-	-
Facility	251,399	381,712	377,474	164,600	340,182	370,765	71,413	170,261
Interest and fees	291,394	641,366	605,161	85,599	718,115	240,570	24,150	163,707
Bad debts	4,673	1,101	2,848	373	6,500	-	561	195
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>1,249,463</u>	<u>2,852,751</u>	<u>2,700,906</u>	<u>517,323</u>	<u>2,446,604</u>	<u>1,611,526</u>	<u>400,224</u>	<u>893,855</u>
Excess (deficiency) of revenues over expenses	<u>(486,542)</u>	<u>(1,662,227)</u>	<u>(1,640,905)</u>	<u>(181,304)</u>	<u>(815,040)</u>	<u>(784,738)</u>	<u>(170,456)</u>	<u>(382,899)</u>
Net assets at beginning of year	452,265	9,590,580	9,587,508	(1,967,748)	3,116,599	6,326,845	1,984,050	2,617,909
Other transfers to (from) net assets	-	-	(21,100)	-	-	-	-	-
Net assets at end of year	<u>\$ (34,277)</u>	<u>\$ 7,928,353</u>	<u>\$ 7,925,503</u>	<u>\$ (2,149,052)</u>	<u>\$ 2,301,559</u>	<u>\$ 5,542,107</u>	<u>\$ 1,813,594</u>	<u>\$ 2,235,010</u>

Mercy Housing West
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	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)	Mercy Housing California XXVIII, LP (The Vineyard Townhomes)	Mercy Terrace, LLC	Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)
Revenues								
Rent - net of vacancies	\$ 728,371	\$ 575,373	\$ 754,729	\$ 983,204	\$ 797,941	\$ 732,290	\$ 3,191,433	\$ 441,213
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	151	4,120	48,142	433	(60)	55	4,914	352
Other	10,063	20,476	27,343	91,609	16,192	18,634	147,957	28,833
Total revenues	<u>738,585</u>	<u>599,969</u>	<u>830,214</u>	<u>1,075,246</u>	<u>814,073</u>	<u>750,979</u>	<u>3,344,304</u>	<u>470,398</u>
Expenses and losses								
Compensation	321,855	265,793	119,133	386,282	170,179	68,289	732,770	66,177
Administrative	123,428	99,620	134,123	173,583	129,889	113,566	262,040	65,585
Professional services	20,507	57,028	51,663	87,769	136,443	93,110	81,234	9,964
Depreciation and amortization	271,690	585,125	999,564	1,771,739	668,107	707,166	862,420	671,608
Grants	-	-	-	-	-	-	-	-
Facility	212,488	153,190	250,110	349,337	211,238	174,224	1,304,253	192,862
Interest and fees	124,278	237,321	255,776	-	86,578	245,817	203,964	255,759
Bad debts	1,247	3,067	947	26	2,804	2,252	-	599
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>1,075,493</u>	<u>1,401,144</u>	<u>1,811,316</u>	<u>2,768,736</u>	<u>1,405,238</u>	<u>1,404,424</u>	<u>3,446,681</u>	<u>1,262,554</u>
Excess (deficiency) of revenues over expenses	<u>(336,908)</u>	<u>(801,175)</u>	<u>(981,102)</u>	<u>(1,693,490)</u>	<u>(591,165)</u>	<u>(653,445)</u>	<u>(102,377)</u>	<u>(792,156)</u>
Net assets at beginning of year	(621,569)	2,786,917	15,776,253	11,814,476	10,297,380	9,860,833	4,138,738	2,765,334
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ (958,477)</u>	<u>\$ 1,985,742</u>	<u>\$ 14,795,151</u>	<u>\$ 10,120,986</u>	<u>\$ 9,706,215</u>	<u>\$ 9,207,388</u>	<u>\$ 4,036,361</u>	<u>\$ 1,973,178</u>

Mercy Housing West
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	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
Revenues								
Rent - net of vacancies	\$ 1,033,321	\$ 835,443	\$ 599,100	\$ 745,933	\$ 278,539	\$ 430,214	\$ -	\$ 245,153
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	94,531	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	1,132	181	5	115	2,320	147	-	8,554
Other	67,981	9,499	11,168	14,807	93,218	132,733	-	113,410
Total revenues	<u>1,102,434</u>	<u>845,123</u>	<u>610,273</u>	<u>855,386</u>	<u>374,077</u>	<u>563,094</u>	<u>-</u>	<u>367,117</u>
Expenses and losses								
Compensation	204,272	153,169	163,814	180,999	94,823	76,925	-	114,298
Administrative	198,583	145,223	127,155	93,668	47,899	154,379	70	79,352
Professional services	65,816	71,879	104,700	18,210	54,997	59,951	4,601	11,255
Depreciation and amortization	1,738,765	1,090,542	705,651	408,467	393,570	466,899	-	586,856
Grants	-	-	-	-	-	-	-	-
Facility	441,294	227,552	182,514	215,505	109,497	232,760	-	142,913
Interest and fees	389,824	212,714	-	310,971	154,977	79	-	46,375
Bad debts	2,589	218	-	2,879	9,518	3,085	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>3,041,143</u>	<u>1,901,297</u>	<u>1,283,834</u>	<u>1,230,699</u>	<u>865,281</u>	<u>994,078</u>	<u>4,671</u>	<u>981,049</u>
Excess (deficiency) of revenues over expenses	<u>(1,938,709)</u>	<u>(1,056,174)</u>	<u>(673,561)</u>	<u>(375,313)</u>	<u>(491,204)</u>	<u>(430,984)</u>	<u>(4,671)</u>	<u>(613,932)</u>
Net assets at beginning of year	9,688,515	15,356,791	4,332,566	1,845,245	2,053,433	10,086,606	(16,838)	8,615,758
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 7,749,806</u>	<u>\$ 14,300,617</u>	<u>\$ 3,659,005</u>	<u>\$ 1,469,932</u>	<u>\$ 1,562,229</u>	<u>\$ 9,655,622</u>	<u>\$ (21,509)</u>	<u>\$ 8,001,826</u>

Mercy Housing West
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Mercy Housing California 50, LP (Vera Haile Senior Housing)	Mercy Housing California 49, LP (McAuley Meadows)	Eliminations	Consolidated Mercy Housing West
Revenues				
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 27,433,842
Developer fees	-	-	-	-
Services fees	-	-	(661,832)	6,150
Philanthropy	-	-	-	137,864
Capital grants	-	-	-	20,788
Consulting	-	-	-	-
Interest	-	31	-	1,177,989
Other	-	-	-	1,967,356
Total revenues	<u>-</u>	<u>31</u>	<u>(661,832)</u>	<u>30,743,989</u>
Expenses and losses				
Compensation	-	460	-	6,484,439
Administrative	93	23,823	(656,307)	4,027,692
Professional services	4,600	10,032	-	1,816,780
Depreciation and amortization	-	29,521	-	24,952,946
Grants	-	-	-	-
Facility	-	188	-	9,562,208
Interest and fees	-	-	-	7,804,607
Bad debts	-	-	-	47,339
Provision for impaired assets	-	-	(3,469,476)	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	(4,355)	121,104
Total expenses and losses	<u>4,693</u>	<u>64,024</u>	<u>(4,130,138)</u>	<u>54,817,115</u>
Excess (deficiency) of revenues over expenses	<u>(4,693)</u>	<u>(63,993)</u>	<u>3,468,306</u>	<u>(24,073,126)</u>
Net assets at beginning of year	(71,190)	205,333	(13,581,941)	192,438,850
Other transfers to (from) net assets	-	142,443	(449,781)	230,667
Net assets at end of year	<u>\$ (75,883)</u>	<u>\$ 283,783</u>	<u>\$ (10,563,416)</u>	<u>\$ 168,596,391</u>

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San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2013

	San Juan Housing Corporation	Kennedy Estates Housing Associates, LP (Kennedy Estates)	Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	-	-	-	-
Cash, restricted	-	-	-	-	-
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
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	-	-	-	-	-
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -

San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2013

	San Juan Housing Corporation	Kennedy Estates Housing Associates, LP (Kennedy Estates)	Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-
Tenant security deposits	-	-	-	-	-
Total current liabilities	-	-	-	-	-
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	-	-	-	-	-
Total liabilities	-	-	-	-	-
Net assets					
Unrestricted net assets, controlling	-	-	-	-	-
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	-	-	-	-	-
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	-	-	-	-	-
Total liabilities and net assets	\$ -	\$ -	\$ -	\$ -	\$ -

San Juan Housing Corporation
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	San Juan Housing Corporation	Kennedy Estates Housing Associates, LP (Kennedy Estates)	Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)	Eliminations	Consolidated San Juan Housing Corporation
Revenues					
Rent - net of vacancies	\$ -	\$ 675,890	\$ 587,316	\$ -	\$ 1,263,206
Developer fees	-	-	-	-	-
Services fees	49,369	-	-	(49,369)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	317	78	-	395
Other	-	39,535	23,081	-	62,616
Total revenues	49,369	715,742	610,475	(49,369)	1,326,217
Expenses and losses					
Compensation	-	167,069	142,374	-	309,443
Administrative	49,394	116,441	80,017	(49,369)	196,483
Professional services	834	35,009	15,518	-	51,361
Depreciation and amortization	-	238,783	233,878	-	472,661
Grants	-	-	-	-	-
Facility	-	279,326	170,508	-	449,834
Interest and fees	-	252,355	206,875	-	459,230
Bad debts	-	4,994	1,173	-	6,167
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	62	-	-	(62)	-
Total expenses and losses	50,290	1,093,977	850,343	(49,431)	1,945,179
Excess (deficiency) of revenues over expenses	(921)	(378,235)	(239,868)	62	(618,962)
Net assets at beginning of year	(29,744)	961,924	(3,025,853)	247,547	(1,846,126)
Other transfers to (from) net assets	30,665	(583,689)	3,265,721	(247,609)	2,465,088
Net assets at end of year	\$ -	\$ -	\$ -	\$ -	\$ -

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Florin Housing Corporation
Consolidating Statement of Financial Position
December 31, 2013

	Florin Housing Corporation	Florin Wood Associates, LP (Crossroads Gardens)	Eliminations	Consolidated Florin Housing Corporation
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 6,094	\$ -	\$ 6,094
Cash, tenant security deposits	-	46,822	-	46,822
Cash, restricted	-	250	-	250
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	7,396	-	7,396
Due from affiliate, net	102,723	-	(102,723)	-
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	-	32,237	-	32,237
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>102,723</u>	<u>92,799</u>	<u>(102,723)</u>	<u>92,799</u>
Property and equipment				
Land and land improvements	-	731,386	-	731,386
Buildings	-	7,110,961	-	7,110,961
Furniture and equipment	-	33,184	-	33,184
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(3,503,003)	-	(3,503,003)
Net property and equipment	<u>-</u>	<u>4,372,528</u>	<u>-</u>	<u>4,372,528</u>
Other long-term assets				
Restricted property reserves	-	225,459	-	225,459
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	-	72,138	-	72,138
Total other long-term assets	<u>-</u>	<u>297,597</u>	<u>-</u>	<u>297,597</u>
Total assets	<u>\$ 102,723</u>	<u>\$ 4,762,924</u>	<u>\$ (102,723)</u>	<u>\$ 4,762,924</u>

Florin Housing Corporation
Consolidating Statement of Financial Position
December 31, 2013

	Florin Housing Corporation	Florin Wood Associates, LP (Crossroads Gardens)	Eliminations	Consolidated Florin Housing Corporation
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 65,156	\$ 135,134	\$ -	\$ 200,290
Due to affiliates	116,684	376,920	(255,055)	238,549
Accrued interest	-	7,048	-	7,048
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	46,613	-	46,613
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	7,365	(1)	7,364
Tenant security deposits	-	45,911	-	45,911
Total current liabilities	<u>181,840</u>	<u>618,991</u>	<u>(255,056)</u>	<u>545,775</u>
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	1,178,784	-	1,178,784
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	3,390,633	-	3,390,633
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	<u>-</u>	<u>4,569,417</u>	<u>-</u>	<u>4,569,417</u>
Total liabilities	<u>181,840</u>	<u>5,188,408</u>	<u>(255,056)</u>	<u>5,115,192</u>
Net assets				
Unrestricted net assets, controlling	(79,117)	(425,484)	152,333	(352,268)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	<u>(79,117)</u>	<u>(425,484)</u>	<u>152,333</u>	<u>(352,268)</u>
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	<u>(79,117)</u>	<u>(425,484)</u>	<u>152,333</u>	<u>(352,268)</u>
Total liabilities and net assets	<u>\$ 102,723</u>	<u>\$ 4,762,924</u>	<u>\$ (102,723)</u>	<u>\$ 4,762,924</u>

Florin Housing Corporation
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Florin Housing Corporation	Florin Wood Associates, LP (Crossroads Gardens)	Eliminations	Consolidated Florin Housing Corporation
Revenues				
Rent - net of vacancies	\$ -	\$ 565,878	\$ -	\$ 565,878
Developer fees	-	-	-	-
Services fees	20,000	-	(20,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	235	-	235
Other	-	17,981	-	17,981
Total revenues	<u>20,000</u>	<u>584,094</u>	<u>(20,000)</u>	<u>584,094</u>
Expenses and losses				
Compensation	-	123,593	-	123,593
Administrative	20,000	82,742	(20,000)	82,742
Professional services	990	60,300	-	61,290
Depreciation and amortization	-	206,167	-	206,167
Grants	-	-	-	-
Facility	-	222,024	-	222,024
Interest and fees	-	153,166	-	153,166
Bad debts	-	1,183	-	1,183
Provision for impaired assets	(2,651)	-	2,651	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	2,651	-	(2,651)	-
Total expenses and losses	<u>20,990</u>	<u>849,175</u>	<u>(20,000)</u>	<u>850,165</u>
Excess (deficiency) of revenues over expenses	(990)	(265,081)	-	(266,071)
Net assets at beginning of year	(78,127)	(160,403)	152,333	(86,197)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ (79,117)</u>	<u>\$ (425,484)</u>	<u>\$ 152,333</u>	<u>\$ (352,268)</u>

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Affordable Housing Corp.
Consolidating Statement of Financial Position
December 31, 2013

	Affordable Housing Corp.	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington IV, L.P. (Lincoln Way I)	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)	Eliminations	Consolidated Affordable Housing Corp.
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 235,844	\$ 55,016	\$ -	\$ -	\$ 27,592	\$ -	\$ 318,452
Cash, tenant security deposits	-	14,272	21,979	-	-	18,759	-	55,010
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	22,292	-	-	-	4,003	-	26,295
Due from affiliate, net	55,217	5,089	-	-	-	-	(55,217)	5,089
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	-	24,491	11,728	-	-	10,150	-	46,369
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>55,217</u>	<u>301,988</u>	<u>88,723</u>	<u>-</u>	<u>-</u>	<u>60,504</u>	<u>(55,217)</u>	<u>451,215</u>
Property and equipment								
Land and land improvements	-	261,532	-	-	-	285,356	-	546,888
Buildings	-	3,064,300	-	-	-	3,933,445	-	6,997,745
Furniture and equipment	-	114,892	-	-	-	66,148	-	181,040
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,611,525)	-	-	-	(2,283,636)	-	(3,895,161)
Net property and equipment	<u>-</u>	<u>1,829,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,001,313</u>	<u>-</u>	<u>3,830,512</u>
Other long-term assets								
Restricted property reserves	-	198,310	350,627	-	-	231,772	-	780,709
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	(4,068)	-	-	-	-	-	4,068	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	32,348	-	-	-	12,523	-	44,871
Total other long-term assets	<u>(4,068)</u>	<u>230,658</u>	<u>350,627</u>	<u>-</u>	<u>-</u>	<u>244,295</u>	<u>4,068</u>	<u>825,580</u>
Total assets	<u>\$ 51,149</u>	<u>\$ 2,361,845</u>	<u>\$ 439,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,306,112</u>	<u>\$ (51,149)</u>	<u>\$ 5,107,307</u>

Affordable Housing Corp.
Consolidating Statement of Financial Position
December 31, 2013

	Affordable Housing Corp.	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington IV, L.P. (Lincoln Way I)	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)	Eliminations	Consolidated Affordable Housing Corp.
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 156	\$ 67,029	\$ 53,371	\$ -	\$ -	\$ 95,663	\$ -	\$ 216,219
Due to affiliates	282,458	96,518	16,857	-	-	66,904	(72,226)	390,511
Accrued interest	-	6,381	-	-	-	1,680	-	8,061
Accrued interest, affiliates	-	-	-	-	-	159	-	159
Current portion of notes payable	-	48,335	-	-	-	35,002	-	83,337
Current portion of notes payable, affiliates	-	-	-	-	-	84,393	-	84,393
Deferred revenue and other liabilities	-	15,768	(1)	-	-	3,854	(1)	19,620
Tenant security deposits	-	13,606	21,479	-	-	18,259	-	53,344
Total current liabilities	282,614	247,637	91,706	-	-	305,914	(72,227)	855,644
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	140,596	-	140,596
Accrued interest, affiliates	-	530,115	-	-	-	13,816	-	543,931
Notes payable, less current portion, net	-	1,129,647	-	-	-	1,491,679	-	2,621,326
Notes payable, less current portion, affiliates	-	603,736	-	-	-	54,461	-	658,197
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total long-term liabilities	-	2,263,498	-	-	-	1,700,552	-	3,964,050
Total liabilities	282,614	2,511,135	91,706	-	-	2,006,466	(72,227)	4,819,694
Net assets								
Unrestricted net assets, controlling	(231,465)	(149,290)	347,644	-	-	299,646	21,078	287,613
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(231,465)	(149,290)	347,644	-	-	299,646	21,078	287,613
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(231,465)	(149,290)	347,644	-	-	299,646	21,078	287,613
Total liabilities and net assets	\$ 51,149	\$ 2,361,845	\$ 439,350	\$ -	\$ -	\$ 2,306,112	\$ (51,149)	\$ 5,107,307

Affordable Housing Corp.
Consolidating Statement of Activities
and Changes In Net Assets
Year Ended December 31, 2013

	Affordable Housing Corp.	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington IV, L.P. (Lincoln Way I)	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)	Eliminations	Consolidated Affordable Housing Corp.
Revenues								
Rent - net of vacancies	\$ -	\$ 934,349	\$ 435,903	\$ 19,251	\$ -	\$ 310,572	\$ -	\$ 1,700,075
Developer fees	-	-	-	-	-	-	-	-
Services fees	48,203	-	-	-	-	-	(48,203)	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	89	415	5	-	177	-	686
Other	-	18,678	530,251	331	389	32,343	-	581,992
Total revenues	48,203	953,116	966,569	19,587	389	343,092	(48,203)	2,282,753
Expenses and losses								
Compensation	-	161,259	100,814	4,754	-	91,317	-	358,144
Administrative	51,155	128,677	63,946	2,860	-	63,742	(48,203)	262,177
Professional services	1,224	14,005	57,148	3,596	-	10,940	-	86,913
Depreciation and amortization	-	134,211	149,750	6,811	-	143,443	-	434,215
Grants	-	-	2,168,957	-	-	-	-	2,168,957
Facility	-	271,249	162,272	6,082	-	179,419	-	619,022
Interest and fees	-	129,596	224,007	2,978	-	47,735	-	404,316
Bad debts	-	871	6,420	-	-	4,607	-	11,898
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(2,365)	-	(1,537,608)	-	-	-	2,365	(1,537,608)
(Gain) loss on investment in limited partnership	498	-	-	-	-	-	(498)	-
Total expenses and losses	50,512	839,868	1,395,706	27,081	-	541,203	(46,336)	2,808,034
Excess (deficiency) of revenues over expenses	(2,309)	113,248	(429,137)	(7,494)	389	(198,111)	(1,867)	(525,281)
Net assets at beginning of year	(236,263)	(262,538)	776,781	(157,339)	(389)	497,757	30,052	648,061
Other transfers to (from) net assets	7,107	-	-	164,833	-	-	(7,107)	164,833
Net assets at end of year	\$ (231,465)	\$ (149,290)	\$ 347,644	\$ -	\$ -	\$ 299,646	\$ 21,078	\$ 287,613

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
United States Department of Agriculture (USDA)				
Direct Programs:				
Rural Rental Housing Loans	10.415		\$ 26,163,763	
Rural Rental Assistance Payments	10.427		4,200,846	
Intermediary Relending Program	10.767		1,018,075	
Passed Through:				
Idaho Housing & Finance Association (IHFA) / Rental Assistance Payments (RAP)	10.427			\$ 167,887
United States Department of Agriculture (USDA) / Arizona Department of Health Services (ADHS)/Food Stamp Nutrition Education Program	10.561	HM-661056-1 E9H28073		109,531
			31,382,684	277,418
United States Department of Housing & Urban Development (HUD)				
Direct Programs:				
Interest Reduction Payments Section 236	14.103		313,063	
Mortgage Insurance for the Purchase Section 223 (a) (7)	14.155		19,237,561	
Grant Capital Advance Section 202	14.157		163,267,494	
Project Rental Assistance Contract (PRAC) Section 202	14.157		12,149,880	
Supportive Housing for the Elderly Direct Loan Section 202	14.157		9,832,141	
Project Rental Assistance Contract (PRAC) Section 811	14.181		583,445	
Supportive Housing for Persons with Disabilities-Capital Advance Section 811	14.181		8,242,823	
Multifamily Services Coordinator Grant	14.191		75,915	
Housing Assistance Payments (HAP) Section 8	14.195		20,060,580	
Multifamily Assisted Housing Reform and Affordability Act	14.197		7,851,471	
Office of Community Planning and Development-Supportive Housing Program	14.235		2,115,910	
Supportive Housing Program-Capital Advance	14.235		8,191,705	
HOME Investment Partnership Program	14.239		443,612	
Assisted Housing Stability and Energy and Green Retrofit Investments Program (ARRA)	14.318		7,909,857	
Passed Through:				
State of Washington Department of Community Trade & Economic Development (CTED)/Supportive Housing for the Elderly Direct Loan Section 202	14.157	127-EE038		404,637
Illinois Housing Development Authority / Section 8 New Construction and Substantial Rehabilitation	14.182			780,848
California Housing Finance Agency (CHFA) / Risk Sharing Loans	14.188	92-012N, 97-033N, 97-022N		5,179,112
Boise Housing Authority / HOME Investment Partnership Program / HAP Section 8	14.195			46,035
Chicago Housing Authority / HAP Section 8	14.195			636,908
City and County of San Francisco / Mayor's Office of Housing / HAP Program Section 8	14.195			555,688
City of Chicago / Department of Housing / CDBG State Program Entitlement / HAP Section 8	14.195	8613		378,187
City of Chicago / Department of Housing / CDBG State Program / HAP Section 8	14.195			257,217
City of Chicago / Department of Housing / HOME Investment Partnership Program / HAP Section 8	14.195			791,898
City of Chicago Illinois / Department of Finance / HOME Investment Partnership Program	14.195			879,386
City of Chicago, Illinois / Department of Housing / CDBG Multi-family Loan State Program / HAP Section 8	14.195			269,779
City of Cincinnati / HOME Investment Partnership / HAP Section 8	14.195			93,021
City of Council Bluffs / HOME Investment Partnership Program / HAP Section 8	14.195			68,970
City of Daly / HOME Investment Partnership Program / HAP Section 8	14.195			134,371
City of Yuba City / HOME Investment Partnership Program / HAP Section 8	14.195			123,450
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program / HAP Section 8	14.195			765,431
County of Contra Costa / Housing Opportunities for Persons with AIDS HOPWA Grant / HAP Section 8	14.195			238,166

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

Grantor and Program Title	Federal CFDA <u>Number</u>	Pass-Through Identifying <u>Number</u>	Direct Federal <u>Expenditures</u>	Pass Through <u>Expenditures</u>
Passed Through - Continued:				
Davis County Housing Authority / CDBG States Program	14.195			632,733
Housing Authority of the County of Santa Cruz / HAP / Section 8	14.195			94,066
Idaho Housing Agency / HOME Investment Partnership Program / HAP Section 8	14.195			3,155
Illinois Housing Development Authority / HOME Investment Partnership Program / Multifamily Program / HAP Section 8	14.195			318,504
Omaha Housing Authority of the City of Omaha / Housing Assistance payment (HAP) Section 8	14.195			324,761
Redevelopment Agency of the City and County of San Francisco / Housing Assistance Payment (HAP) Section 8	14.195			1,093,462
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program / HAP Section 8	14.195			18,904
Sacramento Housing and Redevelopment Agency / Rural California Housing Corporation / HOME Investment Partnership Program	14.195			92,378
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement / HAP Section 8	14.195			773,599
State of Ohio / Division of Community Development / City of Cincinnati / HOME Ownership Program / HAP Section 8	14.195			67,749
Tacoma Community Development Authority / CDBG State Program	14.195			249,647
Tacoma Community Redevelopment Authority / CDBG State Program / HAP Section 8	14.195			171,230
Wisconsin Housing and Economic Development Authority / Tax Credit Assistance Program	14.195			546,457
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program / HAP Section 8	14.195			158,188
Omaha Housing Authority of the City of Omaha / Multi-family Assisted Housing Reform and Affordability Act	14.197	103-11014-PUR/CON-EC-FAM		4,379,750
City of Chicago / Chicago Department of Housing / Housing & Economic Recovery Act (HERA)	14.218			326,656
City of Chicago / Chicago Department of Housing / Housing & Economic Recovery Act (HERA)	14.218			7,276,966
City of Chicago / Chicago Department of Housing / Housing & Economic Recovery Act (HERA)	14.218			695,508
City of Chicago / Chicago Department of Housing / Housing & Economic Recovery Act (HERA)	14.218			8,861,196
City of Chicago / Chicago Department of Housing / CDBG Entitlement Grant	14.218			155,557
City of Chicago / Mayor's Office of Workforce Development / CDBG Entitlement Grant / Innovative Programs and Training and Placement	14.218	19246-1; 19246-2		22,550
City of Marysville / CDBG State Program	14.218			2,026
Town of Gilbert / CDBG Grant for Page Commons	14.218			41,800
Amador-Tuolumne Community Action Agency / CDBG Technical Assistance Program	14.227			63,932
City of Bellingham CDBG State program	14.228			4,281
City and County of Denver / CDBG State Program	14.228			275,000
City and County of San Francisco / CDBG State Program	14.228			3,940,199
City and County of San Francisco to Mayor's Office of Housing / CDBG State Program	14.228	95-F765446-00		3,510,426
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			3,477,991
City of Daly City / CDBG State Loan Program	14.228			536,202
City of Dubuque, Iowa / CDBG State Program	14.228	258-93		497,201
City of Durango, Colorado / CDBG State Program	14.228			250,000
City of Eagle, Ida County / Idaho Community Development Block Grant	14.228			453,674
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		1,021,436
City of Mountain Home / Idaho Community Development Block Grant	14.228			536,399
City of Santa Cruz / CDBG Revolving Loan Fund	14.228			315,837
City of Santa Cruz / CDBG State Program	14.228	CA027HG701		221,000
City of Santa Cruz / CDBG State Program	14.228			144,977
City of Tacoma / CDBG State Program	14.228			64,400
City of Yolo / CDBG	14.228			656,514
Community Housing Services Agency / CDBG State Program	14.228			1,479,338
County of Alameda / CDBG State Program	14.228			436,692

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
Passed Through - Continued:				
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			548,818
Davis County Housing Authority / CDBG States Program	14.228			356,675
Pierce County / CDBG State Program	14.228			88,816
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
Tacoma Community Development Authority / CDBG State Program	14.228			502,500
Tacoma Community Redevelopment Authority / CDBG Loan Agreement	14.228			600,000
City of San Francisco/ CDBG Midtown Pre Development	14.228			162,537
Tacoma Community Redevelopment Authority / CDBG State Program	14.228			400,000
Neighborhood Stabilization Program (NSP) City of Nampa/CDBG State Program	14.228			186,065
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235			50,074
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			180,562
City of Chicago / Department of Human Services (DHS) / HUD Shelter Plus Care	14.238	18002; 17529; 17635		1,088,045
County of Eldorado / CDBG State Program	14.239			3,508,147
California Housing Finance Agency (CHFA) / County of Alameda Housing and Community Development / HOME Investment Partnership Program	14.239			2,786,229
California State Department of Housing and Community Development / HOME Investment Partnership Program	14.239	02-HOME-0633		1,837,770
City and County of San Francisco / HOME Investment Partnership Program	14.239			5,542,476
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			8,287,461
City and County of San Francisco / Mayor's Office of Housing / HOME Investment Partnership Program	14.239			11,899,856
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			19,748,687
City of Chicago / Department of Community Development / HOME Investment Partnership Program	14.239			7,500,000
City of Cincinnati / HOME Investment Partnership Program	14.239	65X0131; 65X015		440,472
City of Cincinnati / HOME Investment Partnership Program	14.239			1,301,031
City of Council Bluffs / HOME Investment Partnership Program	14.239			166,818
City of Daly / HOME Investment Partnership Program	14.239			491,643
City of Glendale / HOME Investment Partnership Program	14.239			149,240
City of Los Angeles / HOME Investment Partnership Program	14.239	95.1452; C92700		7,858,482
City of Mesa / County of Maricopa / HOME Investment Partnership Program	14.239			572,817
City of San Mateo / HOME Investment Partnership Program	14.239			2,187,641
City of Santa Cruz / HOME Investment Partnership Program	14.239			2,393,637
City of Seattle/HOME Investment Partnership Program	14.239			2,830,921
City of South Lake Tahoe / HOME Investment Partnership Program	14.239	96-HOME-0222; 97-HOME-0280		2,774,964
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 Yolo / HOME Investment Partnership Program	14.239			2,752,079
City of Yuba City / HOME Investment Partnership Program	14.239			1,071,946
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program	14.239			515,012
Community Housing Services Agency / HOME Investment Partnership Program	14.239			311,769
County of Alameda / HOME Investment Partnership Program	14.239			798,781
County of Contra Costa / HOME Investment Partnership Program	14.239	07-52-HM		1,737,511
County of Contra Costa / HOME Investment Partnership Program	14.239			2,422,860
County of Eldorado / HOME Investment Partnership Program	14.239	02-HOME-0613		3,000,000
County of Kern / HOME Investment Partnership Program	14.239	069-99		400,000
County of Marin / HOME Investment Partnership Program	14.239			889,450
County of Orange / HOME Investment Partnership Program	14.239			896,506
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			338,308
County of Santa Barbara / HOME Investment Partnership Program	14.239			1,312,682
DeKalb County, Georgia / HOME Investment Partnership Program	14.239			95,000

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

Grantor and Program Title	Federal CFDA <u>Number</u>	Pass-Through Identifying <u>Number</u>	Direct Federal <u>Expenditures</u>	Pass Through <u>Expenditures</u>
Passed Through - Continued:				
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		1,311,313
Georgia Housing and Finance Authority / HOME Investment Partnership Program	14.239			4,452,561
Idaho Housing Agency / HOME Investment Partnership Program	14.239	HOME-93-5		388,708
Idaho Housing and Finance Association HOME Program / HOME Investment Partnership Program	14.239			2,689,761
Illinois Housing Development Authority / HOME Investment Partnership Program	14.239			6,115,179
Iowa Department of Economic Development / HOME Investment Partnership Program	14.239	M-92-SG-19-0100-400-27-04		318,128
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			63,854
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program	14.239			8,901,474
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			887,897
State Department of Housing and Community Development / Santa Cruz Community Housing Corporation / HOME Grant CHDO	14.239			1,237,587
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			803,351
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program	14.239			1,414,841
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
Georgia Housing and Finance Authority/HOME investment Program	14.239			4,387,405
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		169,647
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			1,471,193
Redevelopment Agency of the City and County of San Francisco / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			4,625,617
City and County of San Francisco Housing Opportunities for Persons with Aids	14.241			1,400,000
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; 4-712-0312; 4-105-0612		837,774
Housing Assistance Council Self-Help Housing Opportunity Program (SHOP)	14.247			15,170

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
		SH-03-007; SH-02-007; SH-01-007; SH-00-007; SH-05-007; SH-06-007; 99-007		1,270,000
Northwest Regional Facilitators Self-Help Housing Opportunity Program (SHOP)	14.247			
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			1,307,092
County of San Mateo / Section 108 Loan Guarantee	14.248			994,925
City of Chicago / Chicago Department of Housing / American Recovery & Reinvestment Act (ARRA)	14.256			9,047,889
City of Chicago / Chicago Department of Housing / American Recovery & Reinvestment Act (ARRA)	14.256			1,524,533
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
Assisted Housing Stability and Energy and Green Retrofit Investments Program (ARRA)	14.318			2,760,320
Housing Authority of the City of Atlanta, Georgia / Hope VI	14.866			6,100,865
HUD Choice Neighborhoods Planning Grants	14.892			25,000
			261,675,457	288,225,814
Passed Through:				
United States Department of Energy				
King County Dept of Community and Human Services / HOME Weatherization	81.042			750,000
Passed Through:				
United States Department of Treasury				
Department of Treasury - General Programs	21.020		2,000,000	
Passed Through:				
United States Department of Health and Human Services				
Illinois Department of Human Services / Department of Substance Abuse and Mental Health Services	93.959			6,524
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243		342,324	
			342,324	6,524
			\$ 295,400,465	\$ 289,259,755
Total Expenditures of Federal Awards				\$ 584,660,220

Summary by CFDA Number:		Federal Expenditures
USDA Rural Rental Housing Loans	10.415	\$ 26,163,763
USDA Rural Rental Assistance Payments	10.427	4,368,733
USDA Food Stamp Nutrition Education	10.561	109,531
USDA Intermediary Relending Program	10.767	1,018,075
HUD Interest Reduction Payments Section 236	14.103	313,063
HUD Mortgage Insurance for the Purchase Section 223(a)(7)	14.155	19,237,561
HUD Supportive Housing for the Elderly Direct Loan Section/Capital Advance		
Section 202/HUD Project Rental Assistance contract (PRAC) Section 202	14.157	185,654,151
HUD Supportive Housing for Persons with Disabilities Capital Advance Section		
811/HUD Project Rental Assistance Contract (PRAC) Section 811	14.181	8,826,268
HUD Section 8 New Construction and Substantial Rehabilitation	14.182	780,848
HUD Housing Finance Agencies (HFA) Risk Sharing Loans	14.188	5,179,113
HUD Multi-Family Services Coordinator Grant	14.191	75,915
HUD Housing Assistance Payments (HAP) Section 8	14.195	29,843,920
HUD Multi-Family Assisted Housing Reform & Affordability Act	14.197	12,231,221
HUD Community Development Block Grant Entitlement Grant	14.218	17,382,259
HUD Comm. Dev. Block Grant/Technical Assistance Program	14.227	63,932
HUD Community Development Block Grant/State's Program	14.228	28,781,771
HUD Supportive Housing Program - Capital Advance/Office of Community Planning & Development - Supportive Housing Program/Forgivable Loan	14.235	10,800,657
HUD Shelter Plus Care	14.238	1,088,045
HUD HOME Investment Partnership Program/HOME Grant CHDO	14.239	158,513,731

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013**

Grantor and Program Title	Federal CFDA <u>Number</u>	Pass-Through Identifying <u>Number</u>	Direct Federal <u>Expenditures</u>	Pass Through <u>Expenditures</u>
Summary by CFDA Number - Continued:				Federal Expenditures
HUD Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			11,367,285
HUD Self-Help Home Ownership Opportunity Program (SHOP)	14.247			1,285,170
HUD Community Development Block Section 108 Loan Guarantee	14.248			3,176,491
City of Chicago / Chicago Department of Housing / American Recovery & Reinvestment Act (ARRA)	14.256			10,572,422
HUD Tax Credit Assistance Program (Recovery Act Funded)	14.258			27,931,407
Assisted Housing Stability and Energy and Green Retrofit Investments Program (ARRA)	14.318			10,670,177
Revitalization of Severely Distressed Public Housing (Hope VI)	14.866			6,100,865
HUD Choice Neighborhoods Planning Grants	14.892			25,000
Department of Treasury	21.020			2,000,000
Department of Energy Weatherization Assistance Program (WAP)	81.042			750,000
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243			342,324
Department of Health and Human Services Substance Abuse and Mental Health Services Administration	93.959			6,524
Total Expenditures of Federal Awards				\$ 584,660,222

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, 2013, 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 24, 2014.

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 2013-1.

We noted certain matters that we reported to the management of Mercy Housing, Inc. In a separate letter dated April 24, 2014.

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.

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

Charlotte, North Carolina
April 24, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by OMB Circular A-133

Report on Compliance for Each Major Federal Program

We have audited Mercy Housing, Inc.'s compliance with the types of compliance requirements described in the *OMB 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, 2013. 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. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mercy Housing, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Section 8 Project Based Cluster (14.182 HUD Section 8 New Construction and Substantial Rehabilitation and 14.195 HUD Housing Assistance Payments Section 8) and 14.155 Mortgage Insurance for the Purchase of Refinancing of Existing Multifamily Housing Projects Section 223(a)(7)

As described in Finding 2013-1 in the accompanying schedule of findings and questioned costs, Mercy Housing, Inc. did not comply with requirements regarding the following:

Finding #	CFDA #	Program or Cluster Name	Compliance Requirement
2013-1	14.182	Section 8 Project Based Cluster	Cash Management
2013-1	14.195	Section 8 Project Based Cluster	Cash Management
2013-1	14.155	Mortgage Insurance for the Purchase of Refinancing of Existing Multifamily Housing Projects Section 223(a)(7)	Cash Management

Compliance with such requirements is necessary, in our opinion, for Mercy Housing, Inc. to comply with requirements applicable to that program.

Qualified Opinion on Section 8 Project Based Cluster (14.182 HUD Section 8 New Construction and Substantial Rehabilitation and 14.195 HUD Housing Assistance Payments Section 8) and 14.155 Mortgage Insurance for the Purchase of Refinancing of Existing Multifamily Housing Projects Section 223(a)(7).

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Mercy Housing, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Section 8 Project Based Cluster (14.182 HUD Section 8 New Construction and Substantial Rehabilitation and 14.195 HUD Housing Assistance Payments Section 8) and 14.155 Mortgage Insurance for the Purchase of Refinancing of Existing Multifamily Housing Projects Section 223(a)(7).

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Mercy Housing, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2013.

Report on Internal Control over Compliance

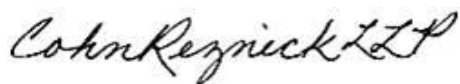
Management of Mercy Housing, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mercy Housing, Inc.'s internal control over compliance 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.

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 2013-1.

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.

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

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.

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

Charlotte, North Carolina
April 24, 2014

Mercy Housing, Inc.

**Schedule of Findings and Questioned Costs
December 31, 2013**

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 for Each Major Federal Program and on Internal Control over Compliance Required by 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 a qualified opinion.
6. There is one audit finding relative to the major federal award programs for Mercy Housing, Inc.
7. The programs tested as major programs include:

USDA Intermediary Relending Program	10.676
HUD Interest Reduction Payments Section 236	14.103
HUD Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155
HUD Supportive Housing for the Elderly	14.157
HUD Supportive Housing for Persons with Disabilities	14.181
HUD Supportive Housing Program	14.235
HUD HOME Investment Partnership Program/HOME Grant CHDO	14.239
HUD Neighborhood Stabilization Program (Recovery Act Funded)	14.256
HUD Tax Credit Assistance Program (Recovery Act Funded)	14.258
HUD Community Development Block Grants/Entitlement Grants	14.218
HUD Assisted Housing Stability and Energy and Green Retrofit Investments Program (Recovery Act Funded)	14.318
8. The threshold for distinguishing Type A and B programs was \$3,00,000
9. Mercy Housing, Inc. did not qualify as a low-risk auditee.

Mercy Housing, Inc.

**Schedule of Findings and Questioned Costs
December 31, 2013**

A. Findings - Financial Statements Audit

None.

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

Finding No. 2013-1

Statements of Condition

Northeastwood Shores loaned \$497,393 to Harold Washington Apartments from project funds without HUD approval.

Lavergne Courts, LLC made disbursements of \$117,264 in excess of HUD approved surplus cash available for distribution during the year ended December 31, 2009.

Criteria

Management is required to maintain compliance requirements with provisions of the Section 8 Project Based Cluster (HUD Section 8 New Construction and Substantial Rehabilitation and HUD Housing Assistance Payments Section 8) and HUD Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects Section 223(a)(7), including all disbursements made to related parties.

Effect

The payments of \$614,657 were unauthorized distributions and therefore considered to be questioned costs.

Cause

Procedures were not in place to ensure that distributions of cash were made in accordance with HUD regulations.

Recommendations

Management should implement procedures to ensure distributions are made in accordance with regulatory agreements and/or after HUD approvals are obtained.

View of Responsible Officials

Management understands the importance of full compliance with all regulations found in Major Programs. The Company would like to note that it has been, for many years, the administrator of many Housing and Urban Development (HUD) Facilities/Programs with almost no identified conditions.

Mercy Housing, Inc.

**Schedule of Findings and Questioned Costs
December 31, 2013**

Regarding Northeastern Shores, the transactions making up the loan balance in question primarily relate to debt service payments made on a loan to HWA-850 Eastwood, LP (the Partnership) that financed both Northeastwood Shores and Harold Washington Apartments. The two properties share one financing structure and are owned by the borrower, the Partnership. It is management's contention that this structure is working as designed, where one property, in this case Northeastwood Shores, generates sufficient cash flow to pay the debt service on the loan to the partnership. Management's contention is that HUD was fully aware and agreed to this structure as evidenced by their approval of the financing. Therefore, management believes that this structure is acceptable to HUD and intends to continue with the current arrangement. It is management's contention that this should not be categorized as a finding.

Regarding the Laverne Courts, LLC disbursement, upon investigation of the facts in this particular instance, it was determined that the partnership accepted money from a related party in 2008 to pay for capital expenditures. The capital expenditures were used for safety and welfare improvements necessary to keep the property in compliance with local municipality requirements. The related party was reimbursed in 2009 with cash generated from operations without formal approval from HUD. This instance was identified by HUD during negotiations related to a possible re-financing of the project. Staff has been reminded that repayments of debt or other significant reimbursements to related parties for any reason must be formally approved by HUD in writing prior to authorizing any disbursement.

C. Status of Prior Year Findings and Questioned Costs

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 administering the Program, two homes were sold to ineligible households over the HUD moderate-income limit.

Reporting Period

December 31, 2012

Status

Cleared.